

**Document of  
The World Bank**

**Report No.: 17940 IVC**

**PROJECT APPRAISAL DOCUMENT**

**ON A**

**PROPOSED CREDIT**

**IN THE AMOUNT OF SDR 8.9 MILLION**

**TO THE**

**REPUBLIC OF CÔTE D'IVOIRE**

**FOR A**

**PRIVATE SECTOR DEVELOPMENT -**

**CAPACITY BUILDING PROJECT**

Private Sector & Finance  
Africa Region

## CURRENCY EQUIVALENTS

Local Currency Unit = CFA Franc  
US\$ 1.00 = 596 CFAF (average May 1998)

## FISCAL YEAR OF CÔTE D'IVOIRE

January 1 - December 1998

## ABBREVIATIONS AND ACRONYMS

APEX-CI	<i>Association pour la Promotion des Exportations de Côte d'Ivoire</i> (Export Promotion Association)
ASAC	Agricultural Sector Adjustment Credit
ASPI	<i>Projet d'Appui au Secteur Privé Ivoirien</i> (Private Sector Support Project)
CACI	<i>Cour d'Arbitrage de Côte d'Ivoire</i> (Arbitration Court)
CCI-CI	<i>Chambre de Commerce et d'Industrie de Côte d'Ivoire</i> (Chamber of Commerce and Industry)
CCIA	<i>Centre du Commerce International d'Abidjan</i> (Abidjan International Trade Center)
CEPICI	<i>Centre de Promotion des Investissements en Côte d'Ivoire</i> (Investment Promotion Center)
FCFA	<i>Franc de la Communauté Financière d'Afrique</i> (CFA Franc)
ERC	Economic Recovery Credit
FDI	Foreign Direct Investment
GDP	Gross National Product
GOCI	Government of Côte d'Ivoire
IDA	International Development Association
OHADA	<i>Organisation pour l'Harmonisation du Droit des Affaires en Afrique</i> (Organization for the Harmonization of Business Laws in Africa)
PAGE	<i>Projet d'Appui à la Gestion Economique</i> (Economic Management Project)
PASCO	<i>Prêt d'Ajustement Structurel Environnement Reglementaire et Compétitivité</i> (Regulatory Environment and Competitiveness Adjustment Credit)
PASFI	<i>Prêt d'Ajustement Structurel du Secteur Financier</i> (Financial Sector Adjustment Credit)
PME	<i>Petites et Moyennes Entreprises</i> (small and medium enterprises)
PPF	Project Preparation Facility
PPDEA	<i>Projet de Promotion et de Diversification des Exportations Agricoles</i> (Agricultural Exports Promotion and Diversification Project)
PSD	Private Sector Development
SME	Small and Medium Enterprises
SOE	Statement of Expenses
UNCTAD	United Nations Conference for Trade and Development
UNIDO	United Nations Industrial Development Organization
WTO	World Trade Organization

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**Côte d'Ivoire**  
**Private Sector Development - Capacity Building**

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Map no. IBRD 26952

# Côte d'Ivoire

## Private Sector Development - Capacity Building Project

Africa Regional Office  
Country Department 11

### Project Appraisal Document

Date: June 2, 1998	Task Team Leader: Elke Kreuzwieser
Country Director: Shigeo Katsu	Technical Manager: Tom Allen
Project ID: 43736      Sector: Multi Sector	Program Objective Category: Private Sector Development
Lending Instrument: IDA Technical Assistance Credit	Program of Targeted Intervention: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**Project Financing Data**       Loan       Credit       Guarantee       Other

+

**For Loans/Credits/Others:**

Amount (US\$m/SDRm): US\$12 million/SDR8.9 million

Proposed terms:       Multicurrency       Single currency  
     Grace period (years): 10       Standard Variable       Fixed       LIBOR-based  
     Years to maturity: 40  
     Commitment fee: NA  
     Service charge: 0.75%

**Financing plan (US\$m):**

Source	Local	Foreign	Total
Government	5.8	0.6	6.4
IDA	7.7	4.3	12.0
Private Sector	3.1	1.8	4.9
<b>Total</b>	<b>16.6</b>	<b>6.7</b>	<b>23.3</b>

Borrower: Government of Côte d'Ivoire

Guarantor: NA

**Responsible agencies:**

- Project Coordination Unit, Ministry of Economy and Finance
- *Agence pour la Promotion des exportations de Côte d'Ivoire (APEX-CI)*,
- *Centre de promotion des Investissements de Côte d'Ivoire (CEPICI)*
- Ministry of Planning and Industrial Development
- Ministry of Justice
- *Chambre de Commerce et d'Industrie de Côte d'Ivoire (CCI-CI)*

Estimated disbursements (Bank FY/US\$m):	1999	2000	2001	2002
Annual	2.70	4.00	3.60	1.70
Cumulative	2.70	6.70	10.30	12.00

Project implementation period: 1999 - 2002 ( Bank FY)

Expected effectiveness date: September 30, 1998

Expected closing date: March 30, 2002

## **A: Project Development Objective**

### ***Project development objective and key performance indicators (see Annex 1):***

The objective of the Private Sector Development - Capacity Building Project (the Project) is to help Côte d'Ivoire achieve a sustainable growth rate of at least 6 percent p.a. through increased levels of investments and exports. Specifically, the Project will contribute to: (a) reducing the dependency on traditional exports and increasing the share of high value added products in the nation's export structure; (b) attracting foreign investors and promoting domestic investment by foreign direct investment (FDI) targeting, simplifying investment procedures, reaching Government-donor consensus on best practice SME support schemes, including management training for SMEs, and providing analytical support to private/public sector consultation mechanisms; and (c) creating a more secure legal and judicial environment for new investors and existing businesses. Progress towards these objectives will be measured and monitored through: (a) the increase in Côte d'Ivoire's non-traditional exports, as well as product and market diversification; (b) the increase in foreign and domestic investment; and (c) improved performance indicators and confidence ratings for the judiciary.

## **B: Strategic Context**

### ***1. Sector-related Country Assistance Strategy (CAS) goal supported by the Project (see Annex 1):***

CAS document number: 17007-IVC      Date of latest CAS discussion: August 18, 1997

The CAS emphasizes that the Bank will continue to support improvements to the policy and institutional environment for private enterprise by lending for capacity building in key public and private sector managed institutions. The Bank will also support the Government's efforts to upgrade the legal and judicial system which plays a key role in private sector development.

### ***2. Main sector issues and Government strategy:***

Previous adjustment operations over the 1991-1998 period (PASCO, PASFI, ERC, ASAC and PSD Adjustment) and the 1994 CFA Franc devaluation have addressed major obstacles to private sector development and created a reasonably favorable business environment in Côte d'Ivoire. Furthermore, the financial sector was restructured during 1991-1993 prior to the devaluation. Government deserves high marks for having maintained a stable macroeconomic framework through prudent fiscal management and restrictive monetary policies since the devaluation. It has embarked upon an ambitious structural reform program: it has eliminated virtually all price controls and non-tariff barriers and has cut import tariffs. Since 1990, 38 public enterprises have been privatized, including power, telecommunications, railways, tourism and agro-industries (palm-oil, rubber, sugar, cotton etc.). The cocoa and coffee sector -- the backbone of the Ivoirian economy -- has been liberalized to a large extent and significant income transfers to the rural population are expected. The reforms implemented under the PSD adjustment operation of 1996 have generally shown positive results: significantly lower transaction costs for Ivoirian exports and imports, and better shipping services through maritime transport liberalization; streamlined ports and customs procedures, more transparent procedures for the tax administration; labor legislation which allows greater flexibility (fixed term contracts, part time work, temporary job agencies etc.), a reform of the judicial system, transfer of export development activities to a private organization, and other measures to increase the competitiveness of the economy.

The economy has responded well to the reforms. Growth was 2.0 percent in 1994, 7.1 percent in 1995, 6.8 percent in 1996, and about 6 percent in 1997. Investment has recovered significantly. Domestic investment grew from 4.4 percent of GDP in 1992-93 to 8.5 percent in 1994-1996. Foreign investment, though not well quantified, appears to have grown at a similar rate. In contrast to most Sub-Saharan African countries, Côte d'Ivoire has consistently recorded a strong positive trade balance, with exports representing 40-50 percent of GDP. Exports of goods in 1996 were US\$4.2 billion, a real increase of 67 percent over the average of 1991-1993 ( see annex 2-2 on export structure and growth rates).

However, the bulk of the supply response after the devaluation has been in oil and gas, mining, cocoa/coffee processing and privatization-related investments, whereas exports have benefited greatly from the recovery in commodity prices. A more pro-active approach is needed to jump-start investments and exports in non-traditional sectors, to create capacity among small and medium local enterprises, and to sell Côte d'Ivoire as a good business address to foreign investors.

The Government has articulated its long-term development strategy in the document "*Côte d'Ivoire, Elephant d'Afrique*". The strategy takes its inspiration from the success of the Asian tigers and is based on fast-growing investment and exports. To implement this strategy, the Government has: (a) dismantled the ineffective Government-run export promotion agency CCIA (under the Private Sector Development Adjustment Program) and encouraged the creation of an export development organization under majority private management, *Association pour la promotion des exportations de Côte d'Ivoire, APEX-CI*; (b) revised the Investment Code, and created a new investment promotion agency (*Centre de promotion des Investissements en Côte d'Ivoire, CEPICI*), placed under the direct authority of the Prime Minister (under the new scheme, investments below a fixed threshold no longer need prior approval); and (c) implemented a short-term action plan under the Private Sector Development Adjustment program to address the most obvious shortcomings of the legal and judicial system. Moreover, in conjunction with its partners in the CFA Franc zone, Côte d'Ivoire has adopted a region-wide reform of the business laws which became effective in January 1998 ( OHADA reform).

### ***3. Sector issues to be addressed by the Project and strategic choices:***

**(a) Export promotion.** Boosting exports in a rapidly changing global economy requires continuous improvement and adaptation of the policy environment for exporters, easy access to information, and a flexible, demand driven assistance scheme at firm-level, to jump-start non traditional exports in an economy with a long import substitution tradition. The Project addresses these issues through support to a privately managed organization whose role is to: (i) manage a cost-sharing grant scheme to assist existing and potential exporters in obtaining export-related professional services from private sector providers; (ii) improve the export environment through policy advocacy; and (iii) supply exporters with information services and links to world markets.

### **(b) Investment promotion and facilitation.**

**Attracting FDI:** Côte d'Ivoire has achieved a satisfactory level of awareness among foreign investors, through traditional promotion instruments like investment and trade fairs, "roadshows", visits abroad by high level delegations, including the Prime Minister and the President. While this approach has paid off in showcasing Côte d'Ivoire's new business environment after the devaluation and the subsequent implementation of a major reform agenda, a detailed analysis of the nature of new foreign investment in Côte d'Ivoire shows heavy concentration in oil, gas, mining, and in privatization of existing assets. The

new investment promotion agency CEPICI needs to adopt a more focused approach to achieve maximum return on the promotion effort, in the form of investor targeting (identification, analysis and prioritizing of the targeted sectors / markets, creation of a marketing plan) . Making use of new information technology will also maximize the impact of promotion efforts.

**Investment procedures:** CEPICI carries out most of the required steps on behalf of the investor and has thus considerably shortened the period needed for obtaining approval to benefits under the investment code and to register companies. Although this approach has been possible because of the small number of investment applications per year, it will become increasingly difficult with the growing numbers of applications. Procedures themselves now need to be simplified, and unnecessary reporting requirements to different government agencies eliminated.

**SME promotion:** Although FDI is crucial for Côte d'Ivoire to attain its ambitious development objectives, investment by local SMEs make a greater contribution to employment and should be encouraged in parallel. Several SME promotion initiatives or projects are under way, sponsored by the Government and donors. Some are overlapping and sustainability is an issue. SME promotion in Côte d'Ivoire would benefit from an objective assessment of what has worked and what has not, in the country and elsewhere, and from reaching a consensus on a sustainable strategy. This would also avoid duplication of efforts among donors. Upgrading of management capacity of SMEs has already been identified as a high impact activity in support of SME development.

**Public/private sector consultative mechanism:** Despite recent progress through the CFA Franc devaluation and the implementation of the economic reform agenda, Côte d'Ivoire must closely monitor its international competitiveness and further improve the business environment. The public / private sector consultation mechanism has an important role to play in this process and needs to be reinforced.

**National Council for Fight against Economic Fraud:** Unfair competition from economic fraud (imports which do not pay customs duties, gross under-reporting of sales, license taxes, etc.) has been a major concern for the formal private sector. A joint public / private sector council against economic fraud has been created to curtail such practices which act as a disincentive to investment and expansion of businesses in the formal sector.

**(c) Strengthening of the legal and judicial system.** Despite some progress achieved through the implementation of the short-term judicial action plan under the PSD program, the judicial environment is still far from satisfactory. Corruption in the judiciary is considered a major element of uncertainty by investors and the impact of reforms on the length of judicial procedures is not yet felt by the private sector. Although it is clear that legal and judicial reform is a long-term process, measures initiated under the short term action plan for the improvement of the justice system need to be monitored and extended, where necessary, to achieve lasting impact. In the area of legal reform, a major breakthrough was achieved recently when 16 French-speaking African countries jointly adopted a reform of the business laws (under the OHADA treaty) and the establishment of a common Supreme Court for commercial matters. To minimize new uncertainty for businesses resulting from the transition period, rapid implementation of this reform is a priority for Côte d'Ivoire. The Project will not only finance the implementation of the new business laws, but will also support the operation and promotion of an arbitration tribunal, to encourage out-of-court settlement of business disputes.

## C: Project Description Summary

**1. Project components** (see Annex 2 for a detailed description and Annex 3 for a detailed cost breakdown):

<u>Component</u>	<u>Category</u>	<u>Cost - incl. contingencies (US\$m)</u>	<u>% of Total</u>	<u>Bank-financing (US\$m)</u>	<u>% of Bank-financing</u>
Export promotion	Institution building	15.8	68	6.3	53
Investment promotion / simplification of investment procedures / SME support / private/public consultation	Institution building	5.2	22	3.9	33
Strengthening of legal and judicial system (implementation of regional business law reform under the OHADA Treaty, arbitration court )	Institution building	1.5	6	1.0	8
PPF and contingencies		0.8	3	.8	6
	<b>Total</b>	<b>23.3</b>	<b>100</b>	<b>12.0</b>	<b>100</b>

### 2. Key policy and institutional reforms supported by the Project:

Project objectives are of an institutional nature and are detailed under section B.3 and in annex 1.

### 3. Benefits and target population:

**Export promotion:** Expected benefits of the export promotion program include the following:

(a) increase in value and profitability of exports amongst recipient firms (based on empirical evidence, matching grants are expected to yield an increase of at least ten times the amount of grant support),  
 (b) increased awareness amongst exporters of the value of expert advisory services; (c) the creation of a consensus on the importance of export-led growth and on the introduction of policies conducive to it, through public debates and policy dialogues.

