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INTERNATIONAL FINANCE CORPORATION
MULTILATERAL INVESTMENT GUARANTEE AGENCY
COUNTRY PARTNERSHIP STRATEGY
FOR
THE REPUBLIC OF CÔTE D'IVOIRE
FOR THE PERIOD FY10-FY13

April 1, 2010

Francophone Africa Country Cluster 2, AFCE2
Africa Region

International Finance Corporation
Sub-Saharan Africa Department

Multilateral Investment Guarantee Agency
Sub-Saharan Africa Department

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CURRENCY EQUIVALENTS

(As of March 25, 2010)

Currency Unit = CFA Franc

US\$1.00 = CFA F 491

ABBREVIATIONS AND ACRONYM

AFD	French Agency for Development (<i>Agence Française de Développement</i>)
AfDB	African Development Bank
AFR	Africa Region
ALCO	Abidjan-Lagos Corridor Organization
ALTTFP	Abidjan-Lagos Trade and Transport Facilitation Project
ANRMP	National Procurement Regulatory Authority
AWDB	African West Development Bank
BADEA	Arab Bank for Economic Development in Africa
BOAD	West African Development Bank
BRT	Bus Rapid Transport
CAR	Country Assistance Review
CAS	Country Assistance Strategy
CDD	Community-Driven Development
CEA	Country Environment Assessment
CEI	Independent Electoral Commission
CFAF	CFA Franc
CIF	Cost, Insurance and Freight
CI-PAST	Côte d'Ivoire Transport Sector Adjustment Project
CNW	Center-North-West
CORAF	West Central African Council for Agricultural Research and Development
CPS	Country Partnership Strategy
CRW	Crisis Response Window
DDR	Demobilization, Disarmament and Reintegration
DPO	Development Policy Operation
DTIS	Diagnostic Trade Integrated Framework Study
ECF	Extended Credit Facility
ECOWAS	Economic Community of West African States
EGRG	Economic Governance and Recovery Grant
EIB	European Investment Bank
EITI	Extractive Industries Transparency Initiative
EITI MDTF	Extractive Industries Transparency Initiative Multi-Donor Trust Fund
EPA	Economic Partnership Agreement
EU	European Union
FAO	Food and Agricultural Organization of the United Nations
FANCI	Armed Forces of Côte d'Ivoire (<i>Forces Armées Nationale de la Côte d'Ivoire</i>)
FN	New Forces (<i>Forces Nouvelles</i>)
FPI	Ivorian Popular Front (<i>Front Populaire Ivoirien</i>)
FSAP	Financial Sector Assessment Program
FY	Fiscal Year
GDP	Gross Domestic Product

GEF	Global Environment Facility
GNI	Gross National Income
GTZ	German Technical Cooperation Agency
HDI	Human Development Index
HIPC	Highly indebted Poor Country
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune-Deficiency Syndrome
HLSS	Household Living Standard survey
IDA	International Development Association
IDB	Islamic Development Bank
IDF	Institutional Development Fund
IDP	Internally Displaced Person
IEG	Independent Evaluation Group
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IFI	International Financial Institutions
IMF	International Monetary Fund
ISN	Interim Strategy Note
JSAN	Joint Staff Advisory Note
LICUS	Low Income Countries Under Stress
M&E	Monitoring and Evaluation
MDG	Millennium Development Goals
MDRI	Multilateral Debt Relief Initiative
MEF	Ministry of Economy and Finance
MME	Ministry of Mines and Energy
MTEF	Medium Term Expenditure Framework
NPV	Net Present Value
OED	Operations Evaluation Department
ONMP	National Public Procurement Observatory
OPA	Ouagadougou Political Accord
OPCS	Operations and Policy Country Support
PARC	Protected Area Project
PASEF	Basic Education Project
PCF	Post-Conflict Fund
PEMFAR	Public Expenditure Management and Financial Assessment Report
PER	Public Expenditure Review
PNDS	National Health Development Plan
PNGTER	Rural Land Management Project
PPIAF	Public-Private Investment Assistance Facility
PPP	Public-Private Partnership
PRGF	Poverty Reduction and Growth Facility
PRSG	Poverty Reduction Support Grant
PRSP	Poverty Reduction Strategy Paper
PUIUR	Emergency Urban Infrastructure Rehabilitation Project (<i>Projet d'Urgence d'Infrastructures Urbaines</i>)
ROSC	Report on the Observance of Standards and Codes
SDR	Special Drawing Rights
SME	Small and Medium Enterprise
SOGEPE	National Management Company for Electricity (<i>Société Gestion du Patrimoine du Secteur de l'Électricité</i>)
SPF	State and Peace-Building Fund
TA	Technical Assistance

TF	Trust Fund
UERP	Urgent Electricity Rehabilitation Project
UN	United Nations
UNACOOPEC	National Union of Savings Cooperatives of Côte d'Ivoire (<i>Union Nationale des Coopératives d'Epargne et de Crédits de Côte d'Ivoire</i>)
UNDP	United Nations Development Programme
UNEP	United Nations Environmental Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development
WAAPP	West African Agricultural Productivity Project
WAEMU	West Africa Economic and Monetary Union
WAPP	West Africa Pool Project
WBG	World Bank Group
WBI	World Bank Institute
WDR	World Development Report
WEO	World Economic Outlook

IDA	IFC
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COUNTRY PARTNERSHIP STRATEGY
FOR THE REPUBLIC OF CÔTE D’IVOIRE

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Map No. IBRD 33393

I. EXECUTIVE SUMMARY

1. **As the second largest economy in West Africa, a top world exporter of cocoa and cashews, and with an important manufacturing sector, Côte d'Ivoire boasts enormous economic potential.** However, years of political and military crisis and poor governance have taken a heavy toll on the country, transforming the once-model African nation into a fragile state. Today, poverty is at an all time high, having increased from 10 percent in 1985 to 49 percent in 2008. The state faces major demands to rebuild social services and physical infrastructure.
2. **The signing of the Ouagadougou Political Accord (OPA) and the establishment of a coalition transitional government in 2007 were a turning point for the country.** The Government committed itself to demobilize, disarm, and reintegrate former combatants; hold presidential elections and ensure they are free, fair and secure; unify the armed forces into one national military and redeploy the public administration in the Center-North-West (CNW), including restoring basic services disrupted during the conflict. The Government has made some progress in these efforts, including carrying out a national identification program as part of election preparations and redeploying public services throughout the country to reverse the deterioration in basic services. Elections are expected to be held in 2010 after having been delayed several times since 2005.
3. **The country's economic rebound and recovery have been dampened by the effect of the global recession and delayed elections which have stalled new investments.** Real GDP growth is projected to fall from 3.7 percent in 2009 to 3.0 percent in 2010, before rebounding to average 4.8 percent over the period 2011-14, as the global economic slowdown ends, the political environment improves, and productivity and investment return to their pre-crisis growth path.
4. **The Government adopted its first Poverty Reduction Strategy Paper (PRSP) in January 2009 and reached the HIPC Decision Point in March 2009.** The country has begun benefitting from modest Interim HIPC Debt Relief while it implements the PRSP and other reforms to reach HIPC Completion Point. This World Bank Group Country Partnership Strategy (CPS) for FY10-13 outlines a program to support the implementation of the PRSP.
5. **During the CPS period, the Bank Group's strategy is to promote short-term visible results to improve quality of life, boost economic activity, and support stabilization; while continuing to support long-term reforms to help achieve sustainable peace and growth and make progress toward the MDGs.** The Bank Group's program in Côte d'Ivoire will include a mix of AAA, IDA investment and budget support operations, and Trust Fund grants to support four strategic objectives, or Pillars: 1) Strengthening governance and institutions; 2) Improving the performance of agriculture; 3) Strengthening the private sector; and 4) Renewing infrastructure and basic services. Job creation, with a particular focus on youth, and mainstreaming gender and improving women's economic opportunities, are cross cutting objectives. IDA development policy operations (DPOs) will support reforms that help to underpin IDA investments. For example, under Pillars 1 and 2, a DPO series, analytical work and investments jointly support a comprehensive program to strengthen governance and productivity and reduce poverty in the cocoa sector.
6. **IFC and MIGA have also reengaged in Côte d'Ivoire and will contribute to CPS objectives.** IFC is anchoring its reengagement strategy around agribusiness and infrastructure, and

will also seek to develop projects in the financial sector, services to SMEs, investment climate and social services. MIGA is planning to underwrite investments in the transport and energy sectors.

7. **Côte d'Ivoire will continue to benefit from exceptional post-conflict IDA allocations during the CPS period, FY10-FY13, which overlaps IDA15 and IDA16 replenishment periods.** Indicative IDA allocations would total SDR 277 million. Indicative allocations for the rest of IDA15 would comprise a firm allocation of SDR 91.5 million in FY10 and an indicative allocation of SDR 45.6 million in FY11. As the exceptional post-conflict IDA allocations begins to decline gradually in FY12, indicative allocations during FY12-FY13 are estimated at about SDR 70 million per annum. SDR 19.2 (US\$30) million has also been approved for Côte d'Ivoire from stage 1 of the Crisis Response Window (CRW) to help mitigate the social and fiscal impact of the global economic crisis, including covering reconstruction programs and ensuring the delivery of basic infrastructure services for the hardest hit communities.

8. **The CPS has been prepared in coordination with the Government, non-government actors, and the main development partners in Côte d'Ivoire, notably the International Monetary Fund, the European Union, the United Nations and the African Development Bank.** Under the CPS, the Bank will seek to improve aid effectiveness by strengthening country fiduciary systems and continuing coordination with partners as they fully reengage. The Bank held national consultations with central and local government and non-government representatives in Abidjan (with representatives from the south region), in Daloa (with representatives from the western region) and Bouaké (with representatives from the northern region) between July 2009 and February 2010. Consultations were organized in close coordination with Côte d'Ivoire's Ministry of State, Planning and Development, the Ministry of Economy and Finance, and the PRSP Permanent Secretariat.

9. **Given the fragile country environment and the medium-term horizon of this strategy, the Bank will prepare a note for the Board on CPS implementation progress either following elections or after one year of implementation.** Such a note would update the Board on status of the Bank program, prospects for continued implementation of the CPS, and make any recommendations for adjusting the Bank's approach if needed.

10. **The CPS considers a number of risks and options for mitigating their impact on the strategy.** Based on the pace of implementing the OPA since 2007, progress on reunification is likely to remain slow leading up to presidential elections. The main political party leaders have pledged to form a coalition government should they be elected president and this power-sharing arrangement should help mitigate the potential for significant disruption based on election results. The risks for Côte d'Ivoire are also significant if government does not stay on track with its macroeconomic program and governance reforms, which would delay HIPC Completion Point, the reengagement of other development partners offering significant levels of financing, the return of private sector investors to the country, and economic recovery in general. The Bank will continue to work closely with the authorities and development partners toward successful implementation of the OPA and reform program to mitigate these risks. Meanwhile, the global economic recession could further dampen foreign direct investment. Government's recent track record in macroeconomic management, the focus on growth enhancing structural reforms and support provided by donors, and its commitment to a rapid attainment of the HIPC Completion Point and to adjust the macroeconomic program will help mitigate the impact of exogenous shocks.

II. INTRODUCTION

1. **Côte d'Ivoire began the slow process of emerging from a national crisis in 2007 with the signing of the Ouagadougou Political Accord (OPA) and the establishment of a coalition transitional government.** These events paved the way for the 2008 reengagement of the Bank, which had suspended its IDA disbursements in 2004 due to arrears.
2. **A two-year Interim Strategy Note (ISN) was discussed by the Executive Directors on April 1, 2008 outlining a framework for the Bank's phased reengagement in Côte d'Ivoire during Bank fiscal years 2008 and 2009.** The strategy focused on three strategic objectives: i) Helping government stabilize the country and address key conflict factors; ii) Assisting war-affected populations; and iii) Supporting economic recovery and reform. During the ISN period, the Government prepared the country's first Poverty Reduction Strategy Paper (PRSP).
3. **This World Bank Group Country Partnership Strategy (CPS) for FY10-13 outlines a program to build on the ISN and support implementation of the PRSP.** The CPS emphasizes a gradual shift from post-conflict recovery to restoring and maintaining sustainable economic growth and poverty reduction. During the CPS period, the Bank Group will seek to help improve quality of life, boost economic activity, and support stabilization in the short-term; while continuing to assist Côte d'Ivoire in laying the groundwork for long-term reforms to help achieve sustainable peace and growth and make progress toward the MDGs.

III. COUNTRY CONTEXT

A. Socioeconomic and Historical Context

4. **Côte d'Ivoire is a medium-size country located on the coast of West Africa and bordering five countries:** Liberia, Guinea, Mali, Burkina Faso and Ghana. The country's southeast, where the administrative and commercial capital Abidjan is located, supports a wide variety of smallholder and plantation agriculture; the southwest, is dominated by the timber industry and cocoa-coffee farming; and the northern savannah region is where cotton and cashews are produced. Although the majority of the active population is involved in agriculture, the country has also been rapidly urbanized, with almost half of the population of 20 million concentrated in two cities, Abidjan and Bouaké.
5. **The population is made up of some 60 distinct ethnic communities which are grouped into five main socio-linguistic groups:** Akan, Voltaic or Gur, Kru, Northern Mandé and Southern Mandé. The Akan is the largest ethnic group, comprising around 40 percent of the population, and found in eastern and central regions; the northern groups are the Northern Mandé and Voltaic, comprising about 34 percent of the population. As the Ivorian economy has developed, it has also produced major demographic changes, including pulling in significant populations from Francophone countries—notably Burkina Faso, Guinea and Mali—as well as Ivorians living in the north, particularly towards the rich agricultural areas in the south. Islam is the predominant religion in the

north, Christianity in the south and center, and indigenous beliefs are practiced throughout the country.

6. **For 20 years after independence in 1960, Côte d'Ivoire was seen as the model African state.** The country enjoyed a stable government and its strong economic performance was considered a “miracle,” with growth rates averaging 7 percent. Growth was driven by booming cocoa and coffee production, made possible by a liberal immigration policy and strong international demand, enriching agribusinesses and creating important revenues for small farmers and generous fiscal space for Government to make important investments in human development and in infrastructure.

7. **The miracle began unraveling when agricultural commodity prices plummeted in the late 1970s.** As revenues dropped, the government borrowed heavily to maintain and expand investments. Inflation increased and the country was soon faced with a national debt crisis and an overvalued currency making Côte d'Ivoire's industries less competitive. The 1980s saw the economy slide into stagnation followed by a recession, with tensions emerging over immigration issues, struggles over land, and rising unemployment. The Government moved to implement structural adjustment programs supported by the IMF and World Bank but these had little effect in the face of declining terms of trade for cocoa and coffee, an overvalued exchange rate, and emerging corruption issues. Poverty grew rapidly, from 10 percent to 37 percent between 1985 and 1993. By this time, devaluing the currency seemed the only solution to the crisis.

8. **In early 1994, the CFAF (the West African Franc used in 14 countries) was devalued by 50 percent and, accompanied by other reforms and support from the international community, leading to a 6 percent growth rate over the next two years.** Poverty declined to 32 percent by 1998. However, exports were competing in a new international environment marked by a global surplus of commodities and the recovery lasted only a few years.

9. **On the political front, the country began a difficult transition from autocracy to multi-party democracy following the death of President Houphouët-Boigny in December 1993.** Under his successors, the effects of deteriorating governance, growing unemployment and a progressive degradation of human capital and physical infrastructure began emerging. The struggling economy saw a rise in anti-immigrant sentiments as tensions increased over land ownership and politicians exploited issues of national identity for political gain. The concept of “*Ivoirité*,” once a notion of national pride, became a means to exclude and discriminate against immigrants and created tensions between the north and south. Public dissatisfaction led to the 1999 military coup against then-President Henri Konan Bédié. General Robert Guéi took control and organized presidential election in 2000 from which all opposition parties were barred from participating except the Ivorian Popular Front (FPI). Alassane Ouattara, a key presidential contender from the north, was excluded from the vote based on a 1999 law requiring both parents of a presidential candidate to be born in Côte d'Ivoire. Laurent Gbagbo of the FPI won the election and took office in October 2000.

10. **Issues of national identity and discrimination against northerners became the catalyst for the attempted coup and brief armed conflict launched in September 2002 by the *New Forces* (FN),** a group composed of aggrieved serving and retired soldiers led by a former student activist named Guillaume Soro. Although the coup failed, the country became divided in two, with the Government retaining control of the south and the FN taking over the North and other regions in the West. The actual conflict was brief but was followed by episodes of unrest and violence into late 2004, the interruption of basic services in the CNW and an exodus of civil servants and others fleeing

to the south. France and the UN sent troops to establish a buffer zone between the two sides. A stalemate ensued between 2003 and 2007 referred to as “neither war nor peace.”

11. **The crisis further weakened institutions and governance.** The government shifted scarce fiscal resources away from basic services to military purposes, donor support dried up or was suspended and domestic and external arrears mounted. Capital flight rose substantially and private investment stalled. Governance deteriorated and corruption flourished as individuals took advantage of lawlessness and a dysfunctional judiciary. Roadblocks and racketeering¹ by armed groups further depressed trade and commerce. Transparency International gives Côte d’Ivoire a Corruption Perception Index of 2 out of 10 (0 being perceived as highly corrupt and 10 being perceived as highly clean) in 2009, compared to an already low score of 3 in 1998.

12. **The conflict also had an important regional dimension.** Côte d’Ivoire remains the largest economy in West Africa after Nigeria, accounting for over 35 percent of the GNI of the WAEMU (Table 1) and its situation has a significant bearing on the prospects of the sub-region. Prior to the crisis, it had been an important source of jobs and remittances for neighboring countries as well as a major transport hub. Trade and transport were disrupted and traffic that had once flowed through the port of Abidjan was diverted to outlets in Ghana, Togo and Benin. Smuggling activities increased significantly.

13. **The signing of the OPA in 2007 was a turning point for the country.** Prior to that, mediation efforts since 2003 had failed to help the country make sufficient progress toward reunification and peace. The relative success of the OPA is credited to the fact that it was negotiated directly by President Laurent Gbagbo and FN leader Guillaume Soro and facilitated by President Blaise Compaoré of Burkina Faso. As part of the agreement, a coalition transitional government headed by President Gbagbo and Prime Minister Soro was established to, *inter alia*, organize free and fair elections, unify the armed forces into one national military, and reunify the country under one public administration.

Table 1. Selected indicators for WAEMU economies, sorted by GNI

Countries	GNI (US\$b)	GNI/capita (US\$)	Population (m)	Poverty (%)
Côte d’Ivoire	17.8	910	19	49
Senegal	10.3	820	12	51
Burkina Faso	6.4	430	15	46
Mali	6.1	500	12	48
Benin	5.1	570	9	38
Niger	4.0	280	14	61
Togo	2.4	360	6.6	62
Guinea-Bissau	0.3	200	1.7	66

**Atlas Method*

Source: Africa Development Indicators 2008/09, World Bank

¹ Racketeering consists of harassment, extortion, bribery and in some cases physical and sexual assault at roadside checkpoints manned by police and military personnel. Many of these checkpoints were set up to control traffic during the conflict.

B. Poverty and the Millennium Development Goals

14. **Poverty rates have steadily increased since 1985.** Poverty was reduced from about 38 percent to 32 percent as a result of the brief economic recovery of the mid-1990s. However, the poverty rate began to climb after 1998 back up to 38 percent by 2003. A household living standard survey (HLSS) in 2008 revealed that absolute poverty had further increased to a rate of 49 percent. According to these data, between 1985 and 2008, the poverty rate has gone from 10 percent to nearly 50 percent.²

15. **Poverty has increased most dramatically in rural areas and in the CNW zone, underscoring issues of geographic inequality.** Although agriculture has for years accounted for about 25 percent of GDP and 40 percent of exports, rural poverty has grown steadily, from 49 percent in 2002 to 63 percent in 2008. The regions with the highest incidence of poverty are the North—where poverty has nearly doubled during the crisis, from 40 percent to 77 percent—followed by the West, the Center-West and the North-West. By comparison, poverty in Abidjan is estimated at 21 percent.

16. **The status of women lags behind that of men, although there have been some improvements with regard to education opportunities and progress toward some MDGs.** That said, women are more likely than men to be unemployed or underemployed. They make up 90 percent of the agricultural labor force, notably present in food production, which is less lucrative than cash crops such as cocoa. And women have been most impacted by the conflict and crisis, making up 52 percent of Internally Displaced People (IDPs). Progress toward the MDGs will have the greatest impact on women. (*See also Box 2 on Gender Parity*).

17. **Côte d'Ivoire is behind schedule to reach most of the MDGs.** Gender parity in school, halting the spread of HIV/AIDS and access to an improved source of water are three MDGs that could be attained by 2015. Otherwise, nearly all social development indicators have stagnated or deteriorated. The impact is reflected in a high child mortality rate of 127 deaths per 1,000 children, though this has improved from the rate of 151/1,000 in 1990; and one of the highest maternal mortality rates in the region, with 543 mothers dying for 100,000 births. This rate is an improvement over the 1995 estimated rate of 1,200 deaths per 100,000 births. However, the MDG of 300/100,000 is unlikely to be achieved by 2015³. The immunization rate has been declining since 2006 and polio has reemerged. The primary education completion rate has been around 47 percent since 1985 and illiteracy rates are high.

18. **The Human Development Index (HDI) for Côte d'Ivoire declined after 1985 and since 1995 has stagnated at a very low level.** Côte d'Ivoire's HDI⁴ ranking was 166 in 2008, compared to 161 in 2001 and 145 in 1995. This HDI is considerably lower than what could be expected on the basis of the per capita income.

² *Strategy for Relaunching Development and Reducing Poverty*, January 2009, Government of Côte d'Ivoire; data from the draft World Bank Poverty Assessment 2010 reveals that a higher poverty line threshold (about \$1.50 rather than \$1.25 or less previously) in part accounts for the high level to which poverty is estimated to have increased.

³ Data from table on "Progress Towards the Key MDGs as of 2005," *Côte d'Ivoire Public Expenditure Management and Financial Accountability Review*, November 2008.

⁴ The index, established by the UNDP, measures income, gross enrolment rates, infant mortality, life expectancy and adult literacy.

Box 1 presents the status of progress towards ten MDGs.

Box 1: Côte d'Ivoire's Prospects for Achieving the MDGs

Objective 1: Reduce Absolute Poverty and Famine.

Goal 1: Reduce by half the proportion of people living below the national poverty line. The national poverty headcount increased from 37 percent in 1993 to 49 percent in 2008. Reaching the MDG of 12 percent poverty by 2015 is highly unlikely.

Goal 2: Reduce by half the proportion of population suffering from hunger. Child malnutrition is estimated at 21 percent in 2008, with an MDG target of 10 percent. Reaching the MDG is unlikely.

Objective 2: Provide Primary Education to All.

Goal 3: Provide all children with the means to complete a full cycle of primary education. The gross enrolment rate is estimated at 77 percent and the completion rate at 51 percent in 2007. Reaching the MDG is unlikely.

Objective 3: Promote Gender Equality and Empower Women.

Goal 4: Eliminate gender disparity at all levels of education by 2015. Gender inequality persists as reflect by the lower rates of girls gross enrollment in primary school (70 percent) and secondary school (24 percent) as compared to boys (84 percent and 41 percent, respectively). Achieving gender parity in education is possible.

Objective 4: Reduce Mortality of Infants Under Five Years.

Goal 5: Reduce by two-thirds the mortality rates in infants under five. Child mortality is estimated at 127 deaths per 1,000 children in 2008, compared to 151/1,000 in 1990. Reaching the MDG of 50/1,000 is unlikely.

Objective 5: Improve Maternal Health.

Goal 6: Reduce by two-thirds the rate of maternal mortality. Maternal mortality remains one of the highest in the region, with 543 deaths per 100,000 births in 2008. The MDG of reducing it to 300 deaths per 100,000 by 2015 is unlikely.

Objective 6: Combat HIV/AIDS, Malaria and Other Diseases.

Goals 7 and 8: Stop the spread of HIV/AIDS and begin to reverse the trend; and bring malaria and other diseases under control and begin to reverse the trend. The rate of infection of HIV/AIDS is 4.7 percent and reaching the MDG of 1.8 percent is unlikely; malaria incidence is 146/1,000 and the goal is to reduce it to 110/1,000. Reaching the MDG is possible.

Objective 7: Ensure a Sustainable Environment.

Goal 9: Integrate the principles of sustainable development in national policies and reverse the trend of degrading environmental resources. The proportion of protected zones for preservation of biodiversity is 10 percent and the MDG goal is to increase it to 20 percent. This is unlikely to be achieved.

Goal 10: Reduce by half the percentage of population without access to clean water and basic sanitation. The percent of the population with access to an improved water source is 81 percent and reaching the MDG of 83 percent is likely.

C. Recent Political Developments

19. **In preparation for presidential elections, a national identification and voter registration program was completed in November 2009.** Some 6.3 million potential voters were identified, of which 5.3 million were confirmed to be eligible to vote and the status of another 1 million needed to be confirmed or clarified through an appeals process.

20. **Elections have been delayed repeatedly since 2005.** Arrangements were nearly finalized for elections to be held in March 2010 when a political crisis stalled the process in February 2010. The events involved the President's dissolution of the Government and the Independent Electoral Commission (CEI) on charges of vote tampering. Discussions facilitated by President Compaoré led to agreement with the opposition on a new CEI and the formation of a new coalition Government including 16 members of the ruling party and 11 from the main opposition. The new CEI is proceeding with the appeals process to finalize the voter list and once completed, the list will be published and campaigning can officially begin.

21. **The key financial and technical donors supporting the electoral process are the European Union and the United Nations.** There is a Joint International Observer Mission composed of the African Union, the EU, the Economic Community of West African States (ECOWAS), the International Organization of the Francophonie, the National Democratic Institute, the Electoral Institute of Southern Africa, the Carter Center and the Embassy of Japan. The UN has pledged to provide an additional 250 troops to help secure elections.

D. Recent Economic Developments

22. **As the political situation began improving in 2007, the economy registered a modest recovery.** The economy grew by 2.3 percent in 2008, driven by construction, food production, and telecommunications. GDP growth is estimated to have reached 3.7 percent in 2009, bolstered by continued post-crisis recovery activities, consolidation of the peace process, progress toward elections, and restored investor confidence.

23. **Fiscal performance in 2008 was mixed.** Government efforts focused on improving revenue collection, repaying external arrears, and keeping overall spending in check. The Government made a significant contribution to help clear arrears to the World Bank, while a small surplus was recorded in the primary fiscal balance and social spending met targets. However, post-conflict spending proceeded slowly, domestic arrears remained large, and extra budgetary expenditures for large public works not related to crisis recovery temporarily delayed the start of an IMF-supported Extended Credit Facility (ECF)⁵ until corrective measures were taken.

24. **Macroeconomic management improved in 2009.** The approval of the IMF ECF in March 2009 paved the way for Côte d'Ivoire to reach the HIPC Decision Point. The first review in September 2009 confirmed that the program remained on track. The authorities also approved the country's first PRSP in early 2009. As promised in this strategy and as agreed under the IMF program, the government limited spending on large public works and shifted more budget resources to teachers and health workers as well as crisis-related expenditures, including for presidential elections.

25. **The fiscal situation deteriorated after September 2009** due to lower than expected customs revenues and higher spending (electricity subsidies and sovereignty expenditures). However, corrective actions were taken to improve revenue collection and control expenditures and the fiscal position at end-2009 remained sound. On the other hand, an electricity crisis in early 2010 will result in growing electricity subsidies projected to reach CFAF 68 billion in 2010 (about \$150 million). The

⁵formerly called a Poverty Reduction Growth Facility (PRGF).

financing gap for 2010 is estimated at over US\$800 million under conservative spending assumptions. The gap is being closed with resources from the World Bank, IMF, AfDB and European Union, and by the restructuring of bilateral and commercial debt.

E. Medium-term Prospects

26. **The medium-term macroeconomic outlook is based on the assumption of a steady post-conflict recovery.** Real GDP growth is projected to fall to 3.0 percent in 2010, before rebounding to average 4.8 percent over the period 2011-14, as the global economic slowdown ends, the political environment improves, and productivity and investment return to their pre-crisis growth path. Growth during the recovery phase would come from renewed private sector confidence and investments, the return of capacity utilization in industry to normal levels, normalization of the situation in the central, northern and western parts of the country, the rehabilitation of public infrastructure, and expected reforms in the cocoa, energy and financial sectors. Rehabilitation of public infrastructure (especially roads to the North) will be particularly critical to help domestic and external trade and re-launch nontraditional exports and agricultural processing industries. Restoring the capacity of the electricity sector will also be critical for the country's economic recovery. Longer-term growth would be sustained by diversification of the economy, increased investment, and expanded trade to regional and global markets. CPI inflation is expected to remain at 2.5-3 percent during 2010-2014. To achieve sustainable growth over the long term, Côte d'Ivoire will need to rein in corruption, further diversify its economy, increase pro-poor investments in human capital, strengthen institutional capacity to maintain infrastructure, and expand trade to regional and global markets.

27. **The trade balance is expected to remain positive but decrease and turn negative in the next few years.** Export and import volumes are projected to grow at similar rates but the terms of trade are expected to deteriorate after 2009. Cocoa sales will likely decline in the medium term due to aging plantations and declining prices. Oil exports will gradually expand but so will imports, such that Côte d'Ivoire will remain only a small net exporter. With significant outflows for service payments and private transfers, the current account balance is therefore expected to turn negative.

28. **The 2010 budget emphasizes pro-poor spending together with post-conflict expenditures** (disarmament, demobilization and reintegration, redeployment of the administration, elections and reunification). Pro-poor spending is planned to increase from 34 percent of the national budget in 2009 to 37.7 percent in 2010. Whereas total spending (excluding debt service) will increase by only 6 percent, spending on health and education is planned to rise by 10 percent and 13.4 percent, respectively. The authorities plan to gradually reduce the wage bill to 38 percent of tax revenues by 2014, thereby approaching the WAEMU target of 35 percent.

29. **In the medium-term, the Government plans continued primary basic surpluses above 1 percent of GDP,** which would help it to remain current on debt service. Fiscal space for pro-poor spending should come from a modest increase in the revenue/GDP ratio, containing the wage bill in line with the WAEMU criterion, reducing sovereignty and other non-essential spending, and an increase in concessional project financing. Total revenues (excluding grants) are projected to reach

21 percent of GDP in 2015. Government expenditures are projected to increase to 26.3 percent of GDP in 2015, due primarily to a recovery of public investment to 6.7 percent of GDP (from 3 percent in 2008). This will be funded fairly equally from domestic and foreign sources. External grants, mainly for projects, are expected to average 1.2 percent of GDP over the period. See Table 2.

