



The World Bank

Cote d'Ivoire Second Investment for Growth DPF (P179006)

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INTERNATIONAL DEVELOPMENT ASSOCIATION

PROGRAM DOCUMENT FOR A

PROPOSED CREDIT

IN THE AMOUNT OF EUR 281.4 MILLION (EQUIVALENT TO US\$300.0 MILLION)
OF WHICH US\$20.5 MILLION EQUIVALENT FROM
SCALE-UP WINDOW - SHORTER MATURITY LOANS

TO THE REPUBLIC OF CÔTE D'IVOIRE

FOR THE
SECOND INVESTMENT FOR GROWTH DEVELOPMENT POLICY FINANCING

November 8, 2023

Macroeconomics, Trade And Investment Global Practice
Western and Central Africa Region

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Republic of Côte d'Ivoire
GOVERNMENT FISCAL YEAR
January 1 – December 31

CURRENCY EQUIVALENTS

(Exchange Rate Effective as October 31st, 2023)

US\$1.00 = CFA Franc (CFAF) 615

US\$1.00 = EUR 0.9377

ANDE	National Environmental Agency (<i>Agence Nationale de l'Environnement</i>)
ARTCI	National Telecommunications Regulatory Authority
ARTI	Regulatory Authority for Inland Transportation (<i>Autorité de Régulation du Transport Intérieur</i>)
BCEAO	Central Bank of West African States (<i>Banque Centrale des États de l'Afrique de l'Ouest</i>)
BOP	Balance of Payments
CAN	Africa Cup of Nations (<i>Coupe d'Afrique des Nations</i>)
CCDR	Country Climate and Development Report
CEM	County Economic Memorandum
CFAF	CFA Franc
CMU	Universal Medical Insurance (<i>Couverture Maladie Universelle</i>)
CNAM	National Health Insurance Fund (<i>Caisse Nationale d'Assurance Maladie</i>)
COVID-19	Coronavirus Disease
CPF	Country Partnership Framework
CPSD	Country Private Sector Diagnostic
DPF	Development Policy Financing
DRM	Domestic Resource Mobilization
DSA	Debt Sustainability Analysis
ECF	Extended Credit Facility
EFF	Extended Fund Facility
EU	European Union
FDI	Foreign Direct Investment
FY	Fiscal Year
GDP	Gross Domestic Product
GHG	Greenhouse Gas
HLO	High-Level Outcome
IDA	International Development Association
IMF	International Monetary Fund
IPF	Investment Project Financing
LMIC	Lower-Middle Income Country
LOTI	Law of Interior Transport
MFB	Ministry of Finance and Budget
MTRS	Medium-Term Revenue Strategy
MTI	Macroeconomics, Trade, and Investment
NDC	Nationally Determined Contributions
PA	Prior Action
PDO	Program Development Objective
PEFA	Public Expenditure and Financial Accountability
PforR	Program for Results
PFM	Public Financial Management

PIT	Personal Income Tax
PPA	Performance and Policy Action
PPG	Public and Publicly Guaranteed
PND	National Development Plan (<i>Plan National de Développement</i>)
SCD	Systematic Country Diagnostic
SDFP	Sustainable Development Finance Policy
SDR	Special Drawing Right
SML	Shorter Maturity Loan
SME	Small and Medium Enterprise
SOE	State-owned Enterprise
SSA	Sub-Saharan Africa
TFP	Total Factor Productivity
TVET	Technical, Vocational Education and Training
US	United States
USSD	Unstructured Supplementary Service Data
VAT	Value-added Tax
WAEMU	West African Economic and Monetary Union
WB	World Bank

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REPUBLIC OF CÔTE D'IVOIRE

SECOND INVESTMENT FOR GROWTH DPF

TABLE OF CONTENTS

SUMMARY OF PROPOSED FINANCING AND PROGRAM	1
1. INTRODUCTION AND COUNTRY CONTEXT	1
2. MACROECONOMIC POLICY FRAMEWORK.....	2
2.1. RECENT ECONOMIC DEVELOPMENTS.....	2
2.2. MACROECONOMIC OUTLOOK AND DEBT SUSTAINABILITY	5
2.3. IMF RELATIONS	8
3. GOVERNMENT PROGRAM	8
4. PROPOSED OPERATION	9
4.1. LINK TO GOVERNMENT PROGRAM AND OPERATION DESCRIPTION	9
4.2. PRIOR ACTIONS, RESULTS AND ANALYTICAL UNDERPINNINGS	9
4.3. LINK TO CPF, OTHER BANK OPERATIONS AND THE WORLD BANK STRATEGY	21
4.4. CONSULTATIONS AND COLLABORATION WITH DEVELOPMENT PARTNERS	21
5. OTHER DESIGN AND APPRAISAL ISSUES	22
5.1. POVERTY AND SOCIAL IMPACT	22
5.2. ENVIRONMENTAL, FORESTS, AND OTHER NATURAL RESOURCE ASPECTS	23
5.3. PFM, DISBURSEMENT AND AUDITING ASPECTS.....	24
5.4. MONITORING, EVALUATION AND ACCOUNTABILITY	26
6. SUMMARY OF RISKS AND MITIGATION	27
ANNEX 1: POLICY AND RESULTS MATRIX	29
ANNEX 2: IMF RELATIONS	33
ANNEX 3: LETTER OF DEVELOPMENT POLICY.....	35
ANNEX 4: ENVIROMENTAL AND POVERTY SOCIAL IMPACT ANALYSIS	48
ANNEX 5: SUMMARY OF THE PARIS AGREEMENT ALIGNMENT ASSESSMENT	57
ANNEX 6: CHANGES TO THE POLICY MATRIX AND RESULTS FRAMEWORK SINCE FIRST OPERATION ..	59
ANNEX 7: ANALYTICAL UNDERPINNINGS	62

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SUMMARY OF PROPOSED FINANCING AND PROGRAM

BASIC INFORMATION

Project ID	Programmatic	If programmatic, position in series
P179006	Yes	2nd in a series of 3

Proposed Development Objective(s)

The Program Development Objective (PDO) of the proposed operation is : (1) strengthen competition in key enabling sectors and domestic revenue mobilization; (2) expand equitable access to health and education services; (3) promote the sustainable use of natural resources.

Organizations

Borrower: REPUBLIC OF COTE D'IVOIRE
Implementing Agency: Ministry of Finance and Budget

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Financing	300.00
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DETAILS

International Development Association (IDA)	300.00
IDA Shorter Maturity Loan (SML)	300.00

INSTITUTIONAL DATA

Climate Change and Disaster Screening

This operation has been screened for short and long-term climate change and disaster risks

Overall Risk Rating

Moderate



Results Table Côte d'Ivoire Investment for Growth DPF series

	Baseline (2021)	Update (2022 unless otherwise specified)	Target (2025)
Pillar 1: Strengthen competition in key enabling sectors and domestic revenue mobilization			
Results indicator 1a: Financial service providers using USSD codes (number)	13	24 (September 2023)	30
Results indicator 1b: Retail prices for telecommunications services (price of a data-only 2GB mobile-broadband basket as share of Gross National Income (GNI) per capita)	2.58% GNI p.c.	2.42% GNI p.c.	2.00% GNI p.c.
Results indicator 2a: Share of national freight transactions carried out through the freight exchange (percentage)	0	0	40%
Results indicator 2b: Quarterly publication of freight exchange transaction statistics on the ARTI website (yes/no)	N	N	Y
Results indicator 3: Tax and non-tax revenue to GDP ratio (3-year average) (percentage)	14.7% (2019-21)	14.9% (2020-22)	16.3% (2023-25)
Pillar 2: Expand access to health and education services			
Results indicator 4a: Consistency of deployment of elementary school teachers. ¹ (number)	0.55	N/A	0.70
Results indicator 4b: Share of female teachers among primary and secondary teachers (percentage)	32.5 % and 15% respectively.	34% and 14.5%	+3ppts
Results indicator 5: Share of secondary school students enrolled in technical and vocational education and training or apprenticeships, by sex (percentage)	(2020) Male: 2.5% Female: 2.3%	Male:3.01% Female: 2.9%	5% both sexes
Results indicator 6a: Population enrolled in the CMU program, [of which extreme poor] (percentage)	12% [1.5%]	24% [2.2%]	35% [≥5%]
Results indicator 6b: Average rate of public healthcare users having a CMU identifier (percentage)	1.7%	N/A	15%
Pillar 3: Promote the sustainable use of natural resources			
Results indicator 7: Cocoa traced and compliant with sustainability standards (percentage)	0	0	50%
Results indicator 8a: Hectares of forests classified as agroforests (ha)	0	0	>500,000
Results indicator 8b: Signed agroforests concessions agreements (number)	0	0	2
Results indicator 9: Urban coastal areas protected by climate and risk informed local urban plans (percentage)	0	0	60%

¹ A value near 1 indicates that deployment is based on student needs.



IDA PROGRAM DOCUMENT FOR A PROPOSED CREDIT TO THE REPUBLIC OF CÔTE D'IVOIRE

1. INTRODUCTION AND COUNTRY CONTEXT

1. **The Second Investment for Growth Development Policy Financing (DPF) is the second in a programmatic series of three single-tranche DPFs, closely aligned with Côte d'Ivoire's National Development Plan 2021-2025 (*Plan National de Développement*, PND).** The proposed operation consists of a credit in the amount of EUR 281.4 million (equivalent to US\$300 million). The operation supports key reforms for advancing Côte d'Ivoire's medium term inclusive growth objective of becoming an upper middle-income economy by 2030, which entails doubling real Gross Domestic Product (GDP) per capita and halving poverty to 20 percent from 39.5 percent in 2018.

2. **This DPF responds to medium term growth challenges that have been amplified during recent global crises.** Before COVID-19, for almost a decade, Côte d'Ivoire was one of the fastest-growing economies in sub-Saharan Africa (SSA). Between 2012-2019, real GDP growth averaged 8 percent and 5.4 percent in per capita terms, thanks to political stability and sound macroeconomic policies. The poverty rate using the national poverty line declined from 44 to 39.5 percent between 2015-2018. Recent global crises have, however, emphasized the imperative of addressing structural bottlenecks to enable an efficient allocation of resources and sustain inclusive growth. Total factor productivity (TFP) has remained flat since 2017 and formal private sector employment represents less than 15 percent of total.² Limited competition in key enabling sectors - transport, financial services, and telecom - undermines private sector investment.³ Despite progress over the last decade, the quality of service delivery needs improvement and spatial disparities prevent human capital accumulation and weaken the social contract.⁴ Further, high levels of coastal erosion fragilize coastal areas which generate more than 60 percent of value-added, while aggressive deforestation further amplifies climate change and compromises the sustainability of cocoa production, the main export crop.⁵

3. **The DPF also supports the need to strengthen fiscal and debt sustainability.** While growth was relatively resilient in 2020, with a strong rebound in 2021, fiscal deficits have risen since the onset of the global COVID-19 crisis, aggravated by the impact of Russia's invasion of Ukraine on global inflation and commodity prices. The fiscal deficit (incl. grants) more than doubled over 3 years, from 2.3 to 6.8 percent of GDP between 2019 and 2022, in particular in 2022 due to additional expenditures through price caps and subsidies to contain prices, high capital expenditure levels and security spending due to insecurity in the northern region, while efforts on domestic revenue mobilization have remained below expectation. Public and publicly guaranteed (PPG) debt has increased significantly from just about 40 percent of GDP in 2019 to almost 60 percent of GDP in 2022. Rising external borrowing costs are limiting Côte d'Ivoire's capacity to access sustainably international markets in the short-term. Recognizing the need to increase fiscal space, and maintain debt sustainability, the government entered a 40-months ECF/EFF arrangement with the IMF in May 2023.

4. **Against this backdrop, the Second Investment for Growth DPF supports reforms to consolidate the foundations for sustainable and inclusive, investment-driven growth.** The reform program is based on the following three pillars:

○ **Pillar 1: Strengthen competition in key enabling sectors and domestic revenue mobilization (DRM).**

Reforms will improve sectoral competition policy and regulatory framework, notably in network sectors such as transport and telecom, vital inputs across the economy and for consumers. At the same time, to create fiscal

² Côte d'Ivoire Country Economic Memorandum (CEM, World Bank 2022).

³ Côte d'Ivoire Country Private Sector Diagnostic (CPSD, World Bank 2020).

⁴ Systematic Country Diagnostic (SCD) (2022), Report Number: 169415-CI.

⁵ Country Climate and Development Report, forthcoming.



space structurally and sustainably, to ensure debt sustainability and to maximize crowding in of private investment, structural reforms will focus on improving medium-term revenue collection capacity.

- **Pillar 2: Expand equitable access to health and education services** through the reinforcement of the quality of basic education, alleviation of skills mismatch in labor markets through more effective professional skills systems, and promotion of a more robust, sustainable, and inclusive health insurance. Investing in quality human capital will be crucial for empowering a young and rapidly growing population to fill productive jobs. Côte d'Ivoire's human capital is insufficient for its per capita GDP level. It is estimated that the next generation will be 38 percent as productive as they could have been had they enjoyed full health and education (HCI 2021).
- **Pillar 3: Promote the sustainable use of natural resources.** This entails supporting traceable, sustainable cocoa production and ensuring rural livelihoods, containing deforestation due to aggressive agricultural practices, as well as strengthening the environmental regulatory framework economy-wide, with a special attention to climate vulnerable coastal areas. The sustainable use of natural resources and economic resilience in face of climate change are intrinsically linked to inclusive and sustainable growth and wealth accumulation. Côte d'Ivoire ranks 142/181 countries in most extreme climate vulnerability (181 being the most vulnerable).

2. MACROECONOMIC POLICY FRAMEWORK

2.1. RECENT ECONOMIC DEVELOPMENTS

5. **Although growth rebounded strongly post-COVID, adverse spillovers from Russia's invasion of Ukraine and global monetary tightening emphasized macroeconomic imbalances.** Growth bounced back across the West African Economic and Monetary Union (WAEMU) region in 2021 aided by loose fiscal and monetary policies after the steep deceleration of 2020. In Côte d'Ivoire, real GDP growth reached 7 percent in 2021 (4 percent in per capita terms), above pre-COVID levels and up from 1.7 percent in 2020. It remained robust despite softening in 2022 at 6.7 percent, but significant headwinds have fueled widening macroeconomic imbalances. Although direct trade exposure to Russia and Ukraine is minor, the spike in international oil, food and fertilizer prices has exerted inflationary pressures and significantly increased import prices. The large fiscal response to contain the shock – after two years of expansionary fiscal policy - in a context of tightening global monetary policy and increasing borrowing costs, has weakened fiscal and debt sustainability. In 2022, Côte d'Ivoire's fiscal deficit and PPG debt levels reached their highest point since the political transition in 2012.
6. **Economic activity has continued to decelerate in 2023.** Amid higher import prices, rising global and domestic interest rates and slowing external demand, economic growth has continued to soften in 2023 and is projected to reach 6.4 percent in 2023. According to the latest data, growth in the first half of the year was 5.9 percent year-on-year (y/y), compared to 7.2 percent y/y in H12022. On the supply side, industrial activity and services picked up but growth in agriculture has remained modest due to weather-related factors. On the demand-side, public investment continues to drive growth thanks to infrastructure projects for the Africa Cup of Nations (*Coupe d'Afrique des Nations*, CAN) 2024.
7. **Inflation has remained high despite a deceleration in food prices.** After reaching a 10-year high in 2022 at 5.2 percent, CPI inflation has only slowly decelerated despite price caps and more general measures to contain prices. It is expected to still hover close to 5 percent at year-end 2023. Annualized inflation was 5 percent in August 2023, easing from 5.2 percent y/y in July thanks to a deceleration in food prices, but compensated by higher price of utilities and transports. It remains above the BCEAO target range of 1-3 percent.



Table 1. Contributions to GDP growth – baseline (2020-2026)

	Average 2015-19	2020	2021	2022e	2023p	2024p	2025p	2026p
Real Economy								
GDP at constant prices (%)	6.9	1.7	7.0	6.7	6.4	6.5	6.5	6.3
Demand side:								
Consumption	6.9	1.1	2.5	2.6	2.9	2.7	2.6	2.7
<i>of which Private</i>	6.1	0.7	2.3	1.8	2.1	2.3	2.3	2.5
Investment	1.9	3.1	5.8	4.4	3.7	3.6	3.0	3.0
<i>of which Private</i>	1.3	1.0	3.3	2.4	1.6	2.1	2.0	2.2
Exports	1.3	-0.5	0.9	2.1	1.6	2.1	2.4	2.3
Imports	1.5	2.0	2.2	2.4	1.8	1.9	1.6	1.7
Supply side:								
Agriculture	0.9	0.4	0.7	1.0	0.1	0.5	0.7	0.7
Industry	1.2	0.3	1.5	1.8	1.8	1.7	1.6	1.6
Services	4.2	1.0	4.8	3.9	4.5	4.3	4.2	4.0

Sources: World Bank and IMF staff estimates and projections (as of October 2023). Notes: supply side include proportional net indirect taxes. The medium-term projections of the authorities are slightly different.

Table 2. Financing sources and requirements

	2021	2022e	2023p	2024p	2025p	2026p
Gross financing requirements	4.8	8.9	6.9	6.4	5.7	5.4
Current account balance (excl. grants)	4.5	7.5	5.1	3.9	3.5	3.5
Debt Amortization (excl. regional market securities)	0.8	1.6	1.2	1.9	2.0	1.7
IMF Repurchases/repayments	-0.3	-0.2	0.6	0.6	0.2	0.2
Errors and Omissions	-0.2	0.0	0.0	0.0	0.0	0.0
Available financing	4.8	8.9	6.9	6.4	5.7	5.4
Foreign Direct Investment (FDI) (net)	1.5	1.4	2.0	2.1	2.1	2.2
Other net flows ¹	2.7	2.2	0.8	2.0	1.5	2.2
Government borrowing (official, net)	2.6	3.9	3.9	2.4	2.2	1.8
Reserves assets (-=increase)	-2.0	1.4	0.2	-0.1	-0.1	-0.8

Sources: World Bank and IMF staff estimates and projections (as of October 2023). Notes: ¹ Includes portfolio investment, private investment, and capital account (excl grants). The medium-term projections of the authorities are slightly different.

8. **External imbalances remain elevated putting pressure on WAEMU reserves levels.** A slowdown in external demand, combined with capital-intensive imports and generally higher import prices, amid worsening terms of trade, pushed the current account further into deficit to around 6.9 percent of GDP in 2022, from about 4 percent in 2021. The trade balance turned negative at -2.9 percent of GDP in 2022, the first in a long time given the structurally positive goods trade balance over the last decades. This trend has continued in 2023 with the CAD remaining above historical average and expected to end the year at 5.8 percent of GDP. As Eurobond spreads rose to some 250 bps above pre-pandemic levels on the back of global monetary tightening and heightened uncertainty, the authorities substituted planned Eurobond issuance with external commercial loans and domestic/regional borrowing, thereby adding significantly to the decline of regional WAEMU reserves from 5.2 end-2021 to about 3.2 months of import cover at September-2023.

9. **Fiscal consolidation has started in 2023 to support fiscal and debt sustainability.** After rising to a decade high (and more than double pre-COVID levels), at 6.8 percent of GDP⁶, authorities committed to reach the WAEMU fiscal deficit target of 3 percent of GDP in 2025, supported by the World Bank DPF and underpinned by an IMF program. Authorities are expected to increase tax revenue by about 0.5 ppts of GDP annually over the next 3 years

⁶ The surge reflects higher security spending, and both lower tax revenue from forgone taxes to curb pressures on prices for petroleum-related products (0.6 percent of GDP) as well as subsidies to various sectors affected by inflation (1 percent of GDP). Capital expenditures have also consistently risen to finance infrastructure projects reaching 6.8 percent of GDP in 2022 (+1.5 ppts above 2021-levels) as the government accelerates projects under the PND.



and progressively reduce recurrent spending by the same amount, while keeping the level of capital expenditures above the pre-COVID-19 average. As of end-June 2023, tax revenue collection was up by 0.5 percent of GDP relative to the end-June 2019-2022 average. Revenues from petrol-related taxes have rebounded in 2023 following the partial reinstatement of the taxable base for fuel consumption, albeit with a slower normalization than expected due to continued inflationary pressures. Higher value-added tax (VAT) collection has also supported revenue mobilization thanks to recent digitalization efforts. At year-end, recurrent expenditures should also be 0.4 percent of GDP lower than in 2022. The fiscal deficit (incl. grants) is estimated to reach 5.2 percent of GDP by end 2023.

Table 3. Selected macroeconomic indicators (2020-2026)

	Average 2015-19	2020	2021	2022e	2023p	2024p	2025p	2026p
<i>Percentage change</i>								
Real GDP (%)	6.5	1.7	7	6.7	6.4	6.5	6.5	6.3
Consumer prices (Annual average)	0.8	2.4	4.2	5.2	4.7	3.8	3.0	2.2
GDP deflator	-	1.5	2.7	3.7	2.9	2.3	2	2
<i>Central government finance</i>								
<i>% GDP unless specified</i>								
Total Revenue and Grants	14.6	15	15.8	15.3	16.5	16.7	17.2	17.7
Total Expenditure	17.3	20.4	20.7	22.1	21.7	20.7	20.2	20.8
Overall balance (incl. grants)	-2.7	-5.4	-4.9	-6.8	-5.2	-4.0	-3.0	-3.0
Grants	0.9	0.5	0.5	0.5	0.7	0.5	0.4	0.3
<i>Balance of payments (BOP)</i>								
Balance of goods and services	1.6	0.9	0.2	-2.9	-2.0	-1.2	2.5	0.2
Foreign Direct Investment	0.9	1.5	1.8	1.5	1.5	1.8	1.9	1.9
Current account balance (incl. grants)	-1.9	-3.1	-4.0	-6.9	-5.8	-4.5	-3.5	-3.1
Overall BOP balance	-0.6	2.1	2.6	-1.3	-0.2	0.1	0.1	0.8
Terms of trade (annual % change)	-1.8	31.1	-21.9	-11.4	-0.7	6.7	1.0	0.1
<i>Debt</i>								
PPG debt (external and domestic)	35.2	48.1	52.1	58.1	57.7	57.3	56.3	55.1
External debt	21.1	31.4	32.2	35.8	36.1	35.5	33.6	32.5
<i>Memorandum items:</i>								
Nominal GDP (CFAF Billions)	33972.3	36252	39821	43682	47825	52125	56570	61337
Nominal GDP (US\$ billions)	52.38	63	72	70	79	87	95	103
Population (million)		27	27.7	28.4	29.1	29.9	30.6	31.4
Real GDP per capita (annual % change)	3.8	-0.8	4.4	4.2	3.7	3.9	3.9	3.7

Sources: World Bank and IMF staff estimates and projections (as of September 2023). The medium-term projections of the authorities are slightly different.

10. **The stock of public debt has continued to build up over 2019-2022, with tight Eurobond markets inducing a shift towards more expensive commercial debt in 2022.** Public debt has been increasing steadily over the last decade to finance social and infrastructure needs under the PND. The larger fiscal deficits of the past two years have further increased borrowing. At end-2022, PPG debt increased to 58.1 percent of GDP, up from 52.1 percent of GDP at end-2021, with external debt increasing by 3.4 ppt of GDP. Authorities have not been able to carry out planned Eurobond issuances since 2020, instead borrowing from commercial banks and issuing in the domestic/regional market. This trend has continued in 2023, but tight regional market financial conditions have led the authorities to recourse to short-term borrowing with a cautious external borrowing stance. The issuance of bonds at maturities of less than two years represented 50 percent of total regional issuances in the first half of the year compared to 20 percent in the past. Domestic debt accounts for about one third of total debt. The significant build up in public debt with tight financial markets is creating pressures for rolling over Eurobond dues in 2024-25 and higher debt service resulting from recent commercial loans have increased debt servicing costs. SOE debt remains limited: SOE guaranteed debt represented 2 percent of GDP by end-2022, while non-guaranteed



debt amounted to 0.7 percent of GDP. Fiscal risks from contingent liabilities are monitored as part of the Budget Law with the annex report published annually.

11. **The Central Bank of West African States (*Banque Centrale des Etats de l'Afrique de l'Ouest, BCEAO*) has tightened its policy stance but a differential with the ECB policy rate is creating liquidity pressures.** The monetary and exchange rate policies are managed by the BCEAO, maintaining a fixed peg between the CFA Franc and the Euro. To counter inflation across WAEMU countries, the BCEAO raised policy interest rates by a cumulative 125 basis points since the start of 2022 to 3.25 percent for liquidity calls and 5.25 percent for the marginal lending facility. The lower adjustment pace compared to the ECB has tightened regional financial conditions and forced recent BCEAO sovereign debt purchases. Despite monetary tightening, credit growth rebounded in the first two quarters of the year from 8 percent at end-2022 to around 15 percent in Q3 2023. The banking system has so far shown remarkable resilience and the authorities have continued to make progress on recapitalizing public banks. Two of the three public banks (with overall capitalization needs estimated at 0.3 percent of GDP) are still on track to finalize their restructuring through public and private capital injections end-2023.

2.2. MACROECONOMIC OUTLOOK AND DEBT SUSTAINABILITY

12. **Prioritizing macroeconomic stability is required to resume a sustainable growth path in the medium term.** The political determination to address increasing macroeconomic imbalances by containing inefficient outlays, continue increasing revenue, a prudent external borrowing strategy and active debt management, and continued structural reforms, will be crucial to underpin medium-term growth aspirations.

13. **Assuming prudent macroeconomic policies and persistent structural reforms, growth should remain robust in the medium term, even if below pre-2020 averages.** Over the medium-term, growth should gradually pickup to average 6.5 percent in 2024-2025. On the upside, continued investments in network infrastructure notably on digital and transport sectors, and exploitation of the recent oil discoveries, together with prudent macroeconomic policies, should boost business confidence and increase productivity. The services sector is expected to continue being a driver of growth, while plans to develop value chains could raise agricultural productivity and manufacturing activity, sustaining growth potential. Investments in climate change adaptation and mitigation in alignment with the newly adopted National Adaptation Plan (2023) should also support a resilient economic transformation. Inflation is projected to start easing slowly in the second half of 2024 in line with global food and commodity prices, and with the exchange rate anchored to the Euro, reaching the WAEMU target band in 2026.

14. **The CAD (incl. grants) will remain high in the short term and start narrowing thereafter.** The negative terms of trade shock is expected to maintain a negative trade balance (Côte d'Ivoire is a net oil importer) in the short-term despite notably rising cocoa prices. In the medium term, the CAD should gradually improve to reach 3.5 percent of GDP in 2025, as oil exports increase and supported by fiscal consolidation and lower public investment, ongoing reforms to boost competitiveness including energy sector reforms as well as continued efforts to improve the investment climate (notably competition in telecom, financial services, and transport). The CAD is expected to be mainly financed by official loans and portfolio flows from the regional market, as the ongoing tightening in global financial conditions constrains Côte d'Ivoire's ability to sustainably tap commercial debt.



Table 4: Key Fiscal Indicators (2020-2026), % of GDP

	Average 2015-19	2020	2021	2022e	2023p	2024p	2025p	2026p
Total Revenue and Grants	14.6	15.0	15.8	15.3	16.5	16.7	17.2	17.7
Total Revenue	13.8	14.5	15.3	14.8	15.9	16.2	16.8	17.4
Tax Revenue	11.7	12.4	13.2	12.8	13.9	14.5	15.0	15.7
Taxes on Goods and Services	2.7	3.2	3.6	3.4	3.9	4.2	4.1	4.4
Direct Taxes	3.1	3.3	3.5	3.6	3.8	4.2	4.3	4.5
Taxes on International Trade	5.4	5.4	5.6	5.2	5.5	5.6	6.0	6.0
Other Taxes	0.5	0.6	0.5	0.6	0.7	0.5	0.6	0.8
Non-Tax Revenues	2.0	2.0	2.2	2.0	2.0	2.0	2.0	2.1
Grants	0.9	0.5	0.5	0.5	0.7	0.5	0.4	0.3
Total expenditure	17.3	20.4	20.7	22.1	21.7	20.6	20.1	20.8
Wages and Compensation	4.9	5.0	4.7	4.7	4.7	4.6	4.7	4.7
Goods and Services	3.2	4.0	4.0	4.1	3.7	3.2	3.3	3.5
Interest Payments	1.3	1.8	2.0	2.2	2.4	2.2	2.4	2.3
Current Transfers	2.3	2.8	3.2	2.9	2.6	2.1	2.3	2.3
Pensions	0.9	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Capital Expenditures	4.7	5.7	5.8	7.2	7.3	7.5	6.4	7.0
Overall Balance (incl. grants)	-2.7	-5.4	-4.9	-6.8	-5.2	-4.0	-3.0	-3.0
Overall Balance (cash basis)	.	-5.2	5.0	-7.1	-5.2	-4.0	-3.0	-3.0
Primary Balance	-1.4	-2.3	-1.1	-1.8	0.3	-0.2	0.9	1.3
Government Financing	2.7	5.2	5.0	7.1	5.2	4.0	3.0	3.0
Domestic (Net)	-0.1	1.9	1.7	2.4	2.9	1.1	1.4	1.3
Non-Bank Financing	.	-1.0	-0.1	0.6	0.5	0.4	0.4	0.3
External (Net)	2.8	3.3	3.3	4.7	2.3	2.9	1.6	1.7
World Bank Budget financing	.	0.3	0.3	0.6	0.3	0.2	0.2	0.1
IMF ECF	.	.	.	.	0.4	0.4	0.4	0.2
IMF EFF	.	.	.	.	0.8	0.8	0.7	0.3

Source: World Bank estimates as of September 2023, IMF and Ministry in charge of Finance and Budget (MFB). In 2020 onwards indirect taxation adds taxes on project spending. Overall balance cash basis excl. float.