**Investment promotion and facilitation, secure judicial environment:** Expected benefits include a higher level of investment and competitiveness, hence growth and employment creation. Although investors and existing SMEs are the direct target population, the program will benefit the working poor through substantial employment creation.

### 4. Institutional and implementation arrangements:

**Implementation Period :** Three years, October 98 to September 2001

#### Executing agencies :

Export promotion component: *Association pour la Promotion des Exportations de Côte d'Ivoire (APEX-CI)*

Investment promotion component: *Centre de Promotion des Investissements en Côte d'Ivoire (CEPICI),*

SME component: Ministry of Planning and Industrial Development  
National Council for Fight Against Economic Fraud: Ministry of Economy and Finance  
Legal and Judicial component ( not including arbitration court): Ministry of Justice  
Arbitration court: *Chambre de Commerce et d'Industrie de Côte d'Ivoire (CCI-CI)*

(a) APEX-CI will act as the executing agent for the export promotion program. APEX-CI was created in 1996 as a private sector, non-profit organization. The operational status of APEX-CI as the executing agent will be based on a Framework Agreement ("convention") between the Government and the organization, ensuring its operational independence and accountability. A signed framework agreement, acceptable to IDA, will be a condition of effectiveness. Program activities will be managed by a director who has been recruited from the private sector through a competitive and open recruitment process. He will be supervised by APEX-CI's board, which is composed of 9 representatives of the major business associations and firms, and three representatives of Government departments. Adoption of an operating manual by APEX-CI's Board will be a condition of effectiveness.

(b) The subcomponent relating to investment promotion and facilitation will be managed by CEPICI, a government agency placed under the responsibility of the Prime Minister's Office. The sub-component relating to SME activities will be managed by the Ministry of Planning and Industrial Development. The subcomponents related to the public/private sector consultative mechanism and to the public/private sector/National Council for Fight against Economic Fraud will be managed by the Ministry of Economy and Finance, which will also provide the project coordination unit.

(c) The legal and judicial subcomponent will be executed by the Ministry of Justice. The arbitration subcomponent will be executed by the Chamber of Commerce and Industry, to which the Arbitration Court CACI, set up in 1996, is attached. The operational status of CCI-CI as the executing agent will be based on a Framework Agreement ("convention") between the Government and CCI-CI. A signed framework, acceptable to IDA will be a condition of disbursement.

The APEX-CI operating manual has been agreed upon as part of negotiations. A project implementation manual will be prepared for the other project subcomponents : investment promotion and facilitation/ SME / public-private sector committees/ legal and judicial reform / arbitration court. Adoption of this implementation manual will be a condition of effectiveness.

Procurement, Disbursement, Accounting, Financial Reporting and Auditing Arrangements: APEX-CI will have primary responsibility for the procurement, disbursement and financial management for all of the export promotion activities financed by the Credit. The other sub-components will be supervised by the project coordination unit established within the Ministry of Economy and Finance. This unit will finalize procurement prepared by the executing agencies and handle disbursement, accounting, financial reporting and auditing for all subcomponents other than APEX-CI. The project coordination unit and APEX-CI will adopt accounting procedures acceptable to IDA and establish an operational project accounting system as a condition of effectiveness. The project coordination unit and APEX-CI will maintain and operate separate Special Accounts. All project accounts, including the Special Accounts and SOE's will be audited annually by independent auditors acceptable to IDA. The audit reports will be submitted to IDA no later than six months after the closing of the fiscal year in Côte d'Ivoire.

Monitoring and Evaluation Arrangements: APEX-CI will establish a computerized Management Information System to facilitate monitoring and reporting on its support services to the private sector. APEX-CI, CEPICI, the Ministry of Planning and Industrial Development, the Ministry of Economy and

Finance, the Ministry of Justice and CCI-CI ( on behalf of CACI) will submit semi-annual progress reports indicating the progress in meeting the program objectives according to specific performance indicators. Key performance indicators for the export promotion program will be updated annually through a project implementation planning workshop which will include representatives of all the major stakeholders. The output of these annual workshops will serve as a basis for monitoring and evaluating the effectiveness of the program. APEX-CI will be subject to yearly operational audits including a review of procedures and impact on client enterprises. Key performance indicators for CEPICI, the Ministry of Planning and Industrial Development, the Ministry of Economy and Finance, the Ministry of Justice and CACI have been agreed upon and will be monitored by the project supervision team.

## **D: Project Rationale**

### ***1. Project alternatives considered and reasons for rejection:***

A proposed support to a public sector managed export promotion program was not pursued, because there would not have been adequate safeguards that such a program would reflect private sector priorities and be responsive to private businesses' needs. As for the strengthening of the judicial system, an option would have been to spend additional resources on the improvement of the courts. An action plan has been enacted under the Private Sector Adjustment program, but the actual results will be felt only gradually. Moreover, this action plan had only a small impact on the major problem of corruption in the judiciary. In order to provide immediate relieve to the private private, it was decided to set up an arbitration tribunal as an alternative to the public justice system.

**2. Major related projects financed by the Bank and/or other development agencies (completed, ongoing and planned):**

Sector issue	Project	Latest Supervision (Form 590) Ratings (Bank-financed Projects only)	
		Implementation Progress (IP)	Development Objective (DO)
<u>Bank-financed</u>			
Diversify and expand private agricultural exports, through: (a) export market development activities for non-traditional agricultural products; (b) assistance to the establishment of an interprofessional group of producers associations (c) upgrading export infrastructures.	PPDEA (Agricultural Export Promotion and Diversification Project).	S	S
Create environment conducive to private sector development, including action plan for improving legal and judicial system.	PSD Adjustment Credit, Economic Management Credit (PAGE).	S	S
<u>Other development agencies</u>			
Support for Ivorian private sector development	ASPI ( France)		
Upgrade capacity of Ivorian SMEs to carry out subcontracting for larger firms	Subcontracting Exchange (UNIDO/ Government of Côte d'Ivoire)		
Reinforcement of export capacity of Côte d'Ivoire	Follow-up on WTO agreements and identification of export opportunities for Ivorian firms (WTO/UNCTAD/CCI).		
Training of magistrates in OHADA business laws. Support to Legal Information Center	Judicial Cooperation Agreement (France)		

IP/DO Ratings: HS (Highly Satisfactory), S (Satisfactory), U (Unsatisfactory), HU (Highly Unsatisfactory)

**3. Lessons learned and reflected in the Project design:**

Export promotion: The Government-private sector policy dialogue on export competitiveness is modeled upon approaches that have been successful in other African countries (Senegal, Ghana and Madagascar). The proposed design of the matching grant scheme incorporates lessons from IDA and Bank supported matching grant schemes elsewhere (Kenya, Mauritius, Senegal and Uganda) which have shown that: (a) the provision of information and management services should be specialized and tailored to the firm's or association's needs; (b) recipients should be required to pay a significant portion of the cost in order to ensure a strong interest on their part in the quality of the service and the usefulness of the recommendations; and (c) the scheme should be managed through an independent, private sector-based agency, to ensure efficiency and effectiveness.

Investment promotion and facilitation: Past adjustment reforms in Côte d'Ivoire were heavily focused on creating a sound macro-economic framework and promoting structural reforms as pre-conditions for private sector development. They have fostered a reasonably favorable business environment, but supply response has been below expectations. A more pro-active approach to investment promotion and SME support is expected to contribute to sustainable development and employment creation.

Strengthening of legal and judicial system (implementation of OHADA business law reforms/ arbitration court ): Bank projects to support legal and judicial reforms in African countries have proved to have long gestation and implementation periods. The harmonization of business laws in 16 African countries and the establishment of a common supreme court for commercial matters can be considered as a major breakthrough and must be implemented rapidly. In parallel, to boost investor confidence, immediate action is needed, through the setting up of an arbitration court as alternative mechanism for commercial dispute resolution.

#### **4. Indications of borrower commitment and ownership:**

Export promotion : The Government first expressed its commitment to a fundamental reorientation of its export promotion policy when it abolished the inefficient Government controlled *Centre du Commerce International d'Abidjan* (CCIA) in 1996 and encouraged the creation of APEX-CI as a private sector led organization to play the lead role in export promotion. The Government has subsequently reconfirmed its commitment by agreeing to a minimal government representation on APEX-CI's board ( 9 private sector members, 3 representatives of Government agencies) and drafting a framework agreement which will formalize Government's financial contribution to the association, while at the same time respecting its operational independence. Until cost-sharing mechanisms will cover a major part of operating costs, the Government will contribute 25 percent of APEX-CI's budget, according to the statutes. The Government has also agreed to transfer to APEX-CI the Trade Point facility owned by the Ministry of Commerce (set up as a focal point for trade information, with equipment donated by UNCTAD, but apparently not yet operational). A working group composed of APEX-CI board members has played a key role in preparing the program by: (a) overseeing the work of local and international consultants in preparing the legal and organizational documents for the matching grant scheme; (b) organizing an implementation planning workshop for stakeholders during which output targets were formulated for the policy dialogue and the matching grant scheme; and (c) launching the recruitment process for the program director and making the final selection for approval by the Government and IDA.

Investment promotion and facilitation of investment procedures : Investment promotion is high on the Government's agenda, as evidenced by the numerous initiatives of the past years. The Government is fully committed to the objectives of this component and has designated a high level staff within CEPICI to coordinate the process.

Strengthening of the legal and judicial system. Côte d'Ivoire has played a major role in the adoption of the uniform regional business laws ( OHADA) and is well aware of the importance of rapid implementation to boost investor confidence. In parallel, the Government and the Chamber of Commerce and Industry fully support the arbitration mechanism as an alternate means of conflict resolution in commercial matters. An arbitration law was passed in 1992, which makes decisions reached under formal arbitration schemes legally enforceable. The Government is also committed to support a regional arbitration law (to be adopted within the OHADA framework in June 1998), which will enable the new arbitration court CACI to operate under conditions that are similar to those previously created by Côte

d'Ivoire's national Arbitration Law. The Chamber of Commerce and Industry to which CACI is attached has absorbed most of the operating expenses for the start-up period and will continue to support the Court until it becomes financially viable.

### ***5. Value added of Bank support in this Project:***

The Bank has been instrumental in proposing an innovative demand-driven approach to export promotion which is well adapted to the rapidly changing international environment and the need for flexibility. In the area of investment promotion and facilitation, Bank support under the Project will allow Côte d'Ivoire to adopt a new approach of investor targeting versus general promotion, and to take advantage of cutting-edge information technology to promote the country worldwide. In the area of the implementation of the new OHADA business laws, the Bank supports other countries in the Region and can take advantage of synergies and cross-fertilization. With the setting up of the arbitration court, the Bank supports an extension of the privatization concept to the justice sector with a view to supplement the present lack of capacity of the public sector justice system, until reform efforts come to fruition.

## **E: Summary Project Analysis (Detailed assessments are in the Project file, see Annex 8)**

### ***1. Economic Analysis (supported by Annex 4):***

[X] Cost-Benefit Analysis : NPV=US\$ 6.5million; ERR= 26.8 percent [ ] Cost Effectiveness Analysis:

The net present value of the project is estimated at about US \$ 6.5 million for a 12 percent discount rate, and its internal economic rate of return is estimated at 26.8 percent. The export promotion component showed a high rate of 34.9 percent. The pay-back period is estimated at 6.5 years and the NPV is zero when the ERR is 12 percent. It is also expected that 1,200 jobs will be created in the export sector. The fiscal impact is estimated at US\$ 4.6 million mainly from corporate and personal income taxes

### ***2. Financial Analysis: n.a.***

### ***3. Technical Assessment : n.a.***

### ***4. Institutional assessment :***

a. Executing agencies: All subcomponents will be implemented by the organizations/agencies which are in charge of normal operations in the respective areas. The export promotion program will be carried out by APEX-CI, a private sector institution with a broad-based membership among the nation's exporters. To manage the program a professional manager has been recruited from the private sector through a competitive process. He brings extensive international business experience and knowledge of international standards of quality and competitiveness to the management of the program. Through fact-finding trips and active interchange with similar matching grant schemes, the director will be exposed to best practices elsewhere. Recruitment of a project management specialist, a business development officer and an accountant is under way. Program oversight will be provided by APEX-CI's board which is primarily (75 percent) composed of representatives of businesses and business associations. CEPICI and the SME division of the Ministry of Planning and Industrial Development have qualified staff to carry out their respective components. In the Ministry of Justice, a special position of OHADA and Judicial Reform Coordinator has been created and filled during the implementation of the Private Sector

Adjustment Program. The staff is supported by an OHADA implementation committee. The Arbitration Court CACI is managed by a Secretary General who will be assisted by staff from the Chamber of Commerce which has committed to supervise financial management and provide advice on promotional activities.

b. Project management: The export promotion component which absorbs 68 percent of project resources will be managed separately, so as not to introduce additional decision layers. However, to ensure transparency in the selection of beneficiaries and allocation of grants, the management of the program will follow a detailed operational manual. A draft manual has been prepared and agreed upon during negotiations. A project coordination unit in the Ministry of Economy and Finance will be in charge of the procurement, disbursement, and financial management aspects of the other subcomponents. The same accounting and reporting system will be put in place in APEX-CI and in the project coordination unit. A private accounting firm will be hired to design administrative and accounting procedures and to hire and train the accountants.

**5. Social Assessment:**

The Project will address both urban and rural poverty issues by supporting investment and the development of export oriented industrial and agro-industrial enterprises. Increased investment and exports will result in significant employment creation and thus reduce the roots of poverty.

**6. Environmental assessment:** Environmental Category  A  B  C

None of the Project components is expected to have any significant environmental impact

**7. Participatory approach:**

	Identification/Preparation	Implementation	Operation
a. Primary beneficiaries and other affected groups:			
Private sector	IS/CON/COL	IS/CON/COL	IS/CON/COL
b. Other key stakeholders:			
Government	CON/COL	CON/COL	CON/COL
Other donors	IS/CON	IS/CON/COL	IS/CON/COL

NOTE: IS=information sharing; CON = consultation; and COL=collaboration

**F: Sustainability and Risks**

**1. Sustainability:**

Export Promotion : Both the policy dialogue and the matching grant fund components of the Project, although designed as temporary interventions, are expected to have an enduring impact on the policy environment of exporters and their capacity to compete in export markets. The Trade Information Center, heavily subsidized at first, is designed to achieve full cost recovery by the end of the Project. Government contribution to APEX-CI's operating expenses, significant at first, will decline over the life of the Project at which time APEX-CI's membership will bear 100 percent of non project-related operating expenses.