Table 2: Economic Trends and Medium-Term Projections

Indicator / Year	2008	2009	2010	2011	2012	2013	2014	2015
Real GDP growth (%)	2.3	3.7	3.0	4.1	4.6	5.0	5.5	6.0
Inflation (CPI, average, %)	6.3	0.9	1.4	2.9	2.7	2.5	2.5	2.5
Government investment (% of GDP)	3.0	3.1	3.3	5.0	5.6	6.3	6.9	6.7
Private investment (% of GDP)	7.1	7.1	7.9	8.3	8.7	9.4	9.8	9.8
Revenue and Grants (% of GDP)	20.6	19.5	20.0	20.5	21.2	21.7	22.1	22.3
Revenue (% of GDP)	18.9	18.8	19.7	19.5	20.0	20.5	20.9	21.0
Expenditures (% of GDP)	21.1	21.1	21.7	23.3	24.2	25.2	25.9	26.3
Overall fiscal balance (% of GDP)	-0.6	-1.6	-1.7	-2.8	-3.1	-3.5	-3.8	-4.0
Current account balance (excluding grants, % of GDP)	1.0	2.1	3.4	-0.3	-1.3	-1.8	-2.8	-3.5
Export growth (volume, %)	-7.8	18.0	0.3	4.1	6.3	6.4	6.4	6.4
Nominal GDP (CFAF billions)	10,485	10,925	11,600	12,415	13,408	14,579	15,894	17,354
Nominal exchange rate (CFAF/USD period average)	446	484						
Nominal GDP (US\$ billions)	23.5	22.6	24.1	25.6	27.0	28.6	30.6	33.0
Population	20.8	21.4	22	22.7	23.4	24.1	24.8	25.5
Per Capita GDP (US\$)	1,132	1,052	1,096	1,126	1,155	1,189	1,233	1,291
Per Capita GDP growth	-0.7	0.7	0.0	1.1	1.6	2.0	2.5	3.0

F. Debt Management

30. **Côte d'Ivoire has cleared outstanding arrears with multilateral creditors or reached an agreement to clear them.** HIPC Initiative debt relief is estimated at US\$3 billion in end-2007 NPV terms. Côte d'Ivoire has already received about 55 percent of its estimated HIPC debt relief including pre-2002 excess debt relief provided by the Paris Club and London Club creditors, and concessional arrears-clearance operations undertaken by IDA and the AfDB. In May 2009, the Government reached an agreement with the Paris Club to reduce debt service to bilateral donors by 92 percent (US\$4.3 billion) during the ECF period. In September 2009 it also signed a preliminary agreement with the London Club which is consistent with the IMF's and Bank's initiative for HIPC. Under this agreement, Côte d'Ivoire will invite holders of Brady bonds to exchange such bonds for a new U.S. dollar denominated bond⁶. Upon reaching the HIPC Completion Point, Côte d'Ivoire will qualify for relief under the Multilateral Debt Relief Initiative (MDRI), which will reduce debt service to IDA, the IMF, and the AfDB by just over US\$2 billion (in nominal terms). Côte d'Ivoire would also receive debt relief from bilateral creditors.

⁶The new bond has a term of 23 years and six-year grace period. The exchange will occur no later than March 31, 2010.

31. **The Government also needs to settle large amounts of domestic arrears with private creditors and vendors.** Using the proceeds of Bank budget support and the IMF ECF approved in March 2009, the authorities have started implementing a domestic arrears clearance plan for 2009-13 to gradually eliminate the stock of overdue payments to the private sector which stood at 2.7% of GDP at end 2008. By October 2009, domestic arrears clearance was ahead of schedule.

32. **Nonetheless, the Debt Sustainability Analysis conducted for the HIPC Decision Point document shows that Côte d'Ivoire is still at a high risk of debt distress** (Annex 5). External debt service is averaging 3.6 percent of GDP in 2009-2011 and is projected to rise temporarily to 5.2 percent of GDP after the HIPC Completion Point is reached. Significant relief was obtained from the Paris Club of official creditors in May 2009 and a preliminary agreement was reached with the London Club in September 2009 to restructure commercial debt. Support from multilateral agencies will help meet the financing gap but the authorities will need to maintain a fiscal surplus and higher economic growth to remain current on external and domestic debt service.

IV. NATIONAL PRIORITIES, CHALLENGES AND OPPORTUNITIES

33. **In 2008, the Government launched the preparation of a *Strategy for Re-launching Development and Reducing Poverty*, Côte d'Ivoire's Poverty Reduction Strategy Paper (PRSP).** Extensive consultations were held in March and April 2008 across the country. Eleven regional consultation committees were created, each incorporating local government officials, religious and traditional leaders, associations of women and youth, civil society, security forces, farmers, private sector operators, and development partners.

34. **The final strategy document was validated in a national workshop on January 5, 2009 and approved by the Cabinet in February 2009.** From June through September 2009, the Ministry of State, Planning and Development organized additional sector-specific workshops to prepare priority action plans for the implementation of the PRSP. A priority action matrix was shared with development partners in February 2010.

Country Vision and PRSP Objectives

35. **The PRSP covers the seven-year period from 2009-2015, with a mid-term review planned in 2013.** It calls for an ambitious program to consolidate peace and transform Côte d'Ivoire into an emerging economy in which poverty falls from the current 49 percent to 33 percent by 2013 and to 16 percent by 2015, supported by average annual GDP growth of approximately 6 percent.

36. **Strategic Outcome 1: Reestablishing the Foundations of the Republic** — This pillar focuses on consolidating peace and security and promoting good governance. The Government will consolidate peace through the implementation of the OPA, notably to complete the DDR program, create a unified army, restore control over the entire country and hold presidential elections. The government will support good governance by modernizing the public administration and improving public services, including justice services and the penal system.

37. **Strategic Outcome 2: Transforming Côte d'Ivoire into an Emerging Economy** — The Government will maintain a stable macroeconomic framework by improving fiscal and tax policies and deepening structural reforms in key economic sectors including cocoa-coffee, energy and oil.

The government will also strengthen public financial management and procurement reforms to improve the efficiency, effectiveness and transparency in the use of public resources. The government will invest in transport given its fundamental importance to economic activities and regional integration. The government will also seek to create more jobs and wealth by creating a more enabling environment for the private sector; investing in improvements in agricultural productivity and food self-sufficiency throughout the country; promoting trade, income-generating activities and self-employment; creating incentives for labor-intensive employment opportunities and strengthening professional and vocational educational opportunities.

38. **Strategic Outcome 3: Social Well-Being For All** — Under this pillar, the Government will invest in basic education and health services to make progress toward the MDGs, improve access to basic infrastructure such as potable water, adequate sanitation and energy services, and establish a decent urban and rural environment. The Government will also strengthen social protection, including helping reintegrate IDPs, promote the status of women and protect the environment, including by mainstreaming forestry issues in rural development activities.

39. **Strategic Outcome 4: Côte d'Ivoire is a Dynamic Actor on the Regional and International Scene** — The objective of this pillar is to restore regional ties and cooperation with the international community by consolidating peace and national stability; by adhering to WAEMU convergence criteria, including maintaining inflation at 3 percent or lower; by improving exports and investing in regional infrastructure; and by normalizing financial relations with external partners.

40. **The Joint Staff Advisory Note (JSAN) prepared by the World Bank and IMF on the PRSP urged an immediate and focused effort to reverse the rising trend in poverty.** The JSAN called for additional research on the underlying causes of the rise in poverty and noted that accelerated GDP growth, with direct links to the rural economy would be required to make significant inroads in poverty. Increased efforts to fully restore access and improve quality of basic social services will also be required, especially in the CNW and rural areas.

41. **The JSAN also cautioned against the high PRSP financing estimates which assumed strong revenue collection and cocoa prices, early attainment of HIPC Completion Point and the willingness of donors to provide additional concessional financing.** The JSAN recommended that the authorities prioritize PRSP projects to channel available financing to critical areas; vigorously pursue the policy of primary fiscal surpluses to generate domestic resources; seek external financing mainly in the form of grants and highly concessional loans, while monitoring closely overall debt sustainability; implement the HIPC floating completion point triggers as soon as possible; and explore opportunities for public-private partnerships and avoid expensive domestic and regional borrowing.

Key Development Challenges and Opportunities

42. The following are key challenges and opportunities for implementing the PRSP and achieving its objectives.

Continued implementation of the peace process and ensuring sustainable peace

43. **Although security has improved and there is free movement between the north and south, the country needs to make additional progress toward reunification.** At the local level,

elected officials, mayors and presidents of general councils, and decentralized government authorities, *Préfets* and *Sous-préfets*, face difficulties in executing their duties due to weak capacity and lack of resources and equipment. Fiscal decentralization has lagged behind in the decentralization process and there is lack of transparency around revenue collection and how central government resources are distributed to the local level. FN control in the CNW has introduced an added layer of dysfunction as FN commanders continue to collect taxes and provide security and other services in the CNW, despite the return of civil servants and government officials. The Government needs to normalize the governance situation in the CNW, and this is linked to the peace process moving forward and presidential and parliamentary and local elections being held. Reestablishing one fiscal administration will likely continue to be difficult while the FN commanders are uncertain about alternative prospects.

44. **Meanwhile, the DDR program (supported by the UN, EU and World Bank), which according to the OPA should be completed prior to elections, has stalled.** The delays are in part due to complications in sorting out rank and compensation issues between the FN and the FANCI (the national army). There are also not enough barracks to house the integrated forces, which would bring 4,000 FN into the police and gendarmerie and 5,000 to the military. Another challenge includes difficulties in confirming and finalizing the list of militia personnel eligible for the DDR program and the lack of funds to provide the promised cash allowance (\$1,000) for each ex-combatant and militia member. Integrated police and military units to ensure safety at voting sites have been established in the ex-buffer zone but only one has been created in the North out of the 10 that are planned. These are short term issues that need to be resolved while over the long term the security sector needs to be reformed.

45. **Completing the national identification program and modernizing the civil registry, which are both well underway, will also help reduce opportunities for exclusion, victimization and discrimination based on ethnic origin.** These efforts are also fundamental to improve access to social services, especially education, as identification papers are required for the Ivorian schooling system. Land tenure issues, at the heart of the conflict, remain largely unresolved, and left unaddressed will continue to contribute to social fragility. Of the estimated 25 million hectares under cultivation, less than two percent have titles. In addition, an estimated 700,000 people were displaced by the conflict. Resolving land ownership issues will facilitate the return to their residence of origin.

Improving PFM and governance in key economic sectors

46. **Public expenditure management suffers from a distorted budget cycle, lack of transparency, and expenditure execution problems.** Fiscal discipline has weakened and budget allocations to the social sectors (health and education) have declined significantly since 2000, contributing to the deteriorated state of social services. Budget comprehensiveness and transparency is compromised by an inadequate budget nomenclature and classification, inadequate consolidation of public entities in the global budget, and lack of clear rules for budget transfers to local governments. In budget execution, there are long lags in the cycle of approvals and processing; also, budget execution reports are not fully reliable due to infrequent reconciliation between budget and accounting systems. Information on budget allocations and execution has not been readily available to the public. Controls are weak and the Chamber of Accounts is not entirely operational. Despite advances made under a new public procurement code, many contracts do not follow a competitive bidding process, and there are insufficient ex-post controls of the procurement process. Public dissemination remains inadequate.

47. **The cocoa sector, which accounts for nearly 25 percent of exports and 17 percent of public revenue, suffers from being heavily taxed, but many of these levies have not been used as intended to benefit producers.** Corruption and lack of transparency associated with cocoa sector management agencies, including procurement methods for some large contracts, a lack of legitimate producer representation, and inadequate producer incentives have undermined cocoa's potential contribution to rural growth and poverty reduction.

48. **The oil and gas sector also faces a number of governance challenges:** (a) inadequate controls on oil export shipments; (b) lack of efficiency and transparency in government management of hydrocarbon revenues; (c) the lack of an adequate legal framework for investors; (d) environmental risks of petroleum operations; and (e) poorly-negotiated contracts which have led to very high gas prices for the national electricity company. Activities in the mining sub-sector have not traditionally been important but they are now acquiring significant proportions, notably in gold and manganese. Côte d'Ivoire's participation in the Extractive Industries Transparency Initiative (EITI) is an important step toward increasing transparency and accountability in these sectors.

49. **Governance issues in the electricity sector include a high level of fraud and technical losses, a dysfunctional institutional framework, a reluctance to charge better-off consumers and enterprises adequate tariffs, poor bill collection, large public sector arrears, and inappropriate supplier contracts for gas.** These have created high costs and led to fiscal deficits that have imposed an enormous burden on the national budget, reducing government's ability to finance other priorities. In addition, the institutional arrangements of the three state institutions responsible for regulation and technical and financial supervision are ineffective, unwieldy and costly.

50. **Government intervention in the financial sector has weakened financial institutions:** The state's share of bank capital increased from 22 percent to 29 percent between 2006 and 2008 and the number of institutions under state control increased from two to four as a result of ad hoc interventions. These institutions are unable to respond to the financing needs of SMEs, the agriculture sector and low-income housing, all of which have a high demand for financing. Furthermore, the government has accumulated sizable domestic arrears to the private sector which has affected the solvency of suppliers and increased non-performing loans.

51. **Despite the important role that micro-financing can play in boosting economic activity, the major networks are virtually bankrupt.** Micro-finance institutions represent only 4 percent of financial sector deposits, but the social impact of the sector is significant owing to the large number of clients. Many microfinance institutions are characterized by weak capacity, with inadequate accounting and monitoring tools, a lack of viable management and information systems, and the absence of strategic planning. The sector is also building up non-performing loans.

Improving the performance of the agriculture sector

52. **Agriculture employs two-thirds of the labor force and improving rural and agricultural incomes is pivotal to reducing poverty.** *Rural incomes* have declined in large part due to reduced agricultural revenues, but also from the loss of assets (plantations, livestock and small non-agricultural businesses) and reduced rural employment opportunities. *Agricultural incomes* have dropped due to a combination of deep-seated governance problems, weak or non-existent agriculture research and extension, predatory tax policies and related corruption in the cocoa sector, and high

transaction costs due to the massive degradation of transport infrastructure and racketeering. Women in rural areas are economically the most disadvantaged. See Box 2.

53. **Agriculture's potential is constrained by a decline in productivity and vulnerability to price fluctuations:** Low productivity is an issue for several key crops, notably cocoa and cotton. Cocoa yields and quality have deteriorated as plantations have aged, and new plantings have dwindled as farmers increasingly turn to other crops which have been subject to less government interference, such as rubber and palm oil. In the north, cotton's decline is largely linked to the recent crisis and consequent disruptions in the input and output markets, with significant negative impact on farmers in the region, where poverty rates are highest.

54. **Lack of value addition diminishes wealth-creation and revenue potential.** Although true for most commodities, this is most notable for cashews, given that Côte d'Ivoire became the top world exporter of raw cashew nuts in 2008. Cashews are exported in raw form, mainly to India where they are processed and re-exported at higher prices. Transforming and processing agricultural products locally could create jobs if done efficiently, while increasing the export value of commodities.

55. **The 2008 food price crisis highlighted food insecurity issues.** Major increases in the price of rice and cooking oil in 2008 were particularly painful for urban households. To mitigate the impact, government reduced tariffs on imports and absorbed some of these costs. The experience, however, has created new opportunities for households that are net producers of food. In particular, increasing rice production is considered a top priority. Côte d'Ivoire produces about 800,000 MT of paddy and imports over 700,000 MT of processed rice annually, and this sustained dependence on imports is widely viewed as a disadvantage, but also an opportunity, considering the potential for much higher domestic production.

56. **New agricultural technology can help mitigate the impact of global climate change on the population of Côte d'Ivoire.** High rainfall in the south of the country supports a bounty of rain-fed crops but contributes increasingly to flooding conditions, while the semi-arid northern savannah may be affected adversely by increased droughts. Climate stress in the Sahelian neighbors is expected to increase immigration to Côte d'Ivoire and other coastal countries. The almost complete elimination of Côte d'Ivoire's rainforest by unrestricted logging and conversion to agriculture has contributed to climate change. To feed the growing population, agricultural productivity and efficiency of water use must improve while protecting already stressed ecosystems. Long-term and large-scale integrated resource management will be required to satisfy increased demands on natural resources for food, bio-energy, and ecosystem services while conserving biodiversity and maintaining carbon stocks in land and forests. A national plan for disaster risk mitigation also needs to be established once the most urgent political and social crises have been addressed.

Box 2: Gender Parity Issues in Côte d'Ivoire

Côte d'Ivoire's Constitution prohibits discrimination on the basis of sex, the Convention on Elimination of Discrimination Against Women has been ratified and government policy encourages the full participation of women in social and economic life. However, socio-cultural factors limit women's ownership of land and other capital, their access to education and health services and their participation in the formal sector.

Laws protecting women from violence are weak and spousal abuse is frequent and not penalized. The law prohibits rape and imposes prison terms of five to ten years. Nonetheless, both pro-government and rebel forces have subjected thousands of women and girls to rape and other brutal sexual assaults with impunity.

Ivorian women and men have equal land ownership rights. However, only 5 percent of land owners are women. When women marry, the law considers husbands to be the head of the household and gives them the authority to manage assets. Men have a dominant role in the production of commodity crops, such as cocoa and cotton, whereas women are more active in small agricultural cooperatives producing primarily food crops. Access to finance is also difficult for women because they often cannot produce a title to a house or are not producing a profitable cash crop.

Gender inequality and challenges for women are also reflected in health and education indicators (discussed in the section on MDGs). Sector policies to reduce gender disparities between men and women focus largely on health and education and reducing gender-based violence.

Strengthening institutions and the environment for a revitalized private sector

57. **The private sector is dominated by micro and small businesses that are largely informal, but also includes an important formal sector of large businesses.** Although precise data are difficult to obtain, it is estimated that there are some 5,000 formal SMEs contributing about 18 percent of the country's GDP and employing 23 percent of the formal workforce. In addition, there are some 10,000 very small enterprises/micro enterprises, mostly informal. Large enterprises are estimated to number around 400, representing a significant formal private sector with strong foreign investors and large agribusinesses active in the cocoa, palm-oil, sugar and cotton sectors.

58. **Instability and weakened institutions have hurt the business environment and investment climate.** Businesses cite political instability and lack of access to finance as their largest constraints and most immediate concerns.⁷ Corruption and informal sector practices are the third most important constraint raised by small and medium sized enterprises, and these are linked to over-taxation and regulation of formal activities. The country scores low on ease of doing business, ranked 166th out of 183 countries.⁸ Cumbersome regulations also impede the creation and operation of enterprises, especially for SMEs. Political instability has also led to further deterioration in the judicial environment and lack of enforcement of contracts, while widespread fraud has reduced profitability and deterred new foreign and domestic investment.

59. **The financial and private sectors are vulnerable due to their dependency on commodities.** Most of the activity in the manufacturing, transportation and trade and retail sectors is linked to the production and export of cocoa, coffee and cotton, commodities that are vulnerable to price and demand fluctuations.

60. **Life insurance and pension schemes are under-developed.** Côte d'Ivoire has a very small contractual savings sector consisting of 11 life insurance companies and two pension schemes—both

⁷ Enterprise survey for *Post-Conflict Private Sector Assessment*, World Bank, June 2010.

⁸ *Doing Business 2010: Reforming Through Difficult Times*, World Bank, September 2009.

of which are in difficulty. Underdevelopment of these non-bank financial institutions is an obstacle to developing meaningful long-term savings. The life insurance industry and the pension schemes are potentially significant sources of long-term funds as they are being reformed and can tap into the existing potential for savings mobilization.

61. **A high rate of non-performing loans has made credit more expensive and access to financial services is limited.** Nearly 20 percent of loans by commercial banks are non-performing, and for some banks this figure exceeds 50 percent. A high level of non-performing assets at commercial banks translates into low deposit and savings rates and high lending rates to cover overhead expenses. Less than 4 percent of the population has a bank account or uses banking services.

62. **Lack of skills, know-how and competitiveness prevail.** Côte d'Ivoire's SME sector has lost international exposure and experience on modern management methods and standards during the decade of crisis. As a result, technical and managerial capability in the business community is now low and constitutes an obstacle to new technology adoption, worker productivity improvement and new product development. The labor force also lacks the skills needed in the economy.

Maintaining and investing in infrastructure services

63. **The failure to invest in and maintain transport infrastructure has resulted in physical deterioration and reduced mobility.** Since the colonial period, the country's economic growth was accompanied by heavy investment in transport infrastructure. The road network increased from 25,000 km in 1960 to 82,000 km in 2000, through important investments in rail, ports, and air transport sub-sectors. However, further significant investments were then curtailed and have only recently restarted. During the crisis, road maintenance programs were suspended in the CNW and significantly reduced in the south, restricting access to basic economic and social services.

64. **Rural and urban areas face different, though equally pressing, infrastructure challenges.** In rural areas, degraded transport infrastructure has made travel more difficult and isolated communities. Reduced access to markets and inputs due to infrastructure constraints has contributed to increased poverty, notably in the CNW. Meanwhile, urban living conditions have become hazardous, including in the once-model city of Abidjan, which today is characterized by i) overcrowding and the proliferation of slums due to rapid urbanization; ii) weak capacity of public operators to respond to growing population demands; (iii) lack of maintenance of infrastructure, and iv) low priority given to waste water and storm water issues. Garbage piles stagnate in neighborhoods creating health and pollution risks. Clogged sewers and drains lead to urban flooding during the rainy season. Scarcely 40 percent of the urban population has access to adequate sanitation. Addressing these issues will help eradicate endemic diseases such as malaria and typhoid which most affect very poor neighborhoods. In the countryside, only one third of households have access to any sanitation facilities, of which only 10 percent have access to adequate systems.

65. **Energy infrastructure suffers from lack of maintenance, system overload, and financial difficulties.** Access to modern energy sources in Côte d'Ivoire is limited, with over three-quarters of households dependent on cheap wood charcoal, though this has environmental and health costs in the long term. Although it does not reach many rural areas, a solid national infrastructure for electricity and hydrocarbons was built through tremendous effort and still remains in place. However, the lack of investment and maintenance of the electricity sub-sector has created risks of breakdowns and overloads and an inability to meet rising domestic demand and export commitments. Moreover the

sector is facing financial imbalance due to inadequate rates and tariff structure, high gas prices and a dysfunctional institutional framework. The hydrocarbon subsector is also facing financing difficulties for upstream activities (exploration, development and production) and needs to adapt legislation to attract new investment to the sector in a transparent manner.

66. **Water supply has increased but there are frequent service disruptions and large portions of the population have no access to potable water.** Government efforts in the water sector, supported principally by the EU and the World Bank, resulted in increased national access to potable water, from 46 percent in 1998 to 81 percent in 2008. However, the sector is expected to confront a difficult situation in big cities due to uncontrolled urbanization, pollution, and water scarcity. Over 13 million people still face disruptions in water service. Only 68 percent of rural households have access to an improved water source.

Increasing pro-poor investments and building human capital

67. **Education outcomes have not improved in many years.** Teacher wages absorb a significant share of spending in the sector, crowding out other priorities. The quality of teachers is poor with high absenteeism rates, investments in classrooms and teaching materials inadequate and school fees are unaffordable for many. As a result, less than 50 percent of children are enrolled in schools and 63 percent of the population between the ages of 15-45 is illiterate. Secondary schools are poorly funded and overcrowded. The tertiary level is marked by a low level of investments in universities, poor teaching conditions and a disconnect between teaching curricula and the demands of the market place, all of which have resulted in an overflow of under-qualified and poorly trained graduates who cannot find employment. Most alarmingly, militant student groups dominate some university campuses and have politicized and criminalized the university system. Vocational and professional training are not well developed and tend to be tailored to modern job opportunities, rather than building the skills needed for opportunities in the non-agricultural informal sector.⁹ *See Box 3 on youth vulnerability and unemployment.*

68. **Despite growing poverty and vulnerability, social protection has received very little attention and safety nets are basically inexistent.** Yet, safety nets are essential tools not only for protecting the poor and vulnerable, but also for promoting economic growth. In particular, they have an immediate impact on inequality and poverty, which makes them an appropriate instrument to address one of the main drivers of the recent conflict, i.e., the perceived discrimination against certain groups and the greater poverty of the CNW. The sector is characterized by a multiplicity of small fragmented interventions that are implemented with little coordination, unknown effectiveness and limited outside assistance.

69. It should be noted that the Government has started to reverse the deterioration in basic service provision by redeploing public services throughout the country and progressively rehabilitating education, health, and village water supply infrastructures.

⁹ Côte d'Ivoire Education Country Status Report, World Bank, June 2009

Box 3: The Crisis of Youth Unemployment and Vulnerability

Côte d'Ivoire's population is young: 50 percent are younger than 15 years old and those aged 15-39 represent another 40 percent of the total population. As in other developing countries, youth in Côte d'Ivoire are a particularly vulnerable group. According to official statistics, about 4 million Ivorian youth are unemployed or underemployed. Before the September 2002 armed conflict, low education levels, a sluggish economy and high unemployment rates already constituted increasingly serious obstacles to youth seeking to launch a productive life. Subsequent to the conflict, the depressed economy and schools closing further limited youth employment and exposed them to a host of new risks¹⁰. It is estimated that in 2002 about 26,000 enterprises employed 550,000 persons. In 2006, only 13,000 enterprises were left employing less than 300,000 persons. The exodus of French SMS businesses after violent events in November 2004 cost over 30,000 jobs. In parallel, there has been an increase in small activities in the informal agriculture sector as salaried formal employment has diminished. Disenfranchised youth have been an easily mobilized and manipulated force for the political gain of the main actors of the crisis. They have been enrolled in various fighting forces, trained and armed as paramilitary groups, or organized into political resistance groups and self-defense committees ("young patriots") to intimidate opponents and man roadside checkpoints.

Regional integration

70. **Regional cooperation and integration is an important aspect of Côte d'Ivoire's recovery and future growth.** Regional markets offer many trade and economic opportunities for the country if it manages to improve the quality of agricultural products and electricity production and services and to rehabilitate transportation infrastructure. Continued progress with peace-building efforts is also critical for regional stability.

71. **With the crisis, Côte d'Ivoire began losing its competitive edge in the sub-regional economy.** Côte d'Ivoire is still a hub for the regional electricity market exporting power to neighboring countries (Ghana, Togo, Benin and Burkina Faso). However its exports capacity has decreased since 2004 as domestic demand has grown and no additional generation capacity has been established since 2000. The diversion of trade through neighboring ports also made the country less competitive and less well integrated. Since 2002, regional integration reforms have slowed down significantly and Côte d'Ivoire did not comply with most WAEMU convergence criteria in 2007 and 2008.

72. **Côte d'Ivoire's regional and international integration efforts have improved since 2008.** The Government's reform program is helping improve the country's compliance with WAEMU convergence criteria, including as regards the budget classification and expenditures, fiduciary standards, procurement and inflation levels. Côte d'Ivoire, Ghana and Nigeria are also seeking to establish an integrated West African Securities Market. Meanwhile Côte d'Ivoire signed an interim Economic Partnership Agreement (EPA) with the European Union in November 2008. The agreement is the first of its kind and combines a trade agreement with development assistance to Côte d'Ivoire. The EU plans to eventually conclude a full EPA with ECOWAS to promote competitiveness, growth and investment while accelerating regional integration.

¹⁰ It is estimated that about 30 percent of the persons aged 15-39 were unemployed in 2002 and, although there is no reliable information available, it appears that unemployment among youth has increased considerably since then.

V. THE WORLD BANK GROUP PROGRAM TO SUPPORT THE PRSP

G. Lessons from the Bank Group's Experience in Côte d'Ivoire

73. **The most recent full CAS for Côte d'Ivoire was prepared in 1997 and was followed by an Interim CAS discussed by the Board in June 2002.** Implementation of the I-CAS was interrupted by the September 2002 armed conflict and the IDA program was suspended in June 2004 due to arrears. During the period of IDA suspension, the Bank remained engaged in Côte d'Ivoire through: i) analytical activities and a program of LICUS and PCF trust funds which supported the reintegration of child soldiers, community rehabilitation in FN-controlled zone and the employment of youth-at-risk; and ii) a US\$120 million grant for a Post-Conflict Assistance Project, exceptionally approved in 2007 prior to IDA arrears clearance.

74. **A Country Assistance Review (CAR) in 1999¹¹ examined the Bank's experience in Côte d'Ivoire during the previous 30 years.** Although the country environment and the Bank's approach to development have significantly evolved since then, it is worth noting the following points on the Bank's experience:

- Lending to Côte d'Ivoire has been particularly successful in areas where the Bank has had an ongoing, long-standing working relationship with the country and a consistent strategy. Examples cited include agricultural and infrastructure projects as well as operations to restore Côte d'Ivoire's competitive position in the financial and private sector and to rationalize the regulatory framework.
- The performance of structural adjustment lending to help the Government deal with crisis situations has been less positive. Three large adjustment loans between 1983 and 1996 (averaging \$245 million each) were fully disbursed and their outcomes rated unsatisfactory. If large quick-disbursing operations are part of the Bank program, OED/IEG recommends avoiding large disbursement tranches because of the overwhelming pressure to disburse when countries are in critical financial situations.
- Bank support to the social sectors, notably to help improve health and education outcomes, has had little effect. As mentioned previously, this is in part due to how resources have been allocated to these sectors and governance issues resulting in the deteriorating state of human capital. Many social sector projects financed by the Bank have closed unsatisfactory, with the notable exception of the Human Resource Development Management project. The CAR recommended that the Bank focus on pro-poor growth and help the government identify policy changes that benefit both the poor and growth prospects.
- Greater attention should be given to institutional issues since problems encountered in implementation are often of an institutional nature, particularly for projects in social sectors.

Bank experience under the ISN

75. **The Bank discussed an Interim Strategy Note on April 1, 2008, which covered a program of gradual reengagement following the clearance of arrears to IDA.** During the ISN period (FY08-FY09), budget support operations have performed relatively well whereas investment

¹¹ Côte d'Ivoire Country Assistance Review, June 1999, Operations Evaluation Department (OED), World Bank

operations have had mixed results. Two DPOs approved by the Bank, the Economic Governance and Recovery Grant I¹² (April 2008) and II (March 2009), have been rated moderately satisfactory and satisfactory, respectively. Under these instruments the government has moved forward with some fundamental basic reforms to begin restoring discipline and transparency in public financial management and in key economic sectors, as well as to reach the HIPC Completion Point. Despite significant efforts to fast-track preparation and implementation of operations, under OP/BP 8.0 (Rapid Response to Crisis and Emergencies) investment programs have not moved as quickly as desired, often due to institutional and fiduciary constraints. This has also been true for some of the projects reactivated following the lifting of the suspension, again due to institutional constraints that are not uncommon to fragile and post-conflict states. As such, while many of the ISN results supported by DPOs have been reached, whereas most of the results supported by investment operations have not, underscoring the importance of establishing realistic and modest outcomes during the CPS period (*see Annex 2 on ISN Results*). Investment operations supporting infrastructure activities, such as the Emergency Urban Rehabilitation Project (FY08), have disbursed relatively quickly and are being implemented satisfactorily.