15. **Strong fiscal consolidation is the anchor for macroeconomic stability in the medium-term.** The 2024 budget aims at reaching a fiscal deficit of 4.0 percent of GDP, a 1.2 percent reduction relative to 2023. Tax revenues are projected to increase by about 0.6 ppt of GDP, with the balance of the consolidation coming from expenditure reductions (1 pp). Underpinning the increase in revenues are the regularization of tax arrears, the simplification of the personal income tax (PIT) reform (PA#3) and removing VAT exemptions on luxury items (IT#3), the increase in registration fee rate for cocoa and cashew and stamp tax on cigarettes (budget law 2024). Further, reforms in tax administration started in previous years to increase VAT compliance (see section 4), should continue bearing fruits as economic activity picks up and complementary structural reforms on international taxation materialize (transfer pricing legislation⁷ and property tax). The authorities are developing a comprehensive Medium-Term Revenue Mobilization Strategy (MTRS) to be adopted by May 2024, that will encompass additional tax policy reforms and tax administration modernization. The World Bank is actively supporting the preparation of the MTRS under a Non-Lending Technical Assistance (NLTA) program and in close coordination with IMF Fiscal Affairs Department. Capital expenditure is expected to fall in 2025, after the ramp-up in investment ahead of the 2024 CAN, with the remainder of the expenditure cuts coming from rationalizing non-priority recurrent spending (e.g., pre-crisis era blanket subsidies and reduce the recurring need for direct subsidies provided to SOEs).

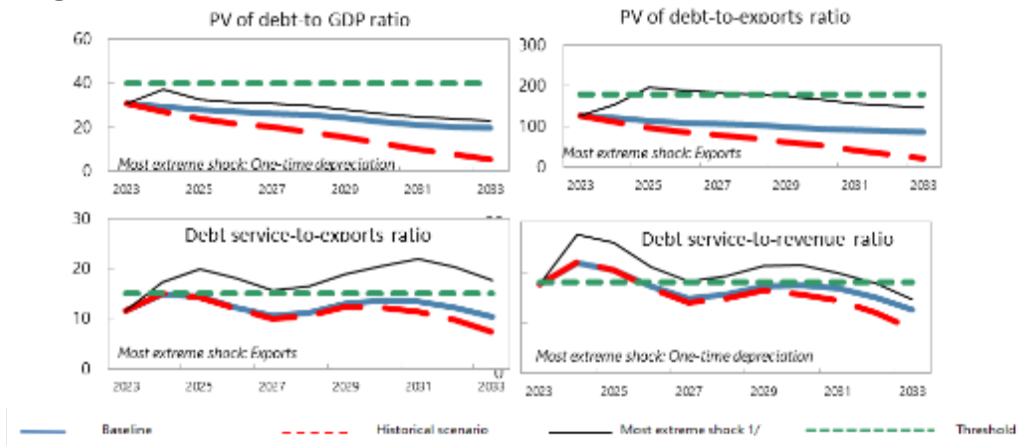
16. **Public and external debt remain sustainable, but buffers have diminished, and rising risks need management.** The PPG debt stock is expected to have peaked in 2022 but remains elevated in the medium term. External debt represented 2/3rd percent of total PPG debt and 37 percent of GDP as of December 2022. Half of

⁷ Technical assistance from the World Bank is expected.



external debt is commercial⁸, with close to 65 percent of commercial debt in the form of Eurobonds, two maturing in 2024 and 2025. The risk of public and external debt distress was assessed as moderate in latest Debt Sustainability Analysis (DSA) (May 2023) and ongoing post-mission DSA Update (October 2023) when judgement is applied. The external debt service-to-revenue indicator breaches twice the threshold, in 2024 and 2025, and remains below the threshold during the remainder of the projection period. The other projected external debt burden indicators are below their thresholds under the baseline. All indicators, except the PV of external debt-to-GDP are susceptible to several stress scenarios, the most extreme of which involves shock to exports. The space to absorb shocks remains limited. Tightening global financing conditions, have required a shift towards expensive commercial loans and the regional market. Côte d'Ivoire's last issuance in international markets was in early 2021 (for about US\$1 billion). Combined with an increase in non-concessional borrowing, higher debt servicing cost, and exchange rate depreciation, debt sustainability risks have increased in the past year (Figure 1). Prolonged reliance on the domestic market by economies used to borrowing from external markets could crowd out the private sector as well as availability for other more dependent economies.

Figure 1: Selected indicators of PPG External Debt under Alternative Scenarios, 2023–33



Source: DSA May 2023; Notes: the ongoing post-mission DSA of October 2023 remains broadly unchanged).

17. **Strong near-term policy measures and active debt management, including a liability management operation, would support debt sustainability.** External debt service to revenue ratio went from 12.3 percent in 2020 to 17.4 percent in 2022 and is projected to breach the 18 percent threshold for medium debt carrying capacity countries like Côte d'Ivoire by 4 and 3 ppts in 2024 and 2025 (Figure 1). Authorities are planning a reprofiling operation in 2024 that would smooth debt service in the near term.

18. **The Ivorian government has actively managed their debt portfolio over the last years.** Debt management and transparency are considered relatively strong, and improvements were made through the FY21-23 Performance and Policy Actions (PPAs) to increase transparency, notably with the publication of debt statistics on new commitments, on-lending and guaranteed debt in the Debt Portal. Sustained revenue mobilization efforts along with continued prudent borrowing and debt management strategy will be needed to mitigate an increase in risk of debt distress. The medium-term debt strategy for 2023-26 rebalances external and domestic borrowing, and now envisages 60 percent of new financing would come from domestic sources. For external debt, it favors borrowing in euros and CFA francs to limit exchange rate risk (given the peg to the euro) and prioritizes concessional financing.

19. **While the banking system has shown resilience, continued vigilance from supervisory authorities and**

⁸ Multilateral creditors have increased their share of debt since 2020 and represented about a third of external debt in 2022.



reforms to address systemic vulnerabilities should continue in the medium-term. Authorities are committed to monitoring sectoral fragilities. Banking supervision has improved but, the bank resolution regime introduced in 2018 is not fully operational and funding resources available for bank resolution need to be strengthened. The latest Financial Sector Assessment Program (FSAP) conducted in 2022, highlighted the need to strengthen supervisor autonomy and resources to support the implementation of risk-based supervision. Supervisors need to impose monetary sanctions more consistently, publish their enforcement decisions, and refrain from repeated use of stays of proceedings. Resolution and liquidation tools should be applied to resolve undercapitalized, nonviable institutions. The resources of the Deposit Guarantee and Resolution Fund (FGDR-UMOA) and the autonomy of the Resolution College of the CBU (the WAMU's Banking Commission) also need to be reinforced.

20. **The macroeconomic policy framework is adequate for the proposed operation.** While the economy remains vulnerable in face of global uncertainty, elevated food and fuel prices, and tightening global financial conditions, the macroeconomic and structural policies being pursued by the authorities should help growth in Côte d'Ivoire to remain robust over the medium term. The PND should continue underpinning the reform agenda to increase private sector participation in the economy, reinforce human capital and infrastructure and reduce gender gaps. A fiscal consolidation helped by solid revenue mobilization and efficient spending, anchored by an IMF program in preparation and WAEMU monetary policy, together with private investment in key sectors, and active debt management should further support medium-term growth and help the country rebuild fiscal space and strengthen debt sustainability. The government is committed to reverting to the WAEMU fiscal deficit target of 3 percent of GDP by 2025. The financial sector appears resilient and continued vigilance from supervisory authorities should continue addressing vulnerability in the medium-term.

2.3. IMF RELATIONS

21. **On May 24, 2023, the IMF Executive Board concluded a US\$3.5 billion (or 400 percent of quota and largest in SSA) arrangement under the Extended Fund Facility (EFF) and the Extended Credit Facility (ECF)** with a view to the gradual narrowing of the fiscal deficit over the medium term to the WAEMU target of 3 percent of GDP by 2025. The new program aims to ensure near-term macroeconomic stability and support deeper economic transformation over the medium-term. DRM is central to the program as the authorities are committed to keep debt sustainability at a moderate level of debt distress. A comprehensive medium-term revenue strategy (MTRS) will help finance deeper economic transformation. Key structural reforms to promote private sector-led and inclusive growth will focus on efforts to strengthen governance and the anti-money laundering/countering the financing of terrorism (AML/CFT) framework, increase financial inclusion, and invest in human capital. Performance under the program has been satisfactory as of the first review, with staff-level agreement reached on October 4, 2023, on all policies, including key parameters of the 2024 fiscal framework and reform measures going forward in line with the program objective. The IMF has started discussions to address the authorities' request for Resilience and Sustainability Fund (RSF) program.

3. GOVERNMENT PROGRAM

22. **In December 2021, Côte d'Ivoire adopted the PND 2021-2025, as its main strategic planning document to sustain high economic growth and inclusion in the medium-term.** The PND is based on the Vision 2030 – that of achieving upper middle-income status by 2030 and doubling real GDP per capita. It has three main goals: (i) developing the national industry to make it an engine of the economy and a provider of decent jobs; (ii) ensuring better factor productivity, in particular human capital; and (iii) strengthening governance to support the private sector through an inclusive development process. The plan is underpinned by the premise of a solid and stable macroeconomic framework. Average real GDP growth is projected at 6.8 percent over 2021-25 in the baseline



scenario, driven by the primary and secondary sectors on the supply side; and by higher investments on the demand-side, with an expected increase of between 10-50 percent in total investments depending on the scenario and going from 21.1 percent of GDP in 2020 to 25 percent of GDP in 2025 in the baseline. The share of the informal economy is expected to decline by 5ppt to 84 percent. Total investments for achieving the plan are estimated at 167 percent of 2020 GDP, with 74 percent expected to come from the private sector. The implementation of the PND is underpinned by macroeconomic stability.

4. PROPOSED OPERATION

4.1. LINK TO GOVERNMENT PROGRAM AND OPERATION DESCRIPTION

23. **The DPF series directly supports the first three categories of actions of the PND: private investment growth, human capital accumulation and environmental sustainability.** The operation is aligned with the following key areas of the PND (2021-2025): (1) promoting private investment, financial and infrastructure development, strengthening the business climate, and expanding domestic, regional, and local markets; (2) human capital development and employment promotion; and (3) balancing regional development, preserving the environment and combatting climate change, safeguarding natural heritage, and promoting the ecological exploitation of natural resources. By supporting reforms that improve the quality of investments in human capital, Pillar 2 also reflects the priorities of Côte d'Ivoire's National Human Development Program.

24. **The DPF series is aligned with the country's climate change commitments and the Paris Agreement (Annex 5).** Côte d'Ivoire has made ambitious commitments to climate action in its latest Nationally Determined Contribution (NDC). By 2030, it aims to reduce vulnerability and increase resilience in priority sectors, selected for their high degree of vulnerability and important contribution to the Ivorian economy and poverty reduction. As such the operation is informed by the CCDR. The priority target areas supported in this DPF include: (i) promoting sustainable agricultural practices (PA#7); (ii) strengthening the protection of forests and preventing land degradation as well as restoring degraded lands and forests (PA#8); (iii) building capacity of technical and financial institutions for integrated management of coastal zones (PA#9). Prior actions (PAs) are not likely to cause a significant increase in GHG emissions or any persistent barriers to transition to low-GHG emissions development pathways. Similarly, risks from climate hazards are not likely to have an adverse effect on the prior actions' contribution to the PDO. The reforms supported consolidate and deepen those started in the previous DPF series on agriculture sustainability (Côte d'Ivoire Sustainable and Inclusive Growth DPF1 (P169828)). Lessons from the previous DPF operation also inform the design to maximize impact and ensure continued progress.⁹

4.2. PRIOR ACTIONS, RESULTS AND ANALYTICAL UNDERPINNINGS

25. **The proposed operation is organized around three pillars:** (1) strengthen competition in key enabling sectors and domestic revenue mobilization; (2) expand equitable access to health and education services; (3) promote the sustainable use of natural resources.

26. **The reform program was updated during the preparation of this operation.** Changes to the program of reforms were strategic in nature and either strengthen or maintain the reform ambition initially designed (Annex 6, for details on changes, and Annex 7 for analytical underpinnings). Key changes include: more precision to the indicative trigger (IT) #3, in line with the revenue-based fiscal consolidation planned; a new indicative trigger (IT#5) that aims more directly to reduce gender gaps in education; and the introduction of a new reform area (new Prior action (PA)#8, IT#8) related to addressing deforestation challenges due aggressive agricultural practices in line

⁹ See Concept Note of DPF P179006.



with the countries' climate commitments. Finally, the second PDO was adjusted to reflect the focus on equity. Results indicators (RI) have been updated.

PILLAR 1: STRENGTHEN COMPETITION IN KEY ENABLING SECTORS AND DOMESTIC REVENUE MOBILIZATION

27. **Strengthening competition in key enabling sectors and domestic resource mobilization (DRM) to address barriers for private and public investment.** First by supporting the removal of market frictions in key upstream sectors. Competition is crucial for productivity growth and competitiveness (Acemoglu et al. 2007; Aghion and Griffith 2008). Ivorian markets – notably in telecommunications and transport - are characterized by relatively high price mark ups as well as perceptions of weak market competition, as identified in the CPSD (World Bank 2020) and CEM (2021). Prioritizing digital development and freight transport can have significant impact downstream for consumers and private sector development, including deepening the financial sector. Second, by supporting structural revenue-generating reforms for greater DRM. DRM is central to increasing fiscal space, supporting growth and macroeconomic stability. Low DRM relative to debt service constrains the capacity to borrow, thus affecting resilience to adverse shocks, the capacity of financing multi-year public investment plans, and more generally social and productive spending. Reforms support the revenue-based fiscal consolidation to conserve fiscal and debt sustainability.

Foundations for private investment: competition in key enabling sectors.

Prior Action (PA) 1: To improve the competitiveness of the digital economy, the Recipient has transmitted to Parliament an Electronic Communications Bill.

28. **Progress since DPF1.** To serve the unbanked, mobile financial service providers rely on Unstructured Supplementary Service Data (USSD) technology to bring innovations like mobile money. As part of the first DPF, the national telecommunications regulatory authority (ARTCI) adopted on October 28, 2022, a new price structure opening access to USSD codes.¹⁰ The decision marked a turning point, establishing - for the first time in Côte d'Ivoire - a price ceiling guaranteeing access to the USSD channel at an equitable price for all parties, significantly reducing costs. The prices are to be set every three years, initially for the period 2023-25. The new price grid was published on the ARTCI website. As part of the decision, operators were also mandated to publish annually in their interconnection catalogs the technical and tariff conditions for access to USSD and SMS codes on their network which has been the case for the three operators (Orange, MOOV, MTN). The main impact expected from the policy was to increase the number of requests to allow the development of Fintech by different operators and hence lower the price of services provided through these operators. The publication and price ceilings set by ARTCI are crucial for promoting fair competition in mobile financial services.

29. **To promote competitive and inclusive services in a fast-paced digital environment, the telecommunication sector's regulatory framework is being updated.** The government adopted the *Digital Strategy 2025* in December 2021, to accelerate efforts related to the digital transformation. In that context and following the merging of the Ministry of Telecommunications and Ministry of Digital Development, concluded in August 2022, they launched a review of the regulatory and institutional framework. This process included the adoption of a ministerial order in September 2022 (*Arrêté n0910/PM/CAB*) establishing the *National Committee of Digitization*, an entity dedicated to the coordination of digitalization initiatives, placed under the authority of the Prime Minister with the objective of fostering coordination across ministries. Two important legal reforms took place in early 2023, including a

¹⁰ The USSD code is a communication protocol used by GSM cellular telephones to communicate with the mobile network operator's computers. This code is considered an essential part of the infrastructure used to provide e-money services on almost all phones, especially in the WAEMU region. The codes are generated by the telecom operators who are not necessarily required to grant access to their infrastructure.



revision of the law on cybercrime and the transmission to Parliament of the Start Up law aiming at promoting digital startups across all sectors by establishing a tax incentive system for investment for fragile startups.

30. **To further develop the competitiveness of the sector, the government adopted and transmitted to Parliament, a Bill of Electronic Telecommunications (*Code des Communications Electroniques*) on November 2nd 2023 (PA#1).** The law will offer the latest generation of regulations to support investments in new generation networks (fiber, 5G). It will cover in particular: (i) the legal framework for sharing digital infrastructure within the telecom sector and across sectors to ensure fair access to the network; (ii) increased monitoring of potential anti-competitive practices through the reinforcement of the regulator; and (iii) provisions for a more affordable and inclusive access to digital services for individuals and businesses. Its subsequent implementing decrees and the adoption of the regulatory framework on the protection of personal data (IT#1) is expected in DPF3.

31. **Results:** RI#1: In 2019, there were more than 50 requests for USSD codes, but only four were granted (World Bank 2019a). Since the decision and until September 2023, 32 codes have been granted, signaling a turning point, with 102 institutions using USSD codes, among which 24 financial institutions. RI#2. Thanks to greater competition in the telecom system, retail prices for telecommunications services (price of a data-only 2GB mobile-broadband basket as share of Gross National Income (GNI) per capita) should decline from 2.58 percent GNI per capita in 2021 (2.42 percent in 2022), to 2 percent GNI per capita in 2025.¹¹

Prior Action 2: To reduce freight prices and anti-competitive practices, the Recipient has adopted an Ordinance reinforcing the mission, powers of control and sanction, and supervisory capacity of the Regulatory Authority for Inland Transportation (*Autorité de Régulation du Transport Intérieur*, ARTI).

32. **Progress since DPF1.** Côte d'Ivoire's CEM (2021) documented persistent high prices and increasing market concentration in road transport. To start addressing these dynamics, the freight exchange was established by Decree No. 2022-743 of September 28, 2022, setting out the conditions for access to freight in Côte d'Ivoire (DPF1). A working group comprising representatives from the Ministry of Transport (MoT), ARTI, the Office of Ivorian Shippers (OIC) and representatives of transporters is working on the operationalization of the freight exchange which is set to take place in November 2023.

33. **To enable ARTI to fulfil its regulatory role of the freight sector – thus promoting the freight exchange's effectiveness in improving the competitiveness of the industry – on September 13, 2023, the government adopted a revision of the Law on Interior Transport (PA#2).** It was submitted to Parliament on October 9, 2023. The legislative reform strengthens the independence of the regulator to enable it to better enforce its control and sanctioning powers. The ordinance amends article 10 of the Law (n°2014-812) introducing substantive changes to the operating mechanism of the ARTI, clarifying its mission, and strengthening its independent authority with more extensive regulatory and jurisdictional powers that enable it to regulate activities in the road transport sector. In addition, two implementing decrees relating to financial aspects to strengthen ARTI's financial independence are also in the pipeline for adoption (see Letter of Development Policy, LDP). These reforms provide the regulator with the necessary means to carry out audits, enforce compliance with the regulations in force, and provide reliable databases, among others. It is crucial for the effectiveness of the freight exchange and its capacity to address the market failures characteristic of the freight industry in Côte d'Ivoire.

34. **Effective competition in the freight sector will also require the regulation of transport auxiliary professions.** Reforming the freight sector entails addressing the issues of the transport intermediaries playing an instrumental (albeit mostly informal) role: firms in the trucking business depend on their ability to obtain cargo to operate. In

¹¹ This end target has been updated to reflect a more realistic objective in line with the international affordability target set at 2 percent.



the case of cargo that arrives in Abidjan, this ability is constrained by (i) international freight sharing agreements, backhauling and cabotage restrictions; and (ii) inefficient intermediation between shippers and carriers. The first issue is expected to be solved by the freight exchange. The second, regarding transport auxiliary professions (intermediates between shippers and carriers), will be disrupted by the new market environment triggered by the freight exchange and needs to be properly regulated in the new legal framework. The working group in charge of the reform has initiated the professionalization of transport auxiliaries and their integration into the freight exchange system or their conversion, if necessary, through a regulatory change (IT#2).

35. **Results.**¹² The reforms are expected to promote greater efficiency in the industry, which should among others reduce backhauling practices¹³, inefficient routes and transport carriers, reducing emissions in the sector. It is expected that as a result of the reforms, the share of national freight transactions carried out through the freight exchange will reach at least 40 percent of the total volume in 2025 (RI#2a). Similarly, greater transparency is expected through quarterly publication of freight exchange transaction statistics on the ARTI website (RI#2b).

Foundations for public investment: strengthen domestic revenue mobilization.

Prior Action 3: To enhance revenue collection and equity, the Recipient has adopted an ordinance simplifying the personal income taxation process by reducing the number of wages and salaries schedules, and applying a progressive scale.

36. **Progress since DPF1.** In October 2022, the Council of Ministers transmitted to Parliament a Bill on non-tax revenue procedures (DPF1). The law was adopted by Parliament and Senate in June 2023. Non-tax revenue has accounted for about 2 percent of GDP on average in the past 5 years, the lowest among WAEMU countries. The new law sets up an institutional framework specifying the conditions and modalities for the creation, issuance, authorization, and collection of non-tax revenues; bringing the internal legal framework into line with WAEMU directives; and determining the procedures for monitoring and applying sanctions related to the management of non-tax revenues. A subsequent decree making mandatory the use of *TresorPay/Treasury Money* digital platforms to collect non-tax revenues is on track to be adopted by April 2024. Previously an indicative trigger, it is now included in the LDP and as an FY24 PPA under the Sustainable Development Finance Policy (SDFP) instead.

37. **In the context of the revenue-based fiscal consolidation, authorities are engaging in structural tax policy reforms.** Tax authorities have so far focused on tax administration (digitalizing clearance procedures, simplifying and strengthening the monitoring of transit and special procedures, and optimizing control of values). They are moving towards tax policy reform in the context of the MTRS preparation and its implementation.¹⁴ Direct taxation has modestly improved in the last decade, and it still falls behind international standards: the share of direct taxes in total tax revenue increased from 26 percent to 31 percent between 2012 and 2021 but lags their proportion in LICs (38 percent) and SSA (41 percent), (see Public Finance Review, 2023). A lengthy General Tax Code with rates and structures annually modified creates a complex, unpredictable, and opaque tax system. This is particularly hindering for direct taxation. The taxation of salaries and wages is complex and the source of major inequities.¹⁵

¹² Results indicators have been updated to be more closely linked to activities and remove exogenous determinants (such as fuel prices), and to make them more reliable, measurable and solely dependent on the Ivorian authorities.

¹³ Backhauling is returning from an end destination with new cargo. Cabotage is the transport of cargo between two locations in another country. Most countries limit backhauling and cabotage.

¹⁴ In 2021, they had already taken significant actions on indirect taxation. In terms of tax policy, they introduced excise duties of 15 percent on cosmetic and beauty products containing hydroquinone and 10 percent on those not containing hydroquinone; raised the tax rate on excise duties (tobacco and beverages) by 1 point in 2021 and 2022 in order to harmonize the system with the WAEMU directive; but also simplified the tax regime for oil service providers and revised the taxation applicable to small and medium enterprises (SME) through the creation of the microenterprise regime and the entrepreneur regime.

¹⁵ Mansour, M., Wardega's, C., and Brun, J.F. 2013. *Côte d'Ivoire-Pursuing Fiscal Policy Reforms*. Washington: IMF.



Wages have been subject to three different schedular taxes paid by employees. There are different rules for calculating the tax base with multiple different exemptions, making it difficult for the average taxpayer to calculate their tax liability. Very low thresholds mean that wage earners at the lowest end of the income distribution are liable for the Tax on Salaries (IS) despite their low earnings. Household-level taxation under the General PIT increases gender inequalities as tax liability depends on marriage.¹⁶ Finally, the family allowance exemption and personal deductions are regressive.¹⁷ This is also true of the family quotient which increases as marginal rates increase, benefitting wealthier families.

38. **To address these challenges, the government introduced a reform that simplifies the PIT regime (PA#3).** The key elements of the reform include the merger of the three schedular taxes, namely the IS, the IGR and the National Contribution (CN) into a single levy. Added to this is the adoption of a progressive scale by wage bracket in place of mixed taxation. Further, a tax reduction mechanism for family allowance replaces the family quotient, to take account of employee's marital status and the number of dependent children.¹⁸ Another innovation is the creation of a zero-rate tax bracket for monthly salaries of less than CFAF 75,000 CFA. More than 90 percent of employees will see their wages and salaries increase. In addition, the tax-free fraction of retirement pensions and life annuities has been raised from CFAF 300,000 to 320,000, and the tax on pensions for people over the age of 70 has been reduced, with a view to reduce the burden on retired employees. The reform is expected to improve tax collection in the medium term due to increased transparency while it introduces equity gains for poor households (see Section 5 and Annex 4). Other important tax reforms have already taken part with the fiscal consolidation underpinned by the DPF/SDFP and IMF ECF/EFF, notably the progressive re-introduction of the excise on petroleum products suspended to freeze the pump price in 2023 to combat rising inflation, and the removal of certain VAT and other inefficient tax expenditures is planned in 2024 (IT#3). Additional areas include international taxation where there is an active TA with the Global International Tax Program that will support a comprehensive reform and could inform the definition of DPF3-supported reforms.

39. **Results:** As a result of the reforms, tax and non-tax revenues/GDP (3-year average) (RI#3) is expected to increase from 14.7 percent in 2019-21 to 16.3 percent in 2023-2025. The trend has been positive, with the moving average updated for 2020-2022 increasing by 0.2 ppt from baseline, despite the external shocks.

PILLAR 2: EXPAND EQUITABLE ACCESS TO EDUCATION AND HEALTH SERVICES

40. **Côte d'Ivoire will need to invest in human capital to reap the benefits from its demographic transition.** Progress in health, nutrition, and education are essential for sustained income growth and a fundamental contributor to economic and social development. With a Human Capital Index of 0.38, Côte d'Ivoire's ranks amongst the lowest internationally and below average for SSA and Lower-Middle Income Countries (LMIC). Such investment is not only important for human development and fulfilling lives, but also prepares individuals for productive labor market participation; increase productivity; and thus, support economic growth and the structural transformation of the Ivorian economy given the rapidly growing young population that needs to be absorbed in the labor market. Reducing inequalities in access to quality basic education, reinforcing access and quality of Technical, Vocational Education and Training (TVET), as well as improving access and quality of health

¹⁶ Coelho, M., Davis, A., Klemm, A., and Buirtron, C.O. 2022. *Gendered Taxes: the interaction of tax policy with gender equality*. IMF Working Paper 22/26

¹⁷ When calculating the IGR, individuals are also allowed to deduct 15 percent and 20 percent on gross income for business related expenses such as travel fees and pensions. As these are a function of wage level, wealthier employees benefit more. For example, an employee earning CFAF 15 million receives an exemption of CFAF 3 million, compared to an employee earning CFAF 3 million only receives an exemption of CFAF 600,000.

¹⁸ The main difference is to make the abatement a flat rate depending on the number of children and marital status; while previously, the abatement was proportional to the salary, meaning that a higher income salary would get a larger deduction with the same number of dependents. This should alleviate the tax burden more proportionally across income levels. It may increase incentives for women in higher income deciles to join the labor force.



services, are the building blocks of the Ivorian human capital formation in the next decade.

Prior Action 4: To improve the quality of basic education and inclusion, the Recipient has adopted three ministerial *arrêtés* defining the modalities of the evaluation of educational institutions and teachers, including with gender criteria.