**Investment promotion and facilitation** : The Project will help the investment promotion agency CEPICI to upgrade its activities to take full advantage of available investor targeting methods and cutting-edge information technologies, and to streamline investment procedures. Project activities are of a temporary nature, but will lay the basis for long-lasting improvement in investment promotion and facilitation. Investment promotion activities are not intended to generate direct revenues. By the end of the Project, CEPICI's normal operating expenses will be covered by the budget of the Prime Minister's Office, as is the case at present. Upgrading of management capabilities of SMEs will make a more sustainable contribution than ad hoc support and financing.

**Strengthening of the Legal and Judicial System**: Recourse to arbitration requires prior inclusion of arbitration provisions in contracts and has, therefore, a certain gestation period. Moreover, CACI has to establish its credibility within the domestic and foreign business communities, which might take several years. It is expected that CACI will cover an increasing share of operating expenses over the life of the Project, reaching around 75 percent at the end of the 3-year period. Full cost recovery is expected after 5 years of operation. During the transition period after the end of the Project, the Abidjan Chamber of Commerce is expected to cover the residual operating expenses.

**2. Critical Risks (reflecting assumptions in the fourth column of Annex 1):**

<u>Risk</u>	<u>Risk Rating</u>	<u>Risk Minimization Measure</u>
<b>Annex 1, "From Outputs to Objective"</b>		
<b>1. Export promotion</b>		
1.1 Exporters and SMEs presently catering to the domestic market may show a reluctance to pay a significant portion of the costs of expert assistance.	M	Experience with similar schemes has shown how powerful the demonstration effect can be in overcoming this reluctance. Moreover, the program will include an extensive communication campaign on the benefits of outside expertise.
1.2 Policy makers may resist accepting APEX-CI policy reform proposals for consideration.	S	A broad range of policy decision makers have been actively involved in the preparation of the Project and have subscribed to its objectives. APEX-CI will use its communication means to broaden support from all constituencies for specific policy reform proposals.
1.3 Project funds to support individual beneficiary firms under the matching grant scheme may be used in a non transparent way.	N	Compliance with the operational manual will be monitored, and beneficiary participation will act as a deterrent.
1.4 Government may fail to respect APEX-CI's operational independence and may exert pressure to make the facility available as a public service, thus compromising the quality and sustainability of the approach.	N	Framework agreement ( <i>convention</i> ) specifying the operational independence has been agreed upon during negotiations. Adoption will be an effectiveness condition. Compliance with operational manual will be monitored.
<b>2. Investment promotion and facilitation</b>		
2.1 Political events and/or backtracking on economic reforms may erode investor confidence.	N	Bank will use country dialogue to highlight impact of those factors in determining investment decisions
2.2 Government agencies which are at present extracting rents from investors may be reluctant to cooperate in facilitation.	M	CEPICI could seek arbitrage from Prime Minister's Office.
<b>3. Strengthening of legal and judicial system</b>		
3.1 Corrupt judicial practices continue	S	Regional Supreme Court under OHADA reform will provide disincentives for repeated unfounded judgments. Arbitration will enhance competition for good practices.
3.2 CACI management lacks commercial orientation to "sell" the arbitration product ...	M	Close supervision by competent staff of Chamber of commerce and achievement of targeted results will be performance criteria
<b>Overall Risk Rating</b>	<b>M</b>	

Risk Rating - H (High Risk), S (Substantial Risk), M (Modest Risk), N (Negligible or Low Risk)

### **3. Possible Controversial Aspects:**

Export promotion: A possible source of controversy could arise from the fact that public funds are being used for non-reimbursable grants to private businesses. This issue has extensively been discussed with a broad range of Government representatives and the principle has generally been accepted, provided that the allocation of funds is carried out in a transparent and efficient basis. Another source of controversy could be the direct involvement of private business people in the formulation of policy reform proposals. Several examples (Mauritius, Senegal) demonstrate that this process can contribute to a climate in which policy reform measures are the result of a broad public private sector consensus rather than an adversarial relationship. The prior experience of the Competitiveness Committee in Côte d'Ivoire supports the same conclusions.

Investment promotion and facilitation : no controversial aspects identified.

Arbitration court: It could be argued that available financial resources should be put to use for upgrading the judicial system and not for creating a private alternative to deficient provision of public services. This position disregards the fact that even in developed countries with a better functioning judicial system, a great number of commercial disputes are settled out of court, by arbitration. The country's private sector development agenda cannot be held hostage to a dysfunctional judicial system, which will probably require several years to improve.

#### **G: Main Credit Conditions**

##### **1. Effectiveness Conditions:**

GOCI to adopt a Project Implementation Plan, satisfactory to IDA, for implementation of project subcomponents other than APEX-CI.

Project Coordination Unit and APEX-CI to put in place financial management system.

GOCI to sign a framework agreement ("*convention*") with APEX-CI for transfer of funds and guarantee of operational autonomy.

APEX-CI Board to adopt operational manual satisfactory to IDA.

##### **2. Disbursement Conditions:**

GOCI to sign a framework agreement ("*convention*") with the Chamber of Commerce and Industry for the operation of the CACI, as disbursement condition for the CACI subcomponent.

#### **H. Readiness for Implementation**

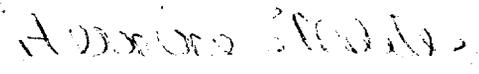
[X] The following items are lacking and are discussed under Credit conditions (Section G):  
Project Implementation Plan will be supplied as effectiveness condition.

**I. Compliance with Bank Policies**

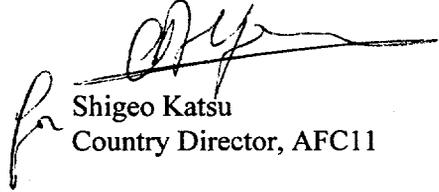
This Project complies with all applicable Bank policies.



Elke Kreuzwieser  
Task Manager, AFTP1



Herminia Martinez  
Acting Technical Manager, AFTP1



Shigeo Katsu  
Country Director, AFC11

## Annex 1

**CÔTE D'IVOIRE**  
**Private Sector Development - Capacity Building Project**

<b>Narrative Summary</b>	<b>Key Performance Indicators</b>	<b>Monitoring and Evaluation</b>	<b>Critical Assumptions/ Risks</b>
<b><i>Sector-related CAS Goal</i></b>			<b><i>(Goal to Bank Mission)</i></b>
Achieve high growth to alleviate poverty.	Annual GDP growth: 6% (1998 - 2000)		Continued Government commitment to economic reform agenda. Favorable world commodities prices.
<b><i>Project Development Objectives:</i></b>			<b><i>(Development Objectives to CAS Objective)</i></b>
<b>1. Increase non - traditional exports.</b>	1.1 Non traditional exports increase by 10% p.a. from 1999 to 2001.	Customs and <i>Direction de la Prévision</i> statistics.	Export destination markets remain relatively stable.
<b>2. Increase foreign and domestic investment</b>	2.1 Investment (excluding oil, gas, mining, privatization and cocoa/ coffee transformation) increases by 10% p.a., from 1999 to 2001.	Detailed investment statistics from CEPICI, Ministry of Finance, and company registrar.	Stable macro-economic environment; emphasis on good governance; open economy policy sustained.
<b>3. Private sector operates under a more secure and efficient legal and judicial environment.</b>	Surveys indicate at least 10% increase in satisfaction with judicial system each year (specific indicators to be developed).	Private sector survey at beginning of project (after specific indicators have been developed), repeated annually.	Government succeeds in curtailing corruption in the judiciary
<b><i>Outputs</i></b>			<b><i>(Outputs to Objective)</i></b>
<b>1. Export Promotion</b>			
1.1 Existing and potential exporters have received well focused assistance.	1.1 a - At least 50 firms or associations receive a matching grant the 1st year, 75 the 2nd year, 100 the 3rd year. 1.1 b - At least 75% of assisted firms have achieved one or more of the following: (i) increase of at least 25% of value of exports; ii) introduction of new products; (iii) diversification of export markets.	Annual surveys of assisted firms; annual APEX-XI progress report.	Exporters are willing to seek outside expertise and pay a substantial portion of the cost.
1.2 Key policy constraints have been identified and practical solutions pro-posed and implemented.	1.2 At least two significant export constraints are eliminated each year.	Annual APEX-CI progress reports and exporters' surveys.	Decision makers are willing to accept policy reform proposals from APEX-CI's public-private dialogue process.

Narrative Summary	Key Performance Indicators	Monitoring and Evaluation	Critical Assumptions/ Risks
1.3 Exporters' knowledge of markets, market opportunities, and potential clients has improved.	1.3 Computerized trade information service has at least 100 paying members and has a usage rate of at least 500 requests at the end of the 1st year of operation.	Annual APEX-CI progress reports.  Survey of a sample of users to establish degree of satisfaction.	Principle of fee for service is maintained, to enable the service to upgrade and extend equipment and databases and recruit competent staff.
<p><b>2. Investment promotion and facilitation</b></p> <p>2.1 Investment Promotion Center CEPICI uses investor targeting methods, modern information technology and benchmarking to maximize return on promotion effort.</p>	<ul style="list-style-type: none"> <li>• Number of contacts followed up by investor's visit to Côte d'Ivoire increased by: 25% after year 1 50% after year 2</li> <li>• Number and volume of actual investments originated by CEPICI promotion efforts increased by 30 % after year 3</li> <li>• Number of hits on website 5000 / year.</li> </ul>	CEPICI annual progress reports	<p>Professional approach to investment promotion overrides other more short-term considerations.</p> <p>Foreign investor confidence increases over time.</p>
2.2 Investment procedures for foreign and local investors are streamlined.	<p>2.2 Maximum processing time for projects</p> <ul style="list-style-type: none"> <li>• requiring no investment code approval : 48 hours</li> <li>• requiring approval: 1 month</li> </ul>	CEPICI statistics	Government agencies involved cooperate, and accept loss of rents extracted from investors.
2.3 Effectiveness of existing SME support measures has been thoroughly analyzed in the light of international best practice. Government and donors have agreed on SME support strategy.	Assessment of existing programs and activities. Seminar with participation of Government agencies, SME representatives and donors agrees on common SME strategy.	<p>Assessment report.</p> <p>Recommendations of seminar.</p>	Government adheres to effective, sustainable long-term approach, versus maximizing donor contributions.
2.4 An effective public/private sector consultation mechanism has been put in place and functions satisfactorily.	<p>2.4.1 Consultation group meets at least once a month</p> <p>2.4.2 Consultation group has</p> <ul style="list-style-type: none"> <li>• produced at least 4 studies p.a. as analytical support,</li> <li>• identified at least 3 significant issues to improve the competitiveness of the economy,</li> <li>• obtained 2 policy decisions.</li> </ul>	<p>Proceedings of meetings, including attendance records.</p> <p>Periodic reports by the secretariat of the consultation group.</p>	Risk : Private sector groups and major firms continue to favor seeking solutions to their problems on an individual basis.
2.5 The National Council for fight against Economic Fraud curtails corruption and tax evasion	Positive private sector assessment of effectiveness of Council's operations.	<p>Confidential private sector survey</p> <p>Periodic reports</p>	Risk : No action is taken in high profile cases for political reasons. Private sector may get frustrated and stop cooperation.

Narrative Summary	Key Performance Indicators	Monitoring and Evaluation	Critical Assumptions/ <i>Risks</i>
<b>3. Legal and judicial environment</b>			
3.1 Implementation of OHADA business law reform is completed.	<p>3.1.1 Information on contents of reform is readily available to professionals and the public.</p> <p>3.1.2 Existing legislation has been brought in line with contents of new business laws.</p>	<p>Supervision mission</p> <p>Consultant reports and Supervision mission.</p>	<i>Risk</i> : Ministry lacks planning capacity to implement reform.
3.2 Reorganization of office of the clerk-of-court and other judicial reform measures have produced expected results.	<p>3.2.1 Degree of private sector satisfaction with functioning of the system (e.g. delays, documents lost, and quality of judgment ) has increased.</p> <p>3.2.2 Sample of magistrates indicate positive impact of reforms.</p>	<p>Confidential private sector survey carried out by trade associations as baseline, annual follow-up surveys.</p> <p>Confidential survey carried out by consultant firm</p>	<i>Risk</i> : reforms are unable to address the major problem in the functioning of the judiciary: corruption.
3.3 Arbitration court has attracted a significant number of cases, and has proved financially viable after 3 year period.	<p>3.3.1 Arbitration Court handles 15 cases in 1st full year of operation, 25 cases in year 2, 35 cases in year 3.</p> <p>3.3.2 Arbitration Court covers 25% of expenses after year 1, 50% after years 2 and 75% after year 3.</p>	<p>CACI records</p> <p>Annual audit of CACI accounts</p>	Capable and dynamic management and close operational involvement of Chamber of Commerce.

<i>Project Components/Sub-components: (see Annex 2 for detailed description)</i>	<i>Inputs: (budget for each component)</i>		<i>(Components to Outputs)</i>
<b>1. Export promotion</b>	<b>US\$ 15.8m</b>		
<b>1.1 Matching Grant Fund</b>	<b>US\$ 14.5m</b>		
1.1.1 Recruitment of APEX-CI staff.	Consultant services	IDA guidelines for selection of consultants.	Government and donor respect APEX-CI's operational independence. APEX-CI's operational manual ensures transparency and efficient decision making. Grant awarded only in conjunction with sound export business plan. Effective coordination with other donor programs.
1.1.2 Provision of expert services to individual exporters to improve quality of products, price structure and marketing.	Consultant services	Annual financial and management audits	
1.2.3 Training of exporters' staff.	Training	Training evaluation	
1.2.4 Participation in trade fairs and prospection visits	Travel	Individual reports by beneficiaries	
1.2.5 Assistance to trade associations to improve delivery of services to members.	Consultant services	Annual financial and management audits	
<b>1.2 Policy Dialogue</b>	<b>US\$ 0.3m</b>		
1.2.1 Annual planning workshops	3 Workshops	Supervision mission	Effective participation of private and public sector representatives.
1.2.2 Analytical support studies/ best practice presentations	Consultant services	Annual financial and management audits Survey of assisted firms	
<b>1.3 Trade Information Center</b>	<b>US\$ 1.0 m</b>		
1.3.1 Feasibility study/needs assessment.	Consultant services	Consultant report	Efficient management of center. Increasing cost recovery.
1.3.2 Recruitment of electronic data specialist plus training.	Consultant services	IDA guidelines	
1.3.3 Equipment of center and purchase/leasing of databases.	Equipment and materials:	Annual financial and management audits	
1.3.4. Operating of center over 3 year period	Operating costs	Idem	
<b>2. Investment promotion and facilitation</b>	<b>US 5.2m</b>		
<b>2.1 FDI promotion</b>	<b>US\$ 2.5 m</b>		
2.1.1 Investor targeting study	Consultant services	Consultant report	Recruitment of consulting firm with vast international