76. During the ISN period, the Bank began to re-staff the Bank Group Abidjan office in anticipation of the full reengagement in the country. A new Country Director was posted to Abidjan in July 2008. IFC has also begun reengaging and a new IFC Resident Representative was appointed in January 2010.

H. Portfolio and Financial Management

77. **As of March 1, 2010, the portfolio comprises 9 active projects financed by IDA, representing commitments of \$637 million, with an undisbursed balance of US\$313 million.** The portfolio includes three reactivated projects supporting education, transport and rural development with undisbursed commitments of \$104 million at the time of Bank reengagement. In fiscal year 2009, IDA provided a US\$150 million budget support grant for economic governance reforms, and the Board approved a US\$50 million IDA grant for an Urgent Electricity Rehabilitation Project. These two operations included frontloaded IDA 15 resources to help mitigate the impact of the 2008 food price crisis and the 2009 financial crisis and global recession. In October 2009, the Bank's Board approved a \$15 million IDA grant financing to support a SME Revitalization and Governance grant.

78. **Trust Funds represent an important source of financing for Bank activities in Côte d'Ivoire.** There are nine projects financed by trust funds, representing commitments of \$10 million, with undisbursed commitments of \$6 million. These include the Global Environment Facility (GEF); the State and Peace-Building Fund (SPF),¹³ the Institutional Development Fund (IDF); and the Extractive Industries Transparency Initiative Multi-Donor Trust Fund (EITI MDTF). These funds have provided a platform for supporting technical assistance activities, providing just-in-time support for analytical work and capacity-building, and responding to specific requests for support that doesn't require large amounts of financing. Some of these trust funds can also be susceptible to the same institutional constraints as IDA operations but on the whole are performing satisfactorily.

¹²The operation consisted of a US\$308 million development policy grant, of which US\$273 million financed the arrears due to IDA (Côte d'Ivoire itself paid US\$241 million toward arrears clearance).

¹³ In 2009, the Trust Fund for Low-Income Countries (LICUS) and the Post-Conflict Fund (PCF) were combined into one State and Peace Building Fund (SPF).

79. **The Bank portfolio is characterized by slow disbursements and weak fiduciary capacity**, which the Bank is working with counterparts to strengthen. Political events and the 2004 suspension of IDA operations had a negative impact on project performance and weakened the internal control environment, creating greater overall fiduciary risks. A review of portfolio issues prior to the 2004 suspension revealed a lack of follow-up on recommendations of external audits. To mitigate these risks, the Bank has sought to simplify the design of projects; undertake implementation support mission that provide more intensive involvement of Bank staff; provide intensive capacity building programs, and involve the Authorities in the implementation of audit findings. Intensive fiduciary supervisions, including reviews of audit reports and interim financial reports, full on-site supervisions covering all areas of financial management, review of internal controls, disbursement arrangements, and audit arrangements are being undertaken for projects with financial management risk ratings above substantial. Most task team leaders have been decentralized and are based in Abidjan. The Bank is looking at social accountability mechanisms to strengthen community based-projects, as well as raising awareness about the need for public disclosure and handling of complaints and appeals regarding Bank-financed activities.

80. **Measures have also been taken by the Ministry of Economy and Finance (MEF) to improve project implementation** by assigning to each IDA operation a public accountant reporting to the MEF and a financial controller in charge of the prior internal control of all payments under the the project. This arrangement constitutes a good internal control system for project implementation units. The Bank will continue to support this arrangement while ensuring it does not create a bottleneck for implementation.

81. **IFC's current total committed portfolio as of March 2010 is US\$70 million.** The largest investments are a US\$48.7 million equity investment in Devon Energy Côte d'Ivoire (oil and gas) and a US\$13.3 million loan to the Azito power station, both of which performed well throughout the crisis years. In July 2008, IFC approved a US\$5 million trade line to Ecobank Côte d'Ivoire and more recently, an a additional US\$9.8 million is proposed to be allocated from IFC's Capitalization Fund to Ecobank Côte d'Ivoire in the form of equity and subordinated debt.

82. **MIGA's existing portfolio consists of one agribusiness project issued in 1999 to Touton SA of France for their investment in the rehabilitation of three cocoa plantations and the expansion of a production facility.** This is MIGA's first and only supported project in the country. The current gross outstanding exposure from this investment is \$9.1 million, down from the original \$16.4 million insured.

I. CPS Strategic Objectives

83. **During the CPS period, the Bank Group seeks to help improve quality of life, boost economic activity and support stabilization in the short term; while continuing to help Côte d'Ivoire lay the groundwork for long term reforms to help achieve sustainable peace and growth and make progress toward the MDGs.** Projects will be implemented throughout the country, including in the CNW where IDA is already present. Although conditions in the CNW are complicated by the extraordinary governance situation created by the politico-military crisis, Bank support for job creation and basic services is critical to reduce geographic inequities, encourage normalization and the return of Internally Displaced Persons (IDP). The Bank will also be present in

a number of sectors in the near term and will become more selective as more development partners reengage.

84. **The Bank’s support to Côte d’Ivoire will be articulated around four strategic objectives, or pillars: 1) Strengthening governance and institutions; 2) Improving the performance of agriculture; 3) Strengthening the private sector; and 4) Renewing infrastructure and basic services.** Job creation, with a particular focus on youth, and mainstreaming gender and improving women’s economic opportunities, are cross-cutting objectives. The following section describes: i) the results sought under each pillar; ii) the on-going and proposed analytical support and financing instruments of the World Bank Group to achieve those results; iii) coordination with development partners; and iv) pillar risks. The strategic objectives and outcomes are summarized in Table 3 below.

Table 3: CPS Strategic Objectives and Outcomes

Objective 1: Strengthening governance and institutions	Objective 2: Improving the performance of the agriculture sector
1.1 Continued progress in crisis recovery and improved prospects for sustained peace 1.2 More efficient and transparent management of public financial resources 1.3 Improved debt sustainability and increased pro-poor spending 1.4 Increase transparency and efficiency in governance in key economic sectors	2.1 Increased productivity and value addition of export and food crops 2.2 Increased rural incomes 2.3 Strengthened protection of the environment and natural resources
Objective 3: Strengthening the private sector	Objective 4: Infrastructure renewal and basic services
3.1 Improved performance of entrepreneurs and small businesses 3.2 An improved business environment and more competitive economy	4.1 Essential basic infrastructure is rehabilitated, expanded or upgraded 4.2 Safer and cleaner urban and rural living conditions 4.3 Improved basic social services
Cross-Cutting Objectives	
5.1 Job creation and opportunities for young people 5.2 Mainstreaming gender and improving women’s economic opportunities	

Pillar 1: Strengthening Governance and Institutions

85. **Under this pillar, the Bank will support the objectives of the PRSP’s first and second Strategic Outcomes (Restoring the Foundations of the Nation and Transforming Côte d’Ivoire into an Emerging Economy)** by supporting implementation of the OPA and helping rebuild

institutions and strengthen economic governance, both in PFM and sectors such as cocoa, energy and financial services. The focus on PFM seeks to ensure that public expenditures are allocated to PRSP priority sectors, including investing more effectively in basic education and health services. The focus on key economic sectors seeks to ensure that those sectors that generate significant revenues can have the greatest impact on economic growth and that the wealth created is more equitably shared. Analytical work and development policy grants under this pillar will support the Bank's Governance and Anti-Corruption (GAC) strategy.

Expected CPS Outcomes:

- 1.1 Continued progress in crisis recovery and improved prospects for sustained peace*
- 1.2 More efficient and transparent management of public financial resources*
- 1.3 Improved debt management and increased pro-poor spending*
- 1.4 Improved governance in key economic sectors*

86. CPS Outcome 1.1: Continued progress in crisis recovery and improved prospects for sustained peace. The entire Bank Group effort seeks to support this outcome as a prerequisite to long-term sustainable development. However, the Post Conflict Assistance Project (PCAP) approved in 2007 was specifically designed to help accelerate recovery and peace by improving conflict-affected communities' and individual's opportunities for economic reintegration and access to social services. The project finances labor intensive public works, vocational training and support for self employment for ex-combatants and youth at risk, and community rehabilitation activities (with a view to restoring small infrastructure and social services in the most underserved areas). The ongoing LICUS Youth Employment pilot also supports these efforts. In addition, the PCAP and an SPF grant to safeguard and modernize the civil registry will continue to also support the reinstatement of the public administration throughout the country, by rehabilitating and furnishing offices of decentralized and local authorities. Additional financing from the SPF approved in FY10 is also allowing the Bank to continue supporting legal services for vulnerable populations and preventing and responding to gender-based violence. *See also CPS Outcome 5.2 on Mainstreaming Gender and Improving Women's Economic Opportunities.*

87. Building on the experience of the PCAP and LICUS pilot, the Bank will also prepare an Employment and Training Opportunities for Youth project in FY11. The project would focus on labor-intensive public works for youth throughout the country, as well as training, internship and job opportunities in partnership with the public and private sector.

88. CPS Outcome 1.2. More efficient and transparent management of public financial resources. During the CPS period, the Bank will continue to monitor the macro-economic situation and prepare updates to the 2008 Public Expenditure Management and Financial Assessment Report (PEMFAR) to underpin future policy-based budget support operations. The Bank will undertake a study on the Use of Country Systems to determine how the public financial management system could be used for financial management arrangements of investment lending projects, while ensuring that Bank fiduciary requirements relating to these operations are met.

89. IDA will support the government's action plan to implement the PEMFAR recommendations through the IDA development policy operations (DPO) series, the Economic

Governance and Reform Grants, a TA operation and future PRSG support. Efforts will focus on improving efficiency and transparency in budget preparation and execution and sharing of information; strengthening the interface between the budget execution information system, the procurement information system, treasury accounting and payroll; extending the government's financial management information system (SIGFIP) to local branches of government throughout the country; monitoring the implementation of a global Medium-Term Expenditure Framework (MTEF); improving external auditing mechanisms by promulgating the organic law creating the Auditor-General's Office, appointing the judges and clearing the backlog of the audit of Budget Review Acts and State Accounts; improving internal audit systems and procedures; implementing WAEMU guidelines; strengthening public procurement practices and setting up the National Public Procurement Regulatory Authority (ANRMP); and fighting corruption.

The Bank will pursue trust-fund financing to build the capacity of parliament to play its oversight role in the budget process. Other demand-side governance activities will help increase transparency, support Government communications efforts and build the capacity of non-government actors to monitor the use of public resources (see Box 4).

Box 4: Communications and Demand-Side Governance Côte d'Ivoire

The Governance and Institutional Development IDA Grant and a State and Peace-building Fund (SPF) grant signed in November 2009 are supporting activities to increase communications, accountability and transparency around the government's economic reform program. Whereas the IDA grant is supporting assistance to implement the Government's reform program more broadly, the SPF grant is solely focused on building the communication capacities of government, media and CSOs to increase transparency and public accountability, raise awareness of reforms, and facilitate public monitoring of their implementation through three components: **1) Assisting government with a communications strategy and program** around three themes: a) FM, focusing on the transparency of budget formulation and execution; and tracking/reporting on pro-poor expenditures and revenues and expenditures from natural resources; b) The petroleum sector, including supporting implementation of EITI; and c) The coffee/cocoa sector – monitoring improved governance of the sector and producer revenues; **2) Strengthening non-government/CSO capacity to participate in and monitor economic governance reforms;** and **3) strengthening the capacity of the media to report on the reform program.** The IDA TA has financed a workshop with journalists, the publication of a Ministry of Economy and Finance newsletter and the launching of a new web site, www.minecofin.gouv.ci, which publishes quarterly budget updates).

The above activities are coordinated with a grant from the Governance Partnership Facility for "Public Expenditure Management Reform through Budget Publication and other Social Accountability Approaches." The grant approved in FY10 is financing activities in Côte d'Ivoire and 3 other countries to help publish and disseminate disaggregated public sector budget and expenditure information; support training and leadership innovations related to budget disclosure; help to build multi-stakeholder national coalitions for public expenditure disclosure, discourse, analysis, monitoring and management; and engage multiple stakeholder for transparency of sub-national finances. The Bank is also carrying out a governance diagnostic in early 2010, which is expected to strengthen the knowledge-base on the quality of public services and perceptions of corruption. The findings of the diagnostic will help determine what demand-side governance activities the Government and Bank could consider supporting in the future. The Bank will pursue IDF financing to help build capacity of the parliament in providing checks and balances on PFM issues.

90. **CPS Outcome 1.3. Improved debt sustainability and increased pro-poor spending.** The Bank will continue to support reforms aimed at reaching the HIPC Completion Point and accessing debt relief through Multilateral Debt Relief Initiative (MDRI). The EGRG series will continue to support the Government's program to clear domestic arrears and ensure spending is aligned with pro-poor priorities and the PRSP. The reduced debt obligations will increase fiscal space and enable Côte d'Ivoire to channel resources to medium-term expenditure priorities in education, health, water and sanitation, roads, rural development and food security, and rural electrification.

91. **CPS Outcome 1.4. Improved governance in key economic sectors.** The Bank will continue to support reforms to improve the transparency and efficiency of the cocoa, energy and financial sectors through the EGRG and PRSG series outlined above, as well as through the IDA TA operation for Governance and Institutional Development. These reforms are necessary to attract new private investment in these sectors, and will be a precursor to IFC financing to the private sector.

92. In the **cocoa-coffee sector**, reforms will help government address governance and transparency issues and improve producer incomes. Priorities include: supporting the design and implementation of a comprehensive strategy for reforming the cocoa sector (in accordance with Government's 2009 Letter of Sector Policy); further reducing fiscal and para-fiscal levies and reducing total taxation to 22 percent by 2011 to increase farmers' share of sales revenues; completing and implementing the recommendations of the external audits of the four cocoa entities, ensuring proper use of the cocoa-financed rural investment fund, resolving problems with cocoa weighing, quality control and bagging; and auditing the census of farmers to ensure proper representation. *See Box 5 on the Government's cocoa sector reform program.*

93. In **energy and mining**, the focus is on supporting the implementation of the Extractive Industries Transparency Initiative (EITI) and improving the capacity of the Ministry of Mines and Energy (MME) and the Government to monitor and revive the mining sector. IDA and trust fund support will focus on raising awareness of public and private stakeholders; building the capacity of the National Council representatives (civil society members) to better estimate and follow revenue streams from the extractive industries; and build a knowledge and documentation base for improving extractive industries management and fostering good governance in the sector. Activities also include reviewing the legal and regulatory framework as it relates to the fiscal regime and social and environmental regulations as well as strengthening capacity at the MME to enforce modern requirements for these frameworks. Also, Bank assistance aims to upgrade the Mining Cadastre Unit to better monitor license processing and ownership of property rights. Other possible areas of focus will be the diamond chain and related enforcement of the Kimberley process; assistance in designing programs to encourage the local procurement of goods and services by the mining industry; and increasing value-added, including through business spin-offs in the supply chain.

94. **Côte d'Ivoire may participate within the next two years in the joint WBI/AFR Regional Governance for Extractive Industries Program.** The program seeks to extend capacity building on revenue stream transparency to other sections of the value chain. Côte d'Ivoire may also benefit from the West Africa Regional Mineral Sector Initiative that seeks to improve governments' capacity to manage minerals sector in a transparent and efficient manner and facilitate regional harmonization and coordination in the development of the mining sector;

95. In the **electricity sector**, reforms focus on restructuring the sector and restoring its financial viability based on the recommendations of audits financed by a LICUS TF grant. The plan includes: (i) streamlining the entities functioning in the electricity sector; (ii) transferring the sector's assets to

SOGEPE's accounts; (iii) strengthening the regulation of the electricity sector by changing the role and status of the regulatory agency, with the aim of developing its autonomy and granting it real regulatory authority; (iv) setting up a shared financial model and transparency in the tariff adjustment procedures; and (v) reviving rural electrification and accelerating improved access to energy, by establishing an entity dedicated to securing access to concessional funds and carbon financing.

96. In the **financial services sector**, reforms will focus on i) developing an action plan for financial stabilization, including banks and microfinance restructuring; and (ii) reforms aimed at improving access to financial services (for small and medium sized enterprises, rural zones, long-term resources), including supply-side measures (new instruments, institutions, mechanisms) and demand-side measures (improvement in the transparency of the companies, including through reliable financial statements); iii) restructuring the microfinance sector, on the basis of the national microfinance sector strategy which has been approved by the Cabinet. Particular attention will be given to the national microcredit network UNACOOPEC (the National Union of Savings and Credit Cooperatives) to restore its net worth through intensive loan recovery; and iv) reforms in the Government employee pension fund to contain the growth of its structural deficit, which remained at 0.5 percent of GDP in 2007.

97. **Collaboration with IFC:** IFC investments and corporate governance and risk management advisory services will potentially complement these reforms with additional capital for banks and tailored technical assistance to select banks.

Institutional strengthening and capacity building

98. **In addition to the institutional strengthening activities discussed above, the Bank will support efforts to strengthen institutions and build capacity as part of project design in all IDA investment and TA operations.** As an example, the proposed Agriculture Export Promotion Operation and the regional WAAPP2 will include institution-building components for the National Agency to Support Rural Development and the National Center for Agronomic Research. IDF grants to strengthen the capacity of governance institutions responsible for policy in extractive industries and for parliament are other examples. The EFA-FTI program also includes a governance/institutional capacity development component. These are but a few examples.

99. WBI will also address institutional capacity gaps through its leadership for results programs and support for multi-stakeholder coalitions for reform (public/private sectors, civil society, parliamentarians, and media). WBI will help identify and build capacity of local training institutions.

Table 4: CPS Pillar 1 Alignment with PRSP Strategic Outcomes

CPS Pillar	PRSP Strategic Outcome	Operations	Analytical and Advisory
Pillar 1: Strengthen Governance and Institutions	1st Outcome: Restore and consolidate the foundation of the Republic Consolidate peace ; governance and institutional strengthening, decentralization, land management	On-going -IDA PCAP -IDA PNGTER -SPF Safeguard and modernize civil registry (Add'l Finance) -SPF Protection from Gender-Based Violence (Add'l Finance) Proposed* -IDA Employment and Training Opportunities for Youth -IDA Decentralization and local development	On-going -Poverty Assessment -Civil Society Strategy
	2nd Outcome: Transform Côte d'Ivoire into an emerging country Macroeconomic environment, mines and energy sector	On-going -IDA EGRG series -IDA Governance and Institutional Development TA -IDA Interim HIPC Debt -TF EITI MTDf -IDF Strengthening EITI capacity -SPF Communications for Economic Governance Proposed* -IDA EGRG III and IV -IDA PRSG series -IDA HIPC Debt Relief -IDA <i>Regional project for governance of mining sector</i> -IDF capacity-building for parliamentarians	On-going -Macro-economic monitoring, debt analysis, PRSP and MDGs support -Perceptions of governance diagnostic Proposed Sources of Growth (Policy notes) PEMFAR update (FY11) PEMFAR II (FY13) Strengthening Country FM Systems

**Some operations are not yet defined or will be prepared in outer years and influence results under the next CPS.*

Development Partners

100. *Supporting prospects for sustainable peace.* The Crisis Recovery Program is supported by a number of multilateral and bilateral donors, including the EU, UNDP, UNICEF, UNFPA, Japan, France, Belgium, Denmark, Norway and Sweden. The EU is taking the lead in supporting implementation of the OPA, including election support and the national identification and voter registration process.

101. *PFM and economic governance of key sectors.* The EU, IMF, AfDB, UN and some bilateral donors are Bank Group partners involved in strengthening PFM and governance in key economic sectors. The EU is funding PFM and electricity sector reforms and investments, as well as reforms in cocoa, cotton, wood and hydrocarbons. In the mining sector, UNDP, Canada, Germany, and FAC have provided support to the geological/geophysical cartography program.

102. The IMF is taking the lead to support revenue mobilization as a complement to the efforts on public expenditure management. Government measures to improve revenue collection include: (i) improving tax and customs administration, including in the North; (ii) enhancing the revenue contribution from national oil/gas companies; (iii) reducing tax exemptions; and (iv) ensuring that public enterprises transfer to the treasury all social contributions on wages.

Pillar 1 Risks

103. **Country context:** The political situation remains fragile and some important actions of the OPA stalled, such as disarmament and integrating FN into the national army. Based on performance since 2007, progress on these is likely to remain slow leading up to presidential elections. The main political party leaders have pledged to form a coalition government should they be elected president and this power-sharing arrangement should help mitigate the potential for significant disruption based on election results. The risks for Côte d'Ivoire are also significant if government does not stay on track with its macroeconomic program and governance reforms, which would delay HIPC completion point, the reengagement of other development partners offering significant levels of financing, the return of private sector investors to the country, and economic recovery in general. **Global context:** The global economic recession could further impact the macroeconomic outlook by further dampening foreign direct investment and other capital flows necessary to rebuild the economy. Commodity prices have also been affected which has had an impact locally.

104. Should a situation occur wherein Government is unable to support or implement the proposed CPS investments or there is significant slippage in its reform program, staff will consult with government, key development partners and regional institutions to agree on how best to adjust the Bank program. In the absence of a Government or legitimate interlocutor, the Bank would assess options for continuing to support delivery of critical basic services to communities at the local level through alternative implementing mechanisms, including through NGOs.

Pillar 2: Improving the Performance of the Agriculture Sector

105. Under this pillar, the Bank will support the agriculture and rural development objectives of the PRSP's second Strategic Outcome by focusing on improving productivity and revenue potential and increasing food self-sufficiency; and by restoring basic services and income generating activities in rural areas. The Bank will also support the environmental objectives of the PRSP's third Strategic Outcome (Social Well-Being of All) by helping mitigate the impact of economic activities on the environment. IFC investments in agribusiness would also contribute to results under this pillar.

Expected CPS Outcomes:

2.1 Increased productivity and value addition of export and food crops

2.2 Increased rural incomes

2.3 Strengthened protection of the environment and natural resources

106. **CPS Outcome 2.1: Increased productivity and value addition of export and food crops.** Côte d'Ivoire is preparing a National Program for Agriculture Investments which will present a comprehensive strategy for the rural and agriculture sectors and help guide efforts to improve the value-added and quantity of export crops; increase productivity of food crops such as rice; and restore disrupted supply chains for important pro-poor crops such as cotton. A series of policy notes in FY10 and FY11 will analyze the main sources of growth for Côte d'Ivoire and will emphasize the agriculture sector with an analysis of the value chain of traditional and emerging commodities and their market potential. The policy notes will expand on recent work on cotton and cashew nuts, by focusing on oil palm, rubber, tropical fruits, coffee and rice. A LICUS-financed Youth Employment Creation Project (FY08) has been supporting the development of the cashew nuts and rubber value

chains. For the cocoa sector, the Bank will continue to press for reforms through its dialogue and budget support programs for increased investments and international competitiveness, as well to support analytical work on domestic marketing.

Box 5: Cocoa Reforms to Strengthen Governance and Productivity, Reduce Poverty

Approximately 700,000 small holder families (about 4 million people) depend on the cocoa sector for their main source of income. However, inadequate producer incentives and poor management of the sector's agencies have limited cocoa's contribution to rural growth and poverty reduction. Between 2001 and 2007, it is estimated that a staggering CFAF3.2 trillion (US\$6.4 billion equivalent) were extracted from the sector as fiscal (US\$5.0 billion) and quasi fiscal levies (US\$1.4 billion) and only a modest share, 35 to 40 percent of the CIF price (the world market price), went to farmers. As a result, roughly 60 percent of cocoa growers now live below the poverty line according to the PRSP, and these households accounted for some 28 percent of the poor nation-wide.

The Bank is supporting the Government's comprehensive cocoa sector reform program, initiated in 2008, to achieve outcomes under CPS Pillars 1 and 2. The authorities took initial steps to streamline cocoa sector management by: (i) gradually reducing quasi-fiscal levies from CFAF53.15/kg for the 2005/06 season to CFAF46.46/kg for 2007/08 and to CFAF31.26/kg for 2008/09; (ii) channeling part of the quasi-fiscal levies to a rural investment fund (FIMR), established to help finance rural infrastructure (feeder roads, water supply, schools and health centers) to benefit cocoa farmers; (iii) improving sector transparency and financial management, by allocating the component of the quasi-fiscal levies allocated to a fund for investments in the sector, with improved reporting requirements; and (iv) creating a Cocoa/Coffee Committee in February 2006 to review and monitor programs and projects financed with the bulk of these levies, and report to the Ministers concerned; and (v) communicating the budgets for key cocoa entities for 2007 and extracts from their accounts certified and closed for 2006 to the Cabinet, the IMF and the World Bank and making them public. Efforts to reform the institutional framework of the cocoa sector and define broader reform measures have also been strengthened. In September 2008, the Government placed the four cocoa entities under a transitional Management Committee for Cocoa and Coffee to handle the 2008/09 and 2009/2010 campaigns, rationalize the four entities, and reduce their operating expenses. This committee developed a program of short-term actions to improve the quality and quantity of production, under which urgent investments are already being initiated, with the overall two-year program being finalized. A second committee established in 2009 is focused on longer-term reform of the cocoa sector and proposing to Government the main axes of reform regarding productivity, marketing (domestic/external), domestic transformation, financing, institutional set-up, and environmental and social sustainability. The committee is preparing a Cocoa Sector Development Strategy that will clearly define (i) the Government's responsibilities and limits in the management of the sector; (ii) build a viable 'inter-profession,' enabling transparent management by the stakeholders of the sector's common goods (pricing, policy, research, quality, traceability including for social issues); (iii) increase competition in marketing; (iv) introduce market-based instruments for managing risk, in particular at the farmer level; (v) promote economically efficient local transformation of the cocoa bean into higher value added products; (vi) promote environmentally sustainable rehabilitation of ageing orchards; and (vii) improve quality. Government is also dealing with the inadequacies of farmer representation by supporting a comprehensive census of cocoa farmers which will enable the election of leaders to represent farmers and be accountable to them.

Further reducing taxation to no more than 22 percent of the CIF price is a HIPC Completion Point trigger to bring Côte d'Ivoire further in line with the practice of other major cocoa exporters and help improve rural incomes. Côte d'Ivoire has also agreed to convert to ad valorem taxes which will help ensure that the impact of any decline in the international price does not fall exclusively on the producers.

107. The Sources of Growth Policy Notes and the policy dialogue will provide the underpinning for the Government's medium-term growth strategy and for proposed IDA investment operations focused on Agricultural Productivity and Export Promotion (FY12) and Growth and Competitiveness

(FY13), which together will support this outcome. Bank experience with several successful projects in the sub-region that support diversification and commercialization of agriculture gives it a comparative advantage in this area. As in other similar operations, the Agricultural Productivity project would be designed to promote women's participation.

108. In FY10, Côte d'Ivoire is scheduled to begin participating in the second phase of the West African Agricultural Productivity Project (WAAPP B2), which focuses on regional collaboration in agricultural research, technology generation and dissemination. This project supports countries in those areas where they have a comparative advantage, while benefiting from research results on other food staples or agriculture products undertaken by other countries. The project will support improved productivity of Côte d'Ivoire's banana plantain and other selected crops. Côte d'Ivoire may also be eligible to benefit from an ECOWAS initiative on developing regional agricultural value chains and markets.

109. **Collaboration with IFC:** WBI and IFC are exploring options for coordinated support to the cocoa sector. IFC is investigating opportunities to encourage sustainable private sector investments with a focus on export commodities and their supply chains; primarily in cocoa, rubber, fruits and vegetables, and non-traditional crops like cashew nuts. IFC will also focus on food security and opportunities for viable investment in rice cultivation and milling.

110. **CPS Outcome 2.2: Increased rural incomes.** To support this outcome the Bank and IMF will continue to press for reforms in the cocoa sector aimed at maximizing farmer incomes, a HIPC Completion Point trigger, as discussed in Box 5. Improved productivity of commodity and food crops resulting from the WAAPP activities will also support this outcome. Based on the experiences of the PNGTER, which financed work to survey and delineate land to clarify land ownership, the Bank could eventually support efforts on land reform but would need to first do a stocktaking of the decentralization process and ensure there is in-country consensus on how to approach these reforms. A proposed IDA operation in FY13 would promote Côte d'Ivoire's stalled decentralization process, focusing on local development and financing of social and economic infrastructure investment to promote rural livelihoods, whether on- or off-farm. This operation would be designed to promote women's participation in income-generating activities and access to basic services.

111. In the area of marine fisheries resources, the Bank has launched, together with other development partners, a cooperative initiative aimed at increasing the overall value of the marine fisheries resources in West Africa by strengthening governance of the sector and increasing the profitability and local value added of the fish products originating from the region's waters. Côte d'Ivoire is eligible to participate in the project.

CPS Outcome 2.3: Strengthened protection of the environment and natural resources. A post-conflict Country Environmental Assessment (CEA) prepared in FY09 proposes future interventions to support this outcome including: developing an action plan for the forestry sector; establishing a national environmental information system; reviewing the legal and institutional frameworks for waste management and atmospheric pollution; establishing a program for the sustainable management of the national parks; and assisting efforts to improve the environmental governance mechanism and environmental impact assessment system. The Bank's financing support for this outcome will primarily be through a GEF Protected Area Project (PARC CI) approved in FY09 is financing activities to improve the sustainable management of the fauna and habitat of the Comoé National Park, one of two major park systems in the country. IDA investments in urban infrastructure rehabilitation are also improving the environment in cities and towns.

Table 5: CPS Pillar 2 Alignment with PRSP Strategic Outcomes

CPS Pillar	PRSP Strategic Outcome	Operations	Analytical and Advisory
Pillar 2: Strengthen the performance of agriculture and rural sectors	<p>2nd Outcome: Transform Côte d’Ivoire into an emerging country</p> <p>Agriculture, fisheries outcomes</p> <p>3rd Outcome: Ensure the well-being of all</p> <p>Environment outcomes</p>	<p>On-going</p> <ul style="list-style-type: none"> -GEF Protected Areas Project -IDA EGRG series <p>Proposed*</p> <ul style="list-style-type: none"> -IDA WAAPP 2 -IDA Agricultural Productivity and Export Promotion -IDA Decentralization and local development -IFC support to export commodities and local food production 	<p>On-going</p> <ul style="list-style-type: none"> -Country Environmental Analysis -Poverty Assessment -Cocoa sector dialogue <p>Proposed</p> <ul style="list-style-type: none"> -Sources of Growth (Policy notes)

**Some operations are not yet defined or will be prepared in outer years and influence results under the next CPS.*

Development partners

112. The CPS period will see reengagement of several donors in the agriculture sector, which presents an opportunity for increased donor coordination. During the crisis, the EU and GTZ were the only two active donors. The Bank organized a multi-donor review mission for agriculture in February 2009 which offered a general appreciation of the problems and opportunities in the sector. The EU is unlikely to invest heavily in the sector. The French Agency for Development (AFD) is expected to intervene significantly in the sector when it reengages. The International Fund for Agricultural Development (IFAD) has re-engaged, and is likely to co-finance IDA investments. The West and Central African Council for Agricultural Research and Development (CORAF), is a key partner, implementing the WAAPP. The EU is taking the lead on the land reform agenda and the Bank will examine how it can best contribute to those efforts beyond the PNGTER which closes in 2010.