41. **Progress since DPF1.** The issuance on October 4, 2022, of the inter-ministerial *arrêté* introducing the regional teacher recruitment and personnel allocation system based on pupil/teacher ratio standards for pre-primary and primary school (DPF1) launched the process of regionalization of teachers' recruitment. A pilot phase - to evaluate the mechanism for its implementation- resulted in the drafting of three ministerial orders related to the organization of the recruitment exam, initial training, and the terms of services. They have been adopted (they are a DLI under the Strengthening Primary Education System Operation (P177800, DLI8)). In parallel, the ministry conducted an estimate of human resources needs by districts, to deploy the adequate resources at the start of school year 2023/24 when the regionalization recruitment effectively started.

42. **To increase oversight, on September 13, 2023, the Ministry of National Education (MENA) adopted three *arrêtés* to mandate the annual evaluation of public and private educational structures, and the evaluation of teachers (PA#4).** Côte d'Ivoire is among the lowest-performing countries in SSA in terms of student learning outcomes in reading and mathematics, with deterioration between 2014 and 2019 (PASEC).¹⁹ Yet, at primary level, school year 2021/2022, there were 15,163 public schools, 3,276 private schools, and 693 communitarian schools in the country, the latter heavily subsidized but poorly monitored. There has been little oversight with four separate evaluation modalities (institutions, pedagogical, teachers and students) and not a uniform requirement across public and private schools which creates inequalities in terms of education quality. To address this gap, the reform introduces an integrated annual evaluation framework for teachers and all education institutions in the country following the recommendations of the National Education Forum (*États Généraux de l'Éducation, EGENA*) that took place over 6 months up to April 2022. This new requirement is expected to reduce the inequalities of teaching across public/private schools by setting out sanctions and redressive measures such as formal recovery plans with closures of private schools that do not comply with the standards. They also include corrective measures so that any shortcomings and difficulties encountered are remedied within the framework of a support system provided by the competent structures.

43. **The new evaluation modalities will specifically consider gender criteria both at the institutional level and teachers' ratios to address the gender gaps existing in education.** Gender gaps in favor of boys persist at all levels of education and tend to widen with each next grade.²⁰ As of 2021, women constituted only 34 percent of primary school teachers and 15 percent of secondary school teachers in Côte d'Ivoire. Only 54 percent of primary schools have separate bathroom facilities. The absence of water, sanitation, and hygiene facilities in schools poses significant challenge for girls' education (WHO and UNICEF). In 2018, a new Gender directorate was created at the MENA and in 2020 it adopted a National Gender Policy for Education (2020-24) with four action areas: (i) mobilizing communities and local actors to promote awareness about gender disparities; (ii) creating a protective school environment (teachers and learners) in physical and psychological terms for the participation of girls/boys; (iii) improving girls' self-esteem; (iv) and developing non-formal education for illiterate girls and women. The reform

¹⁹ Programme d'Analyse des Systèmes Educatifs de la CONFEMEN (Conférence des ministres de l'Éducation des États et gouvernements de la Francophonie) - Program for the Analysis of Education Systems.

²⁰ While girls of relevant school age are only slightly less likely than boys to complete primary school (82.2 percent vs. 85 percent), significant gender disparities in favor of boys are observed at lower secondary school completion (52.7 percent of girls vs. 64.8 percent of boys) (WDI 2021, UNESCO Institute for Statistics). Overall, among population ages 15-64, only 0.8 percent of women vs. 1.7 percent of men have completed TVET education; and 5.2 percent of women and 8.7 percent of men – tertiary education (EHCVM 2018).



supported by this PA#4 builds on this work. Notably, for example, the evaluation is set to include the auditing of separate bathroom facilities for girls and boys, the proportion of female/male teachers, among others. The criteria will be specified in the guidelines for evaluation, as pointed in the ministerial order through the areas of values and ethics of teachers, personal and professional development and school environment. The National Commission for the Evaluation of teachers will include the Director of the equity and gender parity unit, and all created bodies will ensure gender parity and gender-lenses.

44. **Reforms in DPF3 will further support these initiatives.** Finally, to correct for the lack of accountability at different levels and a poorly developed feedback monitoring system, the government is committed to improve the efficiency of public spending and staffing levels, by adopting a regulatory text that regulates the flow of teachers (IT#4(i)). While reforms to continue reducing gender gaps in education will be complemented with a regulatory text taking an incentive to promote the increase of women in the teaching profession (IT#4(ii)). The evaluation is under way to estimate the fiscal cost and modality of implementation.

45. **Results:** The allocation of primary school teachers should become more consistent with needs (RI#4a) with a consistency ratio going from 0.55 in 2020 to 0.70 in 2025. The share of women among primary and secondary public teachers is expected to increase by 3 pts from the 32.5 percent and 18.7 percent in 2020, respectively.

Prior Action 5: To improve the quality of the TVET systems, the Recipient has adopted two ministerial *arrêtés* and one interministerial *arrêté* defining the modalities of organization of school and pedagogical examinations, as well as criteria for competitive pedagogical evaluation of TVET.

46. **Progress since DPF1.** The TVET Law was Promulgated on October 13, 2022, and efforts are continuing very actively to develop, improve and expand the sector in line with government priorities. Low take up has been linked to poor quality of service delivery and perceived limited job opportunities consequently available for students completing TVET. The government started to develop a new governance and resource allocation mechanism for the Vocational Training Development Fund (VTDF), which is expected to be finalized by the end of 2023, previously an indicative trigger (Annex 6).

47. **Low school life expectancy reinforces the need for good TVET programs.** School life expectancy is low, hovering around eight years in 2020 compared to almost 10 years in SSA and around 12 years in middle-income countries. This low level of school life expectancy due to high dropout rates reinforces the importance of TVET and alternative skills curricula to improve the quality of the workforce and reduce the mismatch between labor supply and demand. In recognition of the TVET sector's potential role in fueling jobs and economic transformation, a 10-year Strategic Plan for the Reform of TVET was adopted until 2025 with the aims to increase access and improve the quality of training and strengthen partnerships with the labor market for professional integration of students upon graduation.

48. **Improving the quality of TVET requires a review of the evaluation system.** An evaluation carried out by the Ministry of Vocational Training suggests that greater flexibility and streamlining of evaluation modalities is crucial to improve the quality of the TVET, making sure the curriculum responds to actual needs by the private sector and meet students' expectations, as well as to increase spending efficiency. Currently, there is a plethora of varied subjects that can be taken for final evaluation (2904) and quality is mixed given the many actors (up to 2000 in the latest exam rounds) involved in the production, choice of subjects and actual evaluations. As a result, the exam sessions last between 2 to 4 months, which requires significant resources resulting in accumulated liabilities and the payment of arrears cumulated from previous years. In 2021 and 2022, the excess cost of exams results in a gap of CFAF 875 and 513 million respectively, almost half of the annual allocated budget.

49. **To remedy this situation, the Ministry adopted three ministerial orders developing a new evaluation**



framework for TVET (PA#5). The ministerial orders define the modalities for organization and deliberation of exams in TVET based on three main axes: (i) the revision of the end-of-cycle evaluation based on specific and technical subjects (effectively at the heart of the profession) combined in synthesis tests; (ii) the enhancement of continuous assessment of knowledge through the organization of regional partial examinations (regional assessments) which decentralize certain assessments under the responsibility of regional directors for the credibility and flexibility of the examinations; and (iii) the institutionalization of juries with a strong participation of professionals from the economic sectors for the end-of-training report and oral exams in order to reinforce the training-job matching. This innovation will reduce fraudulent practices surrounding the oral tests and will allow private sector partners to have more confidence in TVET products. The overall reform will be reinforced by the adoption of an equivalence mechanism between TVET and the general curricula to ensure equal access to higher education for both educational pathways²¹ (IT#5).

50. **Results:** The share of secondary school students enrolled in TVET, or apprenticeships is expected to increase to reach 5 percent of students for both sexes, from a lower baseline for females.

Prior Action 6: To accelerate equitable access to health care and increase enrollment in the National Health Insurance, the Recipient has adopted a decree reducing the waiting period²² to benefit from the CMU.

51. **Progress since DPF1.** The adoption as part of the DPF1 of the simplification of the list of documents required to enroll in the National Health Insurance program (Universal Medical Insurance - *Couverture Medicale Universelle* [CMU]), and the requirements of proof of enrollment as a necessary condition for public job applications and new private sector employment, started a big bang overhaul of the sector supported by significant media coverage. As a result, reforms have significantly accelerated. An inter-ministerial working group at the Prime Minister's Office has been set up to monitor progress on a weekly basis. Beyond the legal texts adopted, several measures were put in place to facilitate enrollment through terminals based in health facilities, the implementation of smartphone applications, home distribution of cards and the provision of computer equipment for printing cards on site as soon as they are enrolled. The focus has also been on improving the quality and access to health care (services and medicines). Access to medicines increased, going from 12 to 64 percent of enrollees, with implementation of the new medicine management system.

52. **To further encourage enrollment and access to services, on March 1st, 2023, the government adopted a decree reducing the waiting period to benefit from the CMU from 3 to 1 month (PA#6).** Prior to the reform, access to CMU benefits was only allowed after observing a waiting period of three months from the date of enrolment (and regularization of payment). While required in contributory insurance schemes to prevent adverse selection and moral hazard, this condition creates mistrust and acts as an important deterrent for enrolment. Following the domino effect started as part of the reforms adopted in DPF1, the Ministry in charge of Social Affairs and the National Health Insurance scheme carried out an analysis on the financial viability of the CMU that advised on the reduction of the waiting period. Completing this overhaul of the CMU will require the adoption of the social security number as a unique health identifier for accessing health care (IT#6). Cote d'Ivoire has in place a legal framework guiding the handling of personal data. Personal data processing is governed by Law No. 2013-450 which establishes rules for the protection and circulation of personal data. It is accompanied by Decree No. 2015-79 which establishes procedures related to the processing of personal data. The data regime in place is adequate to ensure protection of patients using the unique health identifier. A careful evaluation of the free services provided under other health programs outside the CMU is needed, such as the targeted free health care program

²¹ For example, between secondary schooling and TVET to allow both alternative paths to enter tertiary education.

²² Waiting period in health insurance plans is the period for which you need to wait before getting the insurance benefits. It begins from the date of policy commencement, and the insured cannot claim health insurance benefits during this time.



(*la gratuité ciblée*), vertical programs against HIV, malaria, tuberculosis, vaccination services for children and adults, etc; that may ultimately need to be integrated in the CMU. This change will be essential to reach the set objective of achieving 35 percent national enrolment by 2025 (revised target for RI#6a).²³ Improving the quality of service delivery is supported by the new MPA– the Health, Nutrition, and Early Childhood Development Program for UHC (P179550).

53. **Results:** Enrollment has picked up significantly from an average of 2-3 thousand per week prior to the reform, to about 60-80 thousand per week since. More than 2 million people have enrolled since the adoption of the decrees (DPF1 and DPF2), surpassing the goal for 2023 (4 million) and reaching 6.75 million as of September 2023 (RI#6a). This is an equivalent of 24 percent of the eligible population, double from the baseline in 2021. A new indicator has been added to measure the use of services by enrollees: the average rate of users having a CMU identifier, which is expected to go from 1.7 percent at baseline to at least 15 percent in 2025.

PILLAR 3: PROMOTE THE SUSTAINABLE USE OF NATURAL RESOURCES

54. **Building resilience to climate change and assuring environmental sustainability will be key to achieving medium-term development goals.** Climate change is an important development constraint given the country's dependence on agricultural commodities, coastal erosion, and large share of vulnerable populations. The country ranks 142 in most extreme climate vulnerability among 181 countries because of its substantial exposure to climate risks, its weaknesses in adapting to the negative impact of climate change, and its limited ability to attract investments in climate adaptation.²⁴ Flooding because of sea level rise is threatening coastal communities and their agricultural production with the average land retreat estimated at about 1–2 meters a year.

55. **The largely extensive farming systems need to become more sustainable and more productive, to ensure an improved management of natural resources, alleviate rural poverty and mitigate climate change.** The agricultural sector plays a key role accounting for 22 percent of GDP, 50 percent of total export earnings and just below half of employment. Except for industrial crops like rubber, oil palm and cotton, most of the major crops are still produced through labor intensive-low input farming systems. A main engine of past economic dynamism, it has also come at a cost in terms of natural resources. It is estimated that agriculture has been responsible for a significant part of deforestation with the country's total forest area falling from 16.5 million ha in 1960 to less than 3 million today (an average annual rate of deforestation of 2 percent, one of the highest in the world).²⁵ This deforestation has also strongly contributed to climate change vulnerability as forests contribute to reduce climatic hazards and rain variability. The government's commitment against deforestation has been renewed, now focusing on promoting sustainable cocoa farming and minimizing the negative impacts on the Ivorian economy of the future European Union (EU) regulation on imported deforestation coming into force at the end of 2024.

Environmentally sustainable investment in cocoa production

Prior Action 7: To promote more environmentally and socially sustainable cocoa production, the Recipient has adopted a decree establishing the institutional and operational architecture for the management of the national traceability system.

²³ RI#6 target had been set at 50 percent of the population by 2025. This objective seems too optimistic despite the impressive uptick in enrollment, due to difficulties related to contributions and card distribution. Important actions need to be implemented to facilitate the achievement of this objective, such as strengthening the capacities of the National Health Insurance Fund (*Caisse Nationale d'Assurance Maladie*, CNAM), computerizing health establishments to facilitate the reimbursement process, integrating the various mechanisms of coverage (e.g., free services) and exemption into the CMU in order to avoid fragmentation, and computerizing health establishments to set up patient files (strengthening energy and connectivity needs).

²⁴ See ND-GAIN Country Index (University of Notre Dame Global Adaptation Index) (dashboard), University of Notre Dame, Notre Dame, IN.

²⁵ REDD+ and FAO.



56. **Progress since DPF1.** As part of DPF1, on June 8, 2022, the government adopted the implementation decree of the African Standards for Sustainable Cocoa (ARS 1000)²⁶ defining the roles and responsibilities of the key stakeholders, the conditions, and methods for obtaining certification and the supervision (M&E) of the implementation of the standard (i.e., zero-deforestation agricultural policy banning cocoa production in classified forests), and thus adopting a credible path towards a sustainable cocoa production. The ARS 1000 addresses all sustainability aspects: producers' productivity/incomes, a zero-deforestation requirement, and the prohibition of child labor. These requirements are to be monitored and to be enforced through a unified national traceability and certification system.

57. **To continue the implementation of the reform program, on September 13, 2023, the government adopted the institutional and operational architecture of the national traceability system (PA#7).** The Coffee-Cocoa Council (CCC) has set up a dedicated structure for the management of the traceability system and a quality management system. A clear timeline for the implementation of the reforms before the European regulation comes into force at the end of 2024 has been put in place. The decree adopts the National Cocoa-Coffee traceability system which is based on a computerized system for recording commercial operations and a bag labelling system to identify the producer and the area of origin of the products. More specifically, this system will make it possible to determine the origin of coffee and cocoa products at each level of the marketing circuit, ensure compliance with the guaranteed minimum purchase price for producers, secure financial transactions in the coffee and cocoa industry and preserve product quality by promoting compliance with sustainability standards. The decree also establishes the governance and functional institutional architecture for the management of the national traceability and certification system by defining the roles and usage/sharing of the traceability system between key actors. The complementary steps ongoing are (i): the update and extension of the baseline census of cocoa producers²⁷; (ii) the adoption of the Operational Guide for sustainable cocoa traceability and certification, validated in consultation with all stakeholders, to clarify the operational modalities for implementing the norm ARS1000 and the responsibilities of each actor along the value chain, from production to export²⁸; and (iii) the launch and gradual scaling-up of the national system (the CCC has already piloted important features of the new traceability system, on a small scale, to test their practicability).

58. **The implementation of the system is on track.** A 12 months-pilot phase to raise awareness among producers and train them to adopt the standard started in May 2023. Full national scale implementation is planned for October 2024. Operationalization efforts are also continuing in practice with the production of 500,000 producer cards, 150,000 of which were distributed after a training session organized between October and December 2022. Awareness-raising among traditional authorities and cooperatives and radio broadcasts are supporting the card distribution process. By the end of September 2023 the CCC has already distributed more than 60 percent of the cards.

59. **To address the income sustainability of cocoa producers, a pricing mechanism that permits to improve farmers living standards while ensuring sustainable production needs to be established.** For this, the government is committed to update the 2006 regulatory text that defines (i) statutes, modes of governance and internal management procedures for *the Fonds d'Investissements en Milieu Rural (FIMR)* to improve the impact

²⁶ Following the Abidjan Declaration of March 26th, 2018, between Côte d'Ivoire and Ghana, the two countries elaborated the ARS 1000 and approached the African Standardization Organization (ARSO) to do the harmonization process. The African member states including all African producing countries have been associated to the work. ARS 1000 is based on ISO 34101; however, certain clauses have been simplified and others have been modified, particularly those that could have had a negative impact on cocoa farmers or could potentially cause confusion vis-à-vis national laws and regulations.

²⁷ There is conflicting data regarding the extent of cocoa farms in protected areas but there is a general agreement that a significant percentage is sourced from the Classified forests or protected areas. The CCC estimates that 15 percent of the cocoa farms are located in Classified Forests.

²⁸ Existing supply chain traceability efforts remain fragmented, uneven and essentially done by the private sector. Private companies are at different levels of tracing their cocoa supply chains even though according to the Cocoa Forest Initiative 82 percent of companies direct supply chain is currently traceable.



of its activities on the living conditions of cocoa farming communities (IT#7). The revision will include that of its funding mechanisms to reduce volatility, as well as the vulnerability to climatic hazards in the financing of key infrastructure and social services. The FIMR finances key infrastructures (rural roads, water supply, electrification) and social services (schools and health centers). It is however poorly funded (0.3 percent of total export revenues or around US\$20 million/year), which is largely insufficient to address the priority needs of cocoa communities (among the poorest in Côte d'Ivoire). Most importantly, its management by the CCC²⁹ should be improved through more transparent decision-making and fund allocation mechanisms, including adequate representation from smallholders' farmers and cooperatives. The review of the financing mechanism is also expected. The recommendation will inform the reform.

60. **Results:** As a result of the reforms, cocoa traced and compliant with sustainability standards should reach 50 percent of total cocoa production by end 2025 (RI#7).

Prior Action 8: To promote sustainable agriculture growth and prevent deforestation, the Recipient has adopted three decrees converting three of the biggest classified degraded forests into classified 'agro-forests' whose protection is supported by participatory forest management plans.

61. **The government is fully committed to stop deforestation, reconstitute a forest cover, and promote a more sustainable agricultural path.** In 2011, Côte d'Ivoire joined the REDD+ (Reduction of Greenhouse Gas (GHG) Emissions from Deforestation and Forest Degradation) process and developed a national strategy for its participation with an objective to reduce deforestation and to restore a forest cover of 20 percent of its national territory by 2030. In 2017, it adhered to the Cocoa Forest Initiative (CFI), a joint public-private initiative to eliminate deforestation from the cocoa value chains and thereby reducing its carbon footprints. The massive expansion of extensive slash-and-burn agriculture, primarily for cocoa production (cocoa is responsible for 38 percent of deforestation in Côte d'Ivoire) has been one of the key drivers of deforestation. A new Forestry Strategy (the National Strategy for Forest Preservation and Rehabilitation –SPREF) was approved in 2018, aiming at the protection and rehabilitation of the country's remaining forest, developing forest plantations, and agroforestry. A new Forestry Code was enacted in 2019 along with its implementing decrees.

62. **The first step requires moving from the SPREF strategy to the implementation of sustainable forestry and agroforestry management to preserve the remaining forests and reconstitute the forest cover.** The MINEF identified 86 Gazetted Forests with a degradation rate above 75 percent (called Category 3 GF), located in cocoa production zones. The SPREF is offering an innovative approach for the reconstitution of those gazetted forests through agroforestry (i.e., planting forest trees within already existent perennial crops) while remaining in the classified forest domain. As a multifunctional system, agroforestry can provide a wide range of environmental, economic, and sociocultural benefits. Agroforestry systems respect structural and ecological diversity of species in ecosystems. Trees can modify microclimatic conditions, such as temperature, water vapor content of air and wind speed. This has beneficial effects on crop growth and animal welfare. Furthermore, by including trees into the agricultural system soil fertility can increase, as trees can build up organic matter and can mediate nutrient cycling (WWF 2020). Cocoa production is particularly prone to agro-forestry given that it's a natural shade plant that thrives in covered forests as conducted in Latin America (in the Amazon in Brazil or the Dominican Republic).

63. **To start with this ambitious program, on September 13, 2023, the government adopted the conversion of the three largest degraded classified forests into agroforests (PA#8).** These forests include Rapides Grah, Haute Dodo and Scio; covering 531,765 hectares, they are degraded at 91 percent and are estimated to be producing

²⁹ The FIMR has been established in 2007 to promote and contribute to rural development and improve the livelihoods of cocoa farmers and is managed by the CCC. Reports (KPMG cocoa sector review report 2020, AEC FIMR audit reports 2020 and 2021) have highlighted shortcomings including a mismatch between farmers' needs and the actions carried out, limited transparency and poor monitoring in the implementation of the sub-projects.



192,000 metric tons of cocoa or 12.6 percent of the national cocoa production. This is a major step to protect forests and implement the SPREF, and a groundbreaking reform as it is the first time that agroforestry is implemented in Côte d'Ivoire at such a scale. The decrees are underpinned by MINEF's development of 3 Participatory Forestry Management Plans (PAPFs) for these 3 forests, which in accordance with Ivorian legislation, is a condition to their conversion into agro-forests. It is expected that it will support the development of national strategy on degraded classified forests and revision of the framework on agroforestry. In that context, the government is reviewing the regulatory framework required for the sustainable management of agroforests concessions³⁰ to crowd in private sector participation (IT# 8). An interministerial task force is being created to put in place a sustainable legal framework with adequate consultations.

64. **Results:** As a result, at the end of the DPF series, it is expected that at least 500,000 hectares be converted into agroforests (RI#8a), and at least two concessions are signed (RI#8b).

Prior Action 9: To improve climate change resilience and risk management, the Recipient has adopted two decrees reinforcing the legal, planning, and regulatory instruments to protect coastal areas from environmental degradation.

65. **Progress since DPF1.** On September 28, 2022, the Council of Ministers adopted the Environmental Bill (DPF1) that was subsequently submitted to Parliament. It was adopted by Parliament and by Senate on June 1st, 2023. The implementing decrees will start to be prepared in view of adoption in H1 2024 (IT#9).

66. **To continue building resilience to climate change and assuring environmental sustainability, the integrated coastal zone management, as planned under the 2017 Coastal Law, has been strengthened by the adoption of two key implementing decrees (PA#9).** As part of a more holistic approach to protect the environment and coastal zones, the country adopted Law 2017-378 aiming at protecting coastal areas, contributing to more than 60 percent of GDP, and requiring national prioritization in light of climate change vulnerability. To finalize its adoption, on September 13, 2023, the government adopted two implementing decrees referring to the adoption of the instruments for national coastal protection (Art 7) and the adoption of the coastal zone master plan (Art. 26). The first decree develops the institutional mechanisms for the implementation of the different master plans for the management of coastal areas including water resources and water resource management, urban areas, protected areas, marine life, and emergency plans. The second decree adopts the coastal development plan, including the directives of coastal development, setting out the basic guidelines for sustainable development, coastal enhancement and protection of the marine, lagoon, and coastal environment. The directives consider the prevision of possible risks due to climate change; the organization and delimitation of coastal and maritime areas dedicated to competing uses; any other action that may affect the coastline.

67. **Improving the legal and regulatory framework for environmental sustainability to protect natural capital assets and reduce costs related to climate change adaptation will be further strengthened in 2024.** The implementing decrees of the Environment Code are expected to follow the promulgation of the law (IT#9, i). Implementation will be supported by the training of personnel to the new standards and increasing auditing capacity by the national environmental agency (*Agence Nationale de l'Environnement*, ANDE). The World Bank is actively engaged in supporting the implementation of the new law. A final implementation decree of Law 2017 will also be adopted establishing a list of protected coastal ecosystems (Art. 46). The decree will establish the list of spaces and environments to be preserved, including in particular, according to their ecological interest (e.g. coastal dunes and moors, beaches and lidos, forests, coastal wooded areas and mangroves, uninhabited islets, the natural parts of estuaries, marshes, mudflats, wetlands and temporarily submerged areas, resting, nesting and

³⁰ Ministerial Council Decree N. 2019-828 (October 9th 2019).



feeding areas for birds, as well as breeding or spawning areas), and specifies the rules applicable to them law (IT#9, ii).

68. **Results.** It is expected that the area of urban coastal zones protected by local climate and risk-appropriate urban planning increases to 60 percent. This result is on track as the plans are being prepared and consulted.

4.3. LINK TO CPF, OTHER BANK OPERATIONS AND THE WORLD BANK STRATEGY

69. **DPF operations are an important instrument in the World Bank ongoing policy dialogue with Côte d'Ivoire and its development partners.** The proposed DPF is aligned with the finding of the Systematic Country Diagnostic (SCD, 2022), and the proposed Program Development Objective (PDO) is directly aligned with the high-level objectives (HLO) of the Country Partnership Framework (CPF FY23-FY27)³¹. Selected prior actions are aligned with the Next Generation Africa Climate Business Plan and with the priorities put forward in the IDA20 special themes (human capital, gender, climate change, jobs and economic transformation), and this series are in line with the findings of the Climate Change and Development Report (P179533). The DPF is also aligned with the findings of the CCDR (P179533) where key focus areas include agriculture, forests and land use, and coastal management. Côte d'Ivoire has continued to strengthen debt management and transparency through the successful completion of all PPAs under the SDFP.

70. **Several investment and results-based projects are direct complements to this operation and provide financial and institutional capacity-building in mutually reinforcing areas to ensure sustainability in the reform agenda.** Reforms to regulate market competition in key upstream sectors are complementing the work of the Effectiveness for Improved Public Services Program for Results (PforR) (P164302); the Competitive Value Chains for Jobs and Economic Transformation Project (P172425); the Côte d'Ivoire Digital Acceleration Project (P180059) and the Greater Abidjan Port - City Integration project (P159697) and the teams are coordinating closely to ensure synergies between the regulatory reforms, investments, and capacity building. Similarly, the Strengthening Primary Education System Program (P177800) – which includes follow up regulations - and the Youth Employment and Skills Development Project - Phase 3 (P1728000) are supporting the supply of primary education and TVET, while the SPARK-Health project (P167959) enhances the operationalization of the CMU program. A new MPA, the Health, Nutrition, and Early Childhood Development Program for UHC (P179550) directly focuses on improving the quality of service delivery under the CMU. Finally, the Forest Investment Project, phase 2 - (P175982) is promoting the sustainability of forests and the integration of the agroforestry strategy with that of National Sustainable Cocoa Traceability and Certification System. And the West Africa Coastal Areas resilience investment project (P162337) is actively engaged on coastal management.

4.4. CONSULTATIONS AND COLLABORATION WITH DEVELOPMENT PARTNERS

71. **The design of the proposed DPF series is centered on the objectives of the 2021-2025 PND, which was developed through an inclusive participatory process.** PND consultations were held with civil society organizations, members of academia, private sector firms, and representatives of Côte d'Ivoire's development partners. During the identification the proposed DPF series, the Ivorian government and World Bank staff built the design of the operation on the findings of the consultative process related to the PND and undertook discussions with stakeholders working with the government on the country's reform agenda. The design of the operation was also informed by the country's mitigation commitment in the NDC under the Paris Agreement.

72. **Specifically, the reforms proposed have benefited from wide consultations within the government, the development partner community, civil society, and the private sector:**

³¹ Report Number 179288-CI.



- Pillar 1: The reforms on the digital development sector results from the conclusions of the *Assises du Numérique*, held in February 2021 and encompassing public and private sector participations, including civil society. The Bill was also consulted and informed by private operators. Similarly, the regulatory reforms on the transport sector have been socialized among all key actors of the transport sector (including the most affected segments, such as auxiliary and intermediary professions). The professionalization and conversion of some of these professions was agreed in concertation with all actors and the most appropriate legal instrument for the reform is under discussion. Finally, the tax reform has also been discussed between the Ministry in charge of Finance and Budget, and private stakeholders.
- Pillar 2: Reforms on education and health faced wide national consultations with key stakeholders. For education, the *EGENA* created a platform for discussions of the main reforms in the sector. Despite being signed as a ministerial order, the reform will also be debated at cabinet given its consequential impact. Several forums, including social media (Facebook), have been used to disseminate and debate the CMU reforms. This has been reinforced since 2022 given the high-level media coverage around the reforms.
- Pillar 3: Given the sensitivity of these reforms they were only possible following extensive consultations with all actors. Recommendations have been included in the final adopted texts. For the cocoa sector, led by the CCC, these included exporters, smallholders, and cooperatives. The census of farmers carried out by the CCC has been the basis for the development of the system. The development of the management plans for the three forests involved has taken over 2 years with wide consultations with communities involved.
- Development partners were also consulted, and several reform areas are complemented by other operations notably with the EU on cocoa traceability and deforestation, with whom discussions are ongoing to coordinate on a new EU budget support (2024-26) that will focus on environmental and social sustainability; and with the IMF on domestic revenue mobilization and PFM.