<b>Project Components/Sub-components: (see Annex 2 for detailed description)</b>	<b>Inputs: (budget for each component)</b>		<b>(Components to Outputs)</b>
2.1.2 Training of CEPICI staff	Training/travel	Training Evaluation.	experience.
2.1.2 Creation of websites and promotional material.	Consultant services	Annual Financial and management audit.	
2.1.3 Organization of two targeted promotional events.	Consultant services Travel Equipment and materials	Annual financial and management audit. CEPICI report.	CEPICI adheres to focused approach which has been developed.
<b>2.2 Simplification of investment procedures</b>	<b>US\$ 0.1m</b>		
2.2.1 Recruitment of lawyer and information specialist.	Consultant services	Annual financial and management audit.	Recruitment of competent local consultants.
2.2.2 Information gathering abroad.	Travel	Mission reports	
2.2.3 Recommendations and decision making process application.	Workshop		
<b>2.3 Develop SME strategy and provide management training</b>	<b>US\$ 1.6 m</b>		
2.3.1 Analysis of effectiveness of existing programs.	Consultant services	Consultant report	Objective approach adopted without political agenda.
2.3.2 Exposure to best practice abroad.	Travel	Mission reports	
2.3.3 Workshop with donors to agree on strategy.	Workshop	Workshop recommendations	Donors ready to cooperate effectively.
2.3.4 Management training of SMEs.	Training	Training reports and evaluation	Well designed training programs.
<b>2.4 Establish effective public/private sector consultation</b>	<b>US\$ 1.0 m</b>		
2.4.1 Provide analytical support	Consultant services	Consultant reports	Significant issues identified
2.4.2 Assist with operating expenses	Operating costs	Regular Committee reports.	Private sector pays part of operating costs.
<b>3. Legal and judicial environment</b>	<b>US\$ 1.5m</b>		
<b>3.1 Implement OHADA business law reform</b>	<b>US\$ 0.2m</b>		
3.1.1 Dissemination of texts	Materials:	Annual audit	

<b>Project Components/Sub-components: (see Annex 2 for detailed description)</b>	<b>Inputs: (budget for each component)</b>		<b>(Components to Outputs)</b>
3.1.2 Harmonization of existing texts with new laws.	Consultant services	Consultant report Supervision mission	Capacity of ministry of Justice to manage the process Internatlization.
<b>3.2 Ensure effectiveness of measures taken under Justice reform action plan</b>	<b>US\$ 0.2m</b>		
3.2.1 Assess effective implementation of action plan.	Consultant services	Consultant report.	Assessment highlights results on the ground, not measures on paper. Confidentiality ensures that survey participants give candid assessment.
3.2.2 Carry out private sector and magistrates surveys and evaluate results.	Consultant services	Survey results.	
<b>3.3 Support operation of arbitration court and establish credibility</b>	<b>US\$ 1.1m</b>		
3.3.1 Staffing	Consultant services	Annual financial and management reports. Consultant report. CACI progress reports.	Close involvement of business-trained staff of Chamber of Commerce.
3.3.2 Promotion/awareness raising	Consultant services Travel		
3.3.3 Support operations	Operating costs	Annual financial and management reports	

## Annex 2-1

### Côte d'Ivoire Private Sector Development - Capacity Building

#### Detailed Project Description

**Project Component 1 - Export promotion :   US\$ 15.8 million**  
(total cost of component)

This component will support a newly created private/public sector association of exporters, the *Association pour la Promotion des Exportations de Côte d'Ivoire* (APEX-CI), to implement a broad range program of export promotion services. This program has three main subcomponents:

1.     Matching Grant Scheme
2.     Policy Dialogue
3.     Trade Information Center

**(1)   *Matching Grant Scheme.***     The Project will finance the establishment and execution of a matching grant scheme. This scheme is designed to channel relatively small amounts of money directly to private exporters to finance a portion of the cost of support services, as well as specific testing and packaging equipment for exports. The objective of this cost-sharing scheme is to accelerate improvements in export competitiveness by providing entrepreneurs access to as broad a range of expert support services as possible. It is expected that the scheme will provide partial financing to exporters and export associations for such activities as feasibility studies, technical consultancies and training courses, participation in trade fairs, the design and implementation of export marketing campaigns and visits of strategic buyers. The scheme is designed to be flexible and demand driven and since the beneficiaries are required to pay part of the costs, they in turn will demand that the scheme be efficiently and transparently run and be responsive to their needs. To this end, the operations of the scheme will be governed by a detailed operating manual. This manual specifies the eligibility criteria, application procedures and procedures for hiring service providers and evaluating the services they have provided, as well as the nature of equipment eligible for financing. The manual also specifies the cost sharing formula which is designed to: (a) make the scheme particularly attractive for small enterprises; (b) ensure that entrepreneurs "graduate" over time and accept to bear the cost of expert services that they need. The amount of the matching grant will be calculated based on the total cumulative costs of all the support services received by a single beneficiary firm and partially subsidized by the scheme during the life of the Project, according to the following formula:

<u>Total Cumulative Cost of Support Services (US\$)</u>	<u>Beneficiary Contribution</u>	<u>% Matching Grant</u>
<u>Small enterprises ( turnover &lt; US\$1.0 m equivalent in local currency)</u>		
0 - 8,000	35%	65%
8,001 - 50,000	50%	50%
<u>Medium-size enterprises (turnover US\$1.0 - 5.0m equivalent in local currency)</u>		
0 - 50,000	50%	50%
over 50,000	35%	65%

The total amount of matching grants per beneficiary firm will be capped at US\$50,000. For medium-size firms, this cap can be exceeded in exceptional cases, but at a lower rate of subsidy. For associations, the total amount of matching grants will be capped at \$80,000 while the subsidy rate will be fixed at 65%, in order to encourage firms to use this more cost-efficient instrument of delivery of services.

**(2) Policy Dialogue to improve business environment for exporters.** The Project will finance the organization of a policy dialogue which will bring together key representatives from the Government and the exporters' community who meet regularly with a mandate to: (a) identify and analyze regulatory constraints to export development; (b) develop detailed proposals for policy change; (c) submit these proposals to Government decision makers; and (d) monitor the adoption and implementation of these proposals. The Project will enable APEX-CI to commission experts to conduct diagnostic studies and to formulate policy options, and to invite practitioners, both domestic and foreign, to present best practices. This dialogue will act as an advisory rather than decision-making mechanism and, therefore, will depend on the credibility it enjoys both within the private and public sector. In order to establish and maintain this credibility the dialogue process will have to strike a balance between independence and strong commitment from and access to higher levels of Government. The process is designed to elicit different perspectives from a broad range of participants, inject a solid dose of analysis into the process and build joint ownership for the resulting proposals. APEX-CI will conduct a continuing public awareness campaign to disseminate its findings and conclusions on reforms needed in the business environment for the development of exports.

**(3) Trade Information Center.** In spite of rapid progress in the telecommunications infrastructure, Ivorian exporters still have little access to the range of information services currently available worldwide. This subcomponent is designed to greatly enhance the competitiveness of Ivorian exporters at relatively low cost and will: (a) provide access to data bases and information services available internationally on export markets and opportunities; (b) connect Ivorian exporters with potential suppliers and business partners abroad; (c) assist Ivorian exporters in developing communication means (web pages etc.) on their products and export capabilities; and (d) develop an electronic inventory of Ivorian exporters and their capabilities for access by foreign

buyers and suppliers. APEX-CI will provide this service on a retail, fee-for-service basis. Although the service will have to be subsidized during the start-up period (historically, similar services did not fully recover costs even in developed countries), sustainability on a commercial basis can be envisaged at the end of the Project, due to the advancement of information technology and falling costs.

**Project Component 2 - Investment promotion and facilitation :      **US\$ 5.2 million**  
(total cost of component)**

This component will enhance the capability of Côte d'Ivoire to attract foreign investors, while at the same time providing investment facilitation and improving the competitiveness of local businesses, particularly SMEs. It will have 4 subcomponents :

- (1) FDI promotion (investor targeting study, development of websites and promotion materials, organization of two promotional events using investor targeting methods);
- (2) Simplification of investment procedures;
- (3) Promotion of small-scale local investment through agreement on an effective SME support strategy and provision of management training for SMEs;
- (4) Analytical support to public/private sector consultation mechanism, including competitiveness studies. Initial support to a joint public/private sector committee against economic fraud.

Generally, investment promotion agencies worldwide put their operational programs into three broad categories : awareness creation, investor facilitation, direct promotion. Côte d'Ivoire has already successfully implemented a broad based awareness creation campaign, aimed at building Côte d'Ivoire's image and making it visible as an investment site, through two widely attended investment conferences in Abidjan ( 1995 and 1997), Ivoirian trade and investment fairs in France and the USA, "roadshows" in several European countries, promotional visits to Asia, publication of a special supplement in the *Financial Times* etc.. Investment has picked up substantially since the devaluation in 1994, but is still heavily concentrated in oil, gas, mining, privatization and processing of commodities (transformation of cocoa and coffee). At this junction, Côte d'Ivoire is ready for a well-targeted, more cost-efficient approach which would maximize returns on public resources spent on investment promotion.

***(1) FDI promotion***

Côte d'Ivoire's investment promotion agency *CEPICI (Centre de Promotion des Investissements en Côte d'Ivoire)* is a small, well-staffed organization attached directly to the Prime Minister's office. In order to develop more sharply focused promotional campaigns, an investor targeting study to be financed under the Project would lay the groundwork for future promotion activities. The study would start out from a recently completed series of sectoral studies, and assess the comparative advantage of the country relative to worldwide trends, to identify the future sources of growth in the economy. Most importantly, it would identify the sectors and firms within sectors, worldwide, which CEPICI should be targeting through industry/trade show participation and direct investor targeting activities. Once consensus is reached on a focused promotion strategy, a detailed plan would be prepared, identifying the best means of reaching the targeted groups of firms, including individual firms in each target sector, and the most

appropriate promotional methods and materials to be used. The overall implementation plan would offer realistic quantitative targets in terms of numbers of firms in contacts, visits, negotiations, and investments. The Project would subsequently finance the actual implementation of two selected promotional events, putting to use the investor targeting methods. Agreed upon benchmarks would be used to assess a performance based part of the consultant fee of the firm which will carry out the investor targeting study.

Côte d'Ivoire and CEPICI need to take advantage of modern technology ( attractive websites in several languages, enhanced promotional materials) to promote the country to the international business community. Promising initiatives have been started ( e.g. a CD-ROM promoting the country) but much more needs to be done to achieve a critical mass. The Project would help finance these activities.

### ***(2) Simplification of investment procedures***

Company registration procedures are cumbersome and relatively expensive in Côte d'Ivoire. The one-stop-window established within CEPICI in 1995 has helped speeding up the procedures significantly, but at the cost of CEPICI staff expediting the transmission of documents to various Government departments, acting as a facilitator. However, with an increasing number of applications, this approach has reached its limits and simplification of procedures has become absolutely necessary.

The Project would finance a team of two national consultants, a lawyer and a computer specialist, under the supervision of a CEPICI staff. From the outset and during the process, CEPICI would engage in consultations with all agencies involved to obtain their adherence and compliance. The team would analyze existing procedures, identify information requirements of government agencies involved ( proposing the elimination of those requirements which are no longer necessary) and conceive a single document with copies to be dispatched to all agencies involved (*liasse unique*). The procedures would also have to be brought in line with the recent revision of company registration requirements under the regional business law reform OHADA. A test phase would precede final adoption and publication of the new procedures.

### ***(3) Promotion of small-scale local investment through an effective SME support strategy***

After the devaluation of the CFA Franc, SME activities have taken off especially in Abidjan and the secondary cities. However support to entrepreneurs has remained scarce and mostly inadequate. Several initiatives were taken since 1990 by donors, especially UNDP, the European Union, ADB, as well as Swiss, Belgian and French bilaterals. Among the recent initiatives UNDP ( through UNIDO) is developing a promising scheme, privately managed, to provide support to subcontractors. France financed a study on financial needs of SMEs.

The Government adopted an SME action plan in January 1997 and created the *Institut National Ivoirien de l'Entreprise (INIE)*, a publicly managed structure to provide information and technical assistance services to entrepreneurs. However, donors do not seem to fully support the Government's action plan which lacks financing. It appears

clearly that the comparative advantage of the World Bank at this stage would be to promote coordination among donors to develop a coherent SME strategy for the country. The SME component in the PSD Project would entail the following steps : (a) field assessment of results of the initiatives and projects financed by various donors since 1990, (b) round table on SME policy with all the stakeholders ( Government, SME associations, donors) to share the results of the assessment and disseminate best practice in other countries, (c) design of a coherent medium term strategy with a clear definition of the actors' roles, of the priorities, of the outputs and the review process.

Best practice in other countries has shown that upgrading the management capacities of small entrepreneurs has had a significant impact on the creation of SMEs and sustainability of operations. The project will support this element of the SME plan, through specifically tailored programs to be delivered by existing management schools and experts familiar with small business administration.

***(d) Improvement of the business environment -  
Public/private sector consultation mechanisms and competitiveness studies***

Weak flows of information and communication between government and the private sector result in a climate of uncertainty and mutual suspicion which may negatively impact the level of private investment, bias private investment towards very short-term projects and push economic activity into the informal sector. To address these problems, many countries have adopted a formal or an informal consultative process between Government and private sector representatives. Côte d'Ivoire was one of the first African countries to implement this approach. The Competitiveness Committee and subsequently the technical unit of the Private Sector Development Committee combined the efforts of the public and private sectors to prepare and implement the far-reaching reforms of the PASCO ( Competitiveness and Regulatory Reform) and subsequently the Private Sector Development Adjustment operation.

More recently, these useful fora have been abandoned in favor of the resuscitation of the public/ private sector liaison committee which dealt originally mostly with fiscal issues and is chaired by the Minister of Finance. This committee operates in a reactive mode - often dealing with crisis situations created by a prior unilateral measure of the Administration - and has no long-term perspective of the economy or capacity to pursue the reform agenda left unfinished after the completion of the Private Sector Development Program. The proposed Project would help upgrade the liaison committee to a fully effective consultative body, by providing resources for analytical support for policy reform to improve the business environment and the competitiveness of the economy. Initial support for the start-up period of a joint public / private sector committee against economic fraud will also be provided.

**Project Component 3 - Strengthening of the legal and judicial system  
US\$ 1.5 million (total cost of component)**

Private sector development in general cannot succeed without a legal system based on predictability and stability. Inability to enforce private contracts or high costs and unreasonable delays have a negative impact on the economic development of a country.

Legal and judicial reform and the existence of arbitral dispute settlement mechanisms which help achieve efficient and expedient enforcement of agreements between private parties are, therefore, intrinsically tied to economic progress.