113. Germany is a lead donor on environment and is financing projects in the Tai National Park in the southwest, as well as a program on the development and stabilization of agricultural systems and forestry. A number of other bilateral partners (Belgium, China, Canada, Switzerland and the US) and multilaterals (UNDP, UNEP, FAO, EU and AfDB) also support activities in environmental and natural resources management in Côte d’Ivoire, though on a small scale. Areas of intervention include bio-safety, climate change, rural development, biodiversity, small-scale environmental projects, forestry, and fisheries.

Pillar 2 Risks

114. **Country Context:** Any significant political or social disturbances or delay in consolidating the redeployment of the public administration in the CNW is a risk to normalizing basic services and economic activities, notably in this region. Lack of progress on reforms that are linked to the activities supported under this pillar could also pose a risk. In addition to the efforts under Pillar 1 to help consolidate peace and crisis recovery, the EGRG series supports reforms linked to achieving objectives of activities under this pillar. This includes supporting further improvements in the

management of the cocoa sector, farmers' share of revenues and the performance of the agriculture sector.

115. *Global Context:* Any significant changes in commodity prices could be a risk to Pillar 2 objectives; however, the country's relatively diverse economic base should help to offset this impact.

Pillar 3: Strengthening the Private Sector

116. Under this pillar, the Bank will support the private sector objectives of the PRSP's second Strategic Outcome by providing support to small and medium enterprises, promoting reforms that improve the business environment and strengthening competitiveness.

117. The **IFC** will also support outcomes under this pillar to help improve the country's business environment to reduce the high cost of doing business, and forge partnership with local banks to improve access to finance for SMEs.

Expected CPS Outcomes:

3.1 Improved performance of entrepreneurs and small businesses

3.2 An improved business environment and more competitive economy

118. **CPS Outcome 3.1. Improved performance of entrepreneurs and small businesses:** In FY10, the Bank will continue to undertake informal analytical work and provide technical assistance in support of SMEs, including to improve access to financing and to better understand how to improve the business environment. The Post-Conflict Private Sector Assessment (FY10) is a key analytical input. The Bank will also promote entrepreneurship through policy reforms that will be introduced in the DPO or PRSG series, and through the SME Revitalization and Governance Project (FY10) and a Growth and Competitiveness Operation (FY13). The SME operation is supporting clearance of government arrears to SMEs and access to financing to help recapitalize them. In addition, the project includes a matching grant program to support training and build-capacity of SMEs. A minimum of 35 percent of participants in the matching grant program are expected to be women, based on previous experience. With financing from the SPF, the Bank is piloting a Young Entrepreneurs and Urban Job Creation grant (FY09) using a business competition model to help young entrepreneurs prepare bankable projects and find private sector support to launch and operate their business. The project is designed to promote the participation of women and reach a target of 50 percent by providing services such as childcare, including a focus on gender issues in a market study to define sectors that will be promoted, and training trainers in gender awareness and promotion.

119. The Growth and Competitiveness Operation (FY13) could support facilities to expand access to finance through local intermediaries and regional initiatives. Côte d'Ivoire is also eligible to join the Africa Trade Insurance (ATI) Agency, a regional facility set up with IDA support, providing export credit and risk coverage. Côte d'Ivoire and other West and Central African countries are currently considering membership to this initiative which would foster the development of regional trade and investment, with support of IDA and AfDB.

120. As a complement to these national efforts, Côte d'Ivoire will benefit from a WAEMU regional initiative supported by the Bank that aims to strengthen accounting and auditing

professionals in member countries and compliance with international standards on accounting and auditing to improve corporate financial reporting.

121. CPS Outcome 3.2. An improved business environment and more competitive economy:

Based on the FIAS “Doing Business Memo” (FY09), the ROSC Accounting and Auditing review, and private sector TA provided by IDA in FY09, the Bank Group and public and private sector stakeholders have agreed on immediate priorities for strengthening governance of the business environment. Some of these recommendations are being supported by the IDA SME Revitalization and Governance Project (FY10), including: establishing a one-stop shop to simplify the procedures for creating businesses and a Pilot Commercial Court in Abidjan; strengthening the Business and Collateral Registry (RCCM), and supporting a pilot program to end racketeering. The joint IMF-World Bank Financial Sector Assessment Program (FSAP) prepared in FY09 identified priorities to strengthen the financial sector to also improve the business environment. Follow-up on the FSAP recommendations are being supported by the DPO series. An IDF Grant to support the implementation of the ROSC Accounting and Auditing will also support the improvement of the financial information practices of the private sector.

122. *Collaboration with IFC:* IFC will focus on linking advisory services and financing instruments to expand access to finance for SMEs through the banking system, and strengthen the financial sector generally, including the microfinance sector.

123. Through a proposed Public-Private Partnership (PPP) TA (FY10/11) the Bank will help strengthen the institutional, legal and regulatory environment for private sector involvement in the delivery of public services. The TA will also help frame a PPP program involving innovative infrastructure financing and risk-allocation mechanisms to scale up investment and service delivery—thereby contributing to strengthening economic competitiveness. Reforms to improve the business environment will help Côte d’Ivoire’s economy become more competitive during the CPS period. The Policy Notes on Sources of Growth (FY11) and the Private Sector Assessment (FY10) will be key inputs for prioritizing reforms and future investments to promote competitiveness. The proposed Economic Infrastructure Renewal Operation (FY13) would focus on strengthening major infrastructure services, such as ports, that would make the country significantly more competitive regionally.

124. The 2009 ROSC Auditing and Accounting revealed significant weaknesses in accounting and auditing practices of the private sector. The Bank will help the government implement the ROSC A&A action plan in FY11 to help business improve financial reporting.

125. In addition, Côte d’Ivoire is eligible to participate in the WAEMU Capital Market development Project which provides technical assistance to the regulator of the regional capital market, the stock exchange and the WAEMU Commission to (i) improve the regulatory framework for the equity and bond markets, (ii) introduce a credit rating system for issuers (iii) define and implement new guidelines for institutions involved in the regional capital markets, including the definition of new prudential norms, accounting systems in compliance with international standards; (iv) define a code of conduct for the CREPMF; (v) develop a legal framework for mortgage refinancing and securitization and; (v) harmonize the tax regimes across the region for medium-term bonds and other financial or capital market instruments that would result in a more efficient regional capital market. The Bank is also planning to support implementation of improvements of the legal and regulatory framework under which business is conducted in Côte d’Ivoire as part of the modernization of OHADA Uniform Acts.

Table 6: CPS Pillar 3 Alignment with PRSP Strategic Outcomes

CPS Pillar	PRSP Strategic Outcome	Operations	Analytical and Advisory
Pillar 3: Strengthen the private sector and investment climate	2nd Outcome: Transform Côte d'Ivoire into an emerging country Private sector development; professional and vocational training; tertiary education	On-going operations -IDA SME Revitalization and Governance Project - IDA EGRG series SPF Young Entrepreneurs and Urban Job Creation Proposed* -IDA PRSG series -IDA Growth and Competitiveness -IDA Economic Infrastructure Renewal -IDF Support for the Accountancy Profession -IFC Support to MSME's through banks and microfinance institutions	On-going -Private Sector Dialogue -Post Conflict Private Sector Assessment -Doing Business (IFC & IDA) -ROSC A&A action plan Proposed -Public-Private Partnerships TA (IDA & PPIAF) -Sources of Growth (Policy notes)

**Some operations are not yet defined or will be prepared in outer years and influence results under the next CPS.*

Development partners

126. The EU, French Cooperation and UNDP are providing support to SMEs and youth employment. GTZ, with EU and World Bank financing, is also implementing activities in labor-intensive public works and reintegration of ex-combatants and youth employment. The EU is also co-financing activities to improve the investment climate by strengthening governance.

Pillar 3 Risks

127. **Country Context:** Any significant political or social disturbances or any slippage in reforms linked to this pillar pose a risk. In addition to the efforts under Pillar 1 to help consolidate peace and crisis recovery, development policy operations are being designed to support specific reforms linked to achieving objectives of activities under this pillar. For example, clearance of government arrears to domestic businesses and service providers is fundamental to private sector recovery. Bank support to ensure adequate fiscal space for government to implement its budget and PFM reforms will also help reduce risk of new arrears. The uncertain political environment will continue to dampen confidence of foreign investors.

128. **Global context:** The global recession has dampened foreign direct investments and will delay how quickly investors will return to the country and subsequently the level of private sector and job growth. Political normalization and improvements in the investment climate would help to offset this.

Pillar 4: Infrastructure Renewal and Basic Services

129. Under this pillar, the Bank will support the infrastructure objectives of the PRSP's second and third Strategic Outcomes by helping rehabilitate infrastructure to boost economic activity and

basic services to improve the quality of life in urban and rural areas; and by strengthening the institutional capacity to manage and maintain these services. IFC and MIGA are also planning to make investments or underwrite investments that would contribute to the outcomes under this pillar.

Expected CPS Outcomes:

4.1. Essential basic infrastructure is rehabilitated, expanded or upgraded

4.2. Safer and cleaner urban and rural living conditions

4.3. Improved access to basic social services

130. **CPS Outcome 4.1: Essential basic infrastructure is rehabilitated, expanded or upgraded.** This outcome will be supported through operations in a number of sectors, namely transport, electricity, water and sanitation, and urban infrastructure services.

131. **Transport:** The Transport Sector Adjustment Operation (CI-PAST, reactivated in FY08) and a regional Abidjan-Lagos Trade and Transport Facilitation Project (FY11) are the main instruments to support outcomes in this sector. Under CI-PAST, activities will include: (i) safeguarding the existing transport infrastructure network; (ii) improving the urban transport system in Abidjan by developing a comprehensive Bus Rapid Transport (BRT) including the existing system (SOTRA), railway and boats; and (iii) building capacity in the transport sector to support the decentralization of the road management. The Government is preparing a National Transport Strategy for the next two decades with support from PPIAF. The strategy will cover all modes of transports (roads, railways, port, aviation, urban and rural transport), propose an investment program and identify sources of financing, in addition to the Road Maintenance Funds.

132. Côte d'Ivoire will join the 2nd phase of the regional Abidjan-Lagos Trade and Transport Facilitation Project in FY11. The project will help reduce barriers to trade and transport along the corridor by improving road conditions, modernizing customs procedures and coordination, and reducing roadblocks. The Bank also envisages supporting the development of the Abidjan-Ouagadougou-Niamey road/rail intermodal corridor to improve access to the sea by the Burkina and Niger.

133. The IDA Emergency Urban Infrastructure Project (FY08) is also supporting the transport sector and reducing congestion in urban areas by rehabilitating urban roads and connecting secondary streets to main roads; and building parking stations for buses and minibuses in Abidjan. IDA activities to strengthen governance in the transport sector, by countering racketeering under the SME Revitalization and Governance Project (FY10), and by strengthening the procurement system through the DPO series and IDA TA activities will also support this outcome.

134. **Collaboration with MIGA:** MIGA is expecting to provide a guarantee for investment in construction, operation, maintenance and transfer of the Riviera-Marcory Bridge in Abidjan, to help relieve congestion on the existing two bridges which are at full capacity. MIGA has also been approached for a guarantee for a future investment in the Sitarail transport project. The 1,260 kilometer railway connects the port of Abidjan with Ouagadougou, Burkina Faso.

135. **Electricity:** Under the Urgent Electricity Rehabilitation Project (UERP) approved in FY09, the Bank is financing the upgrading, expansion and restructuring of the distribution network in Abidjan and other urban areas to reduce losses and increase availability and security of power

supply. The project is also financing preparatory studies for priority generation and transmission projects as well as energy efficiency projects in order to bring them to a bankable level of quality, allowing the Government to catch up with demand growth and play its central role in the West African Power Pool. The Infrastructure Renewal Operation (FY12) may build upon the UERP activities. The Bank will also support efforts to extend electricity to rural areas by helping government strengthen the institutional arrangements to implement rural electrification projects, through PPPs and/or involvement of local communities. Côte d'Ivoire's participation in the West Africa Power Pool Project (WAPP) will contribute to strengthening regional electricity services (namely the interconnections between Côte d'Ivoire and Mali, Burkina Faso and Liberia).

136. **Collaboration with IFC and MIGA:** The Government is also pursuing PPPs building on Côte d'Ivoire's good experience with independent power producers, with the involvement of IDA, IFC and MIGA. The IFC is exploring the possibility of providing financing for the expansion of the Azito gas power station, one of two major projects to extend power generation of existing producers. IFC provided a LoI of US\$100 million, consisting of 75 million USD debt and 25 million USD equity. IFC is also in discussions to support private sector participation in Soubré Hydropower plant. MIGA also plans to support the Azito expansion and Soubré greenfield hydropower. IDA will explore the possibility of providing partial risk guarantees to these projects. IDA will also provide TA to implement the measures included in the 2009 electricity policy letter and build capacity in power system planning with the objective of updating internally the Generation-Transmission Master Plan and define projects to tap a hydropower potential of 1,944 MW. These investments will all have regional significance for the West African Power Pool beyond Côte d'Ivoire, but will be subject to adequate progress with sector reforms.

137. **CPS Outcome 4.2. Safer and cleaner urban and rural living conditions:** This outcome will be supported by the Emergency Urban Infrastructure Project (PUIUR) financed by IDA (FY08) and topped-up with additional financing from the Crisis Response Window (FY10). The project is upgrading urban infrastructure in Abidjan and Bouaké, including water and sewerage services; waste removal; transport services; strengthening management capacity of municipalities; and promoting labor-intensive public works to employ the urban poor. The project is also rehabilitating and extending the drainage system in the city of Abidjan to reduce flooding. Support for solid waste collection in Abidjan includes development of two controlled landfill sites for solid waste disposal. Land and housing development will make it possible to relocate poor families who live in flood-prone areas of Abidjan. The project will also support rehabilitation and completion of works in poor crowded neighborhoods that were begun under a previous IDA financed operation. With the additional resources from the CRW, the PUIUR is extending its activities to additional poor neighborhoods in Abidjan, Bouaké, Bonoua and Korhogo, to cities and towns located in the south, center and north of the country. The Government is preparing a solid waste management strategy with financing from PPIAF.

138. The PCAP and CI-PAST are also supporting efforts to rehabilitate infrastructure and restore basic services in rural areas. The proposed Infrastructure Renewal Operation (FY12) would also extend or expand the activities of the PUIUR.

139. **CPS Outcome 4.3. Improved access to basic services:** This outcome is supported by reforms under the DPO and Enhanced HIPC Initiative to strengthen budgetary allocations to social sectors, as well as by IDA investment operations and analytical work.

140. *Education:* The Bank will continue to implement the Basic Education Project (PASEF) which is financing the rehabilitation of schools, provision of school books and teacher training to improve access and quality of basic education services. The Bank will administer the Education For All-Fast Track Initiative (EFA-FTI), expected to begin in FY11. The program emphasizes universal access to primary education and girls' education to support achievement of the education MDGs. The 2009 Education Country Status Report prepared jointly by Government, development partners and IDA provides the analytical underpinning for the sector.

141. *HIV/AIDS and Health:* The IDA-financed Emergency Multi-Sector HIV/AIDS Project (FY08) is the main Bank instrument supporting the government's response to the pandemic, in coordination with USAID and the Global Fund. The project is supporting the delivery of essential services for the prevention, care and treatment of STDs, TB and HIV/AIDS. The Bank will support basic health services at the local level through community rehabilitation activities of the PCAP and the proposed Decentralization and Local Development operation (FY12). These activities will support basic health services until the Bank and donors can evaluate how best to intervene on the basis of the Bank-financed Health Country Status Report (FY10), prepared jointly with USAID and WHO, to help Côte d'Ivoire achieve the health MDGs.

142. *Social safety nets.* The PASEF was restructured to include a school feeding component in response to the food price crisis in FY09. The experience of labor intensive public works under PCAP will be harnessed to possibly establish a workfare program for youth under the proposed Employment and Training Opportunities for Youth project.

143. A Poverty Assessment in FY10 and a Gender Assessment in FY12 will update knowledge on poverty and gender and provide additional information to help guide Government and international partners on priorities for reducing poverty, improve women's economic opportunities and status, and better targeting services to the poorest communities. These studies will also assess issues related to IDPs, the majority of whom are women and children, and recommend how to support and help reintegrate these families. The Poverty Assessment report will also include a chapter on formal safety nets to help identify gaps and inefficiencies in the present system. At the same time, a study on informal safety nets is being conducted as part of a regional study.

Table 7: CPS Pillar 4 Alignment with PRSP Strategic Outcomes

CPS Pillar	PRSP Strategic Outcome	Operations	Analytical and Advisory
Pillar 4: Infrastructure Renewal and Basic Services	<p>2nd Outcome: Transform Côte d’Ivoire into an emerging country</p> <p>Transport sector services</p> <p>3rd Outcome: Ensure the well-being of all</p> <p>Environment and living conditions (water and sanitation, solid waste management) ; electricity, basic education, health services, HIV/AIDS, social protection, gender, youth and sports</p>	<p>On-going</p> <ul style="list-style-type: none"> -IDA Transport Sector Support Project (CI-PAST) -IDA Emergency Urban Rehabilitation (PUIUR) -IDA Urgent Electricity Rehabilitation -IDA EGRG series -IDA Multi-sector HIV/AIDS project -IDA Basic Education Project (PASEF) <p>Proposed*</p> <ul style="list-style-type: none"> -IDA Abidjan-Lagos Trade and Transport Facilitation Project -IDA Decentralization and Local Development -CRW additional financing for PUIUR -IDA Infrastructure Renewal -IDA Growth and Competitiveness -IDA Partial Risk Guarantee for Azito expansion -IFC energy investments -MIGA energy and transport investments -EFA-FTI 	<p>On-going</p> <ul style="list-style-type: none"> -PPIAF Transport Sector Strategy -PPIAF Solid Waste Management Strategy -Poverty Assessment -Education Country Status Report -Health Country Status Report <p>Proposed</p> <ul style="list-style-type: none"> -Sources of Growth (Policy notes)

**Some operations are not yet defined or will be prepared in outer years and influence results under the next CPS.*

Development partners:

144. *Transport.* The EU is a leading development partner in the transport sector with three ongoing projects for rural roads, including in cotton growing areas. The EU is also preparing feasibility studies for interstate highways between Côte d’Ivoire and its neighboring countries. The West African Development Bank (BOAD) is involved in bridge construction in Abidjan, road construction between Côte d’Ivoire and Mali, and extending the Abidjan-Yamoussoukro Highway, with other donors. AfDB is interested in supporting the development of the San Pedro port.

145. *Energy:* The EU is the only active development partner in the energy sector and is funding an on-going project to improve distribution in Abidjan and Bouaké. The AfDB’s main investments in its 2009-2010 country strategy for regional energy infrastructure, including studies for the FOMI Hydroelectric Dam and related transmission lines (covering Guinea, Mali and Côte d’Ivoire) and financing a multi-national (Côte d’Ivoire-Mali). The EIB is financing pre-investment studies for interconnection projects involving Côte d’Ivoire, Ghana, Sierra Leone and Guinea in the framework of the WAPP with the objective of co-financing with World Bank and other donors.

146. *Urban and Water:* The EU is supporting urban and water infrastructure under two decentralization programs in coastal towns and urban centers, including San Pedro, Daloa, Bouaké, Odienné, Korhogo and Bondoukou; and a program of emergency post-crisis infrastructure rehabilitation projects. Belgium, France, Germany and the US also have projects to support local infrastructure in urban and rural areas.

147. *Education.* AFD, UNESCO-BREDA, and UNICEF are working jointly with the Bank on a coordinated approach to improve services. AFD will reengage fully with Côte d'Ivoire once its arrears are cleared, at which point it plans significant investments in the sector. Development partners are also harmonizing their support for education through the EFA-FTI multi-donor trust fund which the Bank will administer.

148. *Health and HIV/AIDS.* Donors are mainly carrying out analytical activities to identify and plan their programs for the next 3 or 5 years. The Bank is supporting this process through the preparation of the Health Country Status Report (FY10) and a comprehensive survey of health facilities, in coordination with USAID and WHO. The US supports the fight against HIV/AIDS through the PEPFAR program which covers nearly 70 percent of the country. The Global Fund and the World Bank are covering 15 percent; and UN agencies and international NGO covering about 5 to 10 percent of the country. *Social safety nets.* The European Union and WFP support a school feeding program that is showing promising results. GTZ is implementing LIPW financed by the World Bank.

Pillar 4 Risks

149. The most critical aspect concerning risks under Pillar 4 is to ensure that basic infrastructure and social services are designed to reduce disparities between the South and the CNW, which is significantly more disadvantaged. At the same time, activities are likely to be more concentrated in the South and Center given the larger population centers. Operations under Pillar 4 will continue to take into account these issues to contribute to the first Outcome under Pillar 1, "Continued progress toward crisis recovery and consolidating peace."

150. Any significant political or social disturbances or any slippage in reforms linked to this pillar pose a risk. In addition to the efforts under Pillar 1 to help consolidate peace, development policy operations are being designed to support reforms linked to achieving objectives of activities under this pillar, by ensuring that there is adequate fiscal space for government to operate basic services and implement its investment program, and for public resources to be allocated to pro-poor priorities consistent with the PRSP. In addition, the DPO and PRSG series could support reforms to ensure infrastructure programs include provisions for maintenance to ensure their sustainability.

Cross-Cutting Outcomes

Expected CPS Cross-Cutting Outcomes:

5.1 Job creation with special attention to youth

5.2: Mainstreaming gender and improving women's economic opportunities

151. **CPS Cross-Cutting Outcome 5.1. Job creation with special attention to youth:** Several operations will focus specifically on creating employment, both short-term and more sustainable jobs. Labor intensive public works supported by investments under Pillar 1, such as the PCAP, include a focus on emergency employment. Activities under Pillar 2 will focus on strengthening the private sector and opportunities for longer-term job creation. The proposed Employment and Training Opportunities for Youth (FY11) is expected to focus on LIPWs, like the PCAP, as well as more sustainable employment, and will be designed to promote the equal participation of women. The Young Entrepreneurs and Urban Job Creation grant (FY10) financed by the SPF is designed to train and mentor young entrepreneurs to help them launch sustainable new businesses. The Bank's investments to improve the performance of agricultural products are intended to not only create jobs but also wealth from increased revenue and trade opportunities. Likewise, investments in infrastructure under Pillar 4 seek to create employment opportunities for contractors and thousands of workers, and investments in education and training seek to strengthen the employment perspectives of upcoming generations. Through these activities, the Bank is laying the groundwork for a long-term engagement in support of job creation in the country.

152. **CPS Cross-Cutting Outcome 5.2: Mainstreaming gender and improving women's economic opportunities.** The CPS program offers the Bank an opportunity to mainstream gender in its approach to reducing poverty and inequality and promoting growth. The Poverty Assessment in FY10 and a Gender Assessment in FY12 are the main analytical instruments that will look at gender and poverty issues, including assessing opportunities for promoting women's economic participation and their status in society.

153. **Bank activities under each of the 4 pillars also include components to promote opportunities for women or reduce their economic and physical vulnerabilities.** Under Pillar 1, outreach to civil society to strengthen demand-side governance includes work with women's associations to increase their voice and participation in monitoring the government's reform program. Activities under the Protection from Gender-Based Violence SPF grant are helping combat sexual exploitation of girls in schools, raise awareness of girls and women's rights, and support women's savings cooperatives to promote income-generating activities. The LICUS Youth Employment promotes the participation of women as leaders of working brigades in LIPWs. Under Pillar 2, the WAAPP will seek to ensure that a minimum of 50,000 women in participating countries benefit from improved agriculture technology during the CPS period. Under Pillar 3, The Young Entrepreneurs and Urban Job Creation Grant is designed to promote the participation of women, by providing childcare services during training workshops and training trainers in gender awareness. Under Pillar 4, support to education promotes increased access to school for girls to help attain the gender parity in education MDG. The PASEF is supporting literacy programs for 3,000 adults, of which 75 percent are women. The HIV/AIDS project is particularly important for women given the "feminization" of the disease, with prevalence rates estimated at 6.7 percent for women compared to 2.9 percent for men, according to the PRSP.

J. Instruments to Implement the CPS

154. **The Bank instruments to implement this strategy will include a blend of IDA policy-based and investment operations; GEF trust funds, and other trust funds administered or funded by the World Bank, as well as analytic and advisory services** (Tables 8 and 9). Côte d'Ivoire will also participate in regional IDA operations. Through IDA, the Bank is expected to finance up to 9 new operations—up to five new investment operations and four budget support operations. In addition, the Bank will finance three to five regional operations that involve Côte d'Ivoire. IFC will provide financing to the private sector, combined with advisory services to both the public and private sectors; and MIGA will support foreign investments in key sectors by providing political risk guarantees.

155. **Côte d'Ivoire will continue to benefit from exceptional post-conflict IDA allocations during the CPS period, FY10-FY13, which overlaps IDA15 and IDA16 replenishment periods.** Indicative IDA allocations to support the CPS would total SDR 277 million. Indicative allocations for the rest of IDA15 would total SDR 137 million, comprising a firm allocation of SDR 91.5 million in FY10 and an indicative allocation of SDR 45.6 million in FY11, taking FY09 front-loading into account. As the exceptional post-conflict IDA allocations in effect for Côte d'Ivoire since FY08 will begin to decline gradually in FY12, indicative allocations during FY12-FY13 are estimated at about SDR 70 million per annum. Actual IDA allocations during the CPS period will be determined on a yearly basis and will depend on: (i) total IDA resources available; (ii) the country's performance rating -- based on Post-Conflict Performance Indicators and portfolio performance; (iii) performance of other IDA borrowers; (iv) the terms of IDA assistance to Côte d'Ivoire, whether credits or grants; and (v) number of IDA-eligible countries.

156. **In February 2010, SDR 19.2 (US\$30) million was approved for Cote d'Ivoire from stage 1 of the Crisis Response Window (CRW) allocations.** Additional allocations have been requested from stage II CRW and from unused IDA funds. The CRW funds would be utilized to top-up budget support and basic services operations and would help mitigate the social and fiscal impact of the global economic crisis, including covering reconstruction programs and ensuring the delivery of basic infrastructure services for the hardest hit communities. In addition, an amount of SDR 51 (US\$80) million from the Regional Projects envelope is expected to leverage proposed \$40 million for three regional operations. This would bring total IDA financing for these projects to \$120 million (each regional project is financed with 1/3 IDA country allocation and 2/3 IDA Regional envelope).

Table 8: Proposed AAA and IDA Operations FY10-FY13

Year	Analytical Work	Proposed IDA Operations (US\$M)	Equip (US\$M)*
Indicative IDA 15 for FY10-11			215
IDA resources from Crisis Response Window in FY10			30
FY10	Health Country Status Report	<ul style="list-style-type: none"> • SME Revitalization and Governance Grant (15) • Economic Governance and Recovery Grant III (90) • Additional Financing PUIUR (15)** 	100
	Poverty Assessment		30 CRW
	Post-Conflict Private Sector Assessment	<i>Regional projects</i> <ul style="list-style-type: none"> • 2nd West Africa Agricultural Productivity Project (10) 	
FY11	Policy Notes on Sources of Growth	<ul style="list-style-type: none"> • EGRG IV (40) • Employment and Training Opportunities for Youth (35) • Azito Partial Risk Guarantee (10) 	115
	PEMFAR update		
	Use of Country System	<i>Regional projects</i> <ul style="list-style-type: none"> • Abidjan-Lagos Corridor Transport Project (20) • West Africa Power Pool Program (10) 	
Indicative IDA 16 for FY12-13			220
FY12	Gender Assessment	<ul style="list-style-type: none"> • PRSG 1 • Infrastructure Renewal • Agricultural Productivity and Export Promotion 	110
FY13	PEMFAR update	<ul style="list-style-type: none"> • PRSG II • Decentralization and local development • Growth & Competitiveness • Economic Infrastructure Renewal 	110

*Exchange rate of USD1.565/SDR; **Frontloading of IDA FY11 resources or CRW II resources if approved will be used to provide an additional \$35 million toward this operation, for total of \$50 million.

Table 9: Trust Funds to be Funded or Administered by the World Bank

Start Year	Project (US\$M)	Total (US\$M)
FY10	<ul style="list-style-type: none"> • SPF Young Entrepreneurs and Urban Job Creation (2) • SPF Communication for Governance and Transparency (1.4) • SPF Add'l Fin for Safeguarding Civil Registry (1.5) • SPF Add'l Fin for Protection from Gender-Based Violence (2) • EITI Multi-Donor Trust Fund (.17) • IDF Capacity Building for EITI (.5) • Trade Multi-Donor Trust Fund (.3) • IDF Support for the Accountancy Profession (.4) 	8
FY11	<ul style="list-style-type: none"> • Education For All – FTI • IDF Capacity Building for Parliamentarians 	108
FY12 and 13	<ul style="list-style-type: none"> • Other trust funds to be determined 	Tbd

K. Partnerships and Aid Effectiveness

157. **At the policy level, key donor partners coordinate around the international consultative body which is attached to the Ouagadougou process** (comprising the UN, EU, IMF, AfDB and the World Bank) and monitors implementation progress and challenges.

158. **At the technical level, donors coordinate according to sectors with the line ministries as well as by way of a regular *Groupe de Réflexion Stratégique***, comprising heads of UN agencies, key bilateral partners and the IFIs. The Bank and Fund coordinate closely on dialogue with authorities.

159. **For 2008 and 2009, IDA was the largest donor to Côte d'Ivoire, with disbursements of \$526 million;** followed by the IMF, \$361 million; The EC, \$202 million; and AfDB, \$131 million.

160. The EU's program in Côte d'Ivoire is presented in a five-year strategy covering 2009-2013. In February 2009, the Bank signed a Protocol of Cooperation with the EU delegate in Abidjan outlining a World Bank-EU partnership for Côte d'Ivoire and establishing complementary roles for the two institutions as well as areas of collaboration over the next four years, including in the areas of i) Governance; ii) PSD; iii) health; iv) education; v) agriculture; and vi) infrastructure (roads and electricity). The Bank is pursuing the same approach with other key donors once they fully reengage, notably AFD and AfDB.

161. The AFD will only be able to reengage in Côte d'Ivoire once the country reaches the HIPC Completion Point. At that time, they expect to develop programs for 1.8 to 2 billion Euros over a period of 10-15 years to recycle the debt relief to be provided under a program called C2D (*Contrat Desendettement-Développement*). AFD expects to focus on the private sector development agenda, in particular to revamp technical and vocational training. AFD could also channel support to infrastructure and urban renewal programs to complement Bank efforts these areas. AFD is considering support to the health sector in collaboration with other development partners.