5. OTHER DESIGN AND APPRAISAL ISSUES

5.1. POVERTY AND SOCIAL IMPACT

73. **The policy reforms under the proposed operation are expected to support long term economic growth and have positive impacts on household welfare and social inclusion.** The estimated poverty and social impacts are summarized below, and a detailed quantitative analysis is presented in Annex 4.

74. **The policies supported by the first pillar aim to enhance competition in key enabling sectors of the economy as well as foster DRM.** The adoption of a new electronic communications bill (PA#1) is expected to strengthen competition in the sector, contributing to increase access and affordability of mobile telecommunication services, and potentially increasing market opportunities and access to digital financial services and mobile money. Enhanced market conditions are expected to foster a reduction in prices of mobile services and to increase household's relative welfare by 1.9 percent. In addition, promoting competition in the transport sector (PA#2) is expected to have positive impacts on wellbeing (direct and, potentially, indirect) by reducing total transportation costs (if the stronger competition translates into lower transport costs) conducting to lower consumer prices. Based on the CEQ methodology, the simplification of the PIT system and its progressiveness (PA#3) suggests that this policy would increase tax collection and enhance the inequality-reducing impact of the current PIT structure. Under the reform scenario, the incidence of the PIT among the two highest deciles would increase with respect to the current base scenario (2018) and the concentration of the PIT would augment for the top decile, suggesting that households at the highest decile would end up paying a higher share of the total PIT government revenues.

75. **The objective of the second pillar is to expand equitable access to health and education services.** PA#4 adopts annual evaluations of public and private educational institutions and teachers. Teacher evaluations have



become a common practice in many developing countries to improve the quality of education. In principle, teachers' evaluation and training policies can help ensure that teachers possess relevant skills and knowledge required to deliver quality education. However, evidence on the impacts of the evaluation of educational institutions on students' outcomes is mixed and their effectiveness tends to rely on complementary policies. For instance, it is necessary for teachers' evaluations to account for discrepancies between students' actual skills, and the ideal skills for their corresponding grade level. In addition, reforms under PA#5, aimed at strengthening vocational training, are expected to improve employability, raise productivity, and support higher earnings in labor markets. The effects on employment and earnings among the youth of improving vocational education are expected to be positive but mild. We simulate a 5-percentage point increase of youth enrolled in TVET finding that the labor income Gini would decrease by up to 2 points, while the average labor derived income of employed youth at the national level could rise as much as 1.67 percent (upper bound estimates). Moreover, PA# 6 is expected to have a positive impact on well-being by helping mitigate the impact of health shocks that disproportionately affect the most vulnerable. This policy might also have indirect positive welfare impacts by improving worker's productivity.

76. **The third pillar aims to promote the sustainable use of natural resources.** PA#7 promoting the national traceability and certification system not only has the potential to improve farmers' welfare by increasing the market price and therefore their incomes but, in practice, with the upcoming implementation of EU Regulation, traceability is necessary to ensure that cocoa producers continue enjoying access to the EU market. In addition, agroforestry practices promoted by PA#8 are expected to indirectly improve farmers' welfare by mitigating vulnerability to climate change, diversifying income sources, fostering farm productivity, and contributing to food security. Finally, PA#9 is expected to potentially reduce the negative impacts of natural disasters on poverty and social impacts.

5.2. ENVIRONMENTAL, FORESTS, AND OTHER NATURAL RESOURCE ASPECTS

77. **Côte d'Ivoire is among the most vulnerable countries in face of climate change, including rising temperatures, rainfall variation and volatility, flooding, and the rise of sea levels (CCDR 2023).** The country's coastline is one of the longest in West Africa, around 2/3 of which is at risk of coastal erosion. This and the rise of sea levels are a direct risk for 7.5 million people (30 percent of the country's population) as well as for 80 percent of economic activity. Overall, climate change could plunge an additional 2-6 percent of households into severe poverty. Without a much greater effort to mitigate and manage climate change, the progress made in terms of economic development will be at risk and could also roll back recent progress in fighting poverty.

78. **Most actions will have positive environmental and social effects.** Two actions could have adverse effect. First, the digital development action supported by PA#1 may create hazardous waste and electronic waste. Second, the expansion of access and the affordability of health care thanks to the CMU (PA#6) require considering how the government will manage medical waste (including legal, institutional, and implementation) and OHS in health facilities throughout the country. Reforms on the health sector will require the management of personal information. These actions are mitigated against by the existence of sound regulatory framework that is being strengthened with support from the World Bank and other donors. The implementation of the regulations need to be done carefully through project implementation, particularly on issues that impinge on livelihood and welfare of vulnerable groups or where e- waste, hazardous or medical waste are an issue.

79. **The Ministry of the Environment and Sustainable Development (MINEDD) is responsible for setting policy guidelines on environmental issues and ensuring compliance with national environmental standards.** The government has adopted several legal texts to strengthen environmental protection and this DPF series supported



the adoption of the new Environmental Law.³² MINEDD has different departments, among which is the National Environment Agency (*Agence Nationales de l'Environnement*, ANDE) in charge of safeguard compliance in all projects in the country. The validations by ANDE of the environmental and social screening and of Terms of Reference (ToRs) are mandatory before moving to the preparation of the Environmental and Social Impact Assessment (ESIA) itself that is also approved by an inter-ministerial committee as well as ANDE. MINEDD, working through the ANDE, intervenes in the approval of forest management plans and renewable energy and energy efficiency plans. Environmental and social audits are also mandatory for each activity associated with adverse environmental impacts after three years of implementation. The access to information on policies and institutions in general is satisfactorily handled by the government with public consultations. For instance, communities are permanently consulted on during the realization of ES studies of projects to be implemented in their areas. In addition, the MINEDD has created local management committees of parks which include representatives of surrounding villages.

80. **ANDE's capacities are considered acceptable.** ANDE has skilled staff responsible for review and clearances of ESIA's. However, there are inadequate numbers of experts and there is persistent need for staff capacity building. In most cases qualified consultants from universities are used for safeguards instruments preparation or reviews. Considering its key role as the entity that oversees the approvals of environmental and social studies and monitoring and evaluation of such studies at the national level, the World Bank will continue to support the capacity building and the decentralization of ANDE in Korhogo (North), Bouake (Centre) and San Pedro (West). Moreover, the World Bank has assisted local environmental specialists in creating an Ivorian Chamber of Experts in Environmental and Social Assessment (*Chambre Ivoirienne des Experts-Conseil en Évaluations Environnementales et Sociales*, CIVEXES). The Council gathers over 64 accredited environmental firms.

81. **Several projects are strengthening the government framework in the areas of waste management and data protection**, notably the Côte d'Ivoire Digital Acceleration Project (P180059), the SPARK-Health project (P167959) and Health, Nutrition, and Early Childhood Development Program for UHC (P179550). A data protection framework is in place and is considered strong. It is based on Data Protection Law no 2013-450. ARTCI has oversight to implement the regulatory framework and follows through its procedures and has a sanctioning capability. The West Africa Unique Identification for Regional Integration and Inclusion (WURI) Program - (P161329) is supporting the strengthening of the framework. The National Waste Management Agency (ANAGED in French) has overseen solid and hazardous waste management in Côte d'Ivoire since 2017. Its performance is satisfactory year by year despite the challenge of upgrading its capacity with population growth and the rapid development of the urban areas. However, this company is doing considerable effort by extending and developing its activities to cities in the interior both at the administrative and technical level.

5.3. PFM, DISBURSEMENT AND AUDITING ASPECTS

82. **Progress has been made in improving the public financial management (PFM) with the adoption of Program-Based- Budgeting since 2020.** In 2018, the Government adopted a new strategic framework reforming the PFM based on the findings of the 2017 Public Expenditure and Financial Accountability (PEFA). Côte d'Ivoire's PFM has a strong legal and institutional framework, effective PFM planning and budget system, and an internal control

³² The main texts establishing the legal framework for environmental protection in Côte d'Ivoire include:
Law No. 96-766 of 3 October 3, 1996, on the Environment Code;
Law No. 2014-138 of March 24, 2014, on the Mining Code;
Law No. 2014-390 of June 20, 2014, on orientation in sustainable development;
Law No. 2014- 427 of July 14, 2014, on the Forestry Code;
Decree No. 2014-397 of June 25, 2014, determining the terms of the law relating to the mining code;
Decree No. 247/MINAGRI/MPMEF/MPMB of June 17, 2014, fixing the scale of compensation for destroyed crops.



system with clear and relevant separation of duties at each step in the budget execution process. The public expenditure chain is computerized and interfaces well with the procurement and the Treasury system. The information is extracted from the budgeting execution software (SIGOBE) and the accounting information software (ASTER) to prepare financial reporting. Implementation of the Performance-based Budgeting reform and production of annual performance reports by all ministries since 2020; meanwhile their publication is not yet effective. There is an adequate legal and institutional framework for fraud and anti-corruption in line with international standards. Several actions for fighting corruption and mismanagement at the SOEs level were conducted in 2021. They also adopted WAEMU PFM and procurement directives, whose implementation is ongoing. Regarding budget transparency, most of the information related to annual budgets, quarterly budget execution reports, mid-year budget reviews, and annual settlement laws is available online. The Court of Accounts draws an annual report on the implementation of the finance law and the audit report of 2021 was issued by the Court of Accounts in September 2022. The annual general government budget is made publicly available and is available for 2012-23 on the Budget website.

83. **However, some weakness remains.** Budget execution over the past three years showed some deviations of actual expenses from the budget. Duplication of tasks and controls between budget owners, financial controllers, and public accountants causes delays. Resources for budgeted expenses are not released in a timely manner due to cash management issues, and delays in processing transactions were noted. Beyond the progress made in past years, the internal audit function needs to pursue its professionalization according to international standards by increasing its HR and technical capacities. Procurement timeliness could be improved by streamlining processes, and enforcement of sanctions could be enhanced, particularly in the infrastructure sector, where it remains challenging. Finally, the level of enforcement of anti-corruption mechanisms could be enhanced.

84. **The 2023 IMF update assessment of the BCEAO found that the institution continues to have a robust control environment with strong governance arrangements.** All recommendations from the 2018 safeguards assessment have been implemented. Financial reporting and external audit arrangements remain in line with international practices. The BCEAO continued to enhance its governance framework and publish a full set of audited financial statements, and it is gradually bringing its practices into conformity with International Financial Reporting Standards (IFRS). BCEAO has improved the quality of the explanatory notes that accompany its financial statements. The IMF report confirms that the BCEAO maintains acceptable foreign exchange control. Lastly, BCEAO is pursuing its effort to keep good governance according to the international practices.

85. **The strengthening of public procurement systems remains a top priority for the government.** It has taken significant steps to address weaknesses in public procurement in the past years including reducing the average time of contracting process until contract award from 198 days to 92 days; meanwhile, the implementation of the e-procurement system is delayed. Authorities are now focused on enhancing strategic public expenditure use and efficiency through: (i) effective implementation of the ongoing Program-Based Budgeting (PBB) reform; and (ii) strict compliance with the new Procurement Code, which requires more transparent competitive processes, and implementation of the E-procurement (SIGOMAP) reform across public administration entities. The E-procurement system is expected to be rolled out and encompass 30 percent of public procurement by April 2024.

86. **Overall, the fiduciary risk of the proposed operation is rated moderate.** This rating is based on the status of Côte d'Ivoire's PFM system, and the improvements observed in BCEAO safeguards framework, accounting systems (e.g., IFRS), internal control and auditing arrangements.

87. **The proposed operation will consist of a single-tranche credit of EUR 281.4 million (US\$300 million equivalent), to be made available contingent upon effectiveness and disbursed based on a withdrawal application.** Côte d'Ivoire is eligible to receive both Performance Based Allocations (PBA)-Shorter Maturity Loan



(SML) and Scale up Window (SUW)-SML financing in FY23. The proposed operation is aligned with one or more of the four pillars of the World Bank COVID-19 framework; and therefore, the proposed operation meets the eligibility criteria to receive SUW-SMLs. The Non-Concessional Borrowing ceiling has not been breached in FY23. The credit will follow the World Bank's standard disbursement procedures for DPF. Once the operation becomes effective, the government will submit a withdrawal application to IDA requesting that the proceeds of the credit be deposited by IDA at the BCEAO account, part of the country's official foreign exchange reserves. Within five working days of that action, the government will ensure that an equivalent amount is credited to its budget management system in a manner acceptable to the World Bank. The Recipient will report to the World Bank on all amounts deposited in the foreign currency account and credited in local currency (CFAF) to the budget management system in that currency. If the withdrawal request is in foreign currency, the equivalent amount in CFAF reported in the budgetary system will be based on the market rate effective on the day of the transfer. The Recipient will promptly notify the World Bank within thirty days of the transfer by fax or email that the transfer has taken place and proceeds have been credited in a manner satisfactory to the World Bank (including the Chart of Accounts name and account number, date of transfer, and exchange rate used). Disbursement will not be linked to specific purchases. When funds are disbursed from the account designated by the government to finance budgeted government expenditures, the official exchange rate for that day will be used. If the Association determines that an amount of the withdrawn credit balance, as applicable, has been used in a manner inconsistent with the provisions of the Legal Agreement, the government shall, upon notice by the Association to the government, promptly refund such amounts to the Association.

5.4. MONITORING, EVALUATION AND ACCOUNTABILITY

88. **As with the previous DPF in Côte d'Ivoire, the Ministry in charge of Finance and Budget (MFB) is responsible for managing the operation.** Day-to-day monitoring and evaluation of the program and all outcome indicators will be the responsibility of an inter-ministerial economic team appointed by the MFB and composed of the Directorate General of the Economy, the Directorate of the Budget and Finance, and the Directorate General of Planning. The team will be chaired by the MFB Council of Ministers Director and will coordinate the activities of all government agencies involved in program implementation. The government will provide bi-annual progress reports to the IDA based on the performance indicators in the results framework.

89. **Grievance Redress.** Communities and individuals who believe that they are adversely affected by specific country policies supported as Prior Actions or tranche release conditions under a World Bank Development Policy Financing may submit complaints to the responsible country authorities, appropriate local/national grievance mechanisms, or the Bank's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address pertinent concerns. Project affected communities and individuals may submit their complaint to the Bank's independent Accountability Mechanism (AM). The AM houses the Inspection Panel, which determines whether harm occurred, or could occur, as a result of Bank non-compliance with its policies and procedures, and the Dispute Resolution Service, which provides communities and borrowers with the opportunity to address complaints through dispute resolution. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the Bank's Accountability Mechanism, please visit <https://accountability.worldbank.org>.



6. SUMMARY OF RISKS AND MITIGATION

90. **The overall risk rating for the operation is assessed as moderate.** Macroeconomic and stakeholder risks are judged more significant and are briefly discussed.

91. **Downside risks to the current macroeconomic baseline are substantial.** The medium-term outlook is broadly positive, but headwinds are strong in the short term. Protracted inflationary pressures and prolonged tighter-than-expected financial conditions in international markets would increase fiscal and debt sustainability risks, notably restricting financing options. Delayed fiscal consolidation (including because of the political cycle) and higher risks to debt sustainability can compromise the achievement of greater DRM targets, but also key public investments to implement reforms in human capital and environmental/agriculture sustainability. While the peg to the euro and participation in the regional economic and monetary union represent a macroeconomic anchor, delayed fiscal consolidation, and limited fiscal space to absorb a large response to an external shock, tightening international and domestic financing conditions and increased debt vulnerabilities, justify a substantial risk. Heightened regional insecurity spillovers could undermine investor confidence and weigh further on the budget if additional security spending were needed. Risks are mitigated through the ongoing political process, including the developing of the MTRS and commitments to fiscal consolidation, under the WAEMU criteria, and debt management reforms. The World Bank and IMF continue closely monitoring the macroeconomic situation and engage with the authorities to support their reform efforts; with the IMF program providing an anchor.

92. **Stakeholder risks are substantial** and reflect the difficult political economy of many of the reforms involving vested interested in the private sector. On Pillar 1, in transport and telecommunications where the introduction of competition policies is expected to increase market contestability these are expected to be significant and are mitigated by the consultation process. Similarly, tax policy reforms in the medium term are challenging and require strong coordination among the different public sector agencies and ministries involved; and the acceptability of private operators. Second, reforms in the areas of health and education touch on sensitive sectors that are unionized such as teachers and doctors. Finally, on the cocoa sector, the reforms require the coordination of the CCC with other stakeholders, transparency, and information sharing. These risks are mitigated by the strong sectoral engagement, consultation processes, coordination with other donors on key reform areas – notably the EU on the cocoa sector - and the ownership of the government on the reform program supported by the series.

Table 5: Summary Risk Ratings

Risk Categories	Rating
1. Political and Governance	Moderate
2. Macroeconomic	Substantial
3. Sector Strategies and Policies	Moderate
4. Technical Design of Project or Program	Moderate
5. Institutional Capacity for Implementation and Sustainability	Low
6. Fiduciary	Moderate
7. Environment and Social	Moderate



8. Stakeholders	● Substantial
9. Other	
Overall	● Moderate



ANNEX 1: POLICY AND RESULTS MATRIX

Prior actions and Triggers			Results			
Prior Actions under DPF 1 2022	Prior Actions under DPF 2 2023	Triggers for DPF 3 2024	Indicator Name	Baseline (2021)	Update (2022 unless otherwise specified)	Target (2025)
Pillar 1---PDO: STRENGTHEN COMPETITION IN KEY ENABLING SECTORS AND DOMESTIC REVENUE MOBILIZATION						
Prior Action #1. To stimulate the development of Fintech, the telecommunications regulatory authority has issued a decision establishing the price structure to promote access to USSD codes.	Prior Action #1: To improve the competitiveness of the digital economy, the Recipient has transmitted to Parliament an Electronic Communications Bill.	Indicative Trigger #1: To improve the competitiveness of the digital economy, the Recipient has adopted (i) the implementation decrees of the Electronic Communications Law, and (ii) the regulatory framework for personal data protection.	<u>Results indicator 1a:</u> Financial service providers using USSD codes (number) <u>Results indicator 1b:</u> Retail prices for telecommunications services (price of a data-only 2GB mobile-broadband basket as share of Gross National Income (GNI) per capita)	13 2.58%	24 2.42%	30 2.00%
Prior Action #2. To reduce freight prices, the Council of Ministers has adopted a decree instituting a freight exchange to reduce the asymmetry of information between shippers and carriers.	Prior Action #2: To reduce freight prices and anti-competitive practices, the Recipient has adopted an ordinance reinforcing the mission, powers of control and sanction, and supervisory capacity of the Autorité de Régulation du Transport Intérieur (ARTI).	Indicative Trigger #2: To reduce freight prices and anti-competitive practices, the Recipient has adopted a decree regulating the auxiliary and intermediate transport professions by establishing rules for their accreditation and transactions within the freight exchange.	<u>Results indicator 2a:</u> Share of national freight transactions carried out through the freight exchange (percentage) <u>Results indicator 2b:</u> Quarterly publication of freight exchange transaction statistics on the ARTI website (yes/no)	0 N	0 N	40 Y
Prior Action #3: To streamline non-tax revenue collection by the Treasury, the Council of Ministers has adopted and transmitted to Parliament a non-tax revenue procedure bill that sets out the legal framework for collection and oversight.	Prior Action #3: To enhance revenue collection and equity, the Recipient has adopted an ordinance simplifying the personal income taxation process by reducing the number of wages and salaries schedules, and applying a progressive scale.	Indicative Trigger #3: To increase tax revenue and promote efficiency, the Recipient has removed VAT exemptions on luxury items on the Budget Law.	<u>Results indicator 3:</u> Tax and non-tax revenue to GDP ratio (3-year average) (percentage)	14.7% (2019-21)	14.8% (2020-22)	15.7% (2023-25)



Prior actions and Triggers			Results			
Pillar 2--PDO: EXPAND EQUITABLE ACCESS TO HEALTH AND EDUCATION SERVICES						
Prior Action #4. To improve teacher allocation and reduce disparities between regions, the Recipient has issued an interministerial <i>arrêté</i> introducing a regional teacher recruitment and personnel allocation system based on pupil/teacher ratio standards for pre-primary and primary school.	Prior Action #4: To improve the quality of basic education and inclusion, the Recipient has adopted three ministerial <i>arrêtés</i> defining the modalities of the evaluation of educational institutions and teachers, including with gender criteria.	Indicative Trigger #4: To improve the equity and quality of the teaching corps, the Recipient has (i) adopted an inter-ministerial <i>arrêté</i> regulating the flow of teachers in ministries outside the education and training sector; and (ii) a decree reducing the registration fees for teacher training for women.	<p>Results indicator 4a: Consistency of primary school teachers' deployment (a number closer to one indicates deployment is based on pupils' needs)³³ (number)</p> <p>Results indicator 4b: Share of female teachers among primary and secondary teachers (percentage)</p>	0.55 32.5 % and 15% respectively	N/A 34% and 14.5%	0.70 +3 pts
Prior Action #5. To improve the quality of technical and vocational education and training systems and reduce gender skills gaps, the Recipient has adopted a bill defining the legal framework for the development of technical education, vocational training and apprenticeship in line with digital technologies and economic priorities.	Prior Action #5: To improve the quality of the TVET systems, the Recipient has adopted two ministerial <i>arrêtés</i> and one interministerial <i>arrêté</i> defining the modalities of organization, of school and pedagogical examinations, as well as criteria for competitive pedagogical evaluation of TVET.	Indicative Trigger #5: To better integrate education and the technical/vocational sector, the Recipient has adopted an interministerial <i>arrêté</i> establishing the equivalence between education pathways (TVET and general high school curricula), which include enabling TVET students access to tertiary education.	<p>Results indicator 5: Share of secondary school students enrolled in technical and vocational education and training or apprenticeships, by sex (percentage)</p>	(2020) Male: 2.5% Female: 2.3%	(2022) Male:3.01% Female: 2.9%	5% both sexes
Prior Action #6. To increase enrollment in the CMU national health insurance scheme and strengthen its sustainability, the Recipient has adopted by <i>arrêté</i> (i) the simplification of the list of documents required to enroll; and by decree (ii) proof	Prior Action #6: To accelerate equitable access to health care and increase enrollment in the National Health Insurance, the Recipient has adopted a decree reducing the waiting period to benefit from the CMU.	Indicative Trigger #6: To strengthen the quality and efficiency of health care, the Council of Ministers has adopted a decree instituting the social security number as a unique health identifier for access to health care in Côte d'Ivoire (including for free services provided under the	<p>Results indicator 6a: Population enrolled in the CMU program, [of which extremely poor (percentage)</p> <p>Results indicator 6b: Average rate of public healthcare users having a CMU identifier</p>	12% [1.5%]	24% [2.2%]	35% [5%]

³³ Source: United Nations Educational, Scientific and Cultural Organization (UNESCO). Consistency is calculated from the correlation between the number of pupils and the number of teachers in a school. The closer the degree of consistency is to 1, the more equitable and rational teacher allocation is in schools from the standpoint of the number of pupils enrolled. The lower the degree of consistency, the more the problems of coherence in teacher allocation are visible and reveal the weaknesses of the management systems.



Prior actions and Triggers			Results			
of enrollment as a prerequisite for employment in the public sector and for new employees in the private sector.		targeted free healthcare program).	(percentage)	1.7%	N/A	15%
Pillar3--PDO: PROMOTE THE SUSTAINABLE USE OF NATURAL RESOURCES						
Prior Action #7. To ensure the sustainable production of cocoa, the Recipient has adopted a decree regulating the implementation of the African standard of the ARS 1000 Series, aimed at ensuring the production of sustainable cocoa beans that meet production, traceability, and certification requirements of the New African Standards for Sustainable Cocoa and zero-deforestation agricultural policy.	Prior Action #7: To promote more environmentally and socially sustainable cocoa production, the Recipient has adopted a decree establishing the institutional and operational architecture for the management of the national traceability system.	Indicative Trigger 7: To promote environmentally sustainable agricultural production and social inclusion, the Recipient has revised the 2006 regulatory text establishing the statutes, governance and internal management procedures of the Rural Investment Fund (FIMR) and redefined its role in order to increase the impact of its activities on improving the living conditions of cocoa-growing communities.	<u>Results indicator 7:</u> Cocoa traced and compliant with sustainability standards (percentage)	0	0	50%
	Prior Action #8: To promote sustainable agriculture growth and prevent deforestation, the Recipient has adopted three decrees converting three of the biggest classified degraded forests into classified 'agro-forests' whose protection is supported by participatory forest management plans.	Indicative Trigger 8: To ensure a sustainable growth of agriculture and prevent deforestation, the Recipient has revised the regulatory framework for the sustainability management of agroforests concessions.	<u>Results indicator 8a:</u> Hectares of forests classified as agroforests (ha) <u>Results indicator 8a:</u> Signed agroforests concessions agreements (number)	0 0	0 0	>500,000 2
Prior Action #8. To strengthen the environmental regulatory framework, the Council of Ministers has transmitted to Parliament the new	Prior Action #9: To improve climate change resilience and risk management, the Recipient has issued two decrees reinforcing the legal, planning, and regulatory	Indicative Trigger 9: To improve environmental sustainability, the Recipient has adopted (i) a decree regulating environmental assessments to reflect the new	<u>Results indicator 9:</u> Urban coastal areas protected by climate and risk informed local urban plans (percentage)	0		60%



Prior actions and Triggers			Results		
Environmental Bill.	instruments to protect coastal areas from environmental degradation.	provisions of the Environmental Law, integrating climate change and the specificities of coastal area protection; and (ii) a decree adopting the list of national protected coastal areas.		0	

ANNEX 2: IMF RELATIONS

IMF Executive Board Approves US\$3.5 billion Extended Fund Facility and Extended Credit Facility for Côte d'Ivoire

May 24, 2023

- IMF Board approves 40-month arrangements under the EFF and ECF for Côte d'Ivoire (about US\$3.5 billion) to help support the country's transformation towards upper-middle income status through the implementation of the authorities' national development plan while preserving macroeconomic stability.
- The key reform agenda under the arrangements is domestic revenue mobilization, which is central in preserving fiscal and debt sustainability and along with increased spending efficiency should generate fiscal space to help finance investment needs and critical spending in health and education to allow for deeper economic transformation.
- Structural reforms should further deliver improvements in business climate, private sector investments and financial inclusion to foster the necessary conditions for inclusive growth, through strengthening governance and human capital investments, especially amongst youth and women.

Washington, DC: The Executive Board of the International Monetary Fund (IMF) approved 40-month arrangements under the Extended Fund Facility (EFF) and the Extended Credit Facility (ECF) for Côte d'Ivoire in the amount of SDR 2,601.6 million (equivalent to 400 percent of quota or about US\$3.5 billion). The program is consistent with the authorities' 2021-25 national development plan (NDP) and aims to maintain macroeconomic stability in the near term while laying the foundation for deeper economic transformation towards upper middle-income status over the medium term. The program will also help Côte d'Ivoire raise its contribution to the regional international reserves pool.

The Executive Board's decision enables an immediate disbursement of SDR 371.7 million (US\$495.4 million), which the Ivorian authorities intend to use for budget support.

Hit by triple shocks, namely the pandemic, the adverse spillovers of Russia's invasion of Ukraine, and the global monetary tightening, Côte d'Ivoire faces growing macroeconomic imbalances. The authorities are committed to pursue their agenda to promote private sector led and inclusive growth, as well as to strengthen fiscal consolidation efforts mainly through domestic revenue mobilization supported by upfront measures and a comprehensive medium-term revenue strategy to ensure the means to its ambitious social and capital investment program. Key structural reforms aim to further improve business climate, including by strengthening governance, increasing financial inclusion, and investing in human capital, and to strengthen resilience to climate change.

At the conclusion of the Executive Board's discussion, Mr. Kenji Okamura, Deputy Managing Director, and Acting Chair, made the following statement:

"Consecutive global shocks have strained Côte d'Ivoire's public finances as well as regional reserves. In response, the authorities are implementing a revenue-based fiscal consolidation, which will complement Fund financing under the EFF/ECF arrangements. Strong upfront revenue measures, including by reinstating the petroleum pricing mechanism in early 2023, are essential to reduce risks to debt sustainability and support convergence to the WAEMU deficit target. The authorities' focus on improving the institutional and legislative framework for debt management is also critical to safeguard debt sustainability.