The component aimed at strengthening the legal and judiciary system proposes to achieve this objective through 3 subcomponents :

***(1) Implementation of the recently adopted OHADA regional business law reform :***

Côte d'Ivoire, together with 15 other French-speaking African countries, has adopted a region-wide comprehensive reform of business laws, including general commercial law, company law and sureties. A second set of laws on credit and recovery of debts, means of enforcement, bankruptcy, receivership, and arbitration will be adopted in 1998. These reforms will ultimately enable Côte d'Ivoire to operate in a framework of modern business laws, but they need to be implemented rapidly. Implementation involves the following steps:

- Wide dissemination of the contents of the new business laws, which includes publication and availability of the texts of the laws and publication of manuals;
- Training of legal practitioners ( magistrates, lawyers, clerks-of-the-court, law professors etc.) and information of the business community on the contents and impact of the new laws;
- Harmonization of existing laws with the newly adopted business laws.

The project will provide resources for these implementation activities.

***(2) Further improvement of the functioning of the judiciary***

The private sector assessment of 1994 emphasized that Côte d'Ivoire suffered not only from the absence of modern business laws ( the situation has been remedied in the meantime by the adoption of the OHADA business laws), but even more so from the inefficient judicial system (long delays, corruption etc.). An action plan was adopted in 1996, under the private sector adjustment credit. The plan was aimed at reforming procedures at the office of the clerk-of-court, providing better access to legal information (through support to the Center for Legal Information which keeps up-to-date information on legal texts and major case law), re-activation of the general inspectorate of judicial services, and strengthening of the legislative process. The Government is prepared to continue the reform process through further measures to improve the functioning of the judiciary and has presented a follow-up plan at the Consultative Group meeting in May 1998 in Abidjan. Close monitoring both of the satisfactory implementation of the 1996-1997 action plan and of the 1998 follow-up plan is needed to ensure their impact. The Project would establish performance indicators to measure the degree of satisfaction of the business community and would provide resources for independent monitoring of the progress of the legal and judicial reform.

***(3) Establishment and operation of an Arbitration Court***

Efforts to improve the functioning of the judicial system rarely produce quick results. Moreover, in most countries, many commercial disputes never reach the courts and are settled through arbitration. An Ivorian law of 1992 provides the legal framework for enforcement of arbitration decisions and the Abidjan Chamber of Commerce and Industry decided in 1995 to set up an arbitration court attached to this institution. The court opened in early 1997 when a secretary general was recruited. The proposed Project will assist the Arbitration Court in attracting a number of cases which will enable it, after a 3 year period, to cover most of its operating expenses. Support will take the form of technical assistance to establish the credibility of the court with national, regional and international businesses by providing quality control during the start-up period, assist with establishing and updating a list of qualified arbitrators, improve its procedures, publish an Arbitration Guide for Ivorian businesses. The proposed Project will also cover part of the operating costs of the Arbitration Court during the start-up period and communication/promotion expenses.

## Structure and growth rates of exports of Côte d'Ivoire

### Export Structure by products

1. Côte d'Ivoire's export structure is still very much dominated by unprocessed agricultural products which made up 49.1 percent of the value of exports in 1997. Timber accounted for 6.7 percent which brings the share of commodities on Côte d'Ivoire's exports to 55.8 percent. Processed agricultural products like cocoa butter, palmoil, and canned tuna represent another 13.5 percent of exports. The percentage of products based on agriculture, livestock, forestry and fishing thus amounts to 69.2 percent of total exports in 1997.
2. Other exports ( i.e. non agricultural, livestock, forestry, and fishing) represent 30.8 percent of total exports in 1997. Out of this subtotal, petroleum exports ( raw and refined) represent 13 percent, which brings the share of non-agriculture/livestock/forestry/fishery based industrial exports ( excluding petroleum) to 17.8 percent of total exports. If one includes exports of processed agriculture/ forestry/fishery products in the category of industrial exports (which would not be consistent with ISIC), the share of industrial exports in total exports would be 31.3 percent.
3. The structure of exports has not changed significantly as compared to the level before the devaluation. However, the share of unprocessed agricultural / livestock / fishing exports has increased slightly from 45.3 to 48.3 percent due the higher world market prices for the main commodities cocoa and coffee. The share of processed agricultural products has remained the same at 13.5 percent. The share of industrial products in a strict sense ( excluding agro-products and petroleum) has increased from 14.9 percent to 17.7 percent of total exports.

### Export growth rates

4. Exports in local currency have more than tripled between 1993 ( the year before the devaluation) and 1997, increasing by 231 percent. Even if the mechanical effect of the 50 percent CFAF devaluation is factored in, this would still represent 115 percent increase over pre-devaluation levels.
5. The most significant increase can be seen in the growth rate of "other products" which are mainly exported to neighboring African countries. The growth rate of 329 percent compared the level before devaluation ( 1997 / 1993), and 87 percent compared to the year immediately after the devaluation ( 1997/1994) reflects the increased competitiveness of the products of the Ivoirian industry compared to traditional competitors from developed countries.
6. The overall growth rate of exports of agro-products is an impressive 46 percent (1997/1994) and is mainly due to increased cocoa processing ( + 64 percent over the period). However, for non traditional agro-products the growth rate stands at only 3 percent over the 1994-1997. This indicates that despite its undeniable comparative advantage in these products and large world market potential, Côte d'Ivoire has not been able to open up new markets and diversify into new products.

Côte d'Ivoire - Exports 1993 - 1997											
	Total 1993	Total 1994	Total 1995	Total 1996	Total 1997	variation 1997/1996	variation 1997/1995	variation 1997/1994	variation 1997/1993	Structure 1993 in %	Structure 1997 in %
<b>1. Value (millions CFAF)</b>	<b>728,543</b>	<b>1,584,669</b>	<b>1,872,340</b>	<b>2,178,202</b>	<b>2,413,184</b>	<b>10.8%</b>	<b>28.9%</b>	<b>52.3%</b>	<b>231.2%</b>		
<b>Subs. agriculture, cattle, fish</b>	<b>3,301</b>	<b>6,553</b>	<b>13,743</b>	<b>15,091</b>	<b>19,050</b>	<b>26.2%</b>	<b>38.6%</b>	<b>190.7%</b>	<b>477.1%</b>	<b>0.5%</b>	<b>0.8%</b>
<b>Agriculture - cash crops</b>	<b>330,329</b>	<b>739,790</b>	<b>900,193</b>	<b>1,051,912</b>	<b>1,164,729</b>	<b>10.7%</b>	<b>29.4%</b>	<b>57.4%</b>	<b>252.6%</b>	<b>45.3%</b>	<b>48.3%</b>
- coffee beans	45,546	105,726	169,541	119,793	185,103	54.5%	9.2%	75.1%	306.4%		
- cocoa beans	199,729	454,676	530,155	720,276	746,568	3.7%	40.8%	64.2%	273.8%		
- fresh pineapple	11,313	21,493	21,403	29,188	28,830	-1.2%	34.7%	34.1%	154.8%		
- banana	18,406	32,175	40,103	44,724	39,877	-10.8%	-0.6%	23.9%	116.7%		
- ginned cotton	30,504	68,767	68,970	58,682	76,931	31.1%	11.5%	11.9%	152.2%		
- rubber	15,992	39,581	56,325	59,617	63,179	6.0%	12.2%	59.6%	295.1%		
other unproc. agricultural products	8,839	17,372	13,696	19,632	24,241	6.0%	77.0%	39.5%	174.2%		
<b>Timber</b>	<b>79,125</b>	<b>191,509</b>	<b>202,525</b>	<b>161,950</b>	<b>160,783</b>	<b>-0.7%</b>	<b>-20.6%</b>	<b>-16.0%</b>	<b>103.2%</b>	<b>10.9%</b>	<b>6.7%</b>
- o/w sawn timber	67,079	163,660	176,724	141,084	152,273	7.9%	-13.8%	-7.0%	127.0%		
<b>Agro-products</b>	<b>97,800</b>	<b>223,067</b>	<b>293,711</b>	<b>290,936</b>	<b>325,530</b>	<b>11.9%</b>	<b>10.8%</b>	<b>45.9%</b>	<b>232.9%</b>	<b>13.4%</b>	<b>13.5%</b>
- processed cocoa	35,099	73,193	96,089	95,678	119,989	25.4%	24.9%	63.9%	241.9%		
- processed coffee	12,156	32,715	29,628	31,975	33,734	5.5%	13.9%	3.1%	177.5%		
- canned tuna	18,555	64,022	106,858	110,681	125,986	13.8%	17.9%	96.8%	579.0%		
- palm oil	22,139	34,017	38,971	31,765	26,065	-17.9%	-33.1%	-23.4%	17.7%		
other agro-products	9,851	19,120	22,165	20,837	19,757	-17.9%	-10.9%	3.3%	100.6%		
<b>Other products</b>	<b>217,988</b>	<b>423,750</b>	<b>462,169</b>	<b>658,314</b>	<b>743,092</b>	<b>12.9%</b>	<b>60.8%</b>	<b>75.4%</b>	<b>240.9%</b>	<b>29.9%</b>	<b>30.8%</b>
- Petroleum - unrefined	0	0	16,492	53,601	55,709	3.9%	237.8%	0.0%	0.0%	0.0%	2.3%
- Petroleum - refined	109,655	180,466	176,890	271,115	258,040	-4.8%	45.9%	43.0%	135.3%	15.1%	10.7%
- cement	8,592	17,968	16,320	18,620	18,783	0.9%	15.1%	4.5%	118.6%	1.2%	0.8%
- cotton fabrics	9,371	17,546	16,384	18,224	22,322	22.5%	36.2%	27.2%	138.2%	1.3%	0.9%
- other industrial products	90,370	207,770	236,083	296,754	388,237	22.5%	64.4%	86.9%	329.6%	12.4%	16.1%

**Annex 3**  
**Private Sector Development - Capacity Building**  
**Estimated Project Costs**

<u>Project Component</u>	Borrower	Benefi- ciaries	IDA	Local	Foreign	Total
	-----US \$ million-----					
<b>1 - Export promotion</b>	<b>5.05</b>	<b>4.42</b>	<b>6.32</b>	<b>11.41</b>	<b>4.38</b>	<b>15.79</b>
1.1 Matching grant fund	4.60	4.12	5.74	10.72	3.74	14.46
1.2 Policy dialogue	0.09	0.10	0.10	0.19	0.11	0.30
1.3 Trade Information Center	0.36	0.19	0.47	0.51	0.52	1.03
<b>2.- Investment promotion</b>	<b>1.23</b>	<b>0.08</b>	<b>3.93</b>	<b>3.56</b>	<b>1.67</b>	<b>5.23</b>
2.1 Investor targeting study, strategic plan, selected promotional activities	0.62	--	1.85	1.01	1.45	2.46
2.2 Investment facilitation	--	--	0.09	0.09	--	0.09
2.3 SME support	0.39	--	1.22	1.60	--	1.60
2.4 Improvement of business Environment	0.23	0.08	0.77	0.86	0.22	1.08
<b>3. - Strengthening of legal and judicial system</b>	<b>0.13</b>	<b>0.41</b>	<b>0.98</b>	<b>1.25</b>	<b>0.26</b>	<b>1.52</b>
3.1 OHADA implementation	0.03	--	0.18	0.21	--	0.21
3.2 Monitoring of justice action plan	0.03	--	0.19	0.16	0.06	0.22
3.3 Arbitration court	0.07	0.41	0.61	0.88	0.20	1.08
<b><u>Total Baseline Cost</u></b>	<b>6.41</b>	<b>4.91</b>	<b>11.22</b>	<b>16.23</b>	<b>6.31</b>	<b>22.54</b>
.....PPF			0.25	..0.12	0.12	0.25
Physical/price contingencies			0.53	..0.27	0.27	0.53
<b><u>Total Project Cost</u></b>	<b>6.41</b>	<b>4.91</b>	<b>12.00</b>	<b>16.62</b>	<b>6.70</b>	<b>23.23</b>

**Annex 4 - 1**  
**Côte d'Ivoire - Private Sector Development Capacity Building Project**  
**Cost Benefit Analysis Summary**

	Present Value of Flows (a)	Fiscal Impact
	Economic Analysis	Increase in Taxes (b)
Base Year: 1998		
Benefits (US\$m)	19.9	4.6
Costs (US\$m)	13.4	-
Net Benefits: (US\$m)	6.5	4.6
IRR:	26.8 %	
Probability that IRR is below 10% is negligible		

(a) Using a discount rate of 12%.

(b) Benefits are estimated using incremental taxes obtained from corporate and income taxes of export enterprises.

**Main Assumptions:**

1. Stable macroeconomics environment as projected in the CAS with real GDP growth averaging at 6-7% per annum.
2. The export firms will have (a) access to export markets; (b) improved technology for strategic, functional and technical information; and (b) will have access to information that will facilitate information interchanges with foreign markets.
3. It has also been assumed that: (a) financial costs and benefits are equated to economic cost and benefits; (b) average matching grant will be \$13,500 for individual firms and \$27,000 for subsector associations; (c) Its assumed that APEX-CI subsidy rate will be 50%.
4. Its assumed that the output increases by 10 times, and that the social costs of other crucial resources in the economy that are diverted into the project is 67%. Therefore, the net benefits have been discounted by this rate. Detailed quantitative assumptions are described in Annex 4-1

**Results**

**Base Case Results.** The net present value of the project is estimated at about US \$ 6.5 million for a 12% discount rate, and its internal economic rate of return is estimated at 26.8%. The Export promotion component showed a high rate of 34.9%. The pay-back period is estimated at 6.5 years and the NPV is zero when the ERR is 12%. It is also expected that 1,200 jobs will be created in the export sector.

Switching values of critical items:

Three sensitivity tests were carried out: (a) the first test assumed that the disbursement period is elongated over a period of 6 years; the NPV was reduced to US\$2.7 million and the ERR was 17.3%; (b) the second test assumed a 75% social cost of resources diverted into the project; the result was NPV of US\$2.0 million; (c) the third test was to increase the expected increase in output for each firm from 10 to 15 as in the East Asian countries and Kenya. The results showed NPV of US\$13.4 million and ERR of 40.5%. These results established the fact that the project is robust.

## Annex 4-2

### ECONOMIC ANALYSIS

#### Introduction

0.1 The economic analysis of this type of private sector development project presents special difficulties particularly when there is an indirect relationship between the project's actions and the stream of benefits. The difficulty in measuring benefits lies in the fact that the project would be supporting an acceleration process leading to an outcome rather than supporting the direct outcome. Moreover, it is equally difficult to estimate the amounts and types of exports that would be financed through the matching grant's scheme to the emerging exporters. Despite these difficulties, an attempt has been made to present a quantified measure of the benefits that are expected from the project. Therefore, a brief project description has been given to highlight the intentions of the project, as to what it hopes to achieve, create or establish in a "with" and "without" project framework. This is followed by an explanation on how the benefits have been quantified. A cost-benefit analysis framework has been used to calculate the Net Present Value (NPV) and Economic Rate of Return (ERR).