162. The AfDB prepared a Global Country Strategy Note for 2009-2010 which laid out an arrears clearance plan for Côte d'Ivoire (cleared in early March 2009) and a reengagement strategy focused on strengthening economic governance and regional infrastructure (namely electricity and hydropower).

163. The UN System has a program covering 2009 to 2013 focused on five themes: Consolidating peace and protecting human rights; governance and decentralization; basic social services; economic recovery and food security; and the environment. The UN has provided support for the preparation of the PRSP and works closely with development partners, including the World Bank and IMF, to promote coherence and harmonization. *See Annex 3 on estimated donor support for PRSP sectors.*

164. **The Bank plans to work with Government to organize and sponsor a Consultative Group meeting** to mobilize and coordinate donor support around the PRSP upon attainment of HIPC Completion Point.

165. **Outside of financing operations, the Bank has also been strengthening partnerships with Côte d'Ivoire's civil society and private sector** through a "Dialogue Series on Development in Côte d'Ivoire." This provides a forum for debate and exchanging views among community and national leaders on issues critical to recovery and peace-building efforts. The Country Office in

Abidjan is also implementing a communications and outreach program with a broad array of stakeholders to further support a peaceful and smooth political transition and economic recovery during and following the electoral period. These efforts seek to raise awareness and understanding of the objectives of the reform program on the part of public opinion leaders while also providing a platform for exchanging views on the country's priorities. As part of this effort, the Bank prepared a CSO strategy which includes putting in place a network of CSOs representing a broad array of sectors with which the Bank will hold regular consultations on its programs. The country office has also launched a new quarterly magazine, "*L'Espoir*," as part of its outreach effort.

L. Monitoring and Evaluating CPS performance and results

166. ***Managing for Results.*** The Bank's objective is to contribute to Côte d'Ivoire's higher-level goals as outlined in the PRSP. The Bank's performance will be measured according to results obtainable during the CPS, mostly influenced by on-going operations or those prepared within the first two years of the CPS period. Annex 1 provides the results matrix with the specific outcomes the Bank expects to influence through ongoing and planned operations and non-financial support.

167. **During the CPS timeframe, macro-monitoring and PEMFAR updates will provide feedback on the effectiveness of targeted expenditures, identify bottlenecks in the flow of funds, including any misappropriations.** Country Portfolio Performance Reviews will provide a forum for raising policy and implementation issues and agreeing with counterparts on how to address these issues. The Bank's Implementation Supervision Reports (ISRs) and Implementation Completion and Results Reports (ICRs) are an important tool for M&E. The Bank is coordinating with the PRSP Secretariat to have the PRSP monitoring committee also monitor CPS implementation. The PRSP monitoring committee includes central and local authorities as well as non-government actors (civil society, religious representatives, private sectors, academicians).

168. **A CPS Progress Report will be prepared in FY12 to allow adjustments to be made to the strategy and to update indicators for the results matrix** based on new knowledge, program performance or to reflect changing circumstances. A CPS Completion Report will be prepared in FY14 to evaluate the program's performance.

169. **Given the fragile country environment and the medium-term horizon of this strategy, the Bank will prepare a note for the Board on CPS implementation progress either following elections or after one year of implementation.** Such a note would update the Board on status of the Bank program, prospects for continued implementation of the CPS, and make any recommendations for adjusting the Bank's approach, if needed.

VI. RISKS TO PROGRAM IMPLEMENTATION AND MITIGATING MEASURES

170. In addition to the risks that have been detailed under each pillar of the CPS, several overall risks to the strategy are presented below, along with proposed mitigating measures:

171. **Risks related to elections and further delay with political normalization.** The political situation remains fragile with presidential elections still pending. Further delays in elections could create a risk to the CPS. Or, election results could be contested and disagreements poorly managed. This could destabilize the country and affect the prospects for further implementation of the OPA or implementation of the PRSP and reforms to attain HIPC Completion Point. Such instability could also dampen growth prospects, which could reach a modest rate of 1-2 percent per year, driven mainly by oil production, and per capita incomes would likely fall. If IDA financing support were to be interrupted, the Bank would continue to work through the State and Peace-Building trust fund and would continue analytical work to maintain the knowledge base. The possibility of a new incoming administration not supporting the reform program is mitigated by the fact that during the PRSP preparation, the Coalition Government garnered support across political parties for the PRSP and CPS, which were discussed and endorsed by different components of government and civil society. In this context, it is expected that an incoming administration following elections will continue to be broadly in line with the PRSP and the program supported by the CPS. The Bank will continue to work closely with the authorities and development partners toward successful implementation of the OPA and Government's reform program during this transition period. The Bank will continue to strengthen awareness among all key stakeholders of the reforms and investment programs supported by the CPS to encourage continued political commitment.

172. Should a situation occur wherein Government is incapable or unwilling to support or implement the proposed CPS investments or there is significant slippage in the reform program, staff will consult with government, key development partners and regional institutions to agree on how best to adjust the Bank program. In the absence of a Government or legitimate interlocutor, the Bank would assess options for continuing to support delivery of critical basic services to communities at the local level through alternative implementing mechanisms, such as NGOs.

173. **Exogenous shocks and commodity price risks.** The financial market turmoil and related global economic slowdown could also further dampen foreign direct investment and other capital flows necessary to rebuild the economy. They have also affected commodity prices for exports such as timber, rubber and oil palm. The price of oil fell by half from its peak in mid-2008, though it has since rebounded. Cocoa prices have also remained robust. However, a drop in oil and cocoa prices would reduce government revenue and the fiscal space for reconstruction spending. If cocoa and oil prices in 2009 were 30 percent below World Economic Outlook projections, Côte d'Ivoire's growth would be 1-1.5 percentage points lower, and government revenue would fall by 0.4 percent of GDP. Together with any delays in moving to the HIPC Completion Point, this would raise the risk of renewed arrears. Government's recent track record in macroeconomic management, the focus on growth enhancing structural reforms and support provided by donors will help mitigate the impact of exogenous shocks. The IMF and IDA will continue to closely monitor the Government's macroeconomic performance.

174. **Project management and fiduciary risks.** To mitigate these risks, the Bank plans to provide training and undertake intensive implementation support missions to help build capacity and ensure adequate controls are in place for financial transactions and accuracy in financial reporting, audit and disbursement. These activities will apply to both investment operations and DPOs/PRSGs. Additional steps to mitigate project management and fiduciary risks are discussed in the section on Portfolio & Financial Management (*see Section V. H*).

Annex 1: Côte d'Ivoire CPS Results Matrix

Overarching Objectives of the Strategy to Re-launch Development and Reduce Poverty (PRSP)

Strategy To Relaunch Development and Reduce Poverty (PRSP)	Contribution of the World Bank Country Partnership Strategy to Côte d'Ivoire's Outcomes		
Country Outcomes (key indicators)	CPS Contribution to Outcomes (key indicators)	Milestones (progress indicators)	World Bank support
<p>Pro-poor growth sustained</p> <p><i>Real per capita GDP growth averages 2.7 percent in 2013 and 3.7 percent in 2015</i></p> <p>Poverty reduced and social welfare improved</p> <ul style="list-style-type: none"> • Poverty headcount reduced from 49 percent in 2009 to 16 percent in 2015 • Poverty gap index reduced from 37 to 26 percent <p>Macroeconomic stability maintained</p> <ul style="list-style-type: none"> • Average annual inflation rate remains below 3% per annum through 2013 • External and internal payment arrears do not accumulate 	<p><i>Through multiple channels, the CPS will seek to contribute to these overarching country outcomes, which will be included in the CPS monitoring and evaluation framework.</i></p>		

CPS Pillar 1: Strengthening Governance and Institutions

PRSP		Contribution of the World Bank CPS to Côte d'Ivoire's Outcomes		
Country Goals (key Outputs)	Major challenges	CPS Contribution to Outcomes (Key Indicators)	Milestones (progress indicators)	World Bank support
<p>Expected Result 1 (E1): Social capital is restored and the population lives in harmony</p> <p>Output 1 (O1): Social cohesion is restored in a sustainable manner</p> <p>O2: Communication and information are of quality and contribute to the building of national unity</p> <p>E2: The population benefits from services of public administration over the entire national territory</p> <p>O3: The authority of the State is restored over the entire national territory</p> <p>O4: The services of the administration are functional, mainly in the CNW zones</p>	<p>The conflict has damaged social and economic capital, and there has been an additional loss of jobs and income opportunities</p> <p>Ex-combatants and youth with few economic opportunities are vulnerable to returning to conflict</p> <p>Beneficiaries have feelings of loss and confusion due to conflict and social cohesion has been damaged</p> <p>violence perpetrated against women by armed men in association with conflict or other factors</p> <p>The national civil registry system is inadequate, 10 percent of which have been destroyed or lost because of the civil war or simply inadequate conservation, and information is unreliable. People lack proof of identity, services are denied.</p>	<p>Outcome 1.1 Continued progress in crisis recovery and improved prospects for sustained peace</p> <p><i>Improved economic opportunities and access to social services for war-affected communities and individuals to enhance and stabilize peace, as evidenced by</i></p> <ul style="list-style-type: none"> - Ex-combatants, individuals associated with an armed group, and youth-at-risk have <ul style="list-style-type: none"> i) participated in economic reintegration activities, 24,000 by 2013 compared to 6,700 in 2010); and ii) participated in labor intensive public works, 9,000 by 2013 compared to 0 in 2009 <p><i>Sexual violence against women is prevented and victims are provided assistance in selected areas of western and central Côte d'Ivoire</i></p> <ul style="list-style-type: none"> - 20% increase in number of victims receiving assistance appropriate to their needs in the area of direct intervention. - 70% of surveyed beneficiaries indicate that the social marketing campaign contributed to changing their attitude towards sexual violence against women <p><i>The national civil registry is updated, modernized and operational</i></p> <ul style="list-style-type: none"> -70 percent of civil registry offices having their civil registry updated, modernized and operational, compared to 0 (2009) 	<p><i>Milestones 1.1</i></p> <ul style="list-style-type: none"> -Preparatory work to identify eligible participants has been undertaken Opportunity study has identified promising value chain developments and a database on local economic opportunities are in place -Program of Labor Intensive Public Works (LIPWs) has been established with focus on road maintenance, sanitation and drainage Capacity building for small businesses to carry out LIPWs; and for youth brigades to become small-scale road maintenance operators 24 "service platforms" launched at department or municipal level to support start-ups -9 Regional community rehabilitation offices have been established, received training and are well functioning, each staffed with an Economic Reintegration Officer and a Community Rehabilitation Officer <p><i>Prevention of GBV</i></p> <ul style="list-style-type: none"> -Social marketing initiatives are developed and broadcast -Military personnel and authorities participate in awareness raising activities and learn about GBV consequences and services for survivors <p><i>National civil registry</i></p> <ul style="list-style-type: none"> -national identification database is established/strengthened -local administration offices housing civil registries have been rehabilitated 	<p>On-going operations</p> <ul style="list-style-type: none"> -IDA Post-Conflict Assistance Project (FY08) -LICUS Youth Employment (FY08) -SPF Add'l Fin for Support to Safeguard and Modernize Civil Registry (FY10) -SPF Add'l Fin Protection from Gender Based Violence (FY10) <p>On-going AAA</p> <ul style="list-style-type: none"> Civil Society Strategy (FY09) Poverty Assessment (FY10) Gender Assessment (FY12) <p>Planned operations*</p> <ul style="list-style-type: none"> -IDA Employment and Training Opportunities for Youth (FY11) <p>Development Partners</p> <ul style="list-style-type: none"> EU, UNDP, UNCEF, UNFPA, France, Belgium, Japan, Norway, Germany, Sweden <p><i>*Operation not yet defined and results to be reflected under the CPS Progress report or next CPS.</i></p>

PRSP		Contribution of the World Bank CPS to Côte d'Ivoire's Outcomes		
Country Goals (key Outputs)	Major challenges	CPS Contribution to Outcomes (Key Indicators)	Milestones (progress indicators)	World Bank support
<p>E4: The management of resources and public affairs is participatory, transparent and efficient</p> <p>O 9: Public administration is more efficient, transparent and responsible</p>	<p>-Public expenditure management suffers from a distorted budget cycle, lack of transparency, and expenditure execution problems</p> <p>-Public procurement legislation is inadequate and too many contracts are done without competitive bidding; oversight is inadequate</p> <p>-Debt levels are high and there is little fiscal space to invest adequately in health and education</p>	<p>Outcome 1.2 More efficient and transparent management and use of public financial resources: Public has access to principal budget information on a regular basis as evidenced by an increase in the PEFA indicator PI-10</p> <ul style="list-style-type: none"> - Baseline C (2008) target A (2013) <p>Composition of actual expenditure as compared to the approved budget is measurable, as evidenced by an increase in the PEFA indicator PI-2</p> <ul style="list-style-type: none"> - Baseline not rated (08); target A (13) <p>Integrity and transparency of the procurement process is improved as evidenced by NPPRA being operational; integrity and transparency of the procurement process rated 60% by 2010 (OECD/DAC methodology)</p> <p>Outcome 1.3 Improved debt management and increased pro-poor spending</p> <ul style="list-style-type: none"> -risk of debt distress remains moderate as evidenced by government remaining current on debt service -share of pro-poor spending increases from 7.8% of GDP in 2009 to 10% in 2013 	<p><i>Milestones 1.2</i></p> <ul style="list-style-type: none"> - Annual budget approved at beginning of year - quarterly publication of budget expenditures - MEF website is operational and regularly updated during the CPS - Government communications strategy is prepared for economic reform program - decree issued to set up a National Public Procurement Regulatory Authority (NPPRA) and NPPRA publishes all signed procurement and concession contracts quarterly in public procurement bulletin <p><i>Milestones 1.3</i></p> <ul style="list-style-type: none"> - Government completes clearance of domestic arrears plan and does not accumulate new arrears - MTEFs are completed for health, education, agriculture and infrastructure and reflected in budget execution 	<p>On-going operations</p> <ul style="list-style-type: none"> -IDA Governance and Institutional Dev TA (08) -IDA EGRG series (FY08-11) -SPF Communications for Governance Reforms (FY10) <p>Ongoing AAA</p> <ul style="list-style-type: none"> -Macro-monitoring, debt analysis, PRSP support -Poverty Assessment (FY10) -Perceptions of governance diagnostic (FY10) <p>Planned Operations*</p> <ul style="list-style-type: none"> -IDA PRSG series (FY12-13) -IDF Capacity Building for parliament (FY11) <p>Planned AAA</p> <ul style="list-style-type: none"> -PEMFAR Update (FY11) -Strengthening Country FM Systems (FY11)

PRSP		Contribution of the World Bank CPS to Côte d'Ivoire's Outcomes		
Country Goals (key Outputs)	Major challenges	CPS Contribution to Outcomes (Key Indicators)	Milestones (progress indicators)	World Bank support
<p>E7: The sectors of the economy are integrated, coherent and transparent and efficient management of the economy promotes sustainable economic growth</p> <p>O14: The performance of the economy is improved</p> <p>O15: The management of public finance is efficient and effective</p>	<p>-The cocoa sector suffers from being heavily taxed and levies have not been used to benefit producers</p> <p>-Oil sector faces technical constraints to exploration and production and lacks an adequate legal framework; lack of transparency in how revenues are managed</p> <p>-electricity sector operates with huge deficits, tariffs are inadequate, lacks maintenance</p> <p>-Financing is expensive and inaccessible for many; banks hit hard by crisis, some not complying with prudential standards; microfinance sector has negative net worth; savings bank in a difficult financial situation;</p>	<p>Outcome 1.4 Increased transparency and efficiency of key economic sectors</p> <ul style="list-style-type: none"> - Annual publication of the audited financial statements of public enterprises and institutions in cocoa, energy and banking -The financial position of the electricity sector is improved as demonstrated by government subsidies to power sector reduced to zero -Information on oil revenues generated and their allocation are published annually following EITI guidelines -Government-owned and domestic banks are recapitalized 	<p><i>Milestones 1.4</i></p> <ul style="list-style-type: none"> - Cocoa sector strategy is finalized and under implementation; quarterly reports on investments in the cocoa sector continue to be made public -Audits carried out in oil/ gas exploration, dev and production; oil refining; and electricity - A "cost-reflective" tariff setting/regulation mechanism established for electricity - Draft annual EITI report for 2008-2012 validated and published - Action plan for restructuring banking sector, including microfinance sector is prepared and implemented 	<p>On-going operations</p> <ul style="list-style-type: none"> -IDA GID TA (08) -IDA EGRG series (08-11) -EITI MDTF program (FY10) -IDF grant capacity building for EITI (FY10) <p>Ongoing AAA</p> <ul style="list-style-type: none"> -Perceptions of governance diagnostic (FY11) <p>Planned Operations*</p> <ul style="list-style-type: none"> -IDA PRSG series (FY12-13) <p>Planned AAA</p> <ul style="list-style-type: none"> -Policy note: on Sources of Growth (FY10/11) <p>Development Partners</p> <p>EU, IMF, ADB, UNDP, France</p>

**Some operations are not yet defined or will be prepared in outer years and influence results under the next CPS.*

CPS Pillar 2: Improving the Performance of the Agricultural Sector

Strategic Framework for Poverty Reduction		Contribution of the World Bank CPS to Côte d'Ivoire's Outcomes		
Country Outcomes (key Outputs)	Major challenges	CPS Contribution to Outcomes (key indicators)	Milestones (progress indicators)	World Bank support
<p>E10: Incomes of actors of the rural world are increased</p> <p>O22: The capacities for production and marketing of agricultural, agro-pastoral and fisheries outputs are strengthened</p> <p>O24: The management organizations and control mechanisms of the sectors are functional and efficient</p>	<p>-The sector's potential is constrained by a decline in productivity and vulnerability to price fluctuations.</p> <p>-Lack of value addition diminishes wealth-creation and revenue potential.</p> <p>-The country has the potential to be food self-sufficient</p> <p>-Two-thirds of the active population is employed in agriculture and wages are very low</p> <p>-Despite cocoa being a lucrative commodity, cocoa farmers share of revenues is inadequate and contributes to high poverty levels</p>	<p>Outcome 2.1: Increased productivity and value addition of export and food crops</p> <p>-The decline in cocoa production is arrested by 2013</p> <p>-Project beneficiaries direct/indirect, % of whom are female increases from 0 (2010) to 50,000 by (2012)</p> <p>-Number of agriculture producers and agribusinesses that have adopted improved technologies increases from 0 (2010) to 30,000 (2013)</p> <p>-Hectares under new technology: Baseline 0 (2010) increased to 10,000 (2013)</p> <p>-75 % of projects financed by FIRCA have received satisfactory results as evidenced by evaluation surveys in 2013</p> <p>Outcome 2.2: Increased rural incomes</p> <p>-Cocoa farmers retain increased share of revenues as evidenced by the overall indirect taxation of the cocoa sector having been reduced from 32 percent to no more than 22 percent of the CIF price</p> <p>-The share of the cocoa world price received by farmers is no less than 60 percent by 2013</p> <p>-Per hectare net revenues from plantain banana increase by at least 20 percent by 2013</p>	<p><i>Milestones 2.1</i></p> <p>-A new cocoa sector development strategy is finalized and addresses the main institutional, productivity/efficiency, social and environmental concerns</p> <p>- The National Program for Agricultural Investment (an agriculture diversification and export promotion strategy and action plan) has been adopted by government</p> <p>-National Center of Specialization (NCO) is established/strengthened and carries out research in selected priority value chains</p> <p>-Capacity-building program for researchers is undertaken and regional and international partnerships are created</p> <p><i>Milestones 2.2</i></p> <p>-A new institutional set up for the cocoa sector has been adopted and gives adequate voice to producers, ensures efficiency and transparency and is conducive to public-private partnerships</p> <p>-Government has reduced the registration tax from 10% to 5% of the CIF price and has not increased other taxes and mandatory levies in the cocoa sector; it has reduced the export tax (DUS) from CFAF 220/kg to CFAF 210/kg, and it has reduced quasi-fiscal levies from 31.26 CFAF/kg to 26.26 CFAF/kg</p> <p>-All cocoa taxes that are payable to the Government are converted to an ad valorem rate of no more than 20 percent of the CIF price by the beginning of 2010/11 crop season</p> <p>-Adoption of improved technologies leads to increased productivity of select commodities, including plantain banana</p>	<p>On-going operations</p> <p>-IDA EGRG series (FY08-11)</p> <p>On-Going AAA</p> <p>-Cocoa sector dialogue</p> <p>Planned operations*</p> <p>-IDA WAAPP2 (FY10)</p> <p>-IDA Agricultural Productivity and Export Promotion (FY12)</p> <p>-IDA PRSG (FY12-13)</p> <p>-IFC investment in export commodities and local food production</p> <p>Planned AAA</p> <p>-Policy Note on Sources of Growth (FY10/11)</p> <p>Development partners</p> <p>-IFAD, CORAF (financed by EU, USAID, others), IMF</p>

Strategic Framework for Poverty Reduction		Contribution of the World Bank CPS to Côte d'Ivoire's Outcomes		
Country Outcomes (key Outputs)	Major challenges	CPS Contribution to Outcomes (key indicators)	Milestones (progress indicators)	World Bank support
<p>E23: The protection and equilibrium of the biodiversity are ensured</p> <p>O56: The forest cover and quality of the soils are preserved</p> <p>O58: Natural resources are exploited in a sustainable manager</p>	<p>The almost complete elimination of Côte d'Ivoire's rainforest by unrestricted logging and conversion to agriculture has contributed to climate change.</p> <p>Ecosystems are under stress and conserving biodiversity and maintaining carbon stocks in land and forests is critical.</p>	<p>Outcome 2.3: Strengthened protection of the environment and natural resources <i>The sustainable management of the fauna and habitat of the Comoé National Park is improved.</i></p> <ul style="list-style-type: none"> -The poaching of wildlife is reduced by end 2012 -The rate of encounter of protected fauna species is reduced by 5% - 60 % reduced illegal human activity in park 	<p><i>Milestones 2.3</i></p> <ul style="list-style-type: none"> - 76 staff trained in park management and in participatory methods - 80% of poachers convicted - 8 land management contracts signed with communities - Foundation for National Parks raises 3.5 million 	<p>On-going operations -GEF Parks Protection Project (FY10)</p> <p>On-Going AAA -Post-Conflict Country Environmental Analysis dissemination (FY10)</p> <p>Development partners -Germany, UN</p>

CPS Pillar 3: Private Sector Development

Strategic Framework for Poverty Reduction		Contribution of the World Bank CPS to Côte d'Ivoire's Outcomes		
Country Development Goals (key indicators)	Major challenges	Outcomes to which the CPS will contribute (key indicators)	Milestones (progress indicators)	World Bank support
<p>E9: The private sector is developed, competitive and supplier of jobs and wealth</p> <p>O18: Growth and diversification of investments are ensured</p> <p>O19: The private sector, notably trade, absorbs a major part of the economically active population</p>	<ul style="list-style-type: none"> -The private sector is dominated by micro and small businesses and the informal sector. -Cumbersome regulations impede the creation and operation of enterprises, especially for SMEs -Enforcement of legislation and contract is constrained by slow execution and inadequate due process 	<p>Outcome 3.1. Improved performance of entrepreneurs and small businesses Access to credit and capacity of SMEs improves, as evidenced by</p> <ul style="list-style-type: none"> -Finance and Credit Mutual increases lending to SMEs by 10% annually -SMEs use matching grants amounting to \$6 million to train and improve worker performance <p>Outcome 3.2 An improved business environment and increased competitiveness</p> <ul style="list-style-type: none"> -Number of days to settle a commercial dispute reduced from 770 days (2009) to 450 (2013) - Commercial court decisions published on the internet increase from 0% (2009) to 95% (2013) -Number of days to establish a business is - reduced from 40 (2009) to 8 days (2013) At least 1,000 new SMEs registered by 2013 -New registered SMEs result in 10,000 new jobs by 2013 -Transport costs due to racketeering reduced by 25% annually between 2010 and 2013 	<p><i>Milestones 3.1</i></p> <ul style="list-style-type: none"> -Mutual Fund for SMEs is recapitalized and receives technical assistance -Mutual fund increases number of loans to its SME members -Matching grants program for capacity-building established <p><i>Milestones 3.2</i></p> <ul style="list-style-type: none"> -One stop shop at the RCCM (Business and Collateral Registry) established -Commercial court established and operational in Abidjan -A pilot program to fight racketeering is launched in Abidjan 	<p>On-going operations -IDA SME Revitalization and Governance Project (FY10) -IDA EGRG series (FY08-11)</p> <p>Ongoing AAA -IDA and IFC Doing Business (FY10)</p> <p>Planned Operations* -Growth and Competitiveness (FY13) -IFC support to SMEs</p> <p>Planned AAA -Post Conflict Private Sector Assessment (FY10) -ROSC A&A Action Plan (FY10) -IDA and PPIAF: Public Private Partnerships TA (FY10)</p> <p>Development Partners EU, France, UNDP</p>

*Some operations are not yet defined or will be prepared in outer years and influence results under the next CPS.

CPS Pillar 4: Renewing Infrastructure and Basic Services

Strategic Framework for Poverty Reduction		Contribution of the World Bank CPS to Côte d'Ivoire's Outcomes		
Country Development Goals (key indicators)	Major challenges	Outcomes to which the CPS will contribute (key indicators)	Milestones (progress indicators)	World Bank support
<p>E13: The movement of people and goods is improved</p> <p>O30: Transport infrastructures (road, rail, sea/lagoon, air) are improved</p> <p>O31: The offer of transport services is improved</p> <p>O32: The security, safety and free flow of road, rail, sea and air traffic are ensured</p>	<p>-The failure to invest in and maintain transport infrastructure has resulted in physical deterioration and loss of influence in the sub-region.</p> <p>-Rural and urban areas face different though equally pressing infrastructure challenges.</p>	<p>Outcome 4.1. Essential basic infrastructure is rehabilitated, expanded or upgraded</p> <p><i>Transport</i></p> <ul style="list-style-type: none"> -Conditions of at least 80% of the paved and unpaved roads in the south are improved -At least 60% of road network is in good condition -Trade and transport barriers are reduced on roads along Abidjan-Lagos corridor as evidenced by i) reduced border crossing time at Elubo-Noé from 24h (2010) to 22h (end 2012); ii) ratio of roadblocks to official checkpoints along the Corridor is less than 2 by end 2012; and iii) improved quality of roads with 35km rehabilitated by end 2012 compared to 0 in 2010 	<p><i>Milestones 4.1</i></p> <p><i>Transport</i></p> <ul style="list-style-type: none"> - Transport sector strategy is prepared and adopted - The Road Fund Agency is autonomous and mobilizes an increases from CFA14 billion in 2007 to 21 billion in 2010 - 60 bridges rehabilitated - Computerized port single window established and functional in Abidjan port - Enforcement of MOU for ALTTFP and monitoring and publishing of roadblocks by ALCO - Civil works for road improvements along the corridor in Côte d'Ivoire are carried out 	<p>On-going operations:</p> <ul style="list-style-type: none"> -IDA Transportation Sector Adjustment Project (FY08 reactivated) <p>On-going AAA</p> <ul style="list-style-type: none"> -PPIAF Transport Sector Strategy (FY10) <p>Planned Operations*</p> <ul style="list-style-type: none"> -Infrastructure Renewal (FY12) -Abidjan-Lagos Corridor Transport Project (FY11) -MIGA underwriting for transport (Marcory Bridge) <p>Development Partners</p> <p>EU, BOAD, ADB</p>
<p>E14: Sustainable access to energy resources and profitability of mining are improved</p> <p>O33: Energy outputs notably butane gas are adequate and inexpensive</p> <p>O34: The mining resources are exploited in a sustainable manner, with a significant capital gain for the national economy</p>	<p>-Electricity services are unable to meet domestic demand, capacity weakened by a high level of fraud and technical losses, lack of maintenance, system overload, and financial difficulties.</p>	<p><i>Electricity</i></p> <ul style="list-style-type: none"> - Reduction of outages and average outage duration in the project area to 837per year with an average duration of 9h 50mns by end 2012 - Reduction of energy losses in the Abidjan area from 26.75% (2008) to 25.75% (end 2012) - 30,000 new customers connected by end 2012 	<p><i>Electricity</i></p> <ul style="list-style-type: none"> - Letter of sector development policy is under implementation - Medium and low voltage distribution equipment and facilities in greater Abidjan area are replaced or rehabilitated - Compensation devises are installed in substations to comply with operating voltage and reduce losses - 12 outgoing circuit breakers in Abidjan Substations replaced 	<p>On-going operations:</p> <ul style="list-style-type: none"> -IDA Urgent Electricity Sector Rehabilitation (FY09) <p>Planned Operations*</p> <ul style="list-style-type: none"> -IDA Partial Risk Guarantee for Azito Expansion (FY11) -WAPP (FY12) -IFC investment and MIGA underwriting for energy sector (Azito, Soubré) <p>Development Partners</p> <p>EU, ADB</p>
<p>E22: The populations live in an adequate living environment</p> <p>O53: Household, industrial and hospital wastes are regularly collected and treated</p> <p>O54: The drainage and treatment of waste waters are regularly ensured</p>	<p>-Water supply has increased but there are frequent service disruptions; and large portions of the population have no access to potable water and are at risk of endemic diseases</p>	<p>Outcome 4.2 Safer and cleaner urban and rural living conditions</p> <p>Water and sanitation services, drainage infrastructure and waste management and disposal restored as evidenced by</p> <ul style="list-style-type: none"> - 2.3 million additional people get access to potable water by 2013 (baseline: 3.2m 2008) - 450,000 additional people benefiting from improved sanitary conditions in targeted areas by 2013 (baseline 2.9 m, 2008) - 9,000 waste collectors have permanent jobs by 2013 	<p><i>Milestones 4.2</i></p> <p><i>Urban infrastructure</i></p> <ul style="list-style-type: none"> - Urban water: 120 water fountains, 21,000 new connections and 40 schools completed - Sewerage: 395,000 additional people connected to main sewer - 21 pumping stations rehabilitated - 80% of waste collected and dumped to the disposal site compared to total waste produced - Solid waste collection infrastructure rehabilitated and operations resume at transfer station 	<p>On-going operations:</p> <ul style="list-style-type: none"> -IDA Emergency Urban Infrastructure (FY08 and FY10 add'l finance) <p>On-going AAA</p> <ul style="list-style-type: none"> -PPIAF Solid Waste Management Strategy <p>Planned Operations*</p> <ul style="list-style-type: none"> -Infra. Renewal (FY12) <p>Development Partners</p> <p>EU, Belgium, France, Germany, UN</p>