"Over the medium term, sustained domestic revenue mobilization is key to create fiscal space to finance deeper economic transformation toward upper middle-income status. This will be supported by the development, publication, and implementation of a medium-term revenue mobilization strategy, which should seek significant reductions in wasteful tax expenditures and tax exemptions, particularly for the VAT; thus, broadening the tax base with a simpler, more transparent, and equitable tax system. The authorities' commitment to enhance the coverage, transparency, and management of public finances, especially to cover state-owned enterprises, is also important to safeguard fiscal space.

"Steadfast implementation of the structural reforms under the National Development Plan will promote private sector-led growth, including by strengthening governance, expanding financial inclusion, and improving the business environment. Resolute implementation of the National Anti-Corruption Strategy and the National Strategy Against Money Laundering and Terrorism Financing will boost transparency and further attract private investment. Further investments in human capital development, especially amongst youth and women, will make growth more inclusive. Enhancing resilience to climate change will also be important for achieving a sustainable economic transformation."



Côte d'Ivoire: Selected Economic Indicators (2019-2023)					
	2019	2020	2021	2022	2023
				Prel.	Proj.
Output					
Real GDP Growth (%)	8.3	1.7	7.0	6.7	6.2
Prices					
Inflation (annual average, %)	0.8	2.4	4.2	5.2	3.7
Central government finances					
Revenues (% GDP)	14.3	14.4	15.3	14.8	15.8
Expenditure (% GDP)	17.3	20.4	20.7	22.1	21.7
Fiscal balance (% GDP)	-2.2	-5.4	-4.9	-6.8	-5.3
Public debt (% GDP)	37.5	46.3	50.9	56.8	58.1
Money and Credit					
Broad money (% change)	11.0	21.4	18.1	9.8	...
Credit to private sector (% change)	6.1	9.2	12.5	7.3	...
Balance of payments					
Current account (% GDP)	-2.3	-3.1	-4.0	-6.5	-5.6
Net FDI Inflows (% GDP)	1.2	1.1	1.5	1.4	1.8
WAEMU reserves (in months of imports)	5.6	5.4	5.2	4.5	...
External public debt (% GDP)	24.9	29.7	30.9	34.5	35.6
Exchange rate					
REER (% change, depreciation –)	-3.9	5.1	-0.6	-5.2	...
Sources: Ivorian authorities, World Bank, and IMF staff estimates.					

ANNEX 3: LETTER OF DEVELOPMENT POLICY

**MINISTRE DES FINANCES
ET DU BUDGET**



REPUBLIQUE DE CÔTE D'IVOIRE
Union - Discipline - Travail

LE MINISTRE

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Président du Groupe
de la Banque Mondiale
WASHINGTON, DC

Objet : Lettre de Politique de Développement

Monsieur le Président,

La présente Lettre de Politique de Développement (LPD) rend compte de l'engagement du Gouvernement de Côte d'Ivoire pour la poursuite des efforts dans la mise en œuvre des réformes engagées au plan économique et social au cours des dernières années d'une part, et celles qu'il envisage de mettre en œuvre pour consolider la croissance économique et renforcer les progrès dans le cadre du Programme d'Appui Budgétaire (DPO) de la Banque Mondiale. Le Programme porte sur l'investissement comme levier de croissance et de résilience, notamment (i) le renforcement de la concurrence dans les secteurs clés et la mobilisation des recettes domestiques, (ii) l'élargissement de l'accès équitable aux services de santé et d'éducation et la promotion de l'utilisation durable des ressources naturelles dans un contexte de défis liés aux changements climatiques.

En effet, le Programme d'Appui Budgétaire 2023 s'inscrit dans un contexte économique et social interne et international marqué par (i) les pressions inflationnistes et la dégradation des termes de l'échange en lien avec la guerre en Ukraine, (ii) une détérioration du climat politique et sécuritaire dans la sous-région avec des implications fortes pour la croissance économique et la pauvreté, (iii) le durcissement des conditions de financement des Etats qui fragilise les plus exposés et fait craindre une crise de l'endettement.

La présente lettre de politique de développement retrace donc l'ensemble des politiques publiques et sectorielles mises en œuvre par le Gouvernement pour répondre à ces crises et réduire la pauvreté sur une planète vivable.

I. Contexte politique et économique

A. Cadre macro-économique

1. La Côte d'Ivoire enregistre depuis 2012 de solides performances économiques, lui permettant de consolider la résilience de son économie.
L'activité économique bénéficie de la poursuite de la mise en œuvre des investissements et réformes prévus dans le Plan National de Développement (PND) 2021-2025 et de la stabilité

1



du cadre macroéconomique en dépit du ralentissement de l'activité économique internationale qui pâtit de la persistance de la guerre en Ukraine et des risques et opportunités de développement liés au changement climatique. En effet, les récentes crises mondiales ont mis en évidence la nécessité de s'attaquer aux goulots d'étranglement structurels afin de permettre une allocation efficace des ressources et de soutenir une croissance productive et inclusive. La durabilité de la croissance ivoirienne dépendra de la bonne gestion de son stock de capital naturel et des impacts du changement climatique. C'est dans cette dynamique que le Gouvernement a pris des engagements ambitieux en matière d'action climatique dans sa dernière contribution déterminée au niveau national (CDN), révisée en 2022. D'ici 2030, la Côte d'Ivoire vise à réduire la vulnérabilité et à accroître la résilience climatique dans les secteurs prioritaires de l'économie.

2. L'activité économique en 2022 a évolué dans un environnement socio-économique marqué par la maîtrise de la pandémie de Covid-19 ainsi que le maintien de la stabilité socio-politique et sécuritaire. Aussi, la poursuite des réformes nécessaires à l'accompagnement efficace de l'économie et la continuité dans la politique volontariste d'investissement dans les secteurs moteurs de croissance ont-elles facilité le rebond de l'économie. Dans ce contexte international marqué par la hausse des prix de l'énergie, des produits pétroliers, de l'engrais et de certains produits alimentaires, le Gouvernement a mis en place un train de mesures temporaires afin de contenir les répercussions de la guerre en Ukraine et de préserver la sécurité alimentaire. Il s'agit notamment de l'exonération de certaines taxes, du plafonnement des prix des produits de grande consommation et du contrôle des prix. Ainsi, la croissance économique s'est établie à 6,7% en 2022 contre 7,4% en 2021.
3. Sur la période 2023-2028, l'activité économique bénéficierait de la stabilité de l'environnement sociopolitique et sécuritaire, de la poursuite de la mise en œuvre du PND 2021-2025, de la mise en œuvre d'importantes réformes structurelles et de politiques économiques appropriées. Ainsi, les prévisions tableraient sur des taux de croissance de 7,0% et de 6,7% respectivement en 2023 et sur la période 2024-2028.
4. En outre, la croissance devrait rester forte dans le moyen terme (2023-2025), en lien avec les grands travaux d'infrastructures inscrits dans le programme du Gouvernement dont l'organisation d'un certain nombre de grands événements à l'instar de la Coupe d'Afrique des Nations (CAN) en 2024. Le secteur primaire se renforcerait également avec le développement de certaines spéculations de l'agriculture dont la noix de cajou. L'inflation continuerait d'être au-dessus du seuil communautaire de 3%, avec un taux moyen de 4,1% sur la période. Du côté de la demande, la consommation finale (+4,3%, en moyenne) et l'investissement (+11,8%, en moyenne) contribueraient à porter la croissance sur la période 2023-25.
5. La forte demande d'investissements du secteur privé, les investissements publics ont été soutenus par la poursuite de l'exécution des grands projets d'infrastructures, notamment ceux (i) de réalisation du tronçon « Yamoussoukro-Bouaké » de l'autoroute du nord, (ii) de sauvegarde et de développement de la Baie de Cocody et de la lagune Ebrié, (iii) d'aménagement de l'autoroute Y4 de contournement de la ville d'Abidjan, (iv) de construction du pont reliant les communes de Cocody et du Plateau, (v) de construction de routes et échangeurs dans le cadre du projet de transport urbain d'Abidjan, notamment le 4ème pont d'Abidjan reliant les communes de Yopougon et du Plateau, (vi) de construction de la tour F de la cité administrative du Plateau, (vii) de construction du barrage de Gribo popoli, (viii) de la réhabilitation de la côtière entre Abidjan et San Pedro, (ix) de construction et de réhabilitation des stades devant accueillir la coupe d'Afrique de Football en janvier 2024 et (x) d'aménagement et de bitumage de plusieurs routes à l'intérieur du pays. Ainsi, le taux

2

d'investissement global est ressorti à 25,4% du PIB contre 24,0% en 2021. Le taux d'investissement public a atteint 9,7% en 2022, après 8,5% en 2021.

8. La vision du gouvernement ivoirien est de faire passer le pays dans le top 5 des destinations d'Afrique à travers la mise en œuvre du FamS&S programme "Sublime Côte d'Ivoire". La stratégie de développement du tourisme en Côte d'Ivoire est axée sur trois axes principaux : la création d'un réservoir d'emplois, le développement d'un moteur de croissance du PIB (stimuler les recettes fiscales) et le développement territorial. Lors d'Abidjan 2023, la rebranding de la Côte d'Ivoire (de la Côte d'Ivoire à la Côte d'Ivoire) a été lancé, ce qui a permis de faire de la Côte d'Ivoire un hub de développement, de talents, de talents recherchés sur Google permettant au secteur du tourisme de contribuer à hauteur de 8 à 10% au PIB à l'horizon 2025.

7. L'activité économique nationale reste dynamique malgré un environnement international complexe par la persistance de l'inflation à des niveaux élevés et le durcissement des conditions financières. Elle tire avantage de la poursuite de la mise en œuvre du PND 2021-2025 impulsée par le démarrage effectif de la route de route 2023 comprenant 833 projets routiers et 266 réformes. Aussi, les différents ministères gouvernementaux pressent pour limiter l'impact des prix à la consommation, ont-elles permis une déflation des prix des produits, notamment ceux alimentaires. L'activité économique continue de bénéficier d'un financement bancaire solide, en effet du maintien de l'orientation restrictive de la politique monétaire pour juguler les pressions inflationnistes. Elle est portée par le bon comportement des secteurs manufacturier et tertiaire. Dans le secteur agricole, l'agriculture industrielle et d'exportation envisage une évolution mitigée en lien avec le coût des productions de fèves de cacao, de coton graine et de café. Pour l'année 2023, le PIB réel de la Côte d'Ivoire devrait se situer à +7,0%, grâce à la vigueur des investissements, de la consommation finale et à une demande extérieure soutenue.

8. La digitalisation de l'économie, en particulier celle de l'Administration publique constitue également un point majeur de ce Plan, afin de renforcer son efficacité dans l'exécution des programmes et des projets sur l'ensemble du territoire national, pour que la richesse nationale profite équitablement à toutes les populations de notre pays. C'est pourquoi, la mise en place d'un nouveau Programme social de Gouvernement (PS Gouver) en cohérence avec le PND 2021-2025, verra consolider les bases du programme social initial, tout en mettant l'accent sur les zones de fragilité.

B. Politique Financière publiques et stratégie d'endettement

9. Les réformes entreprises, notamment en matière de gestion des finances publiques, d'amélioration du climat des affaires, seront poursuivies pour que la dynamique économique et sociale entamée puisse avoir encore plus d'impact sur le quotidien des Ivoiriens. Le Gouvernement continuera à soutenir le renforcement de la lutte contre la corruption et à la consolidation de la bonne gouvernance.

10. La Côte d'Ivoire reste exposée à un risque de surendettement modéré, mais est vulnérable aux chocs externes, sur les exportations notamment, et dispose d'un espace budgétaire limité pour y faire face. La Stratégie de gestion de la Dette à Moyen Terme (SDMT) adoptée, est axée sur la mise en œuvre de mesures de réduction de la dette et de la dette externe, et est systématiquement actualisée chaque année. La SDMT tient compte de l'évolution du cadre macroéconomique et budgétaire qui est le reflet du PND, à travers la mise en œuvre des actions prioritaires du Gouvernement définies chaque année.

Les objectifs de la SDMT 2022-2025 se résument comme suit :

- satisfaire les besoins de financement de l'État et ses obligations de paiement aux marchés capitaux possibles;
- d'assurer que les dépenses liées au portefeuille de la dette publique demeurent dans des limites raisonnables;
- contribuer au développement du marché financier.

Le Gouvernement entend privilégier des financements qui aident à réduire le risque de refinancement de la dette initiale, le risque de taux d'intérêt et le risque de change. Plus précisément, les besoins de financement doivent être couverts en moyenne selon un rapport 40-60 d'instruments de financement extérieur et intérieur sur la période 2022-2023. Les ressources extérieures seront composées de financements pour des emprunts, projets ou programmes concessionnels, semi-concessionnels, commerciaux et de financements sur les marchés internationaux respectivement à hauteur de 18 %, 44 %, 10 %, et 28 % sur la période 2022-2026. Les ressources intérieures seront mobilisées à travers des emprunts de court, moyen et long terme respectivement à hauteur de 10 %, 55 %, et 35 % sur la même période. Cette stratégie privilégie la dette intérieure par rapport à la dette extérieure avec une préférence pour les financements locaux en euro et à taux fixe.

C. Bilan et perspectives des réformes engagées dans le cadre de l'appel budgétaire

11. Les réformes retenues dans le présent programme pour lequel le Gouvernement sollicite l'appui de la Banque Mondiale au titre de l'année 2023 portent sur : l'investissement comme levier de croissance et de résilience, notamment (i) le renforcement de la concurrence dans les secteurs clés et la mobilisation des ressources domestiques (ii) l'alignement de l'accès équitable aux services de santé et d'éducation, et (iii) la promotion de l'utilisation durable des ressources naturelles dans un contexte de défis liés aux changements climatiques. Ces défis sont couverts encore plus pressants à relever, dans le contexte actuel marqué par les incertitudes régionales et internationales depuis la crise de la COVID-19, ainsi que les effets inflationnistes de la crise en Ukraine, afin de soutenir une relance qui ait pour résultats et inclusifs.

a) Pilier 1 « Renforcer la concurrence dans les secteurs clés et la mobilisation des ressources »

12. Le secteur des télécommunications a connu de nombreuses mutations dont les implications se ressentent à la fois au niveau réglementaire, économique et social, faisant de ce secteur un véritable moteur de développement économique des pays à travers le monde entier. A l'instar de nombreux autres pays en développement, la Côte d'Ivoire n'échappe pas à cette dynamique mondiale. Aussi, l'Etat de Côte d'Ivoire s'est-il résolu à engager dans le processus de transformation de ce secteur vital pour l'économie nationale un effort de réformes dans le cadre des Télécommunications dans les années 90 dans le cadre du Programme de Stabilisation et de Réforme Économique. L'appel à l'adoption de la loi n° 86-023 du 7 juillet 1995 portant Code des Télécommunications. Ce code a permis la libéralisation partielle du secteur, la privatisation de l'opérateur historique, l'instauration d'un nouveau code juridique qui a permis l'entrée sur le marché des opérateurs de téléphony mobile et un nouveau cadre institutionnel pour contrôler ce nouvel environnement concurrentiel avec la création de l'Agence des Télécommunications de Côte d'Ivoire (ATICI) et le Conseil des Télécommunications de Côte d'Ivoire (CTCI). La convergence des technologies et la sophistication des services ont fait évoluer la notion de Télécommunications en faveur des Technologies de l'Information et de la Communication (TIC).



Le Gouvernement ivoirien, conscient de ces défis, a adopté différentes stratégies en 2021 dont la stratégie nationale de développement numérique 2021-2025, la stratégie nationale de l'innovation 2021-2025 et la stratégie nationale de cybersécurité 2021-2025. Malgré les avancées remarquables et le dynamisme du secteur, des difficultés persistent qui découlent notamment de l'insuffisance de clarté et de cohérence des textes et des limites d'opérationnalisation de l'ordonnance n° 2012-283 et des textes subséquents, faisant ainsi apparaître des contradictions, des imprécisions et des chevauchements de missions entre les institutions et entre les organes de gouvernance. Ainsi, pour soutenir le développement harmonieux du secteur et appréhender les nouveaux enjeux et défis liés à l'évolution du secteur des communications électroniques, et faire de l'économie numérique un moteur de croissance pour la Côte d'Ivoire, le Gouvernement a adopté un projet de loi pour régir les communications électroniques. Il a pour objectifs :

- de définir un régime juridique moderne des activités exercées dans le secteur des communications électroniques ;
- de assurer une protection efficace des réseaux d'infrastructures d'accueil et de communications électroniques en raison de leur caractère stratégique pour l'Etat et l'ensemble de la population ;
- de promouvoir l'exercice d'une concurrence libre et effective dans l'établissement et l'exploitation de réseaux de communications électroniques ainsi que la fourniture de services de communications électroniques dans l'intérêt des utilisateurs ;
- de définir des règles de nature à assurer une protection efficace des utilisateurs ;
- de favoriser l'accès du plus grand nombre aux services de communications électroniques et l'aménagement numérique du territoire ;
- de promouvoir le développement socio-économique du pays par le développement du secteur des communications électroniques.

13. Ce projet de loi, qui s'inscrit dans une vaste réforme de la réglementation applicable au secteur des communications électroniques, reprend à son compte des principes fondamentaux du secteur et permet ainsi de conforter la place de notre pays parmi les états avancés de la sous-région dans le secteur des communications électroniques : liberté d'exercice des activités de communications électroniques, service public et indépendance de l'Autorité de Régulation. Le projet de Loi adopté sera transmis au Parlement.

14. Afin d'accroître la compétitivité du secteur du transport, notamment sur le marché du fret, le Gouvernement a pris le décret n° 2022-743 du 28 septembre 2022 déterminant les conditions d'accès à la bourse de fret. Le Gouvernement a adopté l'ordonnance 2023-718 du 13 septembre 2023 portant modification de l'article 10 de la loi n° 2014-812 du 16 décembre 2014 d'orientation du transport intérieur, tel que modifiée par les ordonnances n° 2018-09 du 10 janvier 2018 et n° 2019-99 du 30 janvier 2019. Le Gouvernement a également adopté le projet de la loi de ratification y afférente. Cette ordonnance introduit des aménagements de fond dans le mécanisme de fonctionnement de l'Autorité de Régulation du Transport Intérieur (ARTI). Elle clarifie les missions et renforce les attributions de cette Autorité Administrative indépendante avec des pouvoirs réglementaires et juridictionnels plus étendus, de façon à permettre à l'ARTI, chargée d'assurer la régulation des activités du secteur de transport routier, de s'adapter aisément à l'évolution rapide du secteur et de conduire efficacement l'exécution de ses missions. Le projet d'ordonnance sera transmis au Parlement.

15. En matière de renforcement de l'investissement public, le Gouvernement entend créer l'espace fiscal nécessaire au renforcement de la résilience économique et sociale à travers

un cadre macroéconomique sain et stable. Celui-ci comprend entre autres la maîtrise du déficit budgétaire et de l'endettement ainsi que le renforcement de la réforme du système de gestion des finances publiques afin d'assurer un déploiement adéquat de l'infrastructure et des services publics nécessaires à la politique d'inclusion. Toutefois, la mobilisation des recettes publiques reste un défi important, pesant sur le service de la dette publique. En particulier, le Gouvernement entend œuvrer pour la réalisation des objectifs prioritaires ci-après : (i) augmenter les recettes non fiscales en simplifiant et en rendant plus transparente leur collecte (ii) développer des solutions numériques pour faciliter le paiement des impôts et (iii) améliorer la collecte de l'impôt sur le revenu.

16. Dans le cadre du renforcement de la mobilisation optimale des ressources Intérieures, le Gouvernement poursuit ses efforts pour améliorer le civisme fiscal et élargir l'assiette fiscale à moyen terme, parallèlement à la poursuite des réformes de l'administration fiscale. Le Gouvernement a mis en œuvre une stratégie cohérente de mobilisation des recettes à moyen terme après l'expiration du plan de rationalisation des exonérations fiscales 2020-2023 adopté en 2019. A cet effet, il a adopté l'ordonnance 2023-719 du 13 septembre 2023 portant réforme des impôts sur les traitements, salaires, pensions et rentes viagères à la charge des salariés ainsi qu'une communication et un projet de loi de ratification y afférents. Ce texte, adopté en conseil des ministres, sera présenté au Parlement. Cette réforme s'inscrit dans le cadre global de la mise en œuvre de la politique sociale du Gouvernement. Elle consiste à moderniser et à simplifier le dispositif fiscal actuel institué depuis les premières années des 3 indépendances, avec la mise en place d'un dispositif plus homogène et adapté au mieux aux revenus modestes. Ce nouveau dispositif repose essentiellement sur la fusion des trois impôts cédulaires à savoir les Impôts sur les Salaires (IS), la contribution nationale pour le développement économique, culturel et social de la Nation (CN) et l'impôt général sur le revenu assis sur les salaires (GRS-Salaires), en un prélèvement unique. S'y ajoute l'adoption d'une taxation progressive par tranche de salaires en lieu et place de la taxation mixte : l'institution d'un mécanisme de réduction d'impôt pour charges de famille en remplacement du quotient familial, pour tenir compte de la situation matrimoniale du salarié et du nombre d'enfants en charge. Une autre innovation ressort de la création d'une tranche d'imposition à taux nul pour les salaires mensuels inférieurs à 75 000 francs CFA. Ainsi, plus de 90 % des salariés verront leurs traitements et salaires connaître une augmentation. En outre, la fraction exonérée des pensions de retraite et rentes viagères a été relevée de 300 000 francs à 320 000 francs et l'impôt sur les pensions des personnes âgées de plus de 70 ans a été réduit, en vue d'alléger les charges des salariés à la retraite.

b) **Pilier 2 « l'élargissement de l'accès équitable aux services de santé et d'éducation »**

17. A la lumière de son engagement tel qu'exprimé dans le Plan National Développement 2021-2025 et de la Vision Côte d'Ivoire 2030, le Gouvernement s'est engagé résolument dans une dynamique de renforcement du capital humain capable d'assurer un emploi adéquat au développement du secteur privé et accélérer une croissance soutenable et inclusive notamment par une croissance accrue de la productivité de la main-d'œuvre. En dépit des efforts d'investissement sur la dernière décennie, le niveau du capital humain du pays est resté faible, avec un indice de développement du capital humain de la Banque mondiale stagnant à 0,38. Ion derrière ses pairs de l'Afrique subsaharienne et du groupe des pays à revenus intermédiaires de la tranche inférieure en raison des disparités dans l'accès à l'éducation et des soins de santé. Une amélioration accrue de l'efficacité des investissements en éducation et en santé s'avère donc indispensable. Tirant les leçons des faiblesses, le Gouvernement a décidé de réorganiser profondément les cadres réglementaires dans les



secteurs de l'éducation, de l'enseignement technique et professionnel, de l'emploi et de la solidarité.

18. Au niveau du secteur de l'éducation, le Gouvernement est résolulement engagé à améliorer la qualité de l'éducation de base et l'inclusion. Dans cette dynamique, le Gouvernement a pris une série de trois (3) arrêtés ministériels, respectivement, (i) l'arrêté 287/MENA/CAB du 13 septembre 2023 portant création et la composition des organes d'évaluation des établissements scolaires et des personnes enseignantes, (ii) l'arrêté 288/MENA/CAB du 13 septembre 2023 portant modalité d'évaluation du personnel enseignant et (iii) l'arrêté 289/MENA/CAB du 13 septembre 2023 portant modalité d'évaluation des établissements publics et privés relevant du Ministère de l'Éducation Nationale et de l'Alphabétisation.

19. Au niveau de l'enseignement et la formation techniques et professionnels, le Gouvernement a adopté trois (3) textes pour améliorer la qualité des systèmes d'enseignement et de formations techniques et professionnels. Ainsi, pour plus de crédibilité dans les examens et concours de cet ordre d'enseignement et de formation, ces textes viennent définir les modalités d'organisation et les critères d'évaluation pédagogique compétitive de l'enseignement et de la formation techniques et professionnelle. Il s'agit de (i) l'arrêté interministériel N° 1622/METFFA/MFP du 08 septembre 2023 portant organisation et délibération des concours pédagogiques d'accès à certaines fonctions de l'enseignement technique et de la formation professionnelle et (ii) les arrêtés respectivement N° 1623/METFFA/CAB du 8 septembre 2023 portant organisation et délibération des examens scolaires de la formation professionnelle et N° 1624/METFFA/CAB du 8 septembre 2023 portant organisation et délibération des concours scolaires d'accès aux établissements publics de l'enseignement technique et de la formation professionnelle.

20. La réforme de la couverture médicale est une réforme majeure sur laquelle le Gouvernement poursuit les réformes relatives à l'accès aux soins de santé en faveur des plus pauvres. Ainsi, en sus du décret 2022-753 du 28 septembre 2022 relatif à la mise en œuvre de l'obligation d'embaînement à la couverture maladie universelle (CMU), le Gouvernement a adopté le décret 2013-141 du 1^{er} mars 2023 pour accélérer l'accès équitable aux soins de santé et augmenter le nombre d'inscriptions à l'assurance maladie universelle (CMU) tout en réduisant le délai de carence pour bénéficier de la CMU. Ce décret réduit la durée du délai de carence de trois (3) à un (01) mois, aussi bien pour l'ouverture que le rétablissement du droit aux prestations de soins de santé pour tous les assurés, sans distinction de nationalité. Aussi, le décret précise-t-il que le rétablissement du droit aux prestations de soins de santé, après suspension pour cessation de paiement de la cotisation, n'est acquis qu'après paiement de toutes les cotisations dues et l'observation d'un nouveau délai de carence d'un (01) mois à compter de la date de paiement des cotisations.

c) **Pilier 3 « Promouvoir l'utilisation durable des ressources naturelles »**

21. Le Gouvernement continue de promouvoir les investissements dans la résilience au changement climatique par une intégration des bonnes pratiques agricoles, sociales et environnementales et de répondre aux défis des nouveaux enjeux environnementaux au centre des politiques internationales de protection de l'environnement.

22. Dans son effort de promotion d'une production du cacao respectueuse des règles de durabilité, le Gouvernement a rendu d'application obligatoire l'agroforesterie dans les exploitations agricoles de café et de cacao. Tous les acteurs de cette filière sont invités à soutenir les agriculteurs dans la mise en œuvre de cette mesure qui touchera à terme plus

de 3 millions d'ha dans le domaine rural. Le Gouvernement a adopté le décret 2023-723 du 13 septembre 2023 instituant un Système National de Traçabilité du Café-Cacao. Ce dispositif s'inscrit dans le cadre du programme d'amélioration du mécanisme de gestion des flux physiques et financiers des produits café et cacao initié par le Conseil du Café-Cacao. Le Système National de Traçabilité du Café-Cacao est conçu autour d'un système informatique d'enregistrement des opérations commerciales et d'un système d'étiquetage des sacs pour l'identification du producteur et de la zone de provenance des produits, de façon à reconstituer le parcours des produits café et cacao, depuis leur zone de production jusqu'au client final. Plus précisément, ce dispositif permettra de déterminer l'origine des produits café et cacao à chaque niveau du circuit de commercialisation, de faire respecter le prix minimum garanti d'achat bord champ aux producteurs, de sécuriser les transactions financières dans la filière café-cacao et de préserver la qualité des produits en favorisant le respect des standards minimaux de durabilité. Elle satisfait notamment aux exigences de la professionnalisation des producteurs, de l'amélioration de leurs revenus, ainsi qu'aux exigences de la qualité du cacao, de l'éradication du travail des enfants et de la protection de l'environnement.

23. En ce qui concerne le renforcement du cadre réglementaire environnemental, le Gouvernement a adopté le projet de loi portant code de l'environnement. Ce projet de loi répond aux nouveaux enjeux écologiques au centre des politiques internationales de protection de l'environnement, notamment la lutte contre les changements climatiques, la protection de la diversité biologique, la promotion de l'économie verte, la gestion des déchets d'équipements électroniques et électroniques, la réglementation des polluants organiques persistants, la limitation des émissions des gaz à effet de serre et la lutte contre l'érosion côtière. Ce nouveau dispositif introduit des principes nouveaux et intègre des mécanismes innovants, en termes de conservation et d'utilisation rationnelle de la biodiversité biologique et des ressources génétiques, de gestion efficiente des déchets, d'évaluation des projets de développement à fort impact environnemental, de réduction des risques et de gestion des catastrophes naturelles et d'éducation environnementale, en vue de développer à la fois la conscience écologique des pouvoirs publics et des populations.