0.2 The economic analysis has produced an NPV of US 6.5 million at a discount rate of 12 percent and an ERR of 26.8 percent. This estimate has been based on a methodology whereby the project is assumed to accelerate an increase in output by 3 years.<sup>1</sup> Such an increase in output is therefore expected not to be realized without the project. Nonetheless, to simplify the analysis the indirect benefits have been excluded, thus, giving lower results than would have been the case otherwise.

Table 1: Economic Analysis Summary

Project Component	Present Value of net Increases in Output (US\$ million)	Net Present Value (US\$ million)	Economic Rate of Return (%)
1. Export Promotion (Matching Grant Scheme)	20.5	8.4	34.9
2. Investment Promotion, & 3. Arbitration Court and Regional Business Law.	2.7	0.3	14.5
Total Project	23.2	6.5	26.8

#### Project Objectives

0.3 *The main development objective* of the Private Sector development and Capacity Building Project for Côte d'Ivoire is to facilitate the increase in levels of investment and

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<sup>1</sup> Same method has been applied by the World Bank on similar programs with Matching Grant Schemes. See Report #16524-ZA. Zambia: Enterprise Development Project. SAR. 1997 and Report #15062-ZIM -Zimbabwe: Enterprise Development Project. SAR. 1996.

exports in order to achieve a high growth rate of between 6 - 7 percent per annum. This is necessary for the achievement of sustainable poverty reduction in Côte d'Ivoire. Specific project objectives are to: (a) support growth of export in non-traditional products; (b) attract foreign investors through investment promotion activities and simplified investment procedures; (c) create a secure legal environment for investors and existing businesses. Progress towards accomplishing these objectives will be measured through: (i) the increased number of non-traditional exporters; (ii) contribution of non-traditional exports to the nation's GDP; (iii) increases in foreign investment; and (iv) increases in business confidence ratings of the country. An interesting element in the design of the project, is that, the private sector is the key player in particular, during implementation. The private sector through the APEX-CI<sup>2</sup>, will be committing their own resources and financing to match the amounts supported by the project by taking risks in investing in non-traditional export sector activities. This element will allow the discipline of the export market to operate in an efficient way, and to ensure that, the types and levels of investments made by the 215 firms assisted under the project will generate sound economic returns to the country.

0.4 *Implementation.* The project will support export oriented firms in Côte d'Ivoire to increase their economic returns on their investments and thus become more profitable. This would mainly be achieved through a reduction in costs, as outputs are expected to be sold in competitive markets (for example in import-competing or export markets). This reduction in costs can also be manifested as, an improvement in productivity, is expected to be achieved through:

- Access to Markets - support services for exporters;
- Improved Technology - through utilization of improved technology for strategic, functional and technical information;
- Access to Information - the project will establish an information database that will facilitate information interchanges between Côte d' Ivoirian exporters and foreign markets.

### **Cost-Benefits Analysis**

0.5 Ideally, the effect of each of the project interventions on the costs of the firms should be the starting point for the examination of potential increases in profits. However, such data is not readily available. Although most firms have an estimate of potential increases in output that could result from specific actions including project interventions, such information is not readily available. This is mainly due to the fact that most private firms will not volunteer such information because of income tax purposes. Thus, this

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<sup>2</sup> APEX-CI is a non governmental organization that is for export organization that is under majority private sector management.

information has not been used for estimating the potential increases in individual firm profits (benefits) expected from the project.

0.6 Instead, the output generated from the project supported export oriented firm has been used as an alternative measure for the benefits. This approach has indicate a very high valuation of the project's benefits. Some adjustments have thus been done to accommodate the opportunity cost of the private funds utilized in the project (See par. 1.11). It was therefore judged that the profit numeraire was not ideal for the cost benefit analysis of investment projects that have matching grant schemes.

### **Assumptions**

0.7 The first underlying assumption is that the financial costs and benefits can be equated with the economic costs and benefits of the operations of assisted firms. This assumption has its problems because the financial statement does not always capture economic externalities associated with environmental resource use. Another source of divergence is labor, especially if the shadow wage rate is significantly below the market wage rate. In this case, the financial return understates the economic return, other things being equal. Nevertheless, with the liberalization of the economy, it is assumed that prices in the economy reflect the forces of market supply and demand as opposed to policy distorted price levels. In the absence of precise information on these types of considerations, it is practical to assume that the financial and economic values are concurrent. Therefore, the hypothesis applied is that the firms assisted in the project face largely undistorted prices.

0.8 The second assumption is that APEX-CI will provide matching grants to 200 firms and 15 subsector associations. Thus, the first year 50 individual firms and 5 subsector association will receive the matching grant. In the second year, 75 individual firms and 5 subsector association and year three, 75 individual firms and 5 subsector associations will receive matching grants. The average value of matching grant will be US\$ 13,500 for individual firms and US\$ 26,000 for subsector associations.

0.9 It is also assumed that the APEX-CI subsidy rate for individual firms will vary from 35 to 65 percent depending on the cumulative costs of the interventions already supported. For the purpose of this analysis, the average subsidy is assumed to be 50% . For associations, the subsidy rate is fixed at 65 percent. The average total cost of a firm level intervention is assumed to be 27,000 for individual firms and \$40,000 for the subsector associations.

0.10 The valuation of the benefits uses a two stage calculation which first estimates the extra output created by assisted firms and second estimates the profit associated with that output. Ideally, the additional output is defined as the difference between the level of output achieved by firms assisted by the project and the level of output these same firms would have achieved in the absence of the project. According to a methodology

developed by Levy, Berry and Nugent<sup>3</sup>, which is based on empirical evidence in similar schemes in East Asian countries, it assumed an output increase of about 15 times of the matching grant amount. Nevertheless, in this analysis, the project's assumptions are very conservative by expecting the matching grant to accelerate increases in firms output 10 times. The expected increase is further reduced by two-thirds. This reduction in net benefits is based on an assumption that important resources would be diverted from other economic activities to facilitate the achievement of project results.

0.11 The matching grant is also expected to inject know-how in companies to stay competitive apart from creation of additional jobs. Employment creation has been taken into account as a secondary effect of the matching grant scheme. Therefore, about 1,200 jobs are expected to be created in the non-traditional export sector by the end of the project.<sup>4</sup>

0.12 Measurement of economic benefits of institutional development support in the judiciary system and investment promotion is difficult because they furnish provision of services to firms indirectly. For the sake of consistency, it was assumed that the support provided would increase efficiency of the supported recipients and would yield an increase in economic outputs at a multiple of two times the amount of support.

Table 2: Cash Flow and Output Determinants of Economic Results

Project Component	Project Cost (US\$ million)	Net Increase in Economic Output Owing to Project <sup>5</sup> (US\$ million)						
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
1. Export Promotion (Matching Grant Scheme)	12.0	1.3	4.5	8.3	8.9	5.7	1.9	-
2. Investment Promotion, & 3. Arbitration Court and Regional Business Law	3.0	-	-	1.3	3.0	4.7	3.4	1.7
Total Project	15.0	1.3	4.5	8.7	9.9	7.3	3.0	0.6

<sup>3</sup> The methodology is adapted from Levy, Berry and Nugent, "Successful SMEs and Their Support Systems," mimeo. 1996.

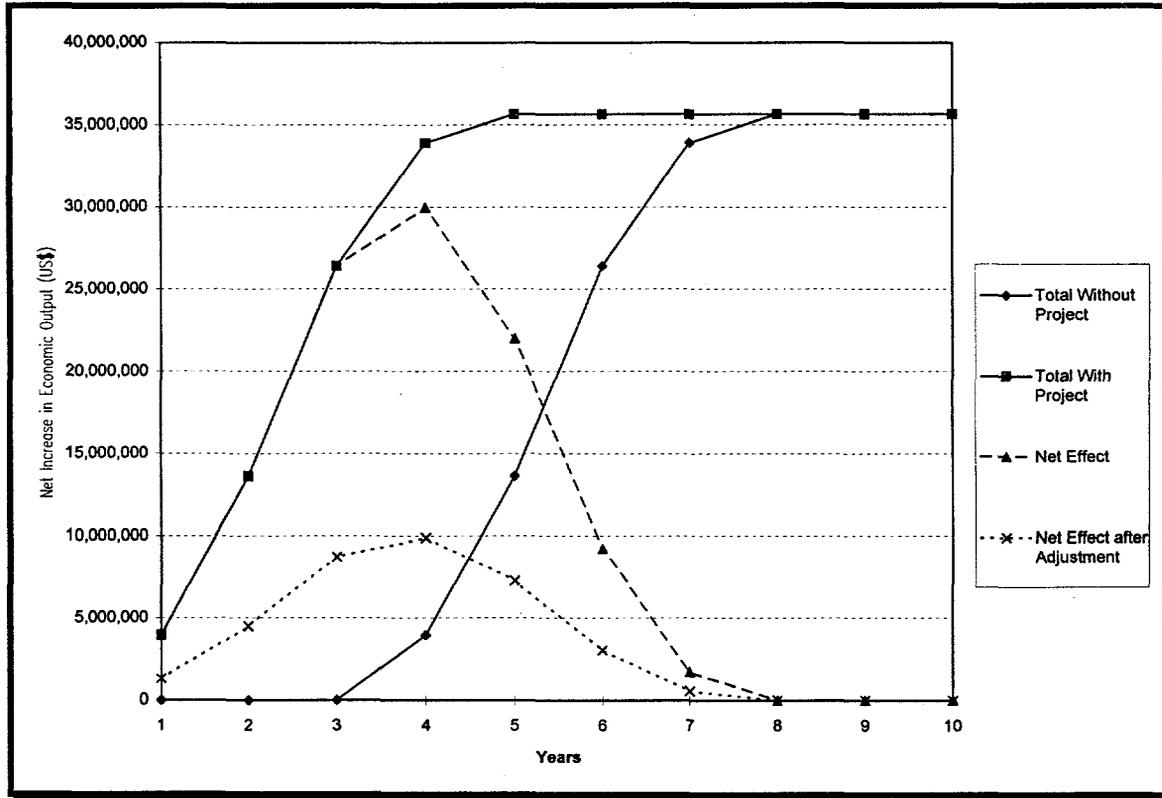
<sup>4</sup> This estimate used 1995 labor productivity figures for Côte d'Ivoire in manufacturing sector of \$25,000 worth of output per worker.

<sup>5</sup> Reduced by 2/3.

## Results

0.13 The above explained analysis yielded a series of accelerated increase in output levels per component. The same scenarios were then repeated, albeit, staggered three years behind the first analysis. This was based on the assumption that, the principal result is the acceleration of the process by three years. As indicated in Table 2. above and Chart 1. below, the final economic results are represented by the present value calculations of the difference between the first scenario of increases in output resulting from the project and the same scenario, three years behind it. The results suggest that the overall project can be strongly justified in NPV and ERR terms. The Export promotion component showed a high rate of return of 34.9 percent<sup>6</sup>. The pay-back period for the investment is estimated at 6.5 years. The NPV is less than zero when the ERR is around 12 percent.

Chart 1: Summary of Project Economic effects



## Sensitivity Analysis

0.14 The sensitivity analysis switched values on the export promotion component and kept the institutional disbursements as in base case scenario. The first evaluation was done by elongating the disbursement over a period of 6 years, the effect on the project

<sup>6</sup> Similar schemes in Zimbabwe showed an ERR of 46% and that of Zambia's showed 42%. It therefore means that the scheme is highly profitable.

was that the NPV was reduced from US\$ 6.5 million to US\$ 2.7 million and the ERR from 26.8 percent to 17.3 percent . This suggested that a slower implementation period will not have a material effect on the economic impact of the project.

0.15 The second evaluation was done by modifying the reduction in the level of output attributed to diversion from other resources. In this case, by increasing the reduction from 67 percent (the base case) to 75 percent , the NPV remained positive at US\$ 2.0 million. In reducing the level of reduction in the level of output to 50 percent , the NPV increased significantly to US\$ 16.0 million with an ERR of 43.8 percent . Thus, although the outcomes are sensitive to the effects of modifying this variable, all of the outcomes presented positive NPVs within the parameters (50-78 percent reduction) established in the theoretical foundation for this approach.

0.16 A third evaluation was done on the base case scenario by switching the expected increase in output for each firm from 10 to 15 as that of the East Asian countries and Kenya. The results showed an NPV of US\$ 13.4 million and an ERR of 40.5 percent . Meanwhile, on the other hand, the multiple value can go as low as 6.5 before the NPV becomes negative.

**Table 3. Sensitivity Analysis Summary**

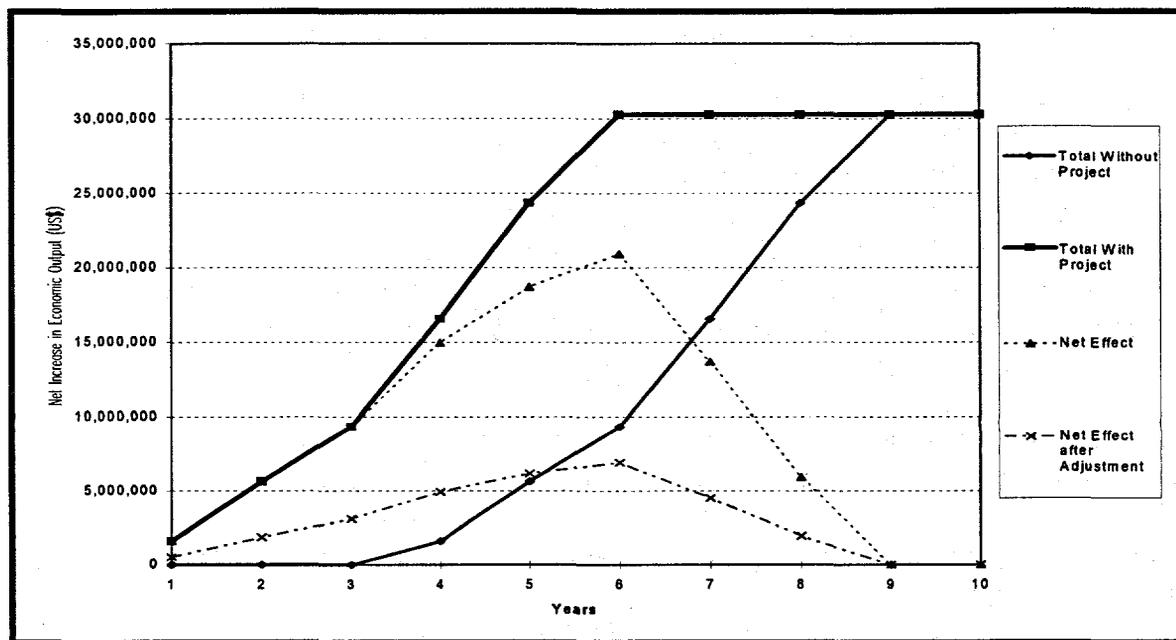
Scenario	Sensitivity Performed	Cases	Variable Amount	NPV (\$million)	ERR (%)
<b>Overall Project</b>					
Delayed Project Implementation	Elongated Disbursement period	(a) Base	(a) Regular Disbursement	6.5	26.8
		(b) Alternate	(b) Slow Disbursement	2.7	17.3
Change in Diversion Assumption	Percent reduction in increase in Output attributed to diversion from other sources	(a) Base	(a) 67% Reduction	6.5	26.8
		(b) Alternate	(b) 75% Reduction	2.0	17.0
		(c) Alternate	(c) 50% Reduction	16.0	43.8
Expected Change in Output for each firm	Increase in expected change in output for each firm	(a) Base	(a) 10 Times	6.5	26.8
		(b) Alternate	(b) 15 Times	13.4	40.5

### **Nature of Benefits**

0.17 Main economic benefits from the project are:

- Acceleration of increase in output by exporting enterprises.
- Incremental employment generation by exporting enterprises.