Strategic Framework for Poverty Reduction		Contribution of the World Bank CPS to Côte d'Ivoire's Outcomes		
Country Development Goals (key indicators)	Major challenges	Outcomes to which the CPS will contribute (key indicators)	Milestones (progress indicators)	World Bank support
<p>E18: All children of school-going age have access to quality basic education and complete their course and those who pursue general secondary education obtain the BAC within the requisite period</p>	<p>-Education outcomes are low and have stagnated over past 10 years: primary completion rate has stood at 45-50 percent between 1985 and 2007 and illiteracy rate is high</p>	<p>Outcome 4.3 Improved basic social services <i>Improved access to education</i></p> <ul style="list-style-type: none"> - Gross Enrollment Rate in 1st grade increased to 80% from 71% (2008) - Gross Enrollment Rate in primary increased to 82% from 74% (2008) - Primary Completion Rate increased to 50% (08) from 46% (12) - Repetition Rate down 22% (08) to 14% (12) 	<p><i>Milestones 4.3</i></p> <ul style="list-style-type: none"> - Students in grades 1 receive 3 textbooks and for students in grades 3 to 6 receive 3 and 5 textbooks, respectively; -Curriculum reform for primary school is completed and implemented - Four (4) pre-service teacher training institutions in former-rebel controlled zones are re-opened and 14 pre-service teacher training institutions have pedagogical materials for staff and students; -300 primary schools and 8 lower secondary schools are built by end 2011 	<p>On-going operations -PASEF (FY98)</p> <p>On-going AAA Education Country Status Report (dissemination FY10)</p> <p>Planned operations* -EFA-FTI (FY11)</p> <p>Development Partners UNICEF, UNESCO, AFD</p>
<p>E21: HIV/AIDS-related morbidity and mortality are reduced</p> <p>O49: Prevention of HIV infections is ensured</p> <p>O50: Care and support for people infected and affected by HIV/AIDS is provided</p> <p>O51: HIV/AIDS control actions are better coordinated, monitored and evaluated</p> <p>O52: Stigma and discrimination against persons infected by HIV/AIDS reduced</p>	<p>Côte d'Ivoire has one of the highest HIV/AIDS infection rates, with 4.7 percent of adults estimated to be positive</p>	<p><i>Strengthened access to and increased use of HIV/AIDS prevention services; improved access and use of treatment and care services</i></p> <ul style="list-style-type: none"> -increased use of condoms among women and men 15-49 years having had more than 1 sexual partner in past year: respectively 12% (08) to over 14% (11) and 30% (08) to 36% (11) -increased number of HIV-infected pregnant women received complete ARV treatment to reduce risk of mother-to-child transmission baseline 60% (08), target 75% (2011) -adults and children with advanced HIV infection receiving antiretroviral therapy, baseline 46,000 (08), target 48,500 (2011) 	<ul style="list-style-type: none"> - Ministry of Health receives support to deliver all essential services for the prevention, care and treatment of STDs, TB and HIV/AIDS in 4 focus regions - Action plans of the ministries of health, education, defense and interior for 4 focus regions are implemented - 5,180,000 condoms distributed (male & female) among the CSW in the 4 target Project regions - 51 sub-contracts awarded and implemented per year for HRG and vulnerable populations 	<p>On-going operations -HIV/AIDS MAP (FY08)</p> <p>On-going AAA Health Country Status Report (FY10)</p> <p>Development Partners USAID, Global Fund, WHO</p>

5. CPS Cross Cutting Objective: Job Creation

<p>E15: All adolescents, young people and adults whether they have completed a basic education or not are trained in a trade and supported in their professional integration</p> <p>O35: Adolescents, young people and adults receive technical, vocational training and quality supervision</p>	<p>Overflow of students into labor market and insufficient demand for their skills which do not match job market High unemployment among youth; susceptible to be recruited into armed groups, turn to criminal activity for survival</p>	<p>Outcome 5.1 Jobs are created, with a special attention to youth</p> <p>-Pillar 1: Ex-combatants, individuals associated with an armed group, and youth-at-risk have</p> <p>i) participated in economic reintegration activities, 24,000 by 2013 compared to 6,700 in 2010; and</p> <p>ii) participated in labor intensive public works, 9,000 by 2013 compared to 0 in 2008</p> <p>-Pillar 3: 15 unemployed youth participating in BPC have launched a business that is still operating at end 2013, baseline 0 (2009)</p> <p>-Pillar 4: Youth participate in LIPWs and 9,000 permanent jobs created in solid waste sector</p>	<p><i>Milestones 5.1</i></p> <p>Pillar 1: Program of Labor Intensive Public Works (LIPWs) has been established with focus on road maintenance, sanitation and drainage</p> <p>Pillar 3: Two Business Plan Competitions (BPC) have been held and a first generation of winners is receiving support for launching and operating newly created enterprises</p> <p>Pillar 4: Solid waste collection infrastructure rehabilitated and operations resume at transfer station leading to increased activities and employment creation</p>	<p>On-going operations IDA PCAP (FY08) -LICUS Youth Employment -SPF Young Entrepreneurs and Urban Job Creation</p> <p>Proposed operations -IDA Employment and Training Opportunities for Youth (FY11)</p> <p>Development Partners France, Germany, EU</p>
<p>E27: Social, political and economic inequalities between men and women are reduced</p> <p>O67: Power relations between men and women in the Ivorian society are more equitable</p> <p>O68: Gender-based discriminations are reduced</p>	<p>Status of women lags behind men due to socio-cultural norms;</p> <p>Women have been disproportionately affected by the conflict and gender-based violence is common</p> <p>Programs need to be more sensitive to gender issues to foster girls and women's access to education, health services and economic opportunities</p> <p>HIV/AIDS affects 6.7% of women compared to 2.9% of men</p>	<p>Outcome 5.2 Mainstreaming gender and improving women's economic opportunities</p> <p>Pillar 1: 20% increase in number of victims receiving assistance appropriate to their needs in the area of direct intervention</p> <p>-Pillar 2: Project beneficiaries direct/indirect, % of whom are female increases from 0 (2010) to 50,000 by (2012)</p> <p>-Pillar 3: A minimum of 50 percent of participants in Business Plan Competition are women</p> <p>-Pillar 4: -participation of girls in primary education increases by 30,000 in 2011 increased number of HIV-infected pregnant women received complete ARV treatment to reduce risk of mother-to-child transmission baseline 60% (08), target 75% (2011)</p>	<p><i>Milestones 5.2</i></p> <p>-Pillar 1: -Social marketing initiatives are developed and broadcast to promote awareness of women's rights and promote gender equity; 70% of surveyed beneficiaries indicate that the social marketing campaign contributed to changing their attitude towards sexual violence against women</p> <p>-Poverty Assessment includes recommendations on priority actions for reducing poverty among women</p> <p>-Pillar 2: under the WAAPP the dissemination of agriculture technology and extension services targets women farmers</p> <p>-Pillar 3: Business Plan Competitions provide childcare services during training workshops and trainers are trained in mainstreaming gender issues in program</p> <p>-Pillar 4: Education strategy supported by PASEF and EFA-FTI includes campaign to raise awareness of importance of girls completing their education Essential health services under Government's HIV/AIDS strategy includes public communications campaign to raise girls' awareness of risks of HIV/AIDS and healthy behaviors; program targets at-risk mothers for testing, counseling and treatment</p>	<p>On-going operations -IDA PCAP (FY08) -IDA EGRG series -LICUS Youth Employment (FY08) -SPF Young Entrepreneurs and Urban Job Creation</p> <p>On-going operations -Poverty Assessment (FY10)</p> <p>Proposed operations -WAAP 2 (FY10) -IDA Employment and Training Opportunities for Youth (FY11)</p> <p>Proposed AAA Gender Assessment</p> <p>Development Partners EU, UNDP, France</p>

**Some operations are not yet defined or will be prepared in outer years and influence results under the next CPS.
This results framework will be evaluated and updated with the CPS Progress Report proposed in 2012*

Annex 2: Results Under the Interim Strategy Note (FY08-09)

Since resuming IDA support in FY08, World Bank results in Côte d'Ivoire include:

i. Stabilizing the situation and assisting Government to address key conflict factors

- Economic reintegration services provided for 6,700 ex-combatants and youth-at-risk (including labor-intensive jobs and training to help *beneficiaries create* self-employment).
- 250,000 certificates/deeds (contained in 5,000 civil registries) have been salvaged, restored and digitized. Another 36,000,000 certificates/deeds (for 720,000 registries) will be digitized. To accomplish this, civil registry offices have been equipped with new computerized systems to ensure that births, citizenship, property, marriage and other life events are properly recorded, stored and available for Government to provide adequate services to citizens.
- The first ever National Civil Registry Archives is under construction to safeguard this information, and help to prevent recurrence of abuses which contributed to the outbreak of the civil war.
- Offices for local government officials are also being rehabilitated to facilitate the redeployment of the civil service across the country as part of the reunification process.
- IDA is providing services to clarify land rights and facilitate conflict resolution and has provided protection and treatment to some 2,000 women survivors of gender-based violence.

ii. Assisting war-affected populations

- The IDA education project is printing 6.5 million text books for primary school students, 244,000 teacher guides, and 87,000 teacher training guide for the 2010/011 school-year. In response to the food price crisis, the project provided school meals to 68,000 students in 400 schools in 2009, working with WFP.
- IDA financed 50 community projects, of which 50% are health dispensaries and 50% schools
- Transport infrastructure rehabilitation has included: spot improvements on 3,100kms of unpaved roads; rehabilitation of 578km of unpaved roads; rehabilitation of 134kms of paved road (Abidjan to San Pedro); construction of 50 small bridges across the country (ongoing) and completion of the Dihinibo bridge on the main road in the eastern region
- The emergency urban infrastructure project has financed more than 1,200 direct jobs with 60 local contractors for rehabilitation works; the project's "Clean Cities" component has created employment for 2,000 unskilled workers and provided hands-on training resulting in the creation of several formal SMEs. Four solid waste SMEs have negotiated services contracts with Abidjan and created 500 permanent jobs.

iii. Assisting economic recovery and reform

- Budget preparation and execution have improved and there are fewer discrepancies between approved budgets and actual expenditures; budget execution is published quarterly and posted on the internet.
- A modern computerized public finance management system (SIGFIP) has been extended to departments outside of Abidjan, including to the CNW as part of the unification process
- Tax burden on cocoa farmers reduced and sector transparency and management improved;
- Government measures to improve revenue have included: (i) improving tax and customs administration, including in the CNW zone; (ii) enhancing the revenue contribution from national oil/gas companies; (iii) reducing tax exemptions; and (iv) ensuring that public enterprises transfer to the treasury all social contributions on wages.
- Energy audits in support of the EITI process have been prepared, Government has adopted an electricity sector policy in 2009, and Côte d'Ivoire has joined EITI in 2008.
- Government completed its first full PRSP in January 2009 and reached HIPC Decision Point March 2009.

Annex 3: Estimated Donor Support by PRSP Priorities (2010-2013)

Pillars and sectors of the PRSP	Bilateral partners				Multilateral partners						Others	Total
	Germany	U.S.A.	France	Japan	ADB	IDB	EU	IMF	UN	ONUCI		
1st Outcome: Restore and consolidate the foundation of the Republic							103.5		92		0	195.50
1. Peace Consolidation							54		26	x	x	79.50
2. Security			x				x			x		0.00
3. Justice		x					27					27.00
4. Governance					x		22.5		33			55.50
5. Decentralization/land management							x		34			33.50
2nd Outcome: Transform Côte d'Ivoire into an Emerging Country				4.4	129	9.9	96	270	0		12	521.30
6. Macro-Economic (budget support)					129			270				399.00
7. Job creation			x									0.00
8. Private Sector Development												0.00
9. Agriculture and Fisheries							58					58.00
10. Professional Training				4		10	38				12	64.30
11. Tertiary Education												0.00
12. Tourism												0.00
13. Energy and Mines												0.00
3rd Outcome: The Well-Being of All is Assured					88		188		334		110	720.25
14. Basic Education				x			2		x		110	112.25
15. Health				x			23		x			23.25
16. HIV/AIDS		x							x		x	0.00
17. Environment	x								x			0.00
18. Water and Sanitation							16					15.75
19. Electricity					18		39					57.00
20. Social Protection									x			0.00
21. Youth and Sports												0.00
22. Transport					70		108					178.00
4th Outcome: Cote d'Ivoire a dynamic actor regionally and internationally							38					38.25
23. Regional Integration					x		24					24.00
24. Other sectors				x			14					14.25
TOTAL GENERAL				4	217	9.9	426	270	426		122	1475.30

Others: Belgium, Denmark, Norway, Spain, Sweden, EFA-FTI; BADEA; x=unknown or small commitment amounts or already included under another sector or theme

Based on data provided by development partners; Japan figures for 2010 only; UN figures for 2009-2013 based on UNDAF 2009 Report; ADB estimate based on 2009/10 strategy document; Table does not include AFD who will confirm financing plans following arrears clearance.

Annex 4: Outcome of in-country consultations July 2009 – February 2010

During the preparation of the Country Partnership Strategy (CPS), the Bank held consultations with central and local government and non-government representatives, including development partners, in Abidjan (with representatives from the south region), in Daloa (with representatives from the western region) and Bouaké (with representatives from the northern region). These consultations were held between July 2009 and February 2010 and were organized in close coordination with Côte d'Ivoire's Ministry of State, Planning and Development, the Ministry of Economy and Finance, and the Permanent Secretariat for the PRSP. Key highlights of those discussions follow:

Central Government

The Government has emphasized the importance of Bank support for helping the country face two crises — one being the country's internal crisis and one resulting from the global recession. Côte d'Ivoire needs the Bank's support to continue the progress made in restoring discipline to public financial management, to come out of its financial crisis and to help catalyze job creation and economic activity. The CPS alignment with the PRSP and the signal of medium-term engagement of the Bank with the preparation of a full strategy is welcomed. The Government concurred with the priorities of accompanying the private sector, infrastructure and basic social services, underscoring that the program under the new strategy will help consolidate the gains made under the ISN. The Bank's efforts will help the government face its commitments to implement the PRSP.

The Government believes meaningful levels of budgetary support will continue to be important given the difficult fiscal situation that the government anticipates in the near term until reaching HIPC Completion point. Assistance in implementing the recommendations of the FSAP, support for growth and competitiveness, to the cocoa-coffee sector, and strengthening coordination with government counterparts are also needed.

The issue of youth unemployment is critical and the Bank's support in helping government address this "time-bomb" is welcomed. Coordination and donor harmonization is also an area that needs additional support.

PRSP Permanent Secretariat

The key questions raised by participants related to why the Bank did not foresee more direct IDA support to certain sectors, notably health, during the CPS period. In particular, the participants noted that the strategy favors productive sectors over social sectors. The Bank noted that while this was true, the team also needed to better showcase the link between the activities proposed and improving human development and social outcomes (such as with improving access to clean water and its impact on health; likewise support for local development would include small health and education projects at the local level). In addition, the Bank noted that due to limited IDA resources and the need to be strategic, it would not have a leading presence in all sectors. The Bank advised that it would be important to look at where all development partners are intervening to have a full appreciation of how sectors would be supported overall. For those sectors receiving less support from donors, the Government could also plan to provide additional support.

Technical and Financial Partners

The key issues raised by donors concerned: the need to include greater focus on strengthening revenues and wealth creation (through the redistribution of revenues); support to land reform; the need to ensure meaningful donor support to the health sector, investment climate reforms and the justice sector, strengthening regional programs (outside of infrastructure); and increasing the visibility of the IFC. The AFD representative said that they would be willing to invest in the health sector but would not want to be the only development partner.

Discussions with local authorities (Mayors, Presidents of General Councils, Préfets and Sous-Préfets)

The uneven and stalled decentralization process is one issue all mayors agreed needs to be address for the situation at the local level to improve. Due to a number of issues around the role of authorities at the local level, notably the mayors (local) and *préfets* and *sous-préfets* (deconcentrated), and the lack of the administrative and fiscal decentralization to accompany the devolution of authority, local authorities say they are unable to adequately perform their duties and respond to the expectations of the population. Key fiscal issues are the annual preparation of the budget which local authorities say doesn't reflect reality, the lack of information on taxes collected, and late transfers of resources to the local level. As a result, local governments often incur debts to local service providers. The mayors also pointed to a need to build local government capacity to plan and manage budgets and services.

In the agriculture sector, they concurred with the need to create new opportunities in rural areas, notably for youth and to reduce migration to urban centers. In addition, they emphasized the importance of processing and transforming products at the local level to add value to exports as proposed in the national plan for agriculture and rural development. The mayors suggested the Bank also be innovative and look at investing in technology that can transform waste into energy.

Civil society and Parliament

In addition to many of the themes raised above, civil society representatives also pointed to the importance of innovation, such as investing in renewable energy or reforestation for creating employment. They concurred that improving infrastructure would be extremely beneficial to the population, and they emphasized the need for the Bank to take into account the social aspects of development and to ensure that social issues are integrated into the four pillars of the Bank strategy. The representative welcomed a proposal to create a civil society mechanism for monitoring CAS implementation, piggy-backing on the PRSP mechanism.

Civil society also highlighted the importance of working with youth and providing opportunities for the millions of unemployed, taking into account the important role of women in food production and the need to diversify agriculture, and the need of the Bank to closely monitor the impact of economic governance reforms on poverty. They noted the importance of ensuring that civil society has more visibility on government decisions and that the media also be associated to the CAS consultations to help inform the general public about Bank programs. The need to strengthen the capacity of parliament to provide checks and balances to the executive was highlighted.

Private Sector: Representatives concurred with the focus of the four pillars of the strategy and highlighted the importance of rehabilitating infrastructure rather than creating new infrastructure that government would be unable to maintain. They also pointed to the need to ensure a good link between infrastructure and agricultural activities. To strengthen the role of the private sector in

agriculture, the Government needed help coming up with a policy that would provide support to the private sector given the high costs of associated with establishing processing and transformation installations. Other key issues where the Bank's support would be welcome include strengthening the labor market, bringing more transparency to the public procurement system, and ensuring that government undertakes transparent, reasonable and affordable contracts; improved harmonization of tax policy with WAEMU criteria (to reduce enormous tax burden imposed on formal businesses); improved regulations for telecoms (accounting for 12% of GDP) and help lead a reflection on the role of the state vis-à-vis the private sector in a time of global financial crises. Government arrears to the private sector, a weak judiciary and racketeering were raised as critical obstacles to the functioning of formal businesses.

In discussion with all the non-government representatives, the need to complete the electoral process, to hold presidential elections, and to normalize the situation in the North, notably for the public administration and public services, was also emphasized.

Annex 5. Côte d'Ivoire: Joint Bank-Fund Debt Sustainability Analysis¹⁴

The debt sustainability analysis (DSA) shows that Côte d'Ivoire is at a high risk of debt distress. ¹⁵ Under the external DSA baseline scenario, NPV-based indicators are projected to stay above the relevant indicative thresholds over the next few years. Alternative scenarios illustrate the impact of additional HIPC, MDRI and beyond-HIPC debt relief at the completion point. Under these scenarios, debt burden indicators would improve significantly. The inclusion of domestic debt does not alter the assessment of Côte d'Ivoire's risk of debt distress.

1. **This DSA is based on the Debt Sustainability Framework (DSF) for Low-Income Countries.** The DSA presents the projected path of Côte d'Ivoire's external and public sector debt burden indicators, and assesses the country's risk of external debt distress.

Methodologically, the DSA differs from the Debt Relief Analysis (DRA) in the decision point document in that it compares the evolution over the projection period of debt burden indicators against policy-dependent indicative thresholds. In contrast, under the DRA, the historical debt burden indicators are compared to uniform thresholds in order to calculate the amount of HIPC debt relief that Côte d'Ivoire qualifies for in the context of the HIPC Initiative.¹⁶

2. **The last DSA for Côte d'Ivoire was prepared in 2007 and assessed Côte d'Ivoire as being in debt distress.**¹⁷ At that time, Côte d'Ivoire was accumulating arrears to a number of creditors and several debt burden indicators showed substantial breaches of their respective indicative thresholds. Compared to 2007 DSA results, the analysis below finds improved debt dynamics as a consequence of projected improvements in the macroeconomic policy framework, large arrears clearance operations, and HIPC Initiative interim debt relief.

Baseline Assumptions

3. **The assumptions of the DSA are consistent with projections of the HIPC Initiative DRA and with the PRGF arrangement** (Box 1). After several years of below-trend growth, real GDP growth is expected to have improved to 2.3 percent in 2008 and increase further to 3.7 percent in 2009. Growth continues to be driven by construction, crude oil, food production, and

¹⁴ From the Enhanced HIPC Initiative Decision Point Document, World Bank and IMF, March 6, 2010

¹⁵ This DSA has been prepared jointly by the World Bank and Fund staffs using the Debt Sustainability Framework (DSF) for Low Income Countries (see "Applying the Debt Sustainability Framework for Low-Income Countries Post Debt Relief" (SM/06/364 and IDA/SecM2006-0564, 8/11/06). Côte d'Ivoire's quality of policies and institutions, as measured by the average World Bank's Country Policy and Institutional Assessment (CPIA) for the period 2005-2007 (2.5), places it as a "weak performer." The corresponding indicative thresholds for the external debt indicators are 30 percent for the NPV of debt-to-GDP ratio, 100 percent for the NPV of debt-to-exports ratio, 200 percent for NPV of debt-to-revenue ratio, 15 percent for the debt service-to-exports ratio and 25 percent for the debt service-to-revenue ratio.

¹⁶ In addition, the results of the LIC DSA differ from the HIPC DRA because of methodological differences related to the definition of the discount rates and the exchange rates.

¹⁷ Côte d'Ivoire: 2007 Article IV Consultation and Request for Emergency Post-Conflict Assistance - Staff Report; Public Information Notice on the Executive Board Discussion; and Statement by the Executive Director for Côte d'Ivoire.

telecommunications. Overall agricultural exports stagnated, as cashew nuts expanded while coffee and cotton declined because of structural problems. The projected pick-up in growth to 4.7 percent over the medium term reflects full political normalization, including successful elections, restoration of investor confidence, return to full capacity utilization and normal levels of public and private investment, and structural reforms. These projections are subject to downside risks related to the global environment and commodity prices.

4. **After some acceleration, inflation is expected to return to the WEAMU target.** CPI inflation accelerated to 6.3 percent on average in 2008, fueled by import food prices and domestic price adjustments. The surge in retail food prices was tempered by the reduction in VAT and import duties on essential food items, effective since April. With declines in food and oil prices, inflation is projected to moderate at year-end and is expected to be contained over the medium term, anchored in the WAEMU currency union and fiscal prudence.

5. **Macroeconomic stability will be anchored on a prudent fiscal policy and structural reforms.** The fiscal strategy aims at continued fiscal consolidation and addressing social and reconstruction needs. The 2009 budget aims at creating additional fiscal space for growth-enhancing investment and pro-poor social expenditure. The authorities intend to rebalance the composition of spending by allowing higher social expenditure while reducing sovereign spending and non-essential investment, including on the large-scale investment projects related to the transfer of the capital to Yamoussoukro. The authorities also plan to enhance transparency and governance, achieve debt sustainability and improve overall public finance management.

7. **The baseline scenario reflects the full delivery of traditional debt relief as well as interim HIPC assistance.**¹⁸ Consistent with the DSF guidelines, the baseline does not reflect the delivery of HIPC, MDRI and bilateral or multilateral beyond-HIPC assistance after the completion point.¹⁹ The evolution of Côte d'Ivoire's debt indicators after the full impact of debt relief under the HIPC Initiative and MDRI is presented as an alternative scenario (Figure 3). Furthermore, given Côte d'Ivoire's extensive level of debt to the Paris Club, an additional scenario presenting the impact of HIPC, MDRI and debt relief beyond HIPC by Paris Club creditors is also presented.

Debt Sustainability Analysis

External Debt Sustainability

8. **Under the baseline scenario, Côte d'Ivoire's external debt indicators remain above their relevant indicative thresholds** (Table 1a, Figure 1). The NPV of public and publicly guaranteed (PPG) debt declines from 74 percent of GDP in 2007 to 63 percent of GDP in 2008 and stays above the 30 percent indicative threshold until 2013. The decline in 2008 is primarily on the back of robust GDP growth. The NPV of external debt-to-revenue ratio moves below the 200 percent indicative threshold in 2013. Conversely, debt service ratios generally remain below their respective indicative thresholds over the whole projection period, reflecting the high degree

¹⁸ The authorities cleared arrears to the World Bank Group in 2008 and AfDB in early 2009 and agreed on modalities for arrears clearances with EIB.

¹⁹ See "Staff Guidance Note on the Application of the Joint Bank-Fund Debt Sustainability Framework for Low-Income Countries" (www.imf.org and IDA/SECM2007/0226, 03/05/2007).

of concessionality of Côte d'Ivoire's debt. However, the debt service-to-revenue ratio breaches its indicative threshold (25 percent of GDP) in 2012-2014, reflecting the expiration of the grace period assumed for the restructured debt owed to the London Club and the Paris Club.

9. **Côte d'Ivoire's external debt outlook is subject to considerable vulnerabilities** (Table 1b, Figure 1). Given the impact of distortions on trend caused by the civil conflict in Côte d'Ivoire, the sensitivity analysis is based on regional averages and standard deviations for all relevant indicators. The sensitivity analysis highlights Côte d'Ivoire's vulnerability to a one-time 30 percent nominal depreciation of the CFA in 2009, a reduction in official and private transfers and net FDI, and to new public external borrowing on less favorable terms.

10. **Alternative scenarios assume additional delivery of debt relief at the completion point** (Figure 3). Debt relief under the HIPC Initiative, MDRI and possible bilateral and multilateral beyond-HIPC assistance, would significantly improve Côte d'Ivoire's external debt outlook. Reaching the completion point, which is assumed in 2011, and the resulting irrevocable debt relief would reduce all external debt indicators below the relevant indicative thresholds.

Public Sector Debt Sustainability

11. **If domestic public debt is included in the analysis, Côte d'Ivoire's debt situation deteriorates modestly** (Table 2a, Figure 2). However, public debt ratios would fall over the long run owing to the projected improvement in the macroeconomic outlook and high concessionality of new borrowing under the baseline scenario.

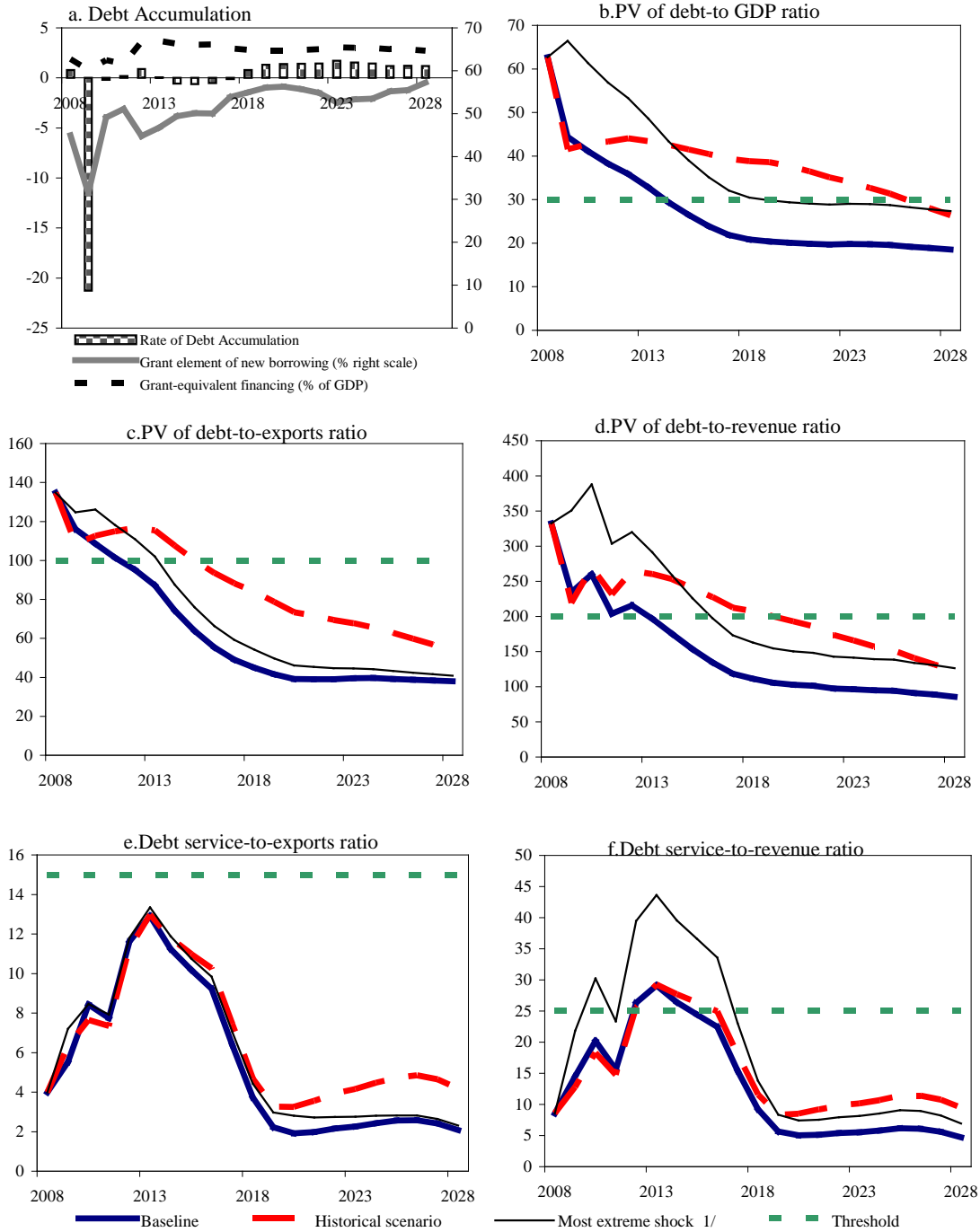
12. **Public debt dynamics are vulnerable to shocks** (Table 2b, Figure 2). Public debt indicators are sensitive to the assumptions on GDP growth, and a one-time depreciation of the CFA.

Conclusion

13. **In the staff's view, Côte d'Ivoire is at high risk of debt distress.** This compares to the "in debt distress", which was the outcome of the 2007 DSA. The change is primarily on account of multilateral arrears clearance and assumptions on interim HIPC debt relief. In the current LIC DSA, the PV of external debt-to-GDP and the PV of debt-to-revenue ratios, although declining, remain above the indicative thresholds for some time. Alternative scenarios and bound tests emphasize the vulnerability of Côte d'Ivoire's external debt outlook. The inclusion of domestic debt does not alter the assessment of Côte d'Ivoire's risk of debt distress.

14. **A sustainable external debt position can be achieved based on sound macroeconomic policies, debt relief and a policy of concessional borrowing.** Sustained increased growth, solid export and fiscal revenue performance and prudent debt management are important for achieving debt sustainability. Debt relief under the HIPC Initiative, MDRI and beyond-HIPC assistance significantly improves Côte d'Ivoire's external debt outlook.