24. Ainsi, conformément à la Politique de Préservation, de Réhabilitation et d'Extension des Forêts adoptée par l'Etat de Côte d'Ivoire en 2018, le Gouvernement a adopté trois (3) décrets : (i) le décret 2023-728 du 13 septembre 2023 portant création de l'Agro-forêt de Sico (89 650 hectares) dans les régions du Cavally et du Guémon, (ii) le décret 2023-729 du 13 septembre 2023 portant création de l'Agro-forêt de la Haute-Dodo (174 415 hectares) dans la région de San Pedro, et (iii) le décret 2023-730 du 13 septembre 2023 portant création de l'Agro-forêt des Rapides-Grah (273 804 hectares) dans les régions de San Pedro et de la Nawa. Ces décrets érigent en Agro-forêt, la forêt classée de Sico, la forêt classée de la Haute-Dodo et la forêt classée des Rapides-Grah, dans les localités sus indiquées. Ce statut permettra à ces massifs forestiers dont le taux de dégradation oscille entre 80 % et 95 % de se régénérer et de réhabiliter le couvert forestier dans leur périmètre de localisation, tout en maintenant la production agricole par la pratique de l'agroforesterie.

25. Par ailleurs, le Gouvernement a adopté deux (02) décrets. Le décret n°2023-734 du 13 septembre 2023 détermine les modalités de mise en œuvre des instruments de protection définis à l'article 6 de la loi 2017-378 du 2 juin 2017 relative à l'aménagement, à la protection et à la gestion intégrée du littoral et le décret n°2023-733 du 13 septembre 2023 portant approbation du Plan d'Aménagement et de Gestion Intégrée du Littoral, PAGIL. Le Gouvernement entend améliorer la résilience au changement climatique et la gestion des risques. Il vient renforcer les instruments juridiques, de planification et de réglementation pour protéger les zones côtières de la dégradation de l'environnement.



II — Dispositif de coordination, de suivi de la mise en œuvre des politiques de réformes

26. Le présent programme sera exécuté sous l'autorité du Ministère des Finances et du Budget, à travers la Cellule de Coordination et de Suivi du Portefeuille et des projets financés par la Banque mondiale, en collaboration étroite avec les Ministères sectoriels et autres structures concernées par les domaines de concentration du programme. La Banque Mondiale effectuera également au besoin des revues du programme. Il sera maintenu un dialogue régulier avec la Banque Mondiale dans le cadre du suivi de la mise en œuvre de l'opération. Le Gouvernement s'engage à prendre toutes les dispositions nécessaires pour mettre en œuvre l'opération et réitère sa demande auprès de la Banque Mondiale pour la mise en place du financement sollicité.
27. Le Gouvernement réitère ses remerciements pour les efforts consentis par la Banque Mondiale dans la définition de la stratégie de développement de la Côte d'Ivoire et continuera d'œuvrer au renforcement de ce partenariat par la mise en œuvre et le suivi du programme. Au regard de ce qui précède, le Gouvernement s'engage à respecter le contenu des mesures prises dans le cadre de ce programme avec la Banque. La Côte d'Ivoire entend à travers ces orientations et engagements susmentionnés renforcer la coopération financière avec la Banque mondiale et l'ensemble des autres Partenaires Techniques et Financiers (PTF) afin de bénéficier du Crédit d'Appui Budgétaire d'Urgence au titre de l'année 2023, d'un montant équivalant à trois cents (300) millions de dollars US.

Je vous prie d'agréer, **Monsieur le Président**, l'assurance de ma considération distinguée.



Adama Coulibaly
Adama COULIBALY

Informal English translation

Non-official translation

N° _____/MFB/CAB/COORD-AB/Ang

A

Mr. Ajay BANGA
President
of the World Bank
WASHINGTON, DC

Subject: Letter of Development Policy

Mr. President,

1. This Letter of Development Policy (LDP) reflects the Côte d'Ivoire government's commitment to strengthening the implementation of the economic and social reforms undertaken in recent years, and those it plans to implement to consolidate economic growth and reinforce progress, supported by the World Bank under its Budget Support Program (DPO). The Program focuses on investment as a lever for growth and resilience, including (i) strengthening competition in key sectors and mobilizing domestic revenues, (ii) expanding equitable access to health and education services, and promoting the sustainable use of natural resources against a backdrop of climate change-related challenges. Indeed, the 2023 DPO takes place in a domestic and international economic and social context marked by (i) inflationary pressures and the deterioration in terms of trade linked to the Russia's invasion of Ukraine, (ii) a deterioration in the political and security climate in the sub-region, with major implications for economic growth and poverty, (iii) the tightening of government financing conditions, which is weakening the most exposed countries and raising fears of a debt crisis. This development policy letter therefore outlines all the public and sectoral policies implemented by the government to respond to these crises and reduce poverty on a livable planet.

I. Political and economic context

A. Macro-economic framework

2. Since 2012, Côte d'Ivoire has posted solid economic performances, enabling it to consolidate the resilience of its economy. Economic activity is benefiting from the continued implementation of the investments and reforms set out in the National Development Plan (NDP) 2021-2025, and the stability of the macroeconomic framework despite the slowdown in international economic activity, which is suffering from the continuing Russia's invasion of Ukraine and the development risks and opportunities associated with climate change. Indeed, recent global crises have highlighted the need to tackle structural bottlenecks to enable efficient allocation of resources and support productive, inclusive growth. The sustainability of Ivorian growth will depend on the proper management of its natural capital stock and the impacts of climate change. With this in mind, the Government has made ambitious commitments to climate action in its latest Nationally Determined Contribution (NDC), revised in 2022. By 2030, Côte d'Ivoire aims to reduce vulnerability and increase climate resilience in priority sectors of the economy.
3. Economic activity in 2022 evolved in a socio-economic environment marked by the containment of the Covid-19 pandemic and the maintenance of socio-political and security stability. The pursuit of the reforms needed to support the economy effectively, and the continuity of a proactive policy of investment in growth-generating sectors, facilitated the economic rebound. Against this international backdrop of rising prices for energy, petroleum products, fertilizers and certain food products, the Government has introduced a series of temporary measures to contain the repercussions of the Russia's invasion of Ukraine and preserve food security. These included exemptions from certain taxes, price caps on



consumer goods and price controls. As a result, economic growth has been set at 6.7% in 2022, compared with 7.4% in 2021.

4. Over the 2023-2028 period, economic activity would benefit from a stable socio-political and security environment, continued implementation of the 2021-2025 NDP, and the implementation of major structural reforms and appropriate economic policies. Accordingly, growth rates of 7.0% and 6.7% are forecast for 2023 and 2024-2028 respectively.
5. In addition, growth should remain strong in the medium term (2023-25), in line with the major infrastructure projects included in the Government's program, including the organization of a number of major events such as the African Cup of Nations (CAN) in 2024. The primary sector would also be strengthened by the development of certain agricultural speculations, including cashew nuts. Inflation is expected to remain above the EU threshold of 3%, with an average rate of 4.1% over the period. On the demand side, final consumption (+4.3%, on average) and investment (+11.8%, on average) would contribute to growth over the 2023-25 period.
6. The strong demand for investment from the private sector and public investment were underpinned by the continued execution of major infrastructure projects, notably (i) the completion of the Yamoussoukro-Bouaké section of the northern freeway, (ii) the preservation and development of Cocody Bay and the Ebrié Lagoon, (iii) the development of the Y4 freeway bypassing the city of Abidjan, (iv) the construction of the bridge linking the communes of Cocody and Plateau, (v) construction of roads and interchanges as part of the Abidjan urban transport project, in particular the 4th Abidjan bridge linking the communes of Yopougon and Plateau, (vi) construction of Tower F in the Plateau administrative district, (vii) construction of the Gribo Popoli dam, (viii) rehabilitation of the coastline between Abidjan and San Pedro, (ix) construction and rehabilitation of stadiums to host the African Football Cup in January 2024, and (x) development and asphaltting of several roads inland. As a result, the overall investment rate has risen to 26.4% of GDP, compared with 24.0% in 2021. The public investment rate reached 9.7% in 2022, after 8.5% in 2021.
7. The Ivorian government has effectively begun implementing its 2023 roadmap, based on the NDP 2021-2025, comprising 833 major projects valued at 4,816 billion FCFA and 296 reforms worth 130 billion FCFA. These government actions are expected to include, among others, the completion of the Tiébissou-Bouaké section of the Autoroute du Nord, the commissioning of the 5th Abidjan Bridge, the launch of the operational phase of Metro line 1, the Y4 ring road and the completion of all infrastructure planned for the African Cup of Nations (CAN). Furthermore, in the second quarter of 2023, the Ivorian economy recorded a gain in competitiveness compared with the previous quarter, with the Real Effective Exchange Rate (REER) depreciating by 4.86% in relation to a 7.10% rise in the price ratio between Côte d'Ivoire and its partners, and an 11.17% fall in the Nominal Effective Exchange Rate (NEER).
8. The Ivorian government's vision is to make the country one of the top 5 destinations in Africa, through the implementation of the ambitious "Sublime Côte d'Ivoire" program. The strategy for developing tourism in Côte d'Ivoire is based on three goals: creating a pool of jobs, developing an engine for GDP growth (increasing tax revenues) and developing the region outside Abidjan by rehabilitating the Abidjan-San Pedro coastline. *Ultimately, the aim* is to make Côte d'Ivoire a hub for entertainment, leisure and Google searchable relaxation, enabling the tourism sector to contribute 8 to 10% of GDP by 2025.
9. National economic activity remains dynamic despite an international environment characterized by persistently high inflation and tighter financial conditions. It is benefiting from the continued implementation of the 2021-2025 NDP, marked by the effective launch of the 2023 roadmap comprising 833 major projects and 296 reforms. In addition, the various government measures taken to limit soaring consumer prices have led to a deceleration in product prices, particularly food prices. Economic activity continues to benefit from sustained bank financing, despite the continued restrictive stance of monetary policy to curb inflationary pressures. It is driven by the good performance of the secondary and tertiary sectors. In the primary sector, industrial and export agriculture showed a mixed trend, with a downturn in cocoa bean, cottonseed and coffee production. For 2023, Côte d'Ivoire's real GDP should reach +7.0%, thanks to strong investment, final consumption and sustained external demand.

10. The digitization of the economy, in particular that of the Public Administration, is also a major point of this Plan, in order to reinforce its efficiency in the execution of programs and projects throughout the national territory, so that the national wealth equitably benefits all of our country's populations. For this reason, the introduction of a new Government Social Program (PS Gov) in line with the NDP 2021-2025, will consolidate the foundations of the initial social program, while focusing on areas of fragility.

B. Public finance policy and debt strategy

11. The reforms undertaken, particularly in the areas of public finance management and improving the business climate, will be pursued to ensure that the economic and social momentum generated has an even greater impact on the daily lives of Ivorians. The government will continue to work towards strengthening the fight against corruption and consolidating good governance.
12. Côte d'Ivoire remains exposed to a moderate risk of debt distress, but is vulnerable to external shocks, particularly on exports, and has limited fiscal space to deal with them. The Medium-Term Debt Management Strategy (SDMT), which is appended to the Finance Act at the beginning of the year and implemented by the government, is systematically updated each year.

The SDMT takes into account the evolution of the macroeconomic and budgetary framework, which reflects the NDP, through the implementation of the Government's priority actions defined each year.

The objectives of the SDMT 2022-2026 can be summarized as follows:

- meet the State's financing needs and payment obligations at the lowest possible cost;
- ensure that risks related to the public debt portfolio remain within acceptable limits;
- contribute to the development of the domestic market.

The government intends to give priority to financing that helps reduce the risk of refinancing domestic debt, interest rate risk and exchange rate risk. More specifically, financing needs should be covered on average by a 45-55 ratio of external and domestic financing instruments over the 2022-2026 period. External resources would be made up of financing for concessional, semi-concessional and commercial loans, projects or programs, and financing on international markets for 18%, 44%, 10% and 28% respectively over the 2022-2026 period. Domestic resources would be mobilized through short-, medium- and long-term borrowing, at 10%, 55% and 35% respectively over the same period. This strategy favors domestic debt over foreign debt, with a preponderance of euro-denominated, fixed-rate financing.

C. Assessment and outlook for reforms undertaken in the context of budget support

13. The reforms included in this program, for which the Government is seeking World Bank support for 2023, focus on: investment as a lever for growth and resilience, notably (i) strengthening competition in key sectors and mobilizing domestic revenues (ii) expanding equitable access to health and education services, and (iii) promoting the sustainable use of natural resources against a backdrop of challenges linked to climate change. These challenges have become even more pressing in the current context, marked by regional and international uncertainties since the COVID-19 crisis, as well as the inflationary effects of the crisis in Ukraine, in order to support a recovery that aims to be resilient and inclusive.

a) Strengthening competition in key sectors and revenue mobilization" pillar

14. The telecommunications sector has undergone many changes, the implications of which are felt at regulatory, economic and social levels, making this sector a real driver of economic development for countries throughout the world. Like many other developing countries, Côte d'Ivoire is no exception to this global dynamic. This is why the State of Côte d'Ivoire has resolutely embarked on the process of transforming this sector, which is vital to the national economy, by initiating reforms in the telecoms sector in the 90s as part of the Economic Stabilization and Recovery Program, which led to the adoption of Law no. 95-526 of July 7, 1995 on the Telecommunications Code. This code led to the partial liberalization of the sector, the privatization of the incumbent operator, the introduction of a new legal framework enabling mobile operators to enter the market, and a new institutional framework to control this new competitive



environment, with the creation of the Agence des Télécommunications de Côte d'Ivoire (ATCI) and the Conseil des Télécommunications de Côte d'Ivoire (CTCI). With the convergence of technologies and the sophistication of services, the notion of Telecommunications has evolved in favor of Telecommunications and Information and Communication Technologies (Telecommunications/ICT).

The Ivorian government, aware of these challenges, adopted various strategies in 2021 including, the national digital development strategy 2021-2025, the national innovation strategy 2021-2025 and the national cybersecurity strategy 2021-2025. Despite the sector's remarkable progress and dynamism, difficulties persist, stemming in particular from the insufficient clarity and coherence of texts and the limits to the operationalization of Ordinance No. 2012-293 and subsequent texts, thus revealing contradictions, imprecisions and overlapping missions between institutions and between governance bodies. So, to support the harmonious development of the sector and grasp the new issues and challenges linked to the evolution of the electronic communications sector, and make the digital economy an engine of growth for Côte d'Ivoire, the Government has adopted the bill to govern electronic communications for transmission to Parliament. Its objectives are to:

- define a modern legal regime for activities in the electronic communications sector;
- ensure effective protection of reception and electronic communications infrastructure networks, given their strategic importance for the State and the population as a whole;
- to promote free and effective competition in the establishment and operation of electronic communications networks and the provision of electronic communications services in the interests of users;
- define rules to ensure effective user protection ;
- promote access to electronic communications services for as many people as possible and digital development of the territory;
- promote the country's socio-economic development through the development of the electronic communications sector.

15. This bill, which is part of a wide-ranging reform of the regulations applicable to the electronic communications sector, incorporates the sector's fundamental principles, thereby consolidating our country's position among the advanced states of the sub-region in the electronic communications sector: freedom to exercise electronic communications activities, public service and independence of the Regulatory Authority. The adopted bill will be forwarded to Parliament.
16. In order to increase the competitiveness of the transport sector, particularly in the freight market, the Government has issued decree no. 2022-743 of September 28, 2022 determining the conditions of access to the freight exchange. The Government adopted Ordinance 2023-718 of September 13, 2023 amending Article 10 of Law 2014-812 of December 16, 2014 on the orientation of domestic transport, as amended by Ordinances 2018-09 of January 10, 2018 and 2019-99 of January 30, 2019. The Government has also adopted the draft of the related ratification law. This ordinance introduces substantive changes to the operating mechanism of the Autorité de Régulation du Transport Intérieur (ARTI). It clarifies the missions and strengthens the powers of this Independent Administrative Authority, with more extensive regulatory and jurisdictional powers, so as to enable ARTI, which is responsible for regulating activities in the road transport sector, to adapt easily to the rapid evolution of the sector and effectively carry out its missions. The draft ordinance will be submitted to Parliament.
17. In terms of strengthening public investment, the Government intends to create the fiscal space needed to reinforce economic and social resilience through a sound and stable macroeconomic framework. This includes, among other things, controlling the budget deficit and indebtedness, as well as strengthening the reform of the public finance management system to ensure adequate deployment of the infrastructure and public services required for the inclusion policy. However, the mobilization of public revenues remains a major challenge, weighing on public debt servicing. In particular, the Government intends to work towards the following priority objectives: (i) increase non-tax revenues by



simplifying and making their collection more transparent (ii) develop digital solutions to facilitate tax payments and (iii) improve income tax collection.

18. As part of strengthening the optimal mobilization of domestic resources, the Government is continuing its efforts to improve tax compliance and broaden the tax base in the medium term, in parallel with ongoing tax administration reforms. To this end, has implemented a coherent medium-term revenue mobilization strategy following the expiry of the 2020-2023 tax exemption rationalization plan adopted in 2019. To this end, the Government has adopted Ordinance 2023-719 of September 13, 2023 on the reform of taxes on salaries, wages, pensions and life annuities payable by employees, together with a communication and a draft ratification law relating thereto. This reform is part of the overall implementation of the Government's social policy. The aim is to modernize and simplify the current tax system, which has been in place since the early years of the 3 independence movements, with the introduction of a more homogeneous system that is better adapted to low incomes. The new system is essentially based on the merger of the three schedular taxes, namely the Impôts sur les Salaires (IS), the contribution nationale pour le développement économique, culturel et social de la Nation (CN) and the impôt général sur le revenu assis sur les salaires (IGR/Salaires), into a single levy. Other innovations include the adoption of progressive taxation by salary bracket, replacing the current mixed taxation system; and the introduction of a tax reduction mechanism for family expenses to replace the family quotient, taking into account the employee's marital status and the number of dependent children. Another innovation is the creation of a zero rate tax bracket for monthly salaries below 75,000 CFA francs. As a result, over 90% of employees will see an increase in their wages and salaries. In addition, the tax-free fraction of retirement pensions and life annuities has been raised from 300,000 to 320,000 francs, and the tax on pensions for people over 70 has been reduced, with a view to easing the burden on retired employees.

b) Pillar 2 "Expanding equitable access to health and education services".

19. In light of its commitment as expressed in the National Development Plan 2021-2025 and Vision Côte d'Ivoire 2030, the Government is resolutely committed to strengthening human capital in order to ensure adequate employment for private sector development and accelerate sustainable, inclusive growth, notably through increased labor productivity. Despite investment efforts over the past decade, the country's level of human capital has remained low, with the World Bank's Human Capital Development Index stagnating at 0.38, far behind its peers in sub-Saharan Africa and the lower-middle income group of countries due to disparities in access to education and healthcare. Greater efficiency in investment in education and healthcare is therefore essential. Drawing lessons from these weaknesses, the government has decided to radically reorganize the regulatory frameworks in the education, technical and vocational education, and employment and solidarity sectors.

20. In the education sector, the Government is resolutely committed to improving the quality and inclusion of basic education. To this end, the Government has issued a series of three (3) ministerial decrees, respectively: (i) decree 287/MENA/CAB of September 13, 2023 on the creation and composition of school and teacher evaluation bodies, (ii) decree 288/MENA/CAB of September 13, 2023 on the evaluation of teaching staff and (iii) decree 289/MENA/CAB of September 13, 2023 on the evaluation of public and private schools under the authority of the Ministry of National Education and Literacy.

21. In the field of technical and vocational education and training, the Government has adopted three (3) texts to improve the quality of technical and vocational education and training systems. To enhance the credibility of examinations and competitive examinations in this area of education and training, these texts define the organizational procedures and criteria for competitive pedagogical assessment in technical and vocational education and training. They are: (i) interministerial decree N° 1622/METFPA/MFP of September 08, 2023 on the organization and deliberation of competitive examinations for access to certain technical education and vocational training positions, and (ii) decree N° 1623/METFPA/CAB of September 08, 2023 on the organization and deliberation of school examinations for vocational training, and decree N° 1624/METFPA/CAB of September 08, 2023 on the organization and deliberation of school competitive examinations for access to public technical education and vocational training establishments.



22. The reform of medical coverage is a major reform on which the Government is pursuing reforms relating to access to healthcare for the poorest. Thus, in addition to Decree 2022-753 of September 28, 2022 on the implementation of compulsory enrolment in universal health coverage (CMU), the Government adopted Decree 2013-141 of March 1^{er} 2023 to accelerate equitable access to healthcare and increase the number of enrolments in universal health insurance (CMU), while reducing the waiting period to benefit from CMU. This decree reduces the waiting period from three (3) to one (01) month, for both the opening and re-establishment of entitlement to healthcare benefits for all insured persons, regardless of nationality. The decree also specifies that entitlement to health care benefits, after suspension for non-payment of contributions, is acquired only after payment of all contributions due and observance of a new waiting period of one (01) month from the date of payment of contributions.

c) Pillar 3 "Promoting the sustainable use of natural resources

23. The government continues to promote investment in climate change resilience through the integration of good agricultural, social and environmental practices, and to respond to the challenges of new environmental issues at the heart of international environmental protection policies.

24. In an effort to promote sustainable cocoa production, the government has made agroforestry compulsory on coffee and cocoa farms. All players in this sector are invited to support farmers in implementing this measure, which will eventually affect more than 3 million hectares of rural land. The Government has adopted Decree 2023-723 of September 13, 2023, instituting a National Coffee-Cocoa Traceability System. This system is part of the program to improve the management of physical and financial flows of coffee and cocoa products initiated by the Conseil du Café-Cacao. The National Coffee-Cocoa Traceability System is designed around a computerized system for recording commercial operations and a bag-labeling system for identifying the producer and the area of origin of the products, so as to reconstruct the journey of coffee and cocoa products from their production area to the end customer. More specifically, this system will make it possible to determine the origin of coffee and cocoa products at each level of the marketing circuit, to ensure compliance with the guaranteed minimum purchase price for producers, to secure financial transactions in the coffee and cocoa sector, and to preserve product quality by promoting compliance with minimum sustainability standards. In particular, it meets the requirements of professionalizing producers, improving their incomes, as well as the requirements of cocoa quality eradicating child labor and protecting the environment.

25. With regard to the strengthening of the environmental regulatory framework, the Government has adopted the Environment Code bill. This bill responds to the new ecological challenges at the heart of international environmental protection policies, notably the fight against climate change, the protection of biological diversity, the promotion of the green economy, the management of waste electrical and electronic equipment, the regulation of persistent organic pollutants, the limitation of greenhouse gas emissions and the fight against coastal erosion. The new scheme introduces new principles and innovative mechanisms for the conservation and rational use of biological biodiversity and genetic resources, efficient waste management, assessment of development projects with a high environmental impact, risk reduction and management of natural disasters, and environmental education, with a view to raising the ecological awareness of both public authorities and the general public.

26. Thus, in accordance with the Politique de Préservation, de Réhabilitation et d'Extension des Forêts adopted by the State of Côte d'Ivoire in 2018, the Government has adopted three (3) decrees creating, (i) decree 2023-728 of September 13, 2023 creating the Scio Agro-forest (89,650 hectares) in the Cavally and Guémon regions, (ii) decree 2023-729 of September 13, 2023 creating the Haute-Dodo Agro-forest (174,415 hectares) in the San Pedro region, and (iii) decree 2023-730 of September 13, 2023 creating the Rapides-Grah Agro-forest (273,804 hectares) in the San Pedro and Nawa regions. These decrees establish as Agro-forests the classified forest of Scio, the classified forest of Haute-Dodo and the classified forest of Rapides-Grah, in the above-mentioned localities. This status will enable these forest massifs, whose rate of degradation varies between 90% and 95%, to regenerate and rehabilitate the forest cover within their perimeters, while maintaining agricultural production through the practice of agroforestry.



27. In addition, the Government has adopted two (02) decrees. Decree no. 2023-734 of September 13, 2023 determining the modalities for implementing the protection instruments defined in Article 6 of Law 2017-378 of June 2, 2017 relating to the development, protection and integrated management of the coastline, and Decree no. 2023-733 of September 13, 2023 approving the Plan d'Aménagement et de Gestion Intégrée du Littoral, PAGIL. The government intends to improve climate change resilience and risk management. It strengthens legal, planning and regulatory instruments to protect coastal zones from environmental degradation.

28. II - Mechanism for coordinating and monitoring the implementation of reform policies

This program will be implemented under the authority of the Ministry of Economy and Finance, through the Cellule de Coordination et de Suivi du Portefeuille et des projets financés par la Banque mondiale, in close collaboration with sector ministries and other structures concerned by the program's areas of concentration. Regular dialogue will be maintained with the World Bank to monitor the implementation of the operation. The Government undertakes to take all necessary steps to implement the operation, and reiterates its request to the World Bank for the requested financing.

The Government reiterates its thanks to the World Bank for its support in defining Côte d'Ivoire's development strategy, and will continue to work to strengthen this partnership by implementing and monitoring the program. Program monitoring and evaluation will be the responsibility of the Comité Interministériel du Suivi du Programme Économique et Financier, chaired by the Prime Minister. In view of the above, the Government undertakes to respect the content of the measures taken within the framework of this program with the Bank. Through the above-mentioned guidelines and commitments, Côte d'Ivoire intends to strengthen financial cooperation with the World Bank and all other Technical and Financial Partners (TFPs) in order to benefit from the Emergency Budget Support Credit for the year 2023, in an amount equivalent to six hundred (600) million US dollars.

Yours sincerely

ANNEX 4: ENVIROMENTAL AND POVERTY SOCIAL IMPACT ANALYSIS

Prior Actions	Significant positive or negative environment effects	Significant poverty, social or distributional effects positive or negative
Operation Pillar 1: Strengthen competition in key enabling sectors and domestic revenue mobilization		
Prior action #1	Potential negative impact	Positive
Prior action #2	No impact	Positive
Prior action #3	No impact	No/Positive
Operation Pillar 2: Expand access to health and education services		
Prior action #4	No impact	Positive
Prior action #5	No impact	Positive
Prior action #6	Potential negative impact	Positive
Operation Pillar 3: Promote the sustainable use of natural resources		
Prior action #7	Positive risks	No direct impact/Negative risks
Prior action #8	Positive risks	No direct impact/Negative risks
Prior action #9	Positive risks	Positive/Negative risks

Pillar 1: Enhance competition in key growth sectors and domestic revenue mobilization.

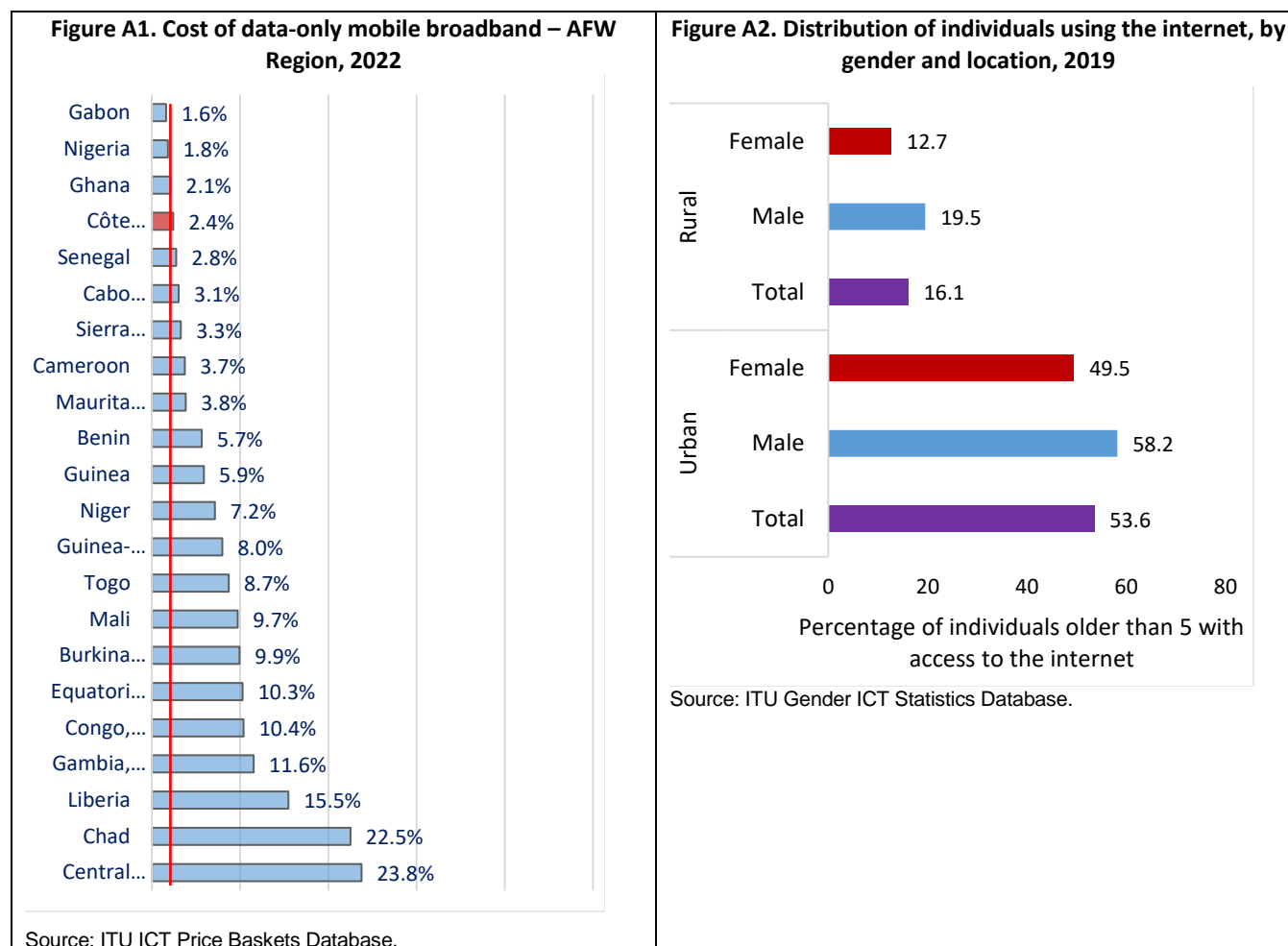
1. **The adoption of a new electronic communications bill promoted by PA#1 is expected to strengthen competition in the sector, contributing to increase access and affordability of mobile telecommunication services, and potentially translating into market opportunities and increased access to financial services.** The new code will revise the main legislation concerning the telecommunications sector in the country, Ordinance 2012-293 (in place since March 2012), and the decrees established since. It is intended to reinforce competition in the industry and to adjust the country's legal framework according to the needs of the fast-changing modern digital communications' sector. Despite the country's legislation being considered broadly aligned with international standards, adjustments to improve competition are welcomed, particularly in the fixed broadband sector³⁴. These changes are expected to support the connectivity development in the country (currently, ranked at place 129th worldwide in terms of connectivity³⁵), that still has several venues of development.