Chart 2.: Sensitivity Analysis: Elongated Disbursement Scenario



Additional benefits from the project includes:

- Improved awareness of economic opportunities that do not directly result in increases in output and employment by the firms supported.
- Secondary and tertiary effects of increases in output.
- Development of know-how within the consultant industry will reduce the heavy reliance on foreign expertise especially when put to use beyond the enterprises supported.
- The reduction on reliance of foreign consultants will help reduce pressure on balance of payments for payment of fees in foreign currencies.
- Reduction of costs of doing business in Côte d'Ivoire and business laws will be enforced at a faster pace.

### **Main Beneficiaries.**

0.18 The main beneficiaries of the project would be about 200 Ivorian firms and 15 subsector associations and consultant industry. The individual beneficiaries would thus be the principals and employees of the firms affected. More generally, the whole consultant service industry will benefit as they improve their efficiency for business services. The fiscal impact is estimated at US\$ 4.6 million mainly from corporate and personal income taxes.

Annex 5

Private Sector Development - Capacity Building

Financial Summary

Years Ending FY 2002

US\$ million

	Implementation Period				
	1999	2000	2001	2002	TOTAL
<u>Project Costs</u>					
Investment Costs	5.03	7.19	6.53	3.03	21.78
Recurrent Costs	0.26	0.51	0.51	0.26	1.54
Total	5.29	7.70	7.04	3.29	23.32
<u>Financing Sources</u>					
IBRD/IDA	2.72	3.96	3.62	1.69	12.00
Government	4.45	2.12	1.94	0.90	6.41
Beneficiaries	1.11	1.62	1.48	.69	4.91
Total	5.29	7.70	7.04	3.29	23.32
<u>Financing Sources (% of total project costs)</u>					
IBRD/IDA	51	51	51	51	51
Government	27	27	27	27	27
Beneficiaries	21	21	21	21	21
	100	100	100	100	100

Contingencies and PPF included under investment costs

## Annex 6

### Côte d'Ivoire - Private Sector Development - Capacity Building Procurement and Disbursement Arrangements

#### PROCUREMENT

The procurement methods applicable to the various expenditure categories are summarized in Table A.

**Table A: Project Costs by Procurement Arrangements**  
(in US\$million equivalent)

Expenditure Category	Procurement method				Total
	ICB/NCB	Intern/Nat shopping	Other	N.B.F	
1- Equipment and materials	--	2.0 (1.0)	--	--	2.0 (1.0)
2 - Consultants/training/visits	--	--	7.9 (5.9)	--	7.9 (5.9)
3 - Matching grant fund	--	--	11.0 (3.6)	--	11.0 (3.6)
....	--	--	1.5 (0.7)	--	1.5 (0.7)
4- Operating costs	--	--	1.5 (0.7)	--	1.5 (0.7)
<b><u>Total base costs</u></b>	<b>0.0</b>	<b>2.0 (1.0)</b>	<b>20.4 (10.2)</b>	<b>--</b>	<b>22.4 (11.2)</b>

<sup>a</sup> Figures in parenthesis are the amounts to be financed by the Bank IDA credit.

<sup>b</sup> Other procurement methods include selection of consultants following IDA guidelines and expenditure following Government's administrative procedures acceptable to IDA.

<sup>c</sup> Operating costs include incremental operating costs incurred on account of project implementation, management and supervision, including office supplies, communication costs, travel allowance of project staff, but excluding salaries of the Borrower's civil service.

### **Procurement of goods and services**

All goods and services under the IDA Credit shall be procured under contracts awarded in accordance with Guidelines: Procurement under IBRD loans and IDA Credits, January 1995, revised in January and August 1996 (Procurement Guidelines). The project is expected to procure mainly vehicles, video / computer and other office equipments, and materials. Specialized equipment for Part A of the project will be procured by international shopping. Other goods expected to cost less than \$50,000 per contract, not exceeding an aggregate amount of \$1,500,000 for Part A of the Project, and \$500,000 for parts B and C of the Project, will be procured by national shopping, on the basis of at least three eligible suppliers. IAPSO procurement may also be used for vehicles, computers and other office equipment.

### **Consultants**

Most of the procurement for the project will be in the form of technical assistance and training. Consultants contracts shall be awarded in accordance with Guidelines: Use of Consultants by World Bank Borrowers and by World Bank as Executing Agency, January 1997 (Consultant Guidelines).

Contracts for services that meet the requirements set forth in paragraphs 3.8 to 3.11 of the Consultant guidelines may, where appropriate and with the Association's prior agreement, be procured through Single Source Selection. Consultant services of a standard or routine nature, mainly audits, estimated to cost less than \$25,000, may be procured under contracts awarded according to the Least Cost Selection Method.

Consultant recruitment under the APEX-CI matching grant scheme will follow commercial practices, on the basis of a detailed operating manual which guarantees transparency without introducing cumbersome procedures incompatible with a private sector organization. The operating manual contains guidelines regarding the qualification of consultants and ensures they have no part in the business for which they serve as consultants. Adoption of this operating manual will be a condition of effectiveness.

### **Review by the Bank of the selection of consultants**

**(a) Selection planning for consultancies:** The plan for the selection of consultants under the project ( with the exception of consultants for APEX-CI, see below) shall be furnished to the Bank for its review and approval, in accordance with the provision of paragraph I of Appendix I to the Consultant guidelines. Selections of consultants' services shall be undertaken in accordance with such selection plan. - However, no selection plan can be drawn up in advance for the APEX-CI matching grant scheme which is by nature demand-driven. Beneficiary firms will determine the need for consultants and submit request which will be screened on the basis of the guidelines of the operating manual.

**(b) Prior Review:** With respect to each contract for the employment of consulting firms estimated to cost the equivalent of US\$100,000 or more, the procedures set forth in paragraphs 1, 2 (other than the third subparagraph of paragraph 2(a)) and 5 of Appendix I to the Consultant Guidelines shall apply. With respect to each contract for the employment of consulting firms estimated to cost the equivalent of US\$50,000 or more, but less than the equivalent of US\$100,000, the procedures set forth in paragraphs 1, 2 (other than the second subparagraph of

paragraph 2(a)) and 5 of Appendix I to the Consultant Guidelines shall apply. All single source contracts are subject to prior review by the Bank.

With respect to each contract for the employment of individual consultants estimated to cost the equivalent of \$50,000 or more, the qualifications, experience, terms of reference and terms of employment of the consultants shall be furnished to the Association for its prior review and approval.

(c) **Post review:** With respect to each contract not governed by paragraph (b) above, the procedures set forth in paragraph 4 of Appendix I to the Guidelines shall apply.

**Table B: Thresholds for Procurement Methods and Prior Review**

Expenditure Category	Contract Value (Threshold)	Procurement Method	Contracts Subject to Prior Review / Estimated Total Value Subject to Prior Review
	US \$ thousands		US \$ millions
<b>1. Goods</b>			
Video-equipment under Part A	200,000	International shopping	First five contracts
Other goods under parts A, B, and C	50,000	National Shopping	First five contracts
<b>2. Consultants / training</b>			
Firms	25,000	CQBS Single source Cost based	All TORs, short lists, selection reports and draft contracts Firms : \$ 50,000 or more Individuals: \$50,000 or more; All single source contracts
Individual consultants			
Consultants recruited under matching grant fund (Part A)		Commercial practices, in accordance with operating manual	Firms and individuals: first five contracts

Prior review is required for:

- (a) all terms of reference for consultants, studies, and training
- (b) short list, selection report, and contract with consulting firms of an equivalent value of US\$50,00 or more ( for contracts of an equivalent value of US\$100,000 or more, technical evaluation report and copy of proposals, if requested, shall be furnished to the Bank)
- (e) short list, selection report, and contract with individuals of an equivalent value of US\$50,000 or more
- (f) sole source selection of individual consultants and firms

- (g) amendments to contracts with consulting firms that bring the total value of the contract to US\$100,000 equivalent or above, and individuals that bring the total value of the contract to US\$ 50,000 or above.

### **Procurement organization**

Satisfactory procurement capacity will be set up in APEX-CI and the Project Coordination Unit. APEX-CI will recruit a project manager who will be responsible among other assignments for reviewing terms of reference for consultants, and a financial manager who will handle other procurement matters and ensure compliance with the procurement provisions of the Bank Guidelines, the Project Agreement and the Operating Manual (for commercial practices). The head of the Project Coordination Unit will recruit an assistant who will be in charge of reviewing procurement matters with the executing agencies other than APEX-CI and finalizing contracts. Procurement staff from both APEX-CI and the Project Coordination Unit will attend a Bank procurement and disbursement seminar before credit effectiveness.

### Disbursements

#### Use of statements of expenses (SOEs):

Contracts of less than US\$100,000 equivalent for goods and consulting firms, US\$50,000 for individual consultants. SOE supporting documentation will be retained by the project for review by periodic Bank supervision missions and external auditors.

#### Special accounts:

Special Account A - APEX-CI Authorized allocation of CFAF 350 million

Special Account B - Authorized allocation of CFAF 250 million

Initial deposit in Special Account A in a commercial bank after effectiveness, in special account B in CAA after effectiveness. Replenishments will be submitted on a monthly basis.

Direct payment: minimum application amount above or equivalent to 20 percent of Special Account deposit.

Table C-1 below provides disbursement categories and the percentage financed.

**Table C-1: Allocation of Credit Proceeds**

Expenditure Category	Amount in US\$million	Financing Percentage
1. Equipment and materials	1.17	100% of foreign expenditures 75% of local expenditures
2. Consultants/training/visits	5.39	100% of expenses
3. Matching Fund	3.74	100% of amounts of grants disbursed
4. Operating Costs	0.91	90% of expenses
5. PPF	0.25	Amount due pursuant to section 2.02 (c) of Credit Agreement
6. Unallocated	0.53	n.a
<b>Total</b>	<b>12.00</b>	

Operating costs include incremental operating costs incurred on account of project implementation, management and supervision, including office supplies, communication costs, travel allowance of project staff, but excluding salaries of the Borrower's civil service.

Table C-2 below provides the breakdown per category and per component.

**Table C- 2: Allocation of Credit Proceeds per Component**

<b>Categories</b>	<b>APEX-CI</b>	<b>Investment Promotion</b>	<b>Legal &amp; Judicial</b>	<b>PPF+ Unallocated</b>	<b>Total</b>
1. Goods	0.77	0.26	0.14		1.17
2. Consultants / training / visits	1.21	3.44	0.74		5.39
3. Matching grant fund	3.74		0.0		3.74
4. Operating Costs	0.60	0.22	0.09		0.92
5. PPF				0.25	0.25
<b>Sub-total</b>	<b>6.32</b>	<b>3.93</b>	<b>0.97</b>	<b>0.25</b>	<b>11.47</b>
6. Unallocated				0.53	0.53
<b>Total</b>	<b>6.32</b>	<b>3.93</b>	<b>0.97</b>	<b>0.78</b>	<b>12.00</b>

### **Project Accounts and Auditing**

A private accounting firm will be hired to design accounting and administrative procedures, and to hire and train the accountants. Project accounts will be audited annually by an independent auditor acceptable to IDA, according to international auditing standards; special accounts and all disbursements under SOEs will be audited semi-annually. The annual audit report will be submitted to IDA within six months of the end of each fiscal year, and the semi-annual audit report within three months of each period.

Government has already paid an amount of CFAF 300 million representing its contribution to APEX-CI for FY 1998 and will be required to deposit the initial amount of the project account (CFAF50 million). The account will be replenished monthly.

Annex 7  
Private Sector Development - Capacity Building  
Project Processing Budget and Schedule

A. Project Budget (US\$)	<u>Planned</u> (At final PCD stage)	<u>Actual</u>  223,000
B. Project Schedule	<u>Planned</u> (At final PCD stage)	<u>Actual</u>
Time taken to prepare the project (months) *		36
Pre-appraisal mission departure *		<u>3/6/95</u>
Appraisal mission departure *		<u>9/25/95</u>
1st post-appraisal mission		<u>10/15/96</u>
2nd post appraisal mission		<u>4/7/97</u>
Negotiations		<u>5/28/98</u>
Planned Date of Effectiveness		<u>9/30/98</u>

\* in parallel with Private Sector Development Adjustment 4328-IVC approved on 4/11/96

Prepared by: Prime Minister's Office, APEX-CI, CEPICI, Ministry of Economy and Finance, Ministry of Planning and Industrial Development, Ministry of Justice, Chamber of Commerce and Industry, CACI.

Preparation assistance: [PPF, trust funds, cofinanciers, etc.]

PHRD grant TF025155: Yen 38,500,00 ( however, the major part of this PHRD grant helped prepare the PSD Adjustment Credit 2843 IVC)

PPF Q008-IVC: \$250,000

Bank staff who worked on the project included:

<u>Name</u>	<u>Speciality</u>
Elke Kreuzwieser	Task Team Leader
Claudine Morin	Country Lawyer (Legal & Judicial component)
Hassane Cisse	Legal documents and negotiations
Maurice Klein	Private Sector Specialist (Consultant)
Jan-Hendrik van Leeuwen	Export Promotion Specialist (Consultant)
Renee Desclaux	Disbursement specialist
Asha Ayoung	Procurement specialist
Lucy Fye	Economic Analysis (Consultant)
Leandre Gbeli	Costab (Consultant)

Annex 8  
Private Sector Development - Capacity Building  
Documents in the Project File\*

**A. Project Implementation Plan**

Effectiveness condition.

**B. Bank Staff Assessments**

Aide-memoire appraisal mission

Aide-memoire post-appraisal mission

Aide-mémoire post-appraisal mission

**C. Other**

Consultant Report on judicial reform in Côte d'Ivoire

Consultant Report on reform of the office of the Clerk of the Court

Consultant Report on restructuring of export promotion agency in Côte d'Ivoire

Logical framework resulting from April 1997 ZOPP seminar on APEX-CI.