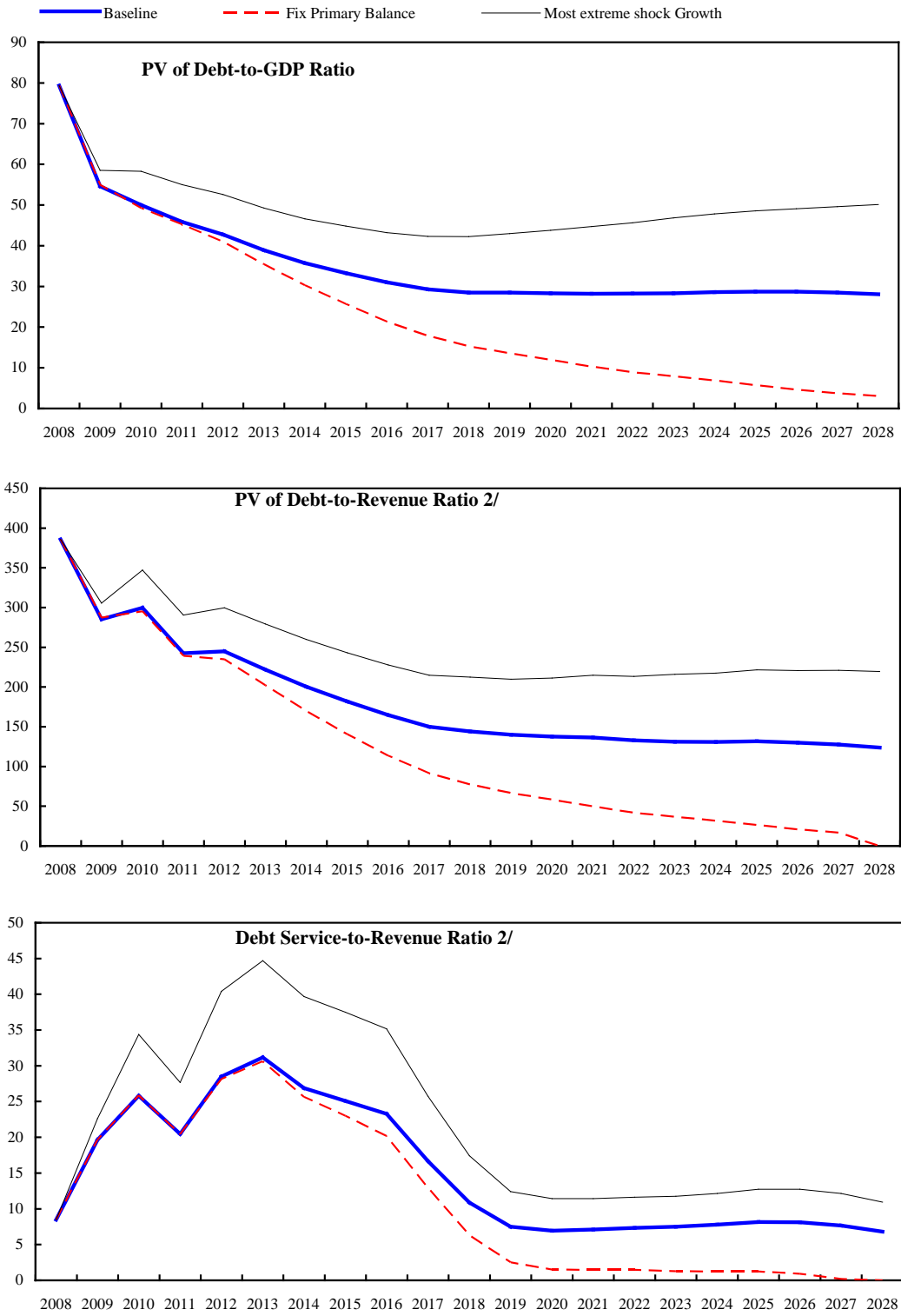
Figure 1. Cote d'Ivoire: Indicators of Public and Publicly Guaranteed External Debt under Alternatives Scenarios, 2008-2028 1/



Source: Staff projections and simulations.

1/ The most extreme stress test is the test that yields the highest ratio in 2018. In figure b. it corresponds to a One-time depreciation shock; in c. to a Non-debt flows shock; in d. to a One-time depreciation shock; in e. to a Terms shock and in picture f. to a One-time depreciation shock

Figure 2. Cote d'Ivoire: Indicators of Public Debt Under Alternative Scenarios, 2008-2028 1/

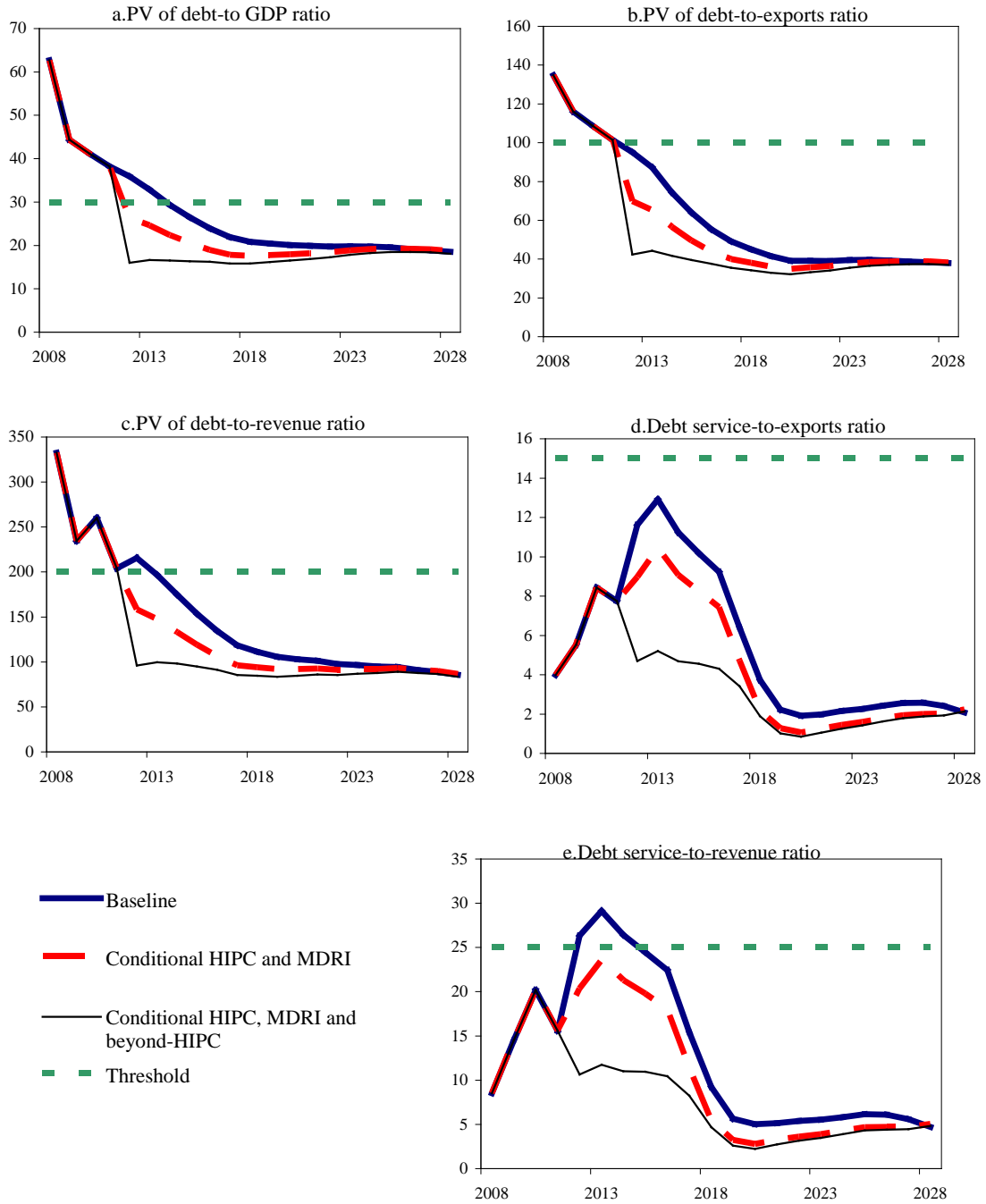


Sources: Country authorities; and Fund staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in 2018.

2/ Revenues are defined inclusive of grants.

Figure 3. Cote d'Ivoire: Indicators of Public and Publicly Guaranteed External Debt under Alternatives Scenarios, 2008-2028 1/



Source: Staff projections and simulations.

Table 1a.: External Debt Sustainability Framework, Baseline Scenario, 2005-2028 1/
(In percent of GDP, unless otherwise indicated)

	Actual			Historical Average	Standard Deviation	Projections						2008-2013		2014-2028		
	2005	2006	2007			2008	2009	2010	2011	2012	2013	Average	2018	2028	Average	
External debt (nominal) 1/	44.8	38.4	100.8			92.4	68.8	63.4	58.9	56.8	54.1		40.3	36.0		
o/w public and publicly guaranteed (PPG)	0.0	0.0	67.8			65.2	40.6	38.0	36.1	36.5	36.0		30.1	32.1		
Change in external debt	-6.0	-6.4	62.4			-8.4	-23.6	-5.4	-4.5	-2.1	-2.7		-1.6	-0.7		
Identified net debt-creating flows	-4.2	-6.5	-5.7			-6.4	-5.9	-3.2	-1.6	-0.3	0.6		2.6	4.3		
Non-interest current account deficit	-4.0	-6.0	-2.1	-5.0	3.6	-4.0	-2.8	-1.2	0.8	2.3	3.6		5.3	6.6	5.8	
Deficit in balance of goods and services	-7.5	-10.3	-5.9			-7.7	-6.8	-4.5	-2.5	-0.7	0.8		2.1	4.0		
Exports	51.1	52.7	47.8			46.5	38.2	37.9	37.7	37.8	37.7		46.3	48.9		
Imports	43.6	42.4	41.9			38.8	31.4	33.4	35.2	37.1	38.5		48.5	52.9		
Net current transfers (negative = inflow)	2.8	3.1	2.1	3.1	0.5	1.1	2.3	2.1	2.0	1.8	1.4		1.4	1.4	1.4	
o/w official	0.1	0.2	-0.8			-1.4	-0.5	-0.7	-0.8	-1.0	-1.0		-1.0	-1.0		
Other current account flows (negative = net inflow)	0.7	1.2	1.7			2.6	1.8	1.2	1.3	1.1	1.3		1.7	1.1		
Net FDI (negative = inflow)	-1.9	-1.8	-2.2	-2.1	0.5	-2.1	-2.1	-2.2	-2.3	-2.4	-2.3		-1.8	-1.1	-1.5	
Endogenous debt dynamics 2/	1.7	1.3	-1.4			-0.4	-1.1	0.3	0.0	-0.1	-0.6		-1.0	-1.2		
Contribution from nominal interest rate	4.5	3.9	3.3			1.6	2.6	3.0	2.7	2.7	2.4		1.1	0.5		
Contribution from real GDP growth	-0.9	-0.3	-0.5			-2.0	-3.7	-2.7	-2.7	-2.8	-3.0		-2.1	-1.7		
Contribution from price and exchange rate changes	-1.8	-2.2	-4.2			...	...	...	...	...	...		...	...
Residual (3-4) 3/	-1.9	0.1	68.1			-2.0	-17.7	-2.2	-3.0	-1.8	-3.3		-4.2	-5.1		
o/w exceptional financing	-4.5	-4.0	-3.0			0.1	-21.7	0.0	0.0	0.0	0.0		0.0	0.0		
PV of external debt 4/	...	...	106.6			89.9	72.6	66.6	61.1	56.2	51.0		31.0	22.5	
In percent of exports	...	...	222.9			193.2	189.8	175.7	162.0	149.0	135.3		67.0	45.9	
PV of PPG external debt	...	...	73.5			62.7	44.4	41.1	38.2	35.9	32.9		20.9	18.6	
In percent of exports	...	...	153.8			134.8	116.1	108.6	101.4	95.1	87.2		45.0	37.9	
In percent of government revenues	...	...	383.9			332.6	234.4	259.9	204.0	215.7	196.8		111.3	85.8	
Debt service-to-exports ratio (in percent)	13.8	13.9	17.6			14.5	16.2	20.5	18.2	21.7	20.1		7.0	3.7		
PPG debt service-to-exports ratio (in percent)	4.1	4.2	8.5			4.0	5.5	8.4	7.7	11.6	12.9		3.7	2.1		
PPG debt service-to-revenue ratio (in percent)	12.3	11.9	21.1			8.5	14.5	20.2	15.6	26.3	29.1		9.2	4.7		
Total gross financing need (Billions of U.S. dollars)	1.5	1.1	1.9			1.0	1.8	2.0	2.4	3.2	3.6		4.0	8.2		
Non-interest current account deficit that stabilizes debt ratio	2.0	0.4	-64.5			4.4	20.8	4.2	5.3	4.4	6.2		6.9	7.3		
Key macroeconomic assumptions																
Real GDP growth (in percent)	1.9	0.7	1.6	0.4	2.5	2.3	3.7	4.2	4.7	5.3	5.8	4.3	5.4	4.9	5.1	
GDP deflator in US dollar terms (change in percent)	3.8	5.3	12.3	5.3	9.5	15.9	-10.0	3.1	3.3	3.4	3.5	3.2	3.4	3.1	3.2	
Effective interest rate (percent) 5/	9.3	9.2	9.8	8.0	1.9	1.9	2.6	4.7	4.6	5.1	4.6	3.9	2.9	1.5	2.6	
Growth of exports of G&S (US dollar terms, in percent)	11.2	9.4	3.6	7.5	12.4	15.3	-23.3	6.5	7.6	9.0	9.3	4.1	13.1	7.4	10.4	
Growth of imports of G&S (US dollar terms, in percent)	17.1	3.1	12.9	8.3	12.8	9.7	-24.5	14.3	13.9	14.8	13.7	7.0	14.7	6.8	10.8	
Grant element of new public sector borrowing (in percent)	...	...	...	...	...	45.0	31.5	49.1	51.1	44.8	46.8	44.7	55.0	57.3	53.9
Government revenues (excluding grants, in percent of GDP)	17.0	18.4	19.2			18.9	18.9	15.8	18.7	16.7	16.7		18.7	21.6	19.6	
Aid flows (in Billions of US dollars) 7/	0.2	0.1	0.1			0.5	0.2	0.5	0.6	1.9	2.1		2.0	4.1		
o/w Grants	0.2	0.1	0.1			0.4	0.0	0.2	0.0	0.2	0.3		0.5	1.1		
o/w Concessional loans	0.0	0.0	0.0			0.1	0.2	0.3	0.5	1.7	1.9		1.5	3.0		
Grant-equivalent financing (in percent of GDP) 8/	...	...	...			1.9	0.8	1.8	1.4	3.6	3.7		2.8	2.7	3.0
Grant-equivalent financing (in percent of external financing) 8/	...	...	...			89.3	37.8	65.2	54.3	51.0	53.1		65.9	68.6	64.4
Memorandum items:																
Nominal GDP (Billions of US dollars)	16.4	17.4	19.8			23.5	21.9	23.6	25.5	27.7	30.4		46.5	102.5		
Nominal dollar GDP growth	5.7	6.0	14.0			18.6	-6.7	7.4	8.1	8.9	9.5	7.6	8.9	8.1	8.4	
PV of PPG external debt (in Billions of US dollars)	...	...	14.6			14.7	9.7	9.7	9.7	10.0	10.0		9.7	19.0	
(PVt-PVt-1)/GDPt-1 (in percent)	...	...	...			0.8	-21.3	-0.2	0.2	0.9	0.1	-3.3	0.8	1.2	0.9

Source: Staff simulations.

1/ Includes both public and private sector external debt.

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

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

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

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

6/ Historical averages and standard deviations are generally derived over the past 10 years, subject to data availability.

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

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

Table 1b.Cote d'Ivoire: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2008-2028
(In percent)

	Projections												
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2023	2028
PV of debt-to GDP ratio													
Baseline	63	44	41	38	36	33	29	27	24	22	21	20	19
A. Alternative Scenarios													
A1. Key variables at their historical averages in 2008-2028 1/	63	42	43	43	44	43	43	41	40	39	39	34	26
A2. New public sector loans on less favorable terms in 2008-2028 2	63	44	41	38	36	33	30	27	25	23	22	21	21
A3. Conditional delivery of HIPC and MDRI	63	44	41	38	26	25	22	21	19	18	18	19	19
A4. Conditional delivery of HIPC, MDRI and beyond HIPC debt relief	63	44	41	38	16	17	17	16	16	16	16	18	18
B. Bound Tests													
B1. Real GDP growth at historical average minus one standard deviation in 2009-2010	63	45	43	40	37	34	30	27	24	22	21	20	19
B2. Export value growth at historical average minus one standard deviation in 2009-2010 3/	63	39	33	31	29	26	23	20	18	16	15	16	16
B3. US dollar GDP deflator at historical average minus one standard deviation in 2009-2010	63	42	43	40	37	34	30	27	24	22	21	20	19
B4. Net non-debt creating flows at historical average minus one standard deviation in 2009-2010 4/	63	48	48	45	42	38	35	31	29	26	25	22	20
B5. Combination of B1-B4 using one-half standard deviation shocks	63	37	34	31	29	26	23	21	18	16	16	16	16
B6. One-time 30 percent nominal depreciation relative to the baseline in 2009 5/	63	66	61	57	53	49	43	39	35	32	30	29	27
PV of debt-to-exports ratio													
Baseline	135	116	109	101	95	87	74	64	55	49	45	39	38
A. Alternative Scenarios													
A1. Key variables at their historical averages in 2008-2028 1/	135	109	113	115	117	115	108	100	94	88	84	68	54
A2. New public sector loans on less favorable terms in 2008-2028 2	135	115	109	102	95	88	75	65	57	51	47	42	42
A3. Conditional delivery of HIPC and MDRI	135	116	109	101	70	65	57	50	44	40	38	38	38
A4. Conditional delivery of HIPC, MDRI and beyond HIPC debt relief	135	116	109	101	42	44	42	39	38	35	34	36	37
B. Bound Tests													
B1. Real GDP growth at historical average minus one standard deviation in 2009-2010	135	116	108	101	94	86	73	63	54	48	44	39	37
B2. Export value growth at historical average minus one standard deviation in 2009-2010 3/	135	82	77	71	67	60	50	42	36	31	29	28	29
B3. US dollar GDP deflator at historical average minus one standard deviation in 2009-2010	135	116	108	101	94	86	73	63	54	48	44	39	37
B4. Net non-debt creating flows at historical average minus one standard deviation in 2009-2010 4/	135	125	126	118	111	102	88	76	66	59	54	45	41
B5. Combination of B1-B4 using one-half standard deviation shocks	135	79	70	65	60	55	46	39	33	29	26	25	26
B6. One-time 30 percent nominal depreciation relative to the baseline in 2009 5/	135	116	108	101	94	86	73	63	54	48	44	39	37
PV of debt-to-revenue ratio													
Baseline	333	234	260	204	216	197	175	154	134	118	111	97	86
A. Alternative Scenarios													
A1. Key variables at their historical averages in 2008-2028 1/	333	219	270	231	265	260	253	240	227	213	207	166	122
A2. New public sector loans on less favorable terms in 2008-2028 2	333	233	261	205	215	197	177	156	138	123	116	102	95
A3. Conditional delivery of HIPC and MDRI	333	234	260	204	158	148	133	119	106	96	94	92	87
A4. Conditional delivery of HIPC, MDRI and beyond HIPC debt relief	333	234	260	204	96	100	98	95	91	85	85	87	84
B. Bound Tests													
B1. Real GDP growth at historical average minus one standard deviation in 2009-2010	333	238	270	211	223	203	180	157	138	121	113	99	88
B2. Export value growth at historical average minus one standard deviation in 2009-2010 3/	333	208	211	164	172	155	135	116	100	86	81	79	76
B3. US dollar GDP deflator at historical average minus one standard deviation in 2009-2010	333	223	270	211	223	203	180	157	137	121	113	99	88
B4. Net non-debt creating flows at historical average minus one standard deviation in 2009-2010 4/	333	252	302	238	251	230	206	182	161	143	134	109	92
B5. Combination of B1-B4 using one-half standard deviation shocks	333	198	214	166	175	158	138	119	102	89	83	79	76
B6. One-time 30 percent nominal depreciation relative to the baseline in 2009 5/	333	351	388	304	320	291	258	226	197	173	163	142	126

Table 1b.Cote d'Ivoire: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2008-2028 (continued)
(In percent)

	Projections												
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2023	2028
Debt service-to-exports ratio													
Baseline	4	6	8	8	12	13	11	10	9	6	4	2	2
A. Alternative Scenarios													
A1. Key variables at their historical averages in 2008-2028 1/	4	6	8	7	11	13	12	11	10	7	5	4	4
A2. New public sector loans on less favorable terms in 2008-2028 2	4	7	8	8	12	13	12	11	10	7	4	3	2
A3. Conditional delivery of HIPC and MDRI	4	6	8	8	9	10	9	8	7	5	2	2	2
A4. Conditional delivery of HIPC, MDRI and beyond HIPC debt relief	4	6	8	8	5	5	5	5	4	3	2	1	2
B. Bound Tests													
B1. Real GDP growth at historical average minus one standard deviation in 2009-2010	4	7	8	8	12	13	11	10	9	6	4	2	2
B2. Export value growth at historical average minus one standard deviation in 2009-2010 3/	4	6	7	6	10	11	10	9	8	5	3	1	1
B3. US dollar GDP deflator at historical average minus one standard deviation in 2009-2010	4	7	8	8	12	13	11	10	9	6	4	2	2
B4. Net non-debt creating flows at historical average minus one standard deviation in 2009-2010 4/	4	7	9	8	12	13	11	10	9	7	4	3	2
B5. Combination of B1-B4 using one-half standard deviation shocks	4	5	6	6	9	10	8	8	7	5	3	1	1
B6. One-time 30 percent nominal depreciation relative to the baseline in 2009 5/	4	7	8	8	12	13	11	10	9	6	4	2	2
Debt service-to-revenue ratio													
Baseline	9	15	20	16	26	29	26	24	22	15	9	6	5
A. Alternative Scenarios													
A1. Key variables at their historical averages in 2008-2028 1/	9	13	18	15	26	29	28	26	25	18	12	10	9
A2. New public sector loans on less favorable terms in 2008-2028 2	9	15	20	16	27	30	28	26	24	17	11	7	5
A3. Conditional delivery of HIPC and MDRI	9	15	20	16	20	24	21	20	18	11	5	4	5
A4. Conditional delivery of HIPC, MDRI and beyond HIPC debt relief	9	15	20	16	11	12	11	11	10	8	5	3	5
B. Bound Tests													
B1. Real GDP growth at historical average minus one standard deviation in 2009-2010	9	15	21	16	27	30	28	26	23	16	10	6	5
B2. Export value growth at historical average minus one standard deviation in 2009-2010 3/	9	15	20	15	26	28	26	24	22	15	9	4	4
B3. US dollar GDP deflator at historical average minus one standard deviation in 2009-2010	9	14	21	16	27	30	28	25	23	16	10	6	5
B4. Net non-debt creating flows at historical average minus one standard deviation in 2009-2010 4/	9	15	21	16	27	30	27	25	23	16	10	7	5
B5. Combination of B1-B4 using one-half standard deviation shocks	9	13	19	15	25	28	25	24	22	15	9	4	4
B6. One-time 30 percent nominal depreciation relative to the baseline in 2009 5/	9	22	30	23	39	44	40	37	34	23	14	8	7
<i>Memorandum item:</i>													
Grant element assumed on residual financing (i.e., financing required above baseline) 6/	50	50	50	50	50	50	50	50	50	50	50	50	50

Source: Staff projections and simulations.

1/ Variables include real GDP growth, growth of GDP deflator (in U.S. dollar terms), non-interest current account in percent of GDP, and non-debt creating flows.

2/ Assumes that the interest rate on new borrowing is by 2 percentage points higher than in the baseline., while grace and maturity periods are the same as in the baseline.

3/ Exports values are assumed to remain permanently at the lower level, but the current account as a share of GDP is assumed to return to its baseline level after the shock (implicitly assuming an offsetting adjustment in import levels).

4/ Includes official and private transfers and FDI.

5/ Depreciation is defined as percentage decline in dollar/local currency rate, such that it never exceeds 100 percent.

6/ Applies to all stress scenarios except for A2 (less favorable financing) in which the terms on all new financing are as specified in footnote 2.

Table 2a. Cote d'Ivoire: Public Sector Debt Sustainability Framework, Baseline Scenario, 2005-2028
(In percent of GDP, unless otherwise indicated)

	Actual			Average	Standard Deviation	Estimate					Projections				
	2005	2006	2007			2008	2009	2010	2011	2012	2013	2008-13 Average	2018	2028	2014-28 Average
Public sector debt 1/	12.8	12.8	78.6			76.3	50.9	46.9	43.8	43.4	42.1		37.7	41.7	
o/w foreign-currency denominated	0.0	0.0	67.8			65.2	40.6	38.0	36.1	36.5	36.0		30.1	32.1	
Change in public sector debt	0.3	0.0	65.7			-2.3	-25.3	-4.0	-3.1	-0.4	-1.3		-0.2	-0.1	
Identified debt-creating flows	...	...	...			-2.0	-1.0	0.1	-2.0	0.2	0.8		1.8	0.5	
Primary deficit	0.2	0.5	-0.3	0.4	1.3	-0.1	-0.7	1.6	-0.2	1.8	2.8	0.9	3.9	2.9	3.6
Revenue and grants	18.1	19.0	19.7			20.6	19.1	16.7	18.9	17.5	17.5		19.8	22.7	
of which: grants	1.1	0.6	0.6			1.7	0.2	0.9	0.2	0.8	0.8		1.0	1.0	
Primary (noninterest) expenditure	18.4	19.5	19.4			20.4	18.4	18.3	18.7	19.2	20.4		23.7	25.5	
Automatic debt dynamics	...	...	...			-1.8	-0.2	-1.5	-1.7	-1.6	-2.0		-2.2	-2.3	
Contribution from interest rate/growth differential	...	...	...			-6.8	-1.8	-1.4	-1.6	-1.5	-1.9		-2.2	-2.4	
of which: contribution from average real interest rate	...	...	...			-5.0	0.9	0.7	0.5	0.7	0.5		-0.2	-0.5	
of which: contribution from real GDP growth	-0.2	-0.1	-0.2			-1.8	-2.7	-2.1	-2.1	-2.2	-2.4		-1.9	-2.0	
Contribution from real exchange rate depreciation	...	...	...			5.0	1.5	-0.1	-0.1	-0.1	-0.1		...	...
Other identified debt-creating flows	0.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Privatization receipts (negative)	0.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Recognition of implicit or contingent liabilities	0.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Debt relief (HIPC and other)	0.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Other (specify, e.g. bank recapitalization)	0.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Residual, including asset changes	...	...	...			-0.4	-24.4	-4.1	-1.2	-0.5	-2.1		-2.0	-0.7	
Other Sustainability Indicators															
PV of public sector debt	12.8	12.8	79.9			79.3	54.6	50.0	45.9	42.7	38.9		28.5	28.1	
o/w foreign-currency denominated	0.0	0.0	69.1			68.3	44.3	41.1	38.1	35.8	32.8		20.9	18.6	
o/w external	...	...	69.1			68.3	44.3	41.1	38.1	35.8	32.8		20.9	18.6	
PV of contingent liabilities (not included in public sector debt)	...	...	...			...	...	...	...	...	...		...	...
Gross financing need 2/	2.3	2.7	5.5			1.6	3.0	5.9	3.6	6.8	8.3		6.1	4.4	
PV of public sector debt-to-revenue and grants ratio (in percent)	70.8	67.5	405.3			385.8	285.4	299.6	242.6	244.9	221.9		144.1	123.9	
PV of public sector debt-to-revenue ratio (in percent)	75.3	69.8	417.3			420.8	288.3	315.8	244.8	256.7	232.9		152.1	129.9	
o/w external 3/	...	...	360.9			362.4	234.0	259.4	203.6	215.2	196.4		111.3	85.8	
Debt service-to-revenue and grants ratio (in percent) 4/	11.6	11.5	29.3			8.5	19.6	25.8	20.5	28.5	31.2		10.9	6.8	
Debt service-to-revenue ratio (in percent) 4/	12.3	11.9	30.1			32.7	28.5	26.6	24.6	17.6	11.5		8.2		
Primary deficit that stabilizes the debt-to-GDP ratio	-0.1	0.5	-66.1			2.2	24.6	5.6	2.9	2.2	4.2		4.1	3.0	
Key macroeconomic and fiscal assumptions															
Real GDP growth (in percent)	1.9	0.7	1.6	0.4	2.5	2.3	3.7	4.2	4.7	5.3	5.8	4.3	5.4	4.9	5.1
Average nominal interest rate on forex debt (in percent)	...	...	...	474.0	553.8	0.4	1.4	4.0	4.0	4.7	4.0	3.1	1.9	1.0	1.8
Average real interest rate on domestic debt (in percent)	...	...	...	...	...	-2.6	3.8	1.7	1.9	2.1	2.3	1.5	2.7	2.9	2.9
Real exchange rate depreciation (in percent, + indicates depreciation)	13.8	-10.2	-9.5	-4.0	11.5	8.1	...	...	...	...	...	...	...	...	...
Inflation rate (GDP deflator, in percent)	3.6	4.5	2.8	2.9	1.9	8.0	0.5	2.7	2.9	2.9	2.9	3.3	3.4	3.1	3.2
Growth of real primary spending (deflated by GDP deflator, in percent)	0.0	0.1	0.0	0.0	0.1	0.1	-0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Grant element of new external borrowing (in percent)	...	...	...	...	...	45.0	31.5	49.1	51.1	44.8	46.8	44.7	55.0	57.3	...

Sources: Country authorities; and Fund staff estimates and projections.

1/ [Indicate coverage of public sector, e.g., general government or nonfinancial public sector. Also whether net or gross debt is used.]

2/ Gross financing need is defined as the primary deficit plus debt service plus the stock of short-term debt at the end of the last period.

3/ Revenues excluding grants.

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

5/ Historical averages and standard deviations are generally derived over the past 10 years, subject to data availability.