2. **Although the prices of information and communication technology (ICT) services in Côte d'Ivoire are relatively lower than those of regional peers, users of mobile telecommunication services in the country still face higher prices than the global average and affordability needs to increase to meet international targets.** When compared to AFW countries, Côte d'Ivoire performs relatively well in terms of digital communications affordability as it is the fourth cheapest market in the AFW

³⁴ The mobile telecommunications sector in the country is mostly reliant on three main companies, Orange Côte d'Ivoire with around 40 percent market share, MTN Côte d'Ivoire with around 35 percent market and Moov Côte d'Ivoire with around 25 percent market share, while the fixed broadband sector is dominated by Orange with around 98 percent market share (World Bank 2022. Côte d'Ivoire Economic Update 2022).

³⁵ GSMA Mobile Connectivity Index 2021. The index measures, annually, the performance of countries in four dimensions of mobile internet adoption: infrastructure, affordability, consumer readiness, and content and services.

region. However, there are substantial challenges from a global perspective, as the country ranked 117th out of 189 countries in terms of the relative price of data-only mobile basket. In 2021, the price of these services were equivalent to 2.58 percent of the GNI per capita (2.42 percent of GNI p.c. in 2022), above the world's average of 1.25 percent and the international affordability target of 2 percent,³⁶ suggesting that the country needs to decrease relative prices still has space to make the access to ICT affordable for all.



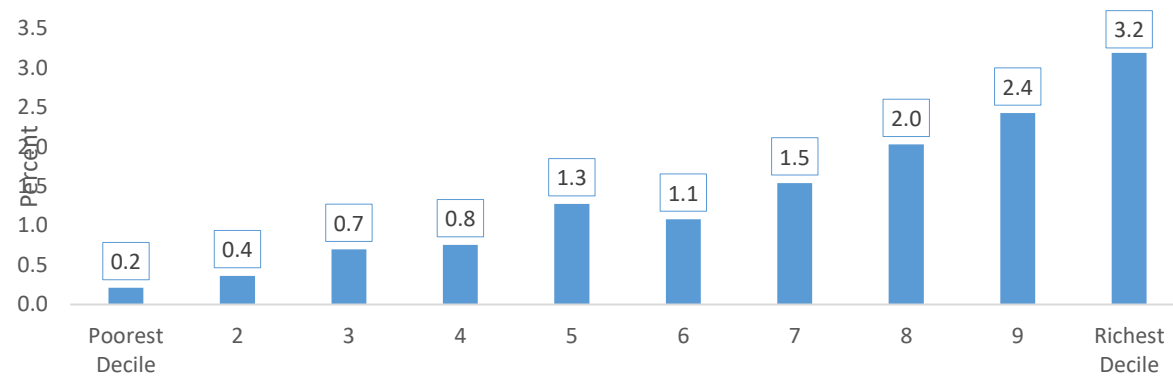
3. The promotion of competition in the mobile communication market is expected to foster a reduction in the prices of mobile services and to increase household's relative welfare by 1.9 percent. A microsimulation³⁷ model suggests that, if the retail price of 2 GB mobile internet subscription decreased from 2.58 percent of GNI per capita in 2021 to 2 percent (equivalent to a 22.48 percent price reduction and aligned to the 2025 target of this DPF), relative welfare (measured using expenditure per capita) would increase by 1.9 percent. This increase in relative welfare is equivalent to a poverty reduction of 0.45 percentage points, which corresponds to lifting approximately 110 thousand individuals out of poverty.³⁸ This

³⁶ This target was set by the ITU/UNESCO Broadband Commission for Sustainable Development in 2018, to make entry-level broadband services affordable in developing countries by 2025.
³⁷ The simulation utilized a price elasticity of demand (PED) of -1.5 for mobile data (Waverman, L., Meschi, M., & Fuss, M. 2005. "The impact of telecoms on economic growth in developing countries." The Vodafone Policy Paper Series 2(March): 10–23).
³⁸ The analysis relies on a simulation implemented relying on the WELCOM tool developed by the World Bank and uses the consumption aggregate from the EHCVM 2018/19 (most recent national household expenditure survey), also estimates that the drop in prices would promote the access to digital communications to people who were previously priced out of the market.

simulation also suggests that the price reduction would attract up to 791,503 new users to the market of mobile communications services.

4. Increased access to mobile internet could contribute to improve labor market opportunities and access to digital financial services and mobile money. Studies have showed that the improved access and affordability of ICT services in Africa lead to higher employment rates in the region, as well as to higher employment rates in skilled sectors.³⁹ The empirical evidence also suggests that the expansion of mobile internet in developing countries leads to increased labor market participation and employment rates, especially for women.⁴⁰ This is extremely relevant for Côte d'Ivoire, where there is still a huge gap in labor market participation across genders.⁴¹ In addition, the increased connectivity could generate positive welfare effects through the higher access to mobile money accounts, particularly for rural areas. For example, a recent study in Kenya shows that the use of mobile money can strengthen household resilience to shocks by enabling informal risk-sharing mechanisms.⁴² In addition, evidence from Côte d'Ivoire and Tanzania suggests that using mobile money to receive payments decrease transactions costs faced by agricultural households leading to a higher probability to participate in distant markets.⁴³

Figure A3. Expected relative welfare gains.



Source: World Bank Staff Calculations, based on EHCVM 2018/19.

5. Increasing competition in the transport sector per PA#2 is expected to have positive impacts on poverty under the assumption that the increase in competition translates into lower transport costs and induces a reduction in consumer prices. The freight transport sector is characterized by high levels of market concentration, mainly informal and small-scale firms, and a low level of professionalization, leading to higher transaction costs (World Bank, 2021). Indeed, in the Abidjan-Ougadougou corridor the financial cost of a high-value appliance in a 40-ft container is US\$298.70 per ton (2013 US\$). Nevertheless, if hidden costs are included, the total cost reaches US\$369 per ton, representing 19 percent of the total cost (Nathan Associates Inc., 2013).

6. Increased competition in freight transportation has the potential to foster lower total transportation costs through a lower probability of collusion and shrinking profit margins of intermediaries and trucking operators. In a context where 99 percent of internal freight movements are carried out by road, competition is important to avoid artificial price increases. The higher transportation costs in the corridor compared to other regions are explained by informal costs in road transport, shipping, and customs clearance (World Bank, 2021; Bove et al., 2018). The transport price paid to intermediaries includes not only operational costs, but also high margins for trucking firms and intermediates (Bove et al., 2018). Depending on the

³⁹ Hjort, J., & Poulsen, J. (2019). The arrival of fast internet and employment in Africa. *American Economic Review*, 109(3), 1032-79.

⁴⁰ Chiplunkar, G., & Goldberg, P. K. (2022). *The Employment Effects of Mobile Internet in Developing Countries* (No. w30741). National Bureau of Economic Research.

⁴¹ According to the World Bank's Côte d'Ivoire Gender Brief, in 2021, labor participation rate was 64.9 percent among men and only 45.9 percent among women.

⁴² Yao, B., Shanoyan, A., Schwab, B., & Amanor-Boadu, V. (2023). The role of mobile money in household resilience: Evidence from Kenya. *World Development*, 165(C).

⁴³ Yao, B. H., Shanoyan, A., Schwab, B., & Amanor-Boadu, V. (2022). Mobile money, transaction costs, and market participation: evidence from Côte d'Ivoire and Tanzania. *Food Policy*, 112, 102370.

transport corridor, the trucking sector’s profit margins range between 60 and 160 percent (World Bank, 2009). In 2016, lack of competition in the Abidjan-Ouagadougou corridor accounted for 36 percent of the total transport cost or US\$62.6 cents/Truck per km. It is estimated that a 20-percent reduction of intermediaries and trucking operator margins would reduce the total cost by US\$12.55 cents in Côte d’Ivoire. Estimates suggest that reforms fostering competition and professionalization of trucking operators would imply annual benefits of around US\$23.4 million in 2021-2024. If in addition, the roadblocks disruption and total costs would be reduced by 20 and 8.3 percent respectively (World Bank, 2016).

7. Increased competition in the transport sector can help to improve connectivity, which is positively correlated with welfare. The empirical evidence suggests that market accessibility, measured as the share of the population reachable within a time travel range, is positively correlated with nighttime lights (used as a proxy indicator of local economic activity and growth). Evidence from the Lake Chad region shows that market access has a positive impact on cropland expansion and local agricultural economic activity. Furthermore, investment in transport along with border friction reduction (delays) would increase real income by 4.8 percent (World Bank, 2021). Under the assumption that this reform fully materializes, individuals living below the poverty line and in proximity to the corridor would benefit from the proposed reform. Close to 2.0 million poor Ivorians (19 percent of all poor) in the regions crossed by the Abidjan-Ouagadougou corridor.⁴⁴ Per the most recent household survey (EHCVM 2018/19), these six regions concentrate almost 9 million Ivorians, a third of the total population, of whom 22 percent live in poverty compared to 39.4 percent at the national level.

8. Besides the direct impacts of lower transportation costs on household wellbeing, this policy reform could also have indirect positive effects on welfare through their impact in other sectors of the economy. While this PSIA does not estimate the potential indirect impacts of this policy, it would be possible to study the potential impact of an 8-percentage reduction in container transportation costs-per the results indicator-on other sectors through a microsimulation leveraging Côte d’Ivoire’s latest Social Accounting Matrix (SAM) (Bhatt & Munjal, 2013)). For instance, a similar methodological approach was employed in Indonesia, where estimates show that additional road capacity (Cipularang tollroad) would increase regional GDP by 1 percent due to lower freight transportation cost and its benefits on the productive sector (Anas et al., 2016).

Error! Reference source not found. **Figure A4. Poverty Rate by Region**

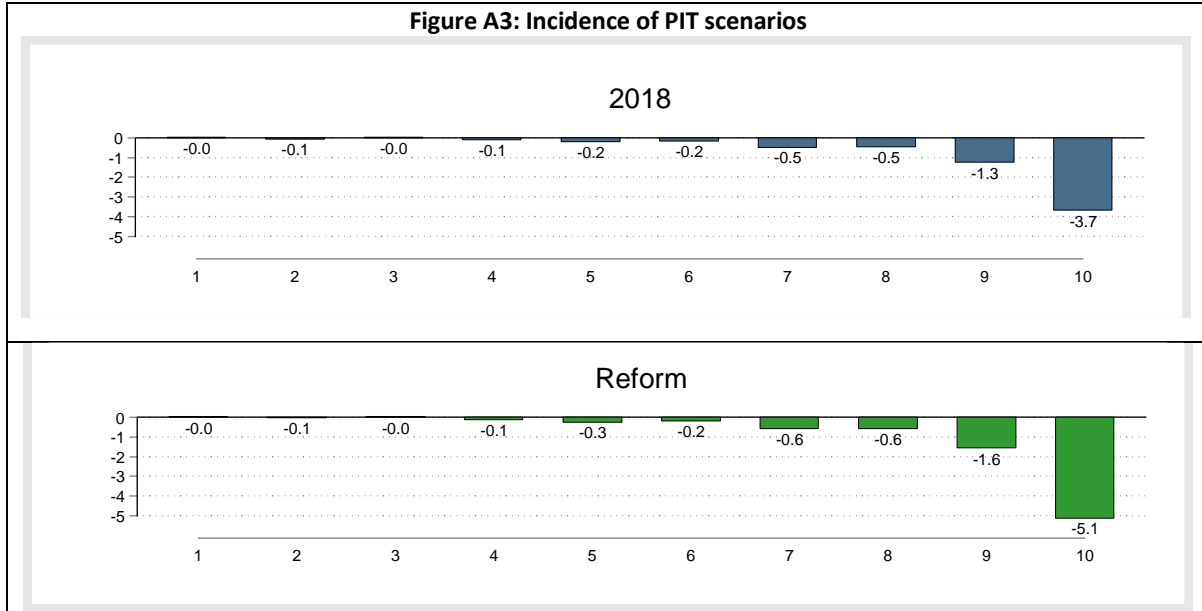


Source: World Bank staff preliminary calculations based on EHCVM 2018/19.

9. The reform promoted by PA#3 simplifies the tax code and enhance the inequality-reducing impact of the current PIT structure, while lessening the impacts of the PIT on poverty. PA#3 aims to simplify the PIT system and modernize the way in which it is calculated. The tax has a structure comprised of 8 income brackets, with a top bracket rate of 37.5 percent, and a minimum threshold of F.CFA 300 000 per year. The reform analyzed proposes to reduce the number of schedules to 6. This PSIA relies on a Commitment to Equity (CEQ) Assessment to analyze the fiscal system in Côte d’Ivoire leveraging household survey data and administrative records on government expenditures and revenues, and to simulate the effects of the reform

⁴⁴ The corridor crosses the Abidjan District, the regions of Agn by-Tiassa, B lier, the Yamoussoukro district, the regions of Gb k , and Tchologo.

on the PIT. Under the reform scenario, the incidence of the PIT among the two highest deciles increases with respect to the 2018 scenario (from 1.3 percent to 1.6 percent in the ninth decile, and from 3.7 percent to 5.1 percent in the top decile). In addition, after the reform the concentration of the tax would increase for the top decile, suggesting that the households in the highest decile would pay a higher share of the total resources mobilized by the PIT due to the reform.



Source: authors' estimates based on EHCVM 2018/19

Notes: incidence is calculated as total PIT per decile, as a percent of total market income + pensions per decile.

Pillar 2: Expand Equitable Access to Health and Education Services

10. The evaluation of educational institutions is an essential aspect of educational policy in developing countries.

Educational institutions in developing countries face numerous challenges, including limited resources, inadequate infrastructure, and a shortage of qualified teachers. Several studies have explored the impact of educational evaluation on the development of educational institutions with a particular focus on developed countries such as the United States. These studies suggest that depending on a variety of factors, evaluations can have positive, negative, and sometimes no effects on teacher performance and student outcomes. For instance, it is necessary for teachers' evaluations to account for discrepancies between students' actual skills, and the ideal skills for their corresponding grade level.

11. While many countries do not have proper systems for evaluating the quality of educational institutions, some countries have low stakes approaches to identify high quality schools. This is the case, for instance, of Tanzania that introduced an accountability program titled "Big Results Now in Education" that publishes school rankings within districts for all primary schools. These rankings are based on the performance of students at the Primary School Leaving Exam (PSLE). Callier's et al. (2019) evaluate this reform and find that the program increases test scores by 0.2 standard deviations among schools who scored in the bottom 10 percent prior to the reform relative to schools in the middle six deciles. However, they found no effects for schools at the top of the distribution.

12. Teacher evaluations, have become a common practice in many developing countries to improve the quality of education. These evaluations aim to assess the teaching practices of teachers and provide them with feedback on how to improve their teaching effectiveness. Taylor and Tyler (2012) in the US uses a teacher fixed effect model to analyze the impact of teacher evaluations for mid-career teachers. The study revealed that mathematics scores of the students of evaluated teachers improve both in the evaluation year and the years following the evaluation. However, they cannot rule out effects for reading scores. A similar study by Steinberg and Sartain (2015) evaluates a pilot teacher evaluation program in the city of Chicago and find that language scores increase after one year. The study finds no effects on mathematics. In contrast, de Barros

(2021) analyzes the causal impact of performance evaluations for teachers in Chile (one of the few rigorous studies of teacher evaluations in developing countries). The study shows that these evaluations do not positively affect student achievement. They also show that both teacher beliefs as well as teacher performance remains unaffected by the evaluations.

13. Reforms aimed at strengthening vocational training (PA#5) are expected to improve employability, raise productivity, and support higher earnings in labor markets. This reform creates an institutional framework to make vocational and technical training more accessible. This framework will enhance the synergies between private sector human capital needs and educational establishments, improve the quality and management of vocational training centers, and establish a vocational skill certification scheme with the goal of improving the informal sector. In Côte d'Ivoire, a large informal sector and low labor incomes suggests low productivity among workers and skills gaps in the labor market. Evidence from Mauritania suggests that, on average, people with a training diploma earn 40 percent more than those who are trained on the job and 80 percent more than those untrained (although, these differences might be biased upwards due to self-selection into training).

14. TVET is considered a vital strategy for promoting economic growth and reducing poverty in developing countries. TVET plays a critical role in providing skills and knowledge required in the labor market. In fact, Almeida et al., (2015) documents large labor market returns to students who complete technical schools. This literature review discusses policy interventions that have been implemented in developing countries to enhance the quality of TVET systems and improve access to technical education. A study by Iqbal et al. in 2020 analyzes the impact on in-service training on teachers TVET in Indonesia. They find a significant impact of such a training on job performance but also warns about the external validity of their analysis. Second, funding and budget constraints can also limit access to TVET programs and therefore limit their effectiveness. Hicks et al (2013) ran a randomized evaluation providing vouchers to incentivize take-up of technical education in Kenya and found large enrollment gains as well as improvement in educational attainment and wage-earning increases.

15. In Côte d'Ivoire, approximately half of individuals 15-64 years of age have no formal education (Figure 6). Low educational attainment is disproportionately skewed towards women, where 3 in 5 women have no formal education. Furthermore, the levels of individuals with vocational education remain low, with only 1.4 percent of individuals having achieved this education level, with the share of men with vocational training doubling that of women at the national level (1.7 vs 0.8 percent). These gaps are more acute between urban and rural areas, as urban areas concentrate better educational outcomes. In rural areas, 73.4 percent of women have no education versus 57.9 percent for men, compared to 48.3 and 37.1 percent in urban areas. In terms of vocational education, the numbers are too low to allow for significant statistical comparisons, but urban areas appear to outperform rural areas, with 1.2 percent of women having vocational education versus 2.6 percent for men. Similarly, in rural areas, only 0.3 percent of women have vocational educations compared to 0.8 percent for men. A similar pattern exists amongst individuals 15-24 years of age. On average, young girls are less educated than boys, where 57 percent of girls have no education, compared to 46 percent for boys. Vocational education also remains low amongst girls, where the share of boys with vocational education is double that of girls.

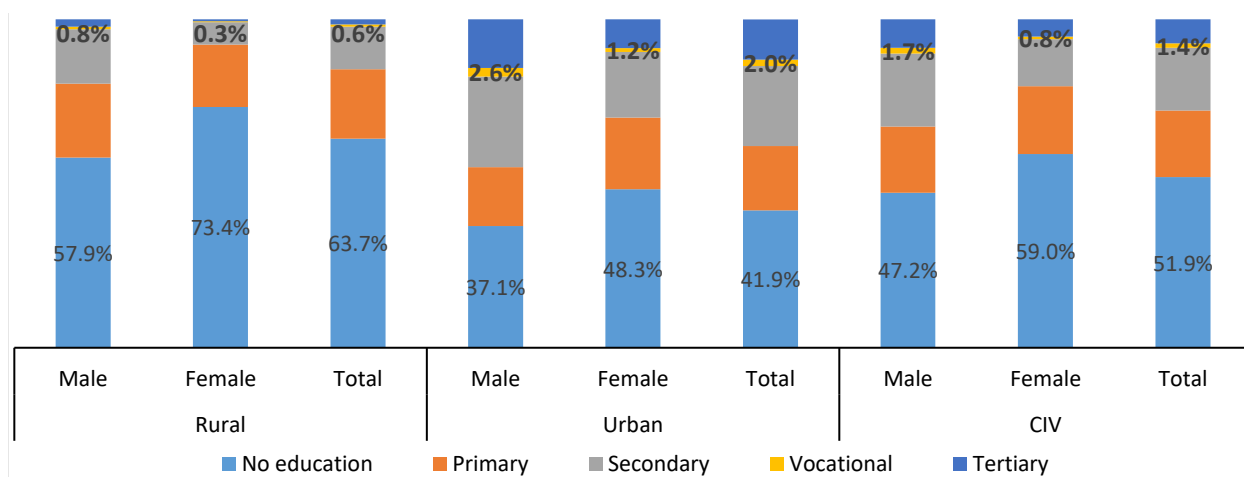
16. Vocational training provides participants the opportunity to obtain higher incomes, contributing to reducing poverty. Overall, individuals with an additional year of education earn a 2 percent higher wage, on average.⁴⁵ In addition, employed youth with completed vocational education earn 40 percent more, on average, than those without education, and 26 percent more than those with just general secondary education. In Côte d'Ivoire, higher levels of education are associated with a higher likelihood of working in wage employment and have increased earnings⁴⁶. The return rate for women with TVET education is 124 percent as compared to 93 percent for men with the same level of education. Those positive associations of women's access to TVET are supported by the international evidence on the subject.⁴⁷ However, enrollment in vocational education remains low in Côte d'Ivoire, with only 1.4 percent of youth ages 15-to-24 currently enrolled according to the 2018/19 national household survey.

Figure A6. Educational Attainment of Employed Working age population (15-64 years old) by area, 2018/19

⁴⁵World Bank. 2022. "Côte d'Ivoire: Poverty Assessment." Forthcoming, World Bank, Washington, DC.

⁴⁶ From CFA 78,668 (about US\$144) for the working age population with no formal education to CFA 140,709 (about US\$214) for those with TVET education (EHVCM 2018).

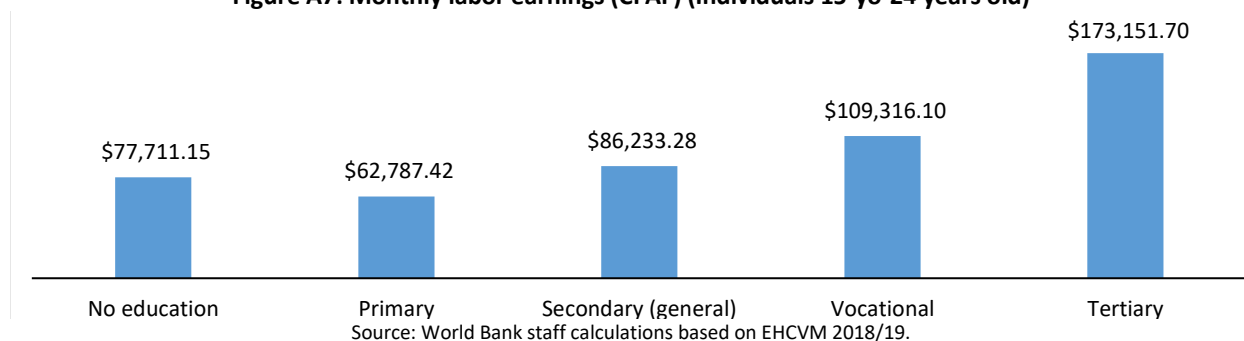
⁴⁷ This is consistent with international literature on the positive associations of women's increased access to TVET on earnings and business profits (Adoho et al. 2014), access to positions in paid employment and to open a bank account and start accumulating savings (Honorati 2015).



Source: World Bank staff calculations based on EHCVM 2018/19.

17. Improving vocational education is expected to have positive but mild effects on employment and earnings among the youth. To assess the potential impact of vocational training on labor income, a Mincer equation was computed to predict the employment income of unemployed workers who will benefit from training and subsequently join the labor force. We simulate a 5-percentage point increase of youth enrolled in technical and vocational education.⁴⁸ Next, we compute and compare the labor income of the baseline distribution and the new distribution, where previously unemployed or inactive youth who received vocational training become part of the labor force. Thus, these results should be interpreted as upper bound estimates. The simulation results show that the labor income Gini decreases by up to 2 points, while the average labor derived income of employed youth at the national level could rise as much as 1.67 percent. A gender-disaggregated analysis shows that an increase of 2.5 percentage points of men enrolled in TVET (equivalent to 25,708 individuals) and 2.7 percentage points of women (38,498 individuals) (per the result indicator) would increase the labor income of employed youth by 0.4 percent and 3.5 percent respectively.

Figure A7: Monthly labor earnings (CFAF) (Individuals 15-yo-24 years old)



Source: World Bank staff calculations based on EHCVM 2018/19.

18. The reform supported by PA#6 is expected to have a positive impact on well-being by helping mitigate the impact of health shocks that disproportionately affect the most vulnerable. According to the 2018/2019 EHCVM survey, only 4.4 percent of the population is covered by health insurance in Côte d'Ivoire, the coverage being almost non-existent in the poorest quintile (0.1 percent) compared to the richest one (13.5 percent). Furthermore, the most vulnerable spent proportionally more on out-of-pocket health expenses (2.4 percent compared to 3.7 percent) (World Bank, 2022). Moreover, 61 percent reported that they did not contact public clinics or hospitals the year before the survey. This percentage is higher among those with

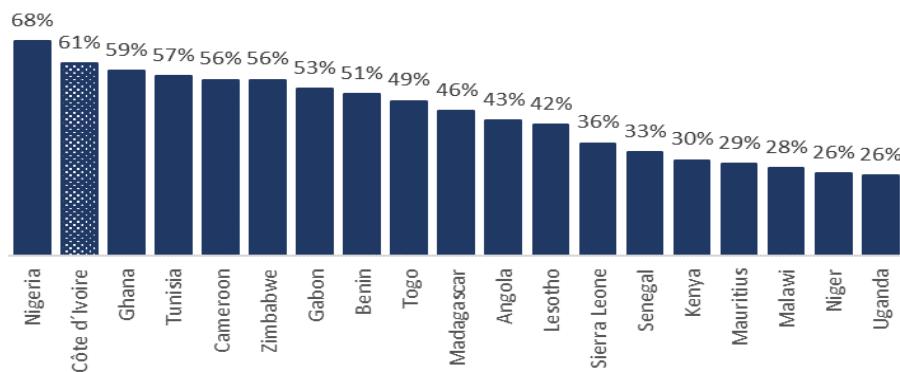
⁴⁸ This change is equivalent to 135,249 new students. Notice that this simulation assumes that the 135,249 new enrollees will successfully complete their studies and will find a job at a market wage. Thus, in some sense our findings provide upper bound estimates of the potential welfare effects of this policy. The allocation of new students is based on a probability model considering sociodemographic characteristics such as per capita expenditure, household size, age, location, gender, education.

primary education (68 percent) (Afrobarometer, 2022). In addition, 39 percent stated that it was difficult to access medical care, while this figure reached 47 among the poorest (Duran et al., 2020). Lastly, more than a third of Ivorians with some experience in public clinics experienced long waiting time (35 percent), while 24 percent said they did it a few times, and 17 percent said it once or twice (Afrobarometer, 2022).