APEX-CI business plan

APEX-CI draft operating manuel

Study on trade information center

SME action plan

Consultant report on SME promotion

\*Including electronic files.

## Annex 9

**Status of Bank Group Operations in Côte d'Ivoire  
IBRD Loans and IDA Credits in the Operations Portfolio**

Project ID	Loan or Credit No.	Fiscal Year	Borrower	Purpose	Original Amount in US\$ Millions				Difference Between expected and actual disbursements a/	
					IBRD	IDA	Cancellations	Undisbursed	Orig	Frm Rev'd
Number of Closed Loans/credits: 86										
<u>Active Loans</u>										
CI-PE-44912	IDAN0360	1998		URBAN LAND MGMT	0.00	10.00	0.00	9.84	0.00	0.00
CI-PE-1194	IDAN0220	1997	GOVERNMENT	RURAL LAND (PNGTER)	0.00	41.00	0.00	39.88	1.40	0.00
CI-PE-1212	IDA28430	1996	GOVERNMENT	PRIVATE SECTOR DEVEL	0.00	180.00	0.00	17.38	-67.10	25.18
CI-PE-1214	IDA28930	1996	GOV. OF RCI	INTEG HLTH SERV DEVP	0.00	40.00	0.00	35.60	8.14	0.00
CI-PE-40115	IDA27860	1996	GOVERNMENT OF COTE D'IVOI	RAILWAYS REHAB	0.00	20.00	0.00	7.26	7.19	0.00
CI-PE-1184	IDA27540	1995	REP. OF COTE D'IVOIRE	PRIVATE ELECTRICITY	0.00	79.66	0.00	40.48	34.38	0.00
CI-PE-37575	IDA27040	1995	GOV'T OF RCI	MUNICIPAL SUPPORT	0.00	40.00	0.00	29.85	24.83	0.00
CI-PE-37581	IDA27490	1995	GOV'T OF RCI	EXPORT PROMOTION AND	0.00	5.83	0.00	3.59	1.09	.71
CI-PE-1186	IDA26370	1994	GOVERNMENT	LABOR FORCE TRAINING	0.00	17.00	0.00	12.62	10.14	2.76
CI-PE-1210	IDA25970	1994	GOVERNMENT	RURAL SAVINGS	0.00	2.20	0.00	1.10	.20	0.00
CI-PE-1187	IDA25030	1993	GOVERNMENT	ECN MGMT TA	0.00	17.00	0.00	1.90	-.10	0.00
CI-PE-1207	IDA23630	1992	GOVERNMENT	PRIVATIZATION SUPPOR	0.00	15.00	0.00	4.32	4.03	1.17
Total					0.00	467.69	0.00	203.82	24.20	29.82
					<u>Active Loans</u>	<u>Closed Loans</u>	<u>Total</u>			
Total Disbursed (IBRD and IDA):					239.70	3,453.37	3,693.07			
of which has been repaid:					0.00	1,467.36	1,467.36			
Total now held by IBRD and IDA:					467.69	1,982.60	2,450.29			
Amount sold :					0.00	5.10	5.10			
Of which repaid :					0.00	5.10	5.10			
Total Undisbursed :					203.82	3.46	207.28			

a. Intended disbursements to date minus actual disbursements to date as projected at appraisal.

b. Rating of 1-4: see OD 13.05. Annex D2. Preparation of Implementation Summary (Form 590). Following the FY94 Annual Review of Portfolio performance (ARPP), a letter based system will be used (HS = highly Satisfactory, S = satisfactory, U = unsatisfactory, HU = highly unsatisfactory): see proposed Improvements in Project and Portfolio Performance Rating Methodology (SecM94-901), August 23, 1994.

## Note:

Disbursement data is updated at the end of the first week of the month.

**Cote d'Ivoire**  
**STATEMENT OF IFC's**  
**Committed and Disbursed Portfolio**  
 As of 30-Apr-98  
 (In US Dollar Millions)

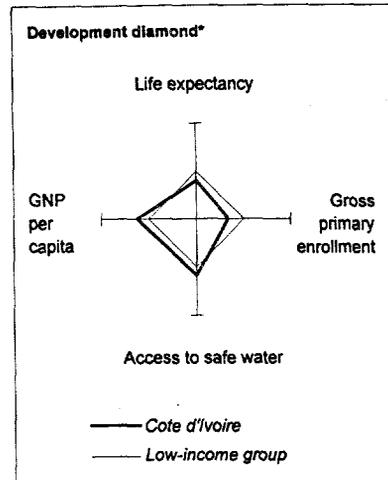
FY Approval	Company	Committed				Disbursed			
		IFC				IFC			
		Loan	Equity	Quasi	Partic	Loan	Equity	Quasi	Partic
1977/86	Gonfreville	0.00	.42	0.00	0.00	0.00	.42	0.00	0.00
1987/90	SIALIM	1.60	0.00	0.00	0.00	1.60	0.00	0.00	0.00
1987/93/96	COSMIVOIRE	3.02	.17	2.18	0.00	3.02	.17	2.18	0.00
1988	IPS (IVC)	0.00	.83	0.00	0.00	0.00	.83	0.00	0.00
1989/93	AEF Pechazur	.18	0.00	0.00	0.00	.18	0.00	0.00	0.00
1993/95/97	Block CI-11	0.00	43.70	0.00	0.00	0.00	41.78	0.00	0.00
1994	AEF Multiproduit	.20	0.00	0.00	0.00	.20	0.00	0.00	0.00
1994/96	BACI	3.57	0.00	0.00	0.00	3.57	0.00	0.00	0.00
1995	CIPREL	12.50	.96	0.00	0.00	12.50	.96	0.00	0.00
1995	FTG	1.24	0.00	0.00	0.00	1.24	0.00	0.00	0.00
1995	Laborex	.62	0.00	0.00	0.00	.62	0.00	0.00	0.00
1995	Texicodi	.84	0.00	0.00	0.00	.84	0.00	0.00	0.00
1996	AEF Petro Ivoire	0.00	0.00	.76	0.00	0.00	0.00	.76	0.00
1996	Bereby Finances	0.00	3.05	0.00	0.00	0.00	3.05	0.00	0.00
1996	Multi-Produits	0.00	.40	0.00	0.00	0.00	.35	0.00	0.00
1996	UA-IARD	0.00	.31	0.00	0.00	0.00	.31	0.00	0.00
Total Portfolio:		23.77	49.84	2.94	0.00	23.77	47.87	2.94	0.00
Approvals Pending Commitment									
		<u>Loan</u>	<u>Equity</u>	<u>Quasi</u>	<u>Partic</u>				
1996	BOA-CI	0.00	.14	.11	0.00				
1997	NOVOTEL-ABIDJAN	2.68	.54	0.00	0.00				
1997	TROPICAL RUBBER	3.43	0.00	0.00	0.00				
Total Pending Commitment:		6.11	.68	.11	0.00				

## Cote d'Ivoire at a glance

12/15/97

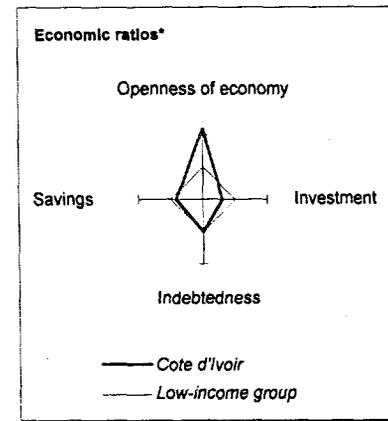
## POVERTY and SOCIAL

	Côte d'Ivoire	Sub-Saharan Africa	Low-income
Population mid-1996 (millions)	14.3	600	3,229
GNP per capita 1996 (US\$)	620	490	500
GNP 1996 (billions US\$)	8.9	294	1,601
<b>Average annual growth, 1990-96</b>			
Population (%)	3.0	2.7	1.7
Labor force (%) *	5.4	2.6	1.7
<b>Most recent estimate (latest year available since 1989)</b>			
Poverty: headcount index (% of population)	..	..	..
Urban population (% of total population)	51	31	29
Life expectancy at birth (years)	51	52	63
Infant mortality (per 1,000 live births)	90	92	69
Child malnutrition (% of children under 5)	24	..	..
Access to safe water (% of population)	63	47	53
Illiteracy (% of population age 15+)	49	43	34
Gross primary enrollment (% of school-age population)	70	72	105
Male	76	78	112
Female	58	65	98



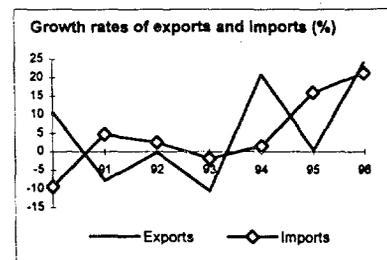
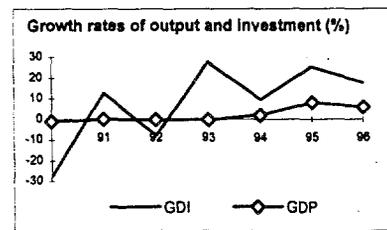
## KEY ECONOMIC RATIOS and LONG-TERM TRENDS

	1975	1985	1995	1996	
GDP (billions US\$)	3.9	7.0	10.1	10.0	
Gross domestic investment/GDP	22.4	13.0	13.5	13.7	
Exports of goods and services/GDP	36.7	46.8	41.1	44.6	
Gross domestic savings/GDP	22.6	27.3	18.9	20.0	
Gross national savings/GDP	14.2	13.9	5.6	7.7	
Current account balance/GDP	-10.8	1.0	-5.0	-5.1	
Interest payments/GDP	1.5	9.2	3.9	4.7	
Total debt/GDP	37.6	138.4	187.5	202.6	
Total debt service/exports	9.5	33.7	23.5	31.9	
Present value of debt/GDP	..	..	181.5	188.8	
Present value of debt/exports	..	..	412.0	378.7	
<b>(average annual growth)</b>					
GDP	1.0	1.2	8.0	5.9	5.7
GNP per capita	-3.5	-2.2	5.7	4.4	2.0
Exports of goods and services	8.5	3.2	0.4	24.1	4.9



## STRUCTURE of the ECONOMY

	1975	1985	1995	1996
<b>(% of GDP)</b>				
Agriculture	28.2	26.5	28.8	27.6
Industry	17.0	19.7	20.0	21.2
Manufacturing	9.4	14.6	17.2	17.5
Services	54.7	53.7	51.2	51.2
Private consumption	60.4	58.6	69.2	67.9
General government consumption	17.0	14.1	11.9	12.1
Imports of goods and services	36.6	32.4	35.7	38.3
<b>(average annual growth)</b>				
Agriculture	1.1	3.0	9.1	1.4
Industry	6.0	1.0	4.7	15.0
Manufacturing	10.3	0.8	0.8	7.4
Services	-0.3	0.2	8.7	5.1
Private consumption	0.1	0.1	9.5	3.7
General government consumption	0.2	-2.1	16.0	7.1
Gross domestic investment	-8.9	-0.3	25.2	17.8
Imports of goods and services	1.2	0.6	16.0	21.2
Gross national product	0.3	1.1	8.6	7.2



Note: 1996 data are preliminary estimates.

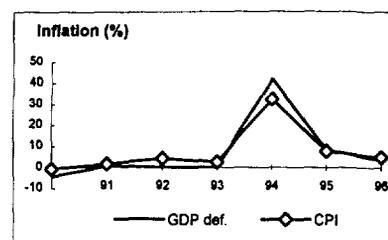
\* The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.

\* There is a large number of immigrant workers in Cote d'Ivoire, which explains the higher growth rate of labor than that of the population.

## Cote d'Ivoire

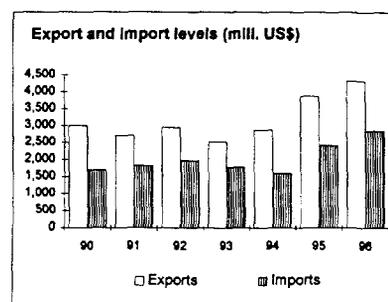
## PRICES and GOVERNMENT FINANCE

	1975	1985	1995	1996
<b>Domestic prices</b>				
(% change)				
Consumer prices	11.4	1.8	7.7	5.0
Implicit GDP deflator	4.3	0.3	8.5	3.5
<b>Government finance</b>				
(% of GDP)				
Current revenue	..	32.7	22.1	22.5
Current budget balance	..	5.2	1.2	2.8
Overall surplus/deficit	..	2.9	-4.4	-2.8



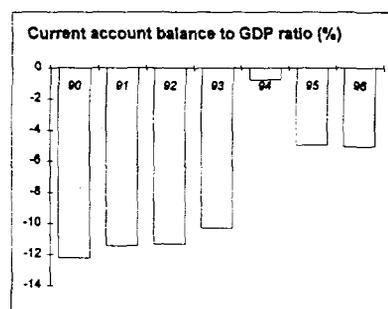
## TRADE

	1975	1985	1995	1996
(millions US\$)				
Total exports (fob)	1,239	2,761	3,870	4,317
Cocoa	..	887	1,102	1,371
Fuel	..	0	28	133
Manufactures	..	728	934	1,037
Total imports (cif)	1,012	1,431	2,420	2,847
Food	..	273	442	496
Fuel and energy	..	379	486	513
Capital goods	..	446	683	747
Export price index (1987=100)	42	145	184	176
Import price index (1987=100)	41	115	207	223
Terms of trade (1987=100)	102	126	89	79



## BALANCE of PAYMENTS

	1975	1985	1995	1996
(millions US\$)				
Exports of goods and services	1,465	3,264	4,423	4,928
Imports of goods and services	1,561	2,261	3,595	4,127
Resource balance	-96	1,003	828	801
Net income	-141	-666	-938	-893
Net current transfers	-184	-270	-394	-417
Current account balance, before official capital transfers	-421	67	-504	-509
Financing items (net)	328	-40	726	547
Changes in net reserves	92	-27	-222	-39
<b>Memo:</b>				
Reserves including gold (mill. US\$)	0	19	546	623
Conversion rate (local/US\$)	214.3	449.3	492.7	548.8



## EXTERNAL DEBT and RESOURCE FLOWS

	1975	1985	1995	1996
(millions US\$)				
Total debt outstanding and disbursed	1,465	9,659	18,984	20,179
IBRD	73	965	1,573	1,303
IDA	1	7	813	1,025
Total debt service	142	1,114	1,046	1,587
IBRD	6	126	334	292
IDA	0	0	5	5
Composition of net resource flows				
Official grants	17	16	188	176
Official creditors	78	92	190	-45
Private creditors	231	-1	14	109
Foreign direct investment	69	29	155	137
Portfolio equity	0	0	3	3
World Bank program				
Commitments	134	215	369	275
Disbursements	26	70	245	253
Principal repayments	1	44	199	181
Net flows	25	26	46	72
Interest payments	5	82	140	116
Net transfers	20	-57	-94	-45