19. International evidence shows that waiting times diminish overall health and that there is a socioeconomic gap in waiting times. The magnitude of health impacts would depend on the duration of the wait and the health problem (OECD, 2020). Long waiting time affects health outcomes by reducing the level of patient satisfaction and therefore decreasing the probability of using health care services (García-Corchero & Jiménez-Rubio, 2022; OECD, 2020). In Côte d'Ivoire, 45 percent of Ivorians received care after a short delay, 29 percent after a long delay, and 25 percent immediately. In addition, evidence suggest that wait times disproportionately affect the poor, as the level of dissatisfaction is higher among the poor compared to non- poor(46 percent compared to 15 percent) (Duran et al., 2020).(Afrobarometer, 2022). Evidence from Spain shows a socioeconomic gap in waiting times in the public sector that negatively affects individuals with lower education and income. Indeed, a 1 percent increase in income reduces the waiting time in diagnostic visits by 0.26 percent (Abásolo et al., 2013). Similarly, highly educated individuals wait 18 percent fewer days for specialist attention than individuals without education.

20. Supporting access to healthcare could have indirect positive welfare impacts by improving worker’s productivity. Recent evidence of the impact of the COVID-19 pandemic in African countries suggests that a one percent increase in the health burden would decrease labor productivity by 13 percent in the upper-middle-income economy, 17 percent in the lower-middle-income economy, and 19 percent in the low-income economy, respectively (Mobosi & Patric, 2022). Similarly, evidence shows that health shocks (e.g., malaria) have negative impacts on farm labor use in Ghana. Indeed, a percentage increase in the number of sick days reduces family labor by 3 percentage points in the land preparation, while it reduces family labor hours by 10 percentage points in the farm management stage and reduces family labor employed by 1.9 percent during the harvesting stage. The impact would depend on the labor substitution factor at each stage (Osei-Akoto et al., 2013).

Figure A8. Proportion of individuals who have not had contact with a public clinic or hospital in the last 12 months



Source: World Bank staff calculations based on Afrobarometer (R9 2022) All samples.

Note: Interviewers were asked if they had had contact with a public clinic or hospital in the past 12 months.

Pillar 3: Promoting sustainable use of natural resources.

21. Sustainable certification (by PA#7) is necessary, in practice, to ensure that cocoa producers continue to enjoy access to the European market in the medium term, given the upcoming implementation of the European regulation. On average, farmers in Côte d'Ivoire earned 50¢ per day in 2014 (Cocoa Barometer 2015). A basic poverty profile of cocoa farmers in Côte d'Ivoire reveals that on average, they are poorer than other producers, they are more likely to live in rural areas and less likely to have access to electricity, tap water and decent dwelling conditions. Reforms that help improve farmers' productivity can therefore have large benefits for the Ivorian economy and contribute towards poverty reduction goals. An example of such reforms includes certification schemes for farmers. Evidence from Indonesia shows that certified coffee farmers are less likely to live in monetary and non-monetary poverty (deprivation in education, health and living standard). Although, in both cases



the impact found is small (Astuti & Offermans, 2022). However, certifications have no impact on the intensity of poverty (difference between the poverty line and expenditure). In Uganda, (Astuti & Offermans, 2022) show that coffee fair trade certification increased in living standards from 12 to 15 percent, while the impact on poverty was not statistically significant. The authors also showed that fairtrade certification, which guarantees a minimum price, reduces the probability of living in poverty by 50 percent, while increasing the living standard by 30 percent. However, results found that some certifications examined did not have statistically significant impacts on coffee farmers' welfare (Chiputwa et al., 2014).

22. Certification schemes need to be complemented by other measures to reduce poverty, but in this case are a necessary measure before the European regulation comes into force at the end of 2024. In northern Nicaragua, evidence shows that higher farm-gate prices do not necessarily imply higher net per capita coffee income or reduced poverty.⁴⁹ Results shows that non-certified producers obtained the highest net income, followed by organic-fairtrade certified farmers, and organic certified farmers. This result can be explained by the higher labor requirements, and therefore costs in organic production. The authors noted the relevance of considering other factors such as yield levels, production costs, family and land size when evaluating the impact of certification (Beuchelt & Zeller, 2011). Similarly, a case study from the Jimma zone in Ethiopia shows that fairtrade certification has a low impact on producers' welfare, which could be explained by low productivity, insignificant price premium, and poor access to credit and information from cooperatives.⁵⁰

23. Agroforestry practices (PA#8) are expected to improve farmers' welfare by mitigating vulnerability to climate change, diversifying income sources, fostering farm productivity, and contributing to food security. A quasi-experimental design finds that the agroforestry practice of adopting fertilizer trees increases the food crop value by 35 percent (Coulibaly et al., 2017). Furthermore, a qualitative analysis in Kenya suggests that agroforestry (on-farm trees) improves farm productivity by decreasing soil erosion and increasing soil fertility. In addition, trees on farms would increase household additional income through, for example, the sale of fuel wood and timber (Thorlakson & Neufeldt, 2012). Similarly, the use of fertilizer tree technologies increase crop production and provide other income sources through the sale of agroforestry tree seed and fuelwood in two districts of Malawi (Quinion et al., 2010). Although evidence suggests positive impacts of agroforestry strategies on welfare, it is important to note that there is scarce rigorous evidence through impact evaluations, and the evidence is limited to a few agroforestry practices (Castle et al., 2022; IUFRO, 2020). Finally, notice that, PA#8 does not include new private concessions by the private sector, and these are expected to come later. Thus, this analysis does not accounts for any potential risk from the conversion to agroforests and the subsequent implementation of concessions with the private sector.

24. The policy reform promoted by PA#9 is expected to have positive welfare impacts by reducing the negative impacts of natural disasters on poverty and social impacts. More than 2.3 million Ivorians live in the coastal zone. In the event of a natural hazard, they risk falling into poverty or increasing the intensity of poverty. More than 560 thousand households (9.8 percent) live in the coastal zone formed by the regions of San-Pédro, Sud-Comoé, Grands-Ponts, and Gbôklé. This zone concentrates more than 2.3 million (9 percent) Ivorians, of whom 37 percent live in poverty. In coastal areas, more than half of households reported having been affected by external shocks in the three years prior to the survey. Indeed, though not exclusively, close to one in ten households reported having been affected by a natural disaster (drought, flood, fire, high rate of crop disease, high rate of animal disease, locust attacks or other crop pests, and landslides) (EHCVM 2018/19).

25. This reform would mitigate the negative impact that external shocks have on monetary or non-monetary assets. Households use different coping mechanisms to deal with the consequence of an external shock. This means that their savings and/or productive capacity will be eroded. In the face of an external shock, although not exclusively, more than half of households (55 percent) in Côte d'Ivoire reported resorting to their savings, while 20 percent declared generating extra income from the sale of goods and services, such as agricultural assets, durable household goods, land, buildings, food stock, among others. In the coastal zone, these percentages are higher, with 65 and 23 percent, respectively (EHCVM 2018/19 survey).

⁴⁹ The study considers a total of 327 randomly selected cooperatives members assigned to two treatment groups (organic and organic-fairtrade certifications) and the control group (non-certificated producers).

⁵⁰ The study relies on information from 249 coffee farmer households and uses qualitative and quantitative methodologies (Jena et al., 2012).



ANNEX 5: SUMMARY OF THE PARIS AGREEMENT ALIGNMENT ASSESSMENT

Program Development Objectives: (1) strengthen competition in key enabling sectors and domestic revenue mobilization; (2) expand equitable access to health and education services; (3) promote the sustainable use of natural resources.

<p>Step 1: Taking into account our climate analysis (e.g., Country Climate and Development Reports or CCDRs), is the operation consistent with the country climate commitments, including for instance, the NDC, NAP, LTS, and other relevant strategies?</p>	<p>Yes. The reform program is consistent with and supportive of the implementation of the country's climate strategies presented in the 2021 NDC and the National Adaptation Plan (NAP) under preparation. As identified in the CCDR, Côte d'Ivoire seeks to achieve significant adaptation action in agriculture and livestock, forests, water resources, coastal zones, and human health. The NDC includes priority sectors for mitigation such as energy, waste, agriculture, and forestry. This DPF directly supports adaptation and mitigation in these sectors (PA#7, PA#8, PA#9), and by improving competition in key enabling sectors (PA#1, PA#2) and domestic revenue mobilization (PA#3) it also improves the business environment and public investment capacity, all needed to finance climate action.</p>
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A. Mitigation goals: assessing and reducing the risks

PA#1, PA#3, PA#7-PA#9 actively contribute to decarbonization. PA#4, PA#5, PA#6, PA#9 will have little impact on decarbonization. PA#2 could have a positive or negative impact on decarbonization but does not lock the country in a high-GHG emissions pathway.

<p>Step M2.1: Is the prior action likely to cause a significant increase in GHG emissions?</p>	<p>PA#1: No – it is considered universally aligned for mitigation. A competitive sector and adequate regulatory framework are necessary for the use of new technologies for decarbonizing key sectors such as transport and energy. Electronic communications also reduce face to face interactions and thus reduce emissions from the transport sector. <i>Step M2.2: N/A</i></p> <p>PA#3: No. The PA supports the creation of fiscal space needed to increase public investments in mitigation. <i>Step M2.2: N/A</i></p> <p>PA#4-PA#6: No, these activities are considered universally aligned. The expected impact on GHG emissions is likely to be minimal, as PAs deal primarily with human capital accumulation in a climate-neutral manner. By improving human capital accumulation, PA#4-6 indirectly contribute to improve the capacity of the population to potentially deal with climate change. <i>Step M2.2: N/A</i></p> <p>PA#7: No. These reforms will directly contribute to mitigate against climate change by strengthening the implementation of the traceability system needed for the implementation of the ARS1000 norm on sustainable cocoa that prohibits cocoa production and commercialization from classified forests. This action is expected to reduce deforestation and support reforestation in the long-term. <i>Step M2.2: N/A</i></p> <p>PA#8: No. These reforms will directly contribute to mitigate against climate change by supporting reforestation through agro-forestry in classified forests that are currently more than 90 percent degraded. <i>Step M2.2: N/A</i></p> <p>PA#9: No, coastal protection is considered universally aligned. <i>Step M2.2: N/A</i></p>
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<p>Step M2.1: Is the prior action likely to cause a significant increase in GHG emissions?</p>	<p>PA#2: Uncertain. The reform is expected to improve the efficiency of the freight sector. The expected impact will notably be to reduce practices such as cabotage and backhauling which increase inefficient transport usage, and hence reduce carbon emissions from empty trips and inefficient routing. [</p>
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<p>Step M2.2: Is the prior action likely to introduce or reinforce significant and persistent barriers to transition to the country's low-GHG emissions development pathways.</p>	<p>PA#2: While greater efficiency could result in greater traffic and hence emissions, the PA is not introducing or reinforcing significant barriers to a low GHG emissions development pathway. On the contrary, improving efficiency should ensure that any increase in traffic is done efficiently, with an economic and social gain.</p>
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Mitigation goals: All PAs are aligned with the mitigation goals of the Paris Agreement.

B. Adaptation and resilience goals: assessing and managing the risks

PA#1, PA#9 contribute directly to improve climate resilience; PA#2-3 indirectly contributes to improve climate resilience; PA#4-6, PA#7-9 are unlikely to be significantly affected by climate hazards as to prevent achievement of the PDO and design reduces risks.



<p>Step A2: Are risks from climate hazards likely to have an adverse effect on the prior actions' contribution to the Development Objective(s)?</p>	<p>PA#1: No. Developing an adequate framework to increase competition and the development of the digital sector supports adaptation. A competitive sector and adequate regulatory framework are necessary for the use of new technologies and innovative resilience methods in agriculture, social protection, education, etc. <i>Step A3: N/A</i></p> <p>PA#2: No. While transport connectivity and freight can be affected by climatic hazards, the freight exchange and strengthening of the regulator are likely to support the continuity of activities in the sector in case of external shocks and won't impact the PA contribution to the achievement of the PDO. <i>Step A3: N/A</i></p> <p>PA#3: No. Increasing fiscal space through the reform on PIT can contribute to improve resilience to external shocks, by increasing the response capacity of the public sector. <i>Step A3: N/A</i></p>
	<p>PA#4-6: No. While access to education centers and clinics may be impacted by climatic hazards, negatively impacting the contribution of the PAs to the PDO, the PA focuses on removing barriers for access to health for most vulnerable, actually increasing resilience in face of shocks. PAs in education improve quality of service delivery and climatic hazards will not impact their contribution to the PDO. <i>Step A3: N/A</i></p> <p>PA#7-8: No. The implementation of more sustainable agriculture practices through the traceability system and the expansion of agroforests will only be marginally affected by severe climatic hazards given the country context. The implementation of the traceability system in itself is unlikely to be impacted by climatic hazards given that the rollout of the cards is well under way, that the system has been designed to improve current practices and reduce fragmentation. On the contrary, greater traceability should continue supporting the sustainable use of natural resources after a shock, while agro-forestry should also improve the resilience of cocoa producers. Compared to the current baseline, it increases resilience to climatic hazards. <i>Step A3: N/A</i></p>
<p>Step A2: Are risks from climate hazards likely to have an adverse effect on the prior actions' contribution to the Development Objective(s)?</p> <p>Step A3: Does the design of the prior action reduce the risk from climate hazards to an acceptable level, considering climate adaptation good practices applicable to the country context?</p>	<p>PA#9: No. These reforms will directly contribute to adapting to climate change by combatting coastal erosion, setting up adequate frameworks for the development of coastal areas in respect of environmental regulation and including a list of protected national coastal areas. The instruments for the management of coastal areas have already taken into account the risks of climate change and will support planning in the face of such an event. Climate change adaptation has been integrated as part of the Environmental Law that was adopted by Parliament and Senate in 2023 and is the guiding framework for these decrees.</p>
<p>Adaptation and Resilience goals: All PAs are aligned for adaptation and resilience goals.</p>	
<p>OVERALL CONCLUSION OF PARIS ALIGNMENT ASSESSEMENT: The operation is aligned with the goals of the Paris Agreement on both mitigation and adaptation.</p>	



ANNEX 6: CHANGES TO THE POLICY MATRIX AND RESULTS FRAMEWORK SINCE FIRST OPERATION

<i>Changes to DPF2 Prior Actions and Indicative Triggers for DPF3</i>		
Original (DPF1)	Revised (DPF2)	<i>Reason and assessed impact</i>
<p>Trigger 1 (DPF2): To support competition in the digital economy, the Council of Ministers has transmitted to Parliament a new Digital Code.</p> <p>Second (indicative) Trigger 1 (DPF3): To implement the new legal and regulatory framework of the digital sector, the Recipient has adopted the implementation decrees of the new Digital Code.</p>	<p>Prior Action #1 (DPF2). To improve the competitiveness of the digital economy, the Recipient has transmitted to Parliament an Electronic Communications Bill.</p> <p>Indicative trigger #1 (DPF3). To improve the competitiveness of the digital economy, the Recipient has adopted (i) the implementation decrees of the Electronic Communications Law, and (ii) the regulatory framework for personal data protection.</p>	<p><i>The original action was considered too broad in light of recent legal texts adopted (startup law, cybercrime regulations). The new bill on electronic communications contains the heart of the reform that was originally planned. A remaining building block (on personal data protection) is now added to the trigger1 for DPF3.</i></p> <p><i>The action while being confined to cabinet approval is expected to be submitted to Parliament subsequently. The adoption of the decrees in DPF3 will require its adoption by Parliament.</i></p> <p><i>No impact on the strength of the policy matrix to achieve the objective.</i></p> <p><i>The RI#2 target has been adjusted to be more realistic with respect to progress.</i></p>
<p>Trigger 2: To cut freight prices and reduce anti-competitive practices, the Recipient has regulated the auxiliary and intermediate transport professions with competitive guarantees.</p> <p>Second (indicative) Trigger 2: To cut freight prices, the Recipient has adopted secondary regulations to implement the Law of Interior Transport (LOTI) and strengthen the regulatory authority.</p>	<p>Prior Action #2. To reduce freight prices and anti-competitive practices, the Recipient has adopted an Ordinance reinforcing the mission, powers of control and sanction, and supervisory capacity of the Regulatory Authority for Inland Transportation (<i>Autorité de Régulation du Transport Intérieur, ARTI</i>).</p> <p>Indicative trigger #2. To reduce freight prices and anti-competitive practices, the Recipient has adopted a decree regulating the auxiliary and intermediate transport professions by establishing rules for their accreditation and transactions within the freight exchange.</p>	<p><i>The order of triggers has been reversed as the ARTI and Ministry of Transport believe that strengthening the regulatory authorities is essential for the implementation of the freight exchange. The preparation of new IT2 is ongoing and will require consultations.</i></p> <p><i>The RI#2 have been adjusted to ensure they are SMART and not subject to exogenous shocks (as prices were).</i></p>
<p>Trigger 3 & 4: To enhance revenue collection, the Recipient has:</p> <p>(i) adopted the implementing decree that makes it mandatory to collect non-tax revenues through the TresorPay/treasury money platform; and (ii) adopted the simplification of personal income taxation, by reducing the number of schedules of the tax on wages and salaries into one and applying a progressive scale.</p> <p>Second (indicative) Trigger 3: The recipient has adopted a tax policy measure aligned</p>	<p>Prior Action #3. To enhance revenue collection and equity, the Recipient has adopted an ordinance simplifying the personal income taxation process by reducing the number of wages and salaries schedules, and applying a progressive scale.</p> <p>Indicative trigger #3. To increase tax revenue and promote efficiency, the Recipient has removed VAT exemptions on luxury items in the Budget Law.</p>	<p><i>Trigger 3 was dropped from the DPF as the action will still be completed and monitored as part of the FY24 SDFP PPAs. This streamlines the matrix with trigger 4 as new PA3.</i></p> <p><i>The new IT#3 supports the revenue-based fiscal consolidation under the IMF program. The MTRS and TA on international taxation may further inform the IT#3 during preparation of the operation.</i></p> <p><i>The matrix and results are strengthened as a result.</i></p>



<p>with the new Medium Term Revenue Strategy.</p>		
<p>Trigger 5: To improve the quality of basic education, the Recipient has adopted a decree requiring an annual evaluation of public and private educational institutions, including the evaluation of teachers.</p> <p>Second (indicative) Trigger 4: To improve the efficiency of public spending and control staffing levels, the Recipient has adopted an Inter-ministerial decree regulating the flow of teachers in ministries outside the education and training sector.</p>	<p>Prior Action #4. To improve the quality of basic education and inclusion, the Recipient has adopted three ministerial arrêtés defining the modalities of the evaluation of educational institutions and teachers, including with gender criteria.</p> <p>Indicative trigger #4. To improve the equity and quality of the teaching corps, the Recipient has (i) adopted an inter-ministerial arrêté regulating the flow of teachers in ministries outside the education and training sector; and (ii) a decree reducing the registration fees for teacher training for women.</p>	<p><i>No change to PA#4.</i></p> <p><i>IT#4 now adds (ii) to support the achievement of the results indicator of increasing female teachers in education.</i></p> <p><i>The matrix is strengthened as a result.</i></p>
<p>Trigger 6: To ensure better financing of the vocational training sector, the Recipient has adopted by decree new governance and resources allocation mechanism of the vocational training development fund.</p> <p>Second (indicative) Trigger 5: To better integrate education and the technical/vocational sector, the Recipient has signed the interministerial decree establishing the equivalence between educations pathways (TVET and general high school curricula).</p>	<p>Prior Action #5. To improve the quality of the TVET systems, the Recipient has adopted two ministerial arrêtés and one interministerial arrêté defining the modalities of organization, of school and pedagogical examinations, as well as criteria for competitive pedagogical evaluation of TVET.</p> <p>Indicative trigger #5. To better integrate education and the technical/vocational sector, the Recipient has adopted an interministerial arrêté establishing the equivalence between education pathways (TVET and general high school curricula), which include enabling TVET students access to tertiary education.</p>	<p><i>PA#5 has been changed as the previously planned trigger is a PBC in a complementary World Bank project for 1.5 million (P177800). The action will still be completed under that program. Instead, the new measure strengthens the reform agenda in TVET by complementing the actions with a revamp of the TVET evaluation framework.</i></p> <p><i>No change.</i></p>
<p>Trigger 7: To strengthen the quality and efficiency of health care, the Council of Ministers has adopted a decree instituting the social security number as a unique health identifier for access to health care in Côte d'Ivoire (including for free services provided under the targeted free healthcare program).</p> <p>Second (indicative) Trigger 6: To accelerate equitable access to health care for the population and increase enrollment in the CMU, following an evaluation conducted by the MSHP-CMU and MEPS, the recipient has adopted a reform of the waiting period to eliminate or reduce it according to the recommendations, and adopted the consequent regulatory framework necessary for the financial sustainability of the CMU.</p>	<p>Prior Action #6. To accelerate equitable access to health care and increase enrollment in the National Health Insurance, the Recipient has adopted a decree reducing the waiting period to benefit from the CMU.</p> <p>Indicative trigger #6. To strengthen the quality and efficiency of health care, the Council of Ministers has adopted a decree instituting the social security number as a unique health identifier for access to health care in Côte d'Ivoire (including for free services provided under the targeted free healthcare program).</p>	<p><i>The actions have been reversed, with the new prior action equivalent to the second trigger. This change reflects the big bang impact of the reform adopted in DPF1 that created new political momentum to pass difficult reforms. As such, the new PA which was considered too difficult to be passed in DPF2, was accelerated due to its importance to meet the targets.</i></p> <p><i>RI#6 has been adjusted 1) revising end targets to be more realistic; 2) the share of extreme poor population is now estimated against the total population, as this is an indicator more readily measured by counterparts.</i></p> <p><i>A new RI#6b has been adjusted to measure access to service of CMU enrollees.</i></p>



<p>Trigger 8: To ensure a sustainable growth in agriculture, the Recipient has adopted a decree establishing the functional, institutional, and operational architecture for the management of the national traceability and certification system.</p> <p>Second (indicative) Trigger 7: To ensure sustainable growth in agriculture, the Recipient has revised the statutes, modes of governance and internal management procedures for the <i>Fonds d'Investissement en Milieu Rural</i> (FIMR) and redefined its role to increase the impact of its activities for the improvement of the living conditions of cocoa farming communities.</p>	<p>Prior Action #7: To promote more environmentally and socially sustainable cocoa production, the Recipient has adopted a decree establishing the institutional and operational architecture for the management of the national traceability system.</p> <p>Indicative Trigger #7: To promote environmentally sustainable agricultural production and social inclusion, the Recipient has revised the 2006 regulatory text establishing the statutes, governance and internal management procedures of the Rural Investment Fund (FIMR) and redefined its role in order to increase the impact of its activities on improving the living conditions of cocoa-growing communities.</p>	<p><i>No change.</i></p> <p><i>The RI#7 target was adjusted to be more realistic in its target given the progress.</i></p>
	<p>Prior Action #8: To promote sustainable agriculture growth and prevent deforestation, the Recipient has adopted three decrees converting three of the biggest classified degraded forests into classified 'agro-forests' whose protection is supported by participatory forest management plans.</p> <p>Indicative Trigger 8: To ensure a sustainable growth of agriculture and prevent deforestation, the Recipient has adopted a revised regulatory framework for the sustainable management of agroforests concessions.</p>	<p><i>This new line of reform was added to address the priority that is reversing deforestation, particularly against aggressive agricultural practices.</i></p> <p><i>The reform is supported by a complementary new Investment Project Financing (IPF), and 2 results indicators have been added.</i></p> <p><i>The matrix is strengthened as a result.</i></p>
<p>Trigger 9: To improve climate change resilience and risk management, the Council of Ministers has adopted 3 national decrees reinforcing the legal, planning, and regulatory instruments to protect coastal areas.</p> <p>Second (indicative) Trigger 8: To improve environmental sustainability, the Recipient has adopted a revised decree regulating environmental assessments to reflect the new provisions of the Environmental Code, integrating climate change and the specificities of coastal area protection.</p>	<p>Prior Action #9: To improve climate change resilience and risk management, the Recipient has issued two decrees reinforcing the legal, planning, and regulatory instruments to protect coastal areas from environmental degradation.</p> <p>Indicative Trigger 9: To improve environmental sustainability, the Recipient has adopted (i) a decree regulating environmental assessments to reflect the new provisions of the Environmental Law, integrating climate change and the specificities of coastal area protection; and (ii) a decree adopting the list of national protected coastal areas.</p>	<p><i>The actions are mostly unchanged, to the exception that one of the decrees on costal management protection has been delayed to DPF3 to allow sufficient time for the adoption by Parliament of the Environmental law that should be referenced in the decree.</i></p> <p><i>No impact on the strength of the policy matrix to achieve the objective</i></p>

ANNEX 7: ANALYTICAL UNDERPINNINGS

Prior Actions	Analytical Underpinnings
Pillar 1: Strengthen competition in key enabling sectors and domestic revenue mobilization	
Prior Action #1	<ul style="list-style-type: none"> • Côte d'Ivoire CPSD (World Bank 2020a) • Côte d'Ivoire Country Economic Memorandum, Chapter III – Boosting productivity growth through competition policy, World Bank, 2021
Prior Action #2	<ul style="list-style-type: none"> • Analyse du Marché USSD en Zone UEMOA, World Bank, Novembre 2019 • Digital Economy for Africa (DE4A) Côte D'Ivoire Diagnostic, August 2021
Prior Action #3	<ul style="list-style-type: none"> • Côte D'Ivoire 12th Economic Update (2022) • Côte D'Ivoire 13th Economic Update (forthcoming) • The West Africa Tax Policy study, World Bank 2019. The study reviews revenue performance and tax policy gaps over the recent decade. • Domestic Revenue Mobilisation – IMF 2019 • TADAT Report 2021 • Public Finance Review, forthcoming. • IMF AIV and Selected Issues, 2022 • Vision 2030, World Bank 2021 <p><i>These studies and reports (on top of the academic papers quoted) highlight the importance of productivity growth for sustaining growth in the medium term through greater private sector investments and job creation. Competitive markets in telecom and transport, enhanced access to financial services, are all identified as key areas of reform to enhance the investment climate and create value-added going forward. The need to increase fiscal space by boosting DRM has also been put forward in the various reports, increasingly due to debt sustainability vulnerabilities, but also to create fiscal space to finance the growth ambitions.</i></p>
Pillar 2: Expand access to health and education services	
Prior Action #4	<ul style="list-style-type: none"> • SCD Update (2022) • Human Capital Project, Côte d'Ivoire 2021
Prior Action #5	<ul style="list-style-type: none"> • Public Expenditure Review in Education, 2015 • Poverty Assessment 2021 • Poverty and Social Impact Assessments.
Prior Action #6	<ul style="list-style-type: none"> • Vision 2030, World Bank 2021 • Annuaire statistique de la sante 2019/21 • Annuaire statistique de l'éducation 2019/21 • SDI Santé et Education • Public Expenditure Review, forthcoming • World Bank (2018). Couverture sanitaire universelle et secteur informel en Afrique de l'Ouest francophone (P156788). (page 62 – recommends making enrolment mandatory to reduce adverse selection and force the informal sector to enroll. This ASA included Benin, Burkina, Senegal, Côte d'Ivoire, Guinee, Mali, Mauritania, Niger, Togo). • Results-for-Development (2022) Evaluation du programme de Couverture Maladie Universelle en Côte d'Ivoire - (Page 15: recommend the reduction or eliminating the waiting time; page 48: recommends the adoption of the CMU number as the unique health identifier for the sector • Extending social health protection: Accelerating progress towards Universal Health Coverage in Asia and the Pacific – all three reforms have been discussed in this report. • World Bank (2019). Use of Unique Health identifiers in Universal Health Coverage Programs for Health Insurance schemes (benefits of unique health identifiers – improve quality and efficiency) <p><i>Improving the quality of human capital is crucial to achieve the development objectives and Vision 2030. Access to health, education and reducing inequalities will be crucial to strengthen the social contract, improve living conditions and human development outcomes. TVET is also a new priority area: college</i></p>

	<i>graduates face considerable difficulty finding jobs. University and TVET are still the weakest links of the Ivorian education system.</i>
Pillar 3: Promote the sustainable use of natural resources	
Prior Action #7	<ul style="list-style-type: none"> • Climate Change and Development Report (forthcoming) • Côte d'Ivoire CPSD (World Bank 2020) • Côte D'Ivoire 10th Economic Update (2019) • West Africa Coastal Areas Research program
Prior Action #8	<ul style="list-style-type: none"> • Sectoral review of the cocoa and agricultural sectors • Ongoing Climate Change and Development Report
Prior Action #9	<i>Several analyses have emphasized the linkages between cocoa production and deforestation as well as its social implications for the poor rural population. Poverty and inequality in rural areas is higher than urban ones and require addressing farmers living conditions/incomes. The SCD Update has also highlighted how climate change has become a more important development constraint, given the country's dependence on agricultural commodities, coastal exposure, and large share of vulnerable population.</i>