Table 2b.Cote d'Ivoire: Sensitivity Analysis for Key Indicators of Public Debt 2008-2028

	Projections							
	2008	2009	2010	2011	2012	2013	2018	2028
PV of Debt-to-GDP Ratio								
Baseline	79	55	50	46	43	39	28	28
A. Alternative scenarios								
A1. Real GDP growth and primary balance are at historical averages	79	57	54	52	49	46	28	15
A2. Primary balance is unchanged from 2008	79	55	49	45	41	35	15	3
A3. Permanently lower GDP growth 1/	79	55	51	47	44	41	33	42
B. Bound tests								
B1. Real GDP growth is at historical average minus one standard deviations in 2009-2010	79	59	58	55	53	49	42	50
B2. Primary balance is at historical average minus one standard deviations in 2009-2010	79	56	52	47	44	40	29	29
B3. Combination of B1-B2 using one half standard deviation shocks	79	58	56	52	50	46	39	45
B4. One-time 30 percent real depreciation in 2009	79	85	78	72	66	58	38	29
B5. 10 percent of GDP increase in other debt-creating flows in 2009	79	61	56	51	48	44	32	30
PV of Debt-to-Revenue Ratio 2/								
Baseline	386	285	300	243	245	222	144	124
A. Alternative scenarios								
A1. Real GDP growth and primary balance are at historical averages	386	298	320	273	281	257	135	61
A2. Primary balance is unchanged from 2008	386	287	295	239	235	202	77	0
A3. Permanently lower GDP growth 1/	386	287	304	248	253	232	165	183
B. Bound tests								
B1. Real GDP growth is at historical average minus one standard deviations in 2009-2010	386	306	347	291	300	279	212	220
B2. Primary balance is at historical average minus one standard deviations in 2009-2010	386	293	309	250	253	229	149	126
B3. Combination of B1-B2 using one half standard deviation shocks	386	304	332	276	283	263	195	197
B4. One-time 30 percent real depreciation in 2009	386	444	469	380	375	333	190	128
B5. 10 percent of GDP increase in other debt-creating flows in 2009	386	317	334	272	274	249	162	133
Debt Service-to-Revenue Ratio 2/								
Baseline	8	20	26	20	28	31	11	7
A. Alternative scenarios								
A1. Real GDP growth and primary balance are at historical averages	8	20	28	23	33	38	11	0
A2. Primary balance is unchanged from 2008	8	20	26	20	28	31	6	0
A3. Permanently lower GDP growth 1/	8	20	26	21	29	32	12	11
B. Bound tests								
B1. Real GDP growth is at historical average minus one standard deviations in 2009-2010	8	21	29	24	33	37	15	13
B2. Primary balance is at historical average minus one standard deviations in 2009-2010	8	20	26	21	29	32	11	7
B3. Combination of B1-B2 using one half standard deviation shocks	8	21	28	23	32	35	14	12
B4. One-time 30 percent real depreciation in 2009	8	23	34	28	40	45	17	11
B5. 10 percent of GDP increase in other debt-creating flows in 2009	8	20	27	23	31	34	11	8

Sources: Country authorities; and Fund staff estimates and projections.

1/ Assumes that real GDP growth is at baseline minus one standard deviation divided by the length of the projection period.

2/ Revenues are defined inclusive of grants.

Côte d'Ivoire at a glance

2/25/10

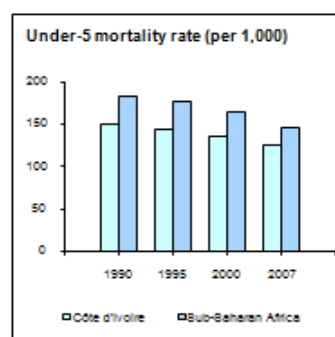
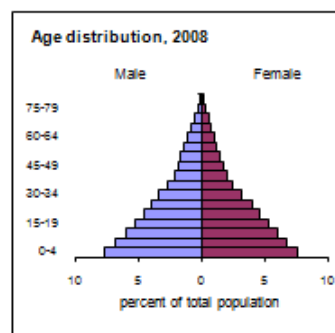
Key Development Indicators

(2008)

	Côte d'Ivoire	Sub-Saharan Africa	Lower middle income
Population, mid-year (millions)	20.6	818	3,702
Surface area (thousand sq. km)	322	24,242	32,309
Population growth (%)	2.3	2.5	1.2
Urban population (% of total population)	49	36	41
GNI (Atlas method, US\$ billions)	20.3	885	7,692
GNI per capita (Atlas method, US\$)	980	1,082	2,078
GNI per capita (PPP, international \$)	1,580	1,991	4,592
GDP growth (%)	2.2	5.0	7.6
GDP per capita growth (%)	-0.1	2.5	6.3

(most recent estimate, 2003–2008)

Poverty headcount ratio at \$1.25 a day (PPP, %)	23	51	..
Poverty headcount ratio at \$2.00 a day (PPP, %)	47	73	..
Life expectancy at birth (years)	58	52	68
Infant mortality (per 1,000 live births)	89	89	46
Child malnutrition (% of children under 5)	17	27	26
Adult literacy, male (% of ages 15 and older)	..	71	88
Adult literacy, female (% of ages 15 and older)	..	54	77
Gross primary enrollment, male (% of age group)	81	103	112
Gross primary enrollment, female (% of age group)	64	93	106
Access to an improved water source (% of population)	81	58	86
Access to improved sanitation facilities (% of population)	24	31	52



Net Aid Flows

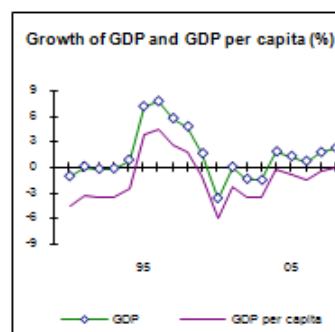
	1980	1990	2000	2008
<i>(US\$ millions)</i>				
Net ODA and official aid	210	686	351	165
<i>Top 3 donors (in 2007)</i>				
European Commission	11	136	3	68
France	118	416	156	51
United States	1	17	10	37
Aid (% of GNI)	2.2	7.5	3.6	0.9
Aid per capita (US\$)	25	54	20	8

Long-Term Economic Trends

Consumer prices (annual % change)	17.9	-0.7	2.5	6.3
GDP implicit deflator (annual % change)	24.1	-4.5	-0.4	8.1
Exchange rate (annual average, local per US\$)	211.3	272.3	712.0	447.8
Terms of trade index (2000 = 100)	56	94	100	101

Population, mid-year (millions)	8.4	12.6	17.3	20.6
GDP (US\$ millions)	10,175	10,796	10,417	23,414

	<i>(% of GDP)</i>			
Agriculture	25.9	32.5	24.2	25.0
Industry	19.7	23.2	24.9	26.1
Manufacturing	12.8	20.9	21.7	18.0
Services	54.4	44.3	50.9	48.9
Household final consumption expenditure	62.8	71.9	74.9	73.6
General gov't final consumption expenditure	16.9	16.8	7.2	8.6
Gross capital formation	26.5	6.7	10.8	10.1
Exports of goods and services	35.0	31.7	40.4	46.5
Imports of goods and services	41.2	27.1	33.3	38.8
Gross savings	19.7	-6.0	8.0	12.7



1980–90 1990–2000 2000–08
(average annual growth %)

GDP	4.0	3.2	2.2
GDP per capita	0.7	3.2	0.5

Note: Figures in italics are for years other than those specified. 2008 data are preliminary. .. indicates data are not available.
a. Aid data are for 2007.

Development Economics, Development Data Group (DECDG).

Balance of Payments and Trade*(US\$ millions)*

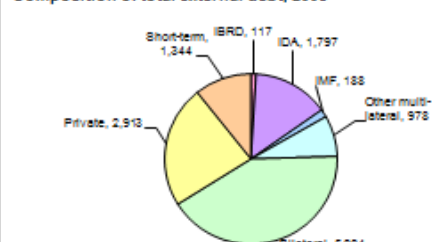
	2000	2008
Total merchandise exports (fob)	3,740	9,865
Total merchandise imports (cif)	2,788	7,656
Net trade in goods and services	742	1,812
Current account balance	-293	569
as a % of GDP	-2.8	2.4
Workers' remittances and compensation of employees (receipts)	119	215
Reserves, including gold	..	..

Central Government Finance*(% of GDP)*

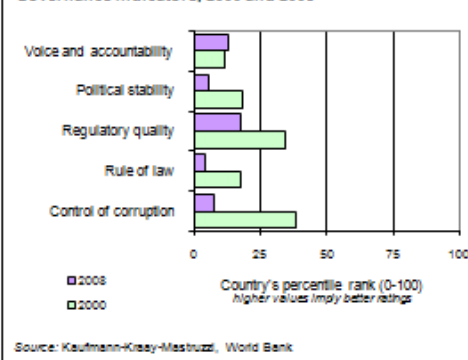
	2000	2008
Current revenue (including grants)	17.2	20.6
Tax revenue	14.6	15.6
Current expenditure	15.1	17.9
Overall surplus/deficit	-0.2	0.7
Highest marginal tax rate (%)		
Individual	10	10
Corporate	35	35

External Debt and Resource Flows*(US\$ millions)*

	2000	2008
Total debt outstanding and disbursed	12,138	12,561
Total debt service	1,020	1,046
Debt relief (HIPC, MDRI)	-	-
Total debt (% of GDP)	116.5	53.6
Total debt service (% of exports)	22.7	9.1
Foreign direct investment (net inflows)	235	402
Portfolio equity (net inflows)	1	79

Composition of total external debt, 2008**Private Sector Development**

	2000	2008
Time required to start a business (days)	-	40
Cost to start a business (% of GNI per capita)	-	135.1
Time required to register property (days)	-	62
Ranked as a major constraint to business (% of managers surveyed who agreed)	2000	2008
n.a.	..	..
n.a.	..	..
Stock market capitalization (% of GDP)	11.4	30.2
Bank capital to asset ratio (%)	..	..

Governance indicators, 2000 and 2008**Technology and Infrastructure**

	2000	2008
Paved roads (% of total)	9.7	8.1
Fixed line and mobile phone subscribers (per 100 people)	4	52
High technology exports (% of manufactured exports)	2.0	31.5

Environment

	2000	2008
Agricultural land (% of land area)	62	64
Forest area (% of land area)	32.5	32.7
Nationally protected areas (% of land area)	..	12.2
Freshwater resources per capita (cu. meters)	4,251	3,619
Freshwater withdrawal (billion cubic meters)	0.9	..
CO2 emissions per capita (mt)	0.34	0.45
GDP per unit of energy use (2005 PPP \$ per kg of oil equivalent)	4.4	4.1
Energy use per capita (kg of oil equivalent)	397	370

World Bank Group portfolio*(US\$ millions)*

	2000	2008
IBRD		
Total debt outstanding and disbursed	599	117
Disbursements	0	0
Principal repayments	57	377
Interest payments	32	83
IDA		
Total debt outstanding and disbursed	1,366	1,797
Disbursements	76	13
Total debt service	8	177
IFC (fiscal year)		
Total disbursed and outstanding portfolio of which IFC own account	125	28
Disbursements for IFC own account	98	23
Disbursements for IFC own account	6	0
Portfolio sales, prepayments and repayments for IFC own account	3	4
MIGA		
Gross exposure	15	10
New guarantees	0	0

Note: Figures in italics are for years other than those specified. 2008 data are preliminary.

.. indicates data are not available. - indicates observation is not applicable.

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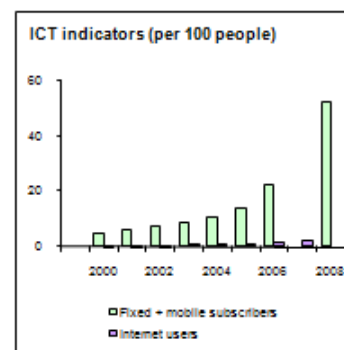
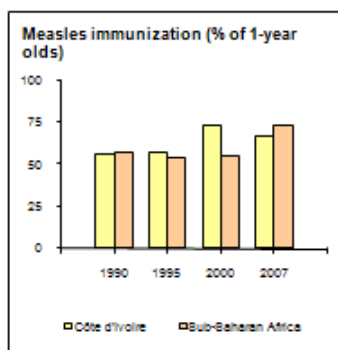
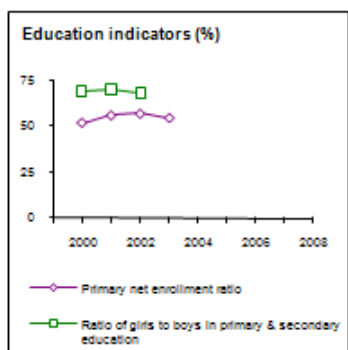
Development Economics, Development Data Group (DECDG).

Millennium Development Goals

Côte d'Ivoire

With selected targets to achieve between 1990 and 2015
(estimate closest to date shown, +/- 2 years)

	Côte d'Ivoire			
	1990	1995	2000	2008
Goal 1: halve the rates for extreme poverty and malnutrition				
Poverty headcount ratio at \$1.25 a day (PPP, % of population)	12.8	21.1	22.2	..
Poverty headcount ratio at national poverty line (% of population)	..	..	..	..
Share of income or consumption to the poorest quintile (%)	6.8	7.1	8.0	..
Prevalence of malnutrition (% of children under 5)	..	20.9	18.2	16.2
Goal 2: ensure that children are able to complete primary schooling				
Primary school enrollment (net, %)	45	..	52	55
Primary completion rate (% of relevant age group)	41	37	39	45
Secondary school enrollment (gross, %)	20	22	22	..
Youth literacy rate (% of people ages 15-24)	49	..	61	..
Goal 3: eliminate gender disparity in education and empower women				
Ratio of girls to boys in primary and secondary education (%)	65	..	69	..
Women employed in the nonagricultural sector (% of nonagricultural employment)	..	..	27	..
Proportion of seats held by women in national parliament (%)	6	8	8	9
Goal 4: reduce under-5 mortality by two-thirds				
Under-5 mortality rate (per 1,000)	151	143	136	122
Infant mortality rate (per 1,000 live births)	104	100	95	89
Measles immunization (proportion of one-year olds immunized, %)	56	57	73	62
Goal 5: reduce maternal mortality by three-fourths				
Maternal mortality ratio (modeled estimate, per 100,000 live births)	..	..	..	302
Births attended by skilled health staff (% of total)	..	45	63	52
Contraceptive prevalence (% of women ages 15-49)	..	11	15	12
Goal 6: halt and begin to reverse the spread of HIV/AIDS and other major diseases				
Prevalence of HIV (% of population ages 15-49)	2.2	5.8	6.3	3.9
Incidence of tuberculosis (per 100,000 people)	177	255	368	420
Tuberculosis cases detected under DOTS (%)	..	53	34	42
Goal 7: halve the proportion of people without sustainable access to basic needs				
Access to an improved water source (% of population)	67	71	75	81
Access to improved sanitation facilities (% of population)	20	21	22	24
Forest area (% of total land area)	32.1	32.3	32.5	32.2
Nationally protected areas (% of total land area)	..	..	..	12.2
CO2 emissions (metric tons per capita)	0.4	0.5	0.3	0.5
GDP per unit of energy use (constant 2005 PPP \$ per kg of oil equivalent)	5.4	5.0	4.4	4.1
Goal 8: develop a global partnership for development				
Telephone mainlines (per 100 people)	0.6	0.8	1.5	1.7
Mobile phone subscribers (per 100 people)	0.0	0.0	2.7	50.7
Internet users (per 100 people)	0.0	0.0	0.2	3.2
Personal computers (per 100 people)	..	0.1	0.5	1.2



Note: Figures in italics are for years other than those specified. .. indicates data are not available.

2/25/10

Development Economics, Development Data Group (DECDG).

CAS Annex B2 - Côte d'Ivoire
Selected Indicators* of Bank Portfolio Performance and Management
As Of Date 3/29/2010

Indicator	2008	2009	2010
Portfolio Assessment			
Number of Projects Under Implementation ^a	4	10	10
Average Implementation Period (years) ^b	0.3	4.0	4.7
Percent of Problem Projects by Number ^{a, c}	25.0	0.0	20.0
Percent of Problem Projects by Amount ^{a, c}	48.6	0.0	25.2
Percent of Projects at Risk by Number ^{a, d}	25.0	70.0	40.0
Percent of Projects at Risk by Amount ^{a, d}	48.6	68.1	63.2
Disbursement Ratio (%) ^e	0.0	12.6	17.7
Portfolio Management			
CPPR during the year (yes/no)	No	No	No
Supervision Resources (total US\$)	441	1860	1205
Average Supervision (US\$/project)	63/7	109/17	75/16

Memorandum Item	Since FY 80	Last Five FYs
Proj Eval by OED by Number	72	2
Proj Eval by OED by Amt (US\$ millions)	4,103.1	310.3
% of OED Projects Rated U or HU by Number	40.3	0.0
% of OED Projects Rated U or HU by Amt	33.9	0.0

- a. As shown in the Annual Report on Portfolio Performance (except for current FY).
b. Average age of projects in the Bank's country portfolio.
c. Percent of projects rated U or HU on development objectives (DO) and/or implementation progress (IP).
d. As defined under the Portfolio Improvement Program.
e. Ratio of disbursements during the year to the undisbursed balance of the Bank's portfolio at the beginning of the year: Investment projects only.

* All indicators are for projects active in the Portfolio, with the exception of Disbursement Ratio, which includes all active projects as well as projects which exited during the fiscal year.

CAS Annex B3 - IBRD/IDA Program Summary
Côte d'Ivoire
As Of Date 3/31/2010
Proposed IBRD/IDA Base-Case Lending Program

<i>Fiscal year</i>	<i>Proj ID</i>	<i>US\$(M)</i>	<i>Strategic Rewards (H/M/L)</i>	<i>Implementation Risks (H/M/L)</i>
2010*	CI-EGRG-Econ. Gov. & Recovery 3	90	H	H
	CI-SME Revitalization and Governance	15	H	M
	Emergency Urban Infra –Add. Finance	15*	H	M
<i>Regional</i>	West Africa Agricultural Productivity 2	10	H	M
	Result	130		
2011	EGRG 4	40	H	H
	Employment and Training for Youth	35	H	H
	Azito Partial Risk Guarantee	10	H	H
<i>Regional</i>	Abidjan-Lagos Transport Corridor	20	H	M
<i>Regional</i>	West Africa Power Pool	10	H	M
	Result	115		
2012	Ag. Productivity / Export Promotion	Tbd	H	M
	Infrastructure Renewal	Tbd	H	M
	PRSG 1	Tbd	H	H
	Result	110		
2013	Growth and Competitiveness	Tbd	H	M
	Infrastructure Renewal	Tbd	H	M
	Decentralization and Local Devt.	Tbd	H	M
	PRSG 2	Tbd	H	H
	Result	110		
	Overall Result	465		

**Frontloading of IDA FY11 resources or additional CRW resources if approved will provide an additional \$35 million to this operation for a total of \$50 million.*

Annex B3

Côte d'Ivoire: IFC Investment Operations Program

	2007	2008	2009	2010*
<u>Commitments (US\$m)</u>				
Gross			2.14	5.08
Net**			2.14	5.08
<u>Net Commitments by Sector (%)</u>				
GUARANTEE			100	100
Total	0	0	100	100
<u>Net Commitments by Investment Instrument (%)</u>				
Guarantee			100	100
Total	0	0	100	100

* As of March 31, 2010

** IFC's Own Account only

CAS Annex B4
Summary of Non-lending Services
As of Date 03/25/2010

Product	Completion FY	Cost US\$ '000	Audience ^a	Objective ^b
Recent completions				
PEMFAR (PER & CFAA)	FY08	356	G,D,B,PD	KG
Country Social Analysis	FY08	66	G,D,B	KG
Technical Assistance on Energy	FY09	28	G,B	KG
Support to PRIS and M&E	FY09	65	G, B	KG, PS
Country Env. Analysis	FY09	132	G,D,B,PD	KG
Education CSR	FY09	22	G,D,B,PD	KG,PD,PS
ROSC Accounting	FY09	70	G,D,B,PD	KG, PS
PSD Reengagement	FY09	75	G, B	KG, PS
Underway				
Dialogue on Cocoa Sector	FY10	60	G,B	KG, PS
Health CSR	FY10	60	G,D,B,PD	KG, PS
Post Conflict ICA	FY10	90	G,D,B,PD	KG, PS
Poverty Assessment	FY10	120	G,D,B,PD	PD, KG
Country Partnership Strategy (CPS)	FY10	50	G,D,B,PD	KG
PRSP Progress Report	FY10	35	G,D,B,PD	KG
Planned				
Sources of Growth Policy Notes	FY11	200	G,D,B,PD	KG, PD
PEMFAR Update	FY11	90	G,D,B,PD	KG
Use of Country Systems (FM)	FY11	30	G, D,B	KG, PS
Gender Assessment	FY12	90	G,D,B,PD	KG,PD,PS
CPS Progress Report	FY12	50	G,D,B,PD	KG
PEMFAR Update	FY13	90	G,D,B,PD	KG

a. Government, donor, Bank, public dissemination.

b. Knowledge generation, public debate, problem-solving.

c. Tasks planned currently being reviewed/consolidated for greater strategic focus.

CAS Annex B5: Key Social Indicators

	Latest single year			Same region/income group	
	1980-85	1990-95	2001-07	Sub-Saharan Africa	Low-income
POPULATION					
Total population, mid-year (<i>millions</i>)	9.9	13.6	18.5	799.8	1,295.7
Growth rate (<i>% annual average for period</i>)	3.8	3.3	2.0	2.5	2.2
Urban population (<i>% of population</i>)	..	..	..	35.9	31.7
Total fertility rate (<i>births per woman</i>)	..	..	..	5.2	4.3
POVERTY					
<i>(% of population)</i>					
National headcount index	10.0	36.8	38.4	..	..
Urban headcount index	..	..	..	..	..
Rural headcount index	..	..	..	..	..
INCOME					
GNI per capita (<i>US\$</i>)	640	770	960	952	578
Consumer price index (<i>2000=100</i>)	45	86	122	137	150
Food price index (<i>2000=100</i>)	..	..	..	..	..
INCOME/CONSUMPTION DISTRIBUTION					
Gini index	..	..	..	..	..
Lowest quintile (<i>% of income or consumption</i>)	5.4	7.2	..	..	..
Highest quintile (<i>% of income or consumption</i>)	61.4	..	..	..	..
SOCIAL INDICATORS					
Public expenditure					
Health (<i>% of GDP</i>)	..	..	..	2.6	1.5
Education (<i>% of GNI</i>)	..	..	..	4.2	..
Net primary school enrollment rate					
<i>(% of age group)</i>					
Total	..	..	..	70	73
Male	..	..	..	72	76
Female	..	..	..	67	69
Access to an improved water source					
<i>(% of population)</i>					
Total	..	69	51	58	68
Urban	..	..	..	81	84
Rural	..	..	..	46	60
Immunization rate					
<i>(% of children ages 12-23 months)</i>					
Measles	..	..	..	72	76
DPT	..	..	..	73	77
Child malnutrition (<i>% under 5 years</i>)	..	24	22	27	29
Life expectancy at birth					
<i>(years)</i>					
Total	..	50	45	51	57
Male	..	..	..	50	56
Female	..	..	..	52	58
Mortality					
Infant (<i>per 1,000 live births</i>)	..	103	117	94	85
Under 5 (<i>per 1,000</i>)	..	157	192	157	135
Adult (15-59)	..	..	..	..	..
Male (<i>per 1,000 population</i>)	..	..	..	421	310
Female (<i>per 1,000 population</i>)	..	..	..	391	272
Maternal (<i>per 100,000 live births</i>)	..	..	..	900	780
Births attended by skilled health staff (%)	..	..	..	45	41

CAS Annex B5. This table was produced from the CMU LDB system.

09/17/08

Note: 0 or 0.0 means zero or less than half the unit shown. Net enrollment rate: break in series between 1997 and 1998 due to change from ISCED76 to ISCED97. Immunization: refers to children ages 12-23 months who received vaccinations before one year of age or at any time before the survey.

CAS Annex B6: Key Economic Indicators

Indicator	Actual		Estimate			Projected	
	2004	2005	2006	2007	2008	2009	2010
National accounts							
(as % GDP at current market prices)							
Gross domestic product	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Agriculture	23.2	22.8	22.9	23.9	24.2	22.7	21.7
Industry	23.1	25.9	25.9	25.3	25.9	27.1	28.2
Services	53.7	51.3	51.2	50.9	49.9	50.2	50.1
Total Consumption	80.0	82.8	80.4	85.7	84.1	83.4	82.8
Gross domestic fixed investment	10.8	9.7	9.3	8.7	10.1	10.1	11.2
Government investment	2.8	2.7	3.1	2.6	3.0	3.0	3.3
Private investment (includes increase in stocks)	8.0	7.0	6.2	6.1	7.1	7.1	7.9
Exports (GNFS) ^a	48.6	51.1	52.7	47.8	46.5	38.1	37.9
Imports (GNFS)	39.4	43.6	42.4	41.9	38.8	31.6	33.8
Gross domestic savings	20.0	17.2	19.6	14.6	17.9	19.1	17.2
<i>Memorandum items</i>							
Gross domestic product (US\$ billion at current prices)	15.5	16.4	17.4	19.8	23.5	22.6	26.0
GNI per capita (US\$, Atlas method)	790.0	880.0	910.0	960.0	..	..	..
Real annual growth rates							
Gross domestic product at market prices	1.6%	1.9%	0.7%	1.6%	2.3%	3.7%	4.1%
Real annual per capita growth rates							
Gross domestic product at market prices	-3.5%	-0.8%	-2.3%	-1.4%	-0.7%	0.7%	1.1%

CAS Annex B6: Key Economic Indicators *(continued)*

Indicator	2004	2005	2006	2007	2008	2009	2010
Public finance (as % of GDP at market prices)							
Total revenue and grants	18.4	18.1	19.0	19.7	20.6	19.9	19.5
Total expenditures	20.1	19.9	20.8	20.5	21.1	22.0	21.1
Primary basis balance	0.9	0.4	0.3	0.6	0.3	-0.1	0.6
Capital expenditure	2.8	2.7	3.1	2.6	3.0	3.0	3.3
Foreign financing	1.3	1.2	0.7	0.6	0.6	0.8	0.7
Monetary indicators							
M2/GDP (at current market prices)	23.6	24.1	25.2	29.8	29.7	30.6	..
Growth of M2 (%)	9.5	7.4	10.3	23.6	5.7	18.8	..
Price indices (YR86 =100)							
Terms of trade (% change)	-11.1	-10.5	5.8	3.3	8.7	7.7	-5.9
Nominal exchange rate (CFAF/US\$, period average)	528	527	522	479	446	..	..
Consumer price index (annual average)	1.5%	3.9%	2.5%	1.9%	6.3%	1.5%	2.0%

a. "GNFS" denotes "goods and nonfactor services".

CAS Annex B7: Key Exposure Indicators

Indicator	2004	Actual				Estimated			Projected	
		2005	2006	2007	2008	2009	2010	2011	2012	2013
Total debt outstanding and disbursed (TDO) (US\$m) ^a		16520	16407	16595	16823	17115	3428	3568	..	..
Net disbursements (US\$m) ^a		780	..	..	..	..	..	..	..	..
Total debt service (TDS) (US\$m) ^a		667	544	521	516	484	463	459	462	455
Debt and debt service indicators (%)										
TDO/XGS ^b		189.4	172.5	175.9	146.2	140.6	26.6	26.6	..	..
TDO/GDP		100.8	94.4	85.5	79.2	75.0	13.8	13.2	..	..
TDS/XGS		7.7	5.7	5.5	4.5	4.0	3.6	3.4	3.3	3.0
Concessional/TDO		98.0	99.7	99.7	99.7	99.7	98.4	98.5	..	..
IBRD exposure indicators (%)										
IBRD DS/public DS		6.4	12.2	9.1	8.8	9.4	3.0	..	..	..
Preferred creditor DS/public DS (%) ^c	
IBRD DS/XGS		0.6	1.0	0.7	0.6	0.5	0.1	0.6	0.6	0.6
IBRD TDO (US\$m) ^d		1687	1734	1789	1848	1960	2083	2216	2361	2518
Of which present value of guarantees (US\$m)										
Share of IBRD portfolio (%)		1	1	2	2	2	2	2	2	2
IDA TDO (US\$m) ^d		353	366	380	395	411	427	444	463	482
IFC (US\$m)										
Equity		51.7	51.7	49.6	49.6	49.5	49.5	..	..	74.5
Loans and quasi-equity /c		37.2	31.6	25.7	22.9	20.5	18.5	..	..	121.7
MIGA										
MIGA guarantees (US\$m) f/							140	150	100	100

a. Includes public and publicly guaranteed debt, private nonguaranteed, use of IMF credits and net short-term capital.

b. "XGS" denotes exports of goods and services, including workers' remittances.

c. Preferred creditors are defined as IBRD, IDA, the regional multilateral development banks, the IMF, and the Bank for International Settlements.

d. Includes present value of guarantees.

e. Includes equity and quasi-equity types of both loan and equity instruments.

CAS Annex B8 – Côte d'Ivoire
Operations Portfolio (IBRD/IDA and Grants)
As of 3/29/2010

Closed Projects **86**

IBRD/IDA *

Total Disbursed (Active)	165.81
of w hich has been repaid	15.50
Total Disbursed (Closed)	505.93
of w hich has been repaid	826.42
Total Disbursed (Active + Closed)	671.73
of w hich has been repaid	841.92
Total Undisbursed (Active)	298.75
Total Undisbursed (Closed)	0.00
Total Undisbursed (Active + Closed)	298.75

Active Projects

Project ID	Project Name	<u>Last PSR</u>			Fiscal Year	<u>Original Amount in US\$ Millions</u>			
		Supervision Rating				IBRD	IDA	GRANT	Cancel.
		<u>Development Objectives</u>	<u>Implementation Progress</u>						
P115398	SME Revitalization+Governance	#	#	✔	2010		15		
P112573	CI - Urgent Electr. Sector Rehab. (FY09)	MS	MS	✔	2009		50		
P111290	RCI-GEF Protected Area Project (PARC)	S	S	✔	2009			2.54	
P071631	CI-Emerg Multi-Sect HIV/AIDS Proj (FY08)	S	S	✔	2008		20		
P110020	CI-Emergency Urban Infrast. ERL (FY08)	S	S	✔	2008		94		
P107355	CI-Governance and Institutional Dev.	S	S	✔	2008		13		
P082817	CI-Post-Conflict Assistance (FY08)	MU	MU	✔	2008		120		
P035655	CI-Edu & Training Supt (FY98)	MS	MS	✔	1998		53.3		
P001177	CI-Transp Sec Adj	S	S	✔	1998		238.8		9.84
P001194	CI-IVC PNGTER Rural Land Management	U	U	✔	1997		41		
Overall Result							645.1	2.54	9.84

B8 (IFC) for Cote d'Ivoire

Cote d'Ivoire
Committed and Disbursed Outstanding Investment Portfolio
As of 2/28/2010
(In USD Millions)

FY Approval	Company	Committed					Disbursed Outstanding				
		Loan	Equity	**Quasi Equity	*GT/RM	Partici pant	Loan	Equity	**Quasi Equity	*GT/RM	Partici pant
1998	Aef drop-ivoire	1.56	0	0	0	0	1.56	0	0	0	0
1998/99	Azito	7.79	0	1.03	1.6	0	7.79	0	1.03	1.3	0
1993/95/97/98	Block ci-11	0	48.7	0	0	0	0	0	0	0	0
1988	Ips (ivc)	0	0.83	0	0	0	0	0.83	0	0	0
1999	Petro ivoire	1.31	0	0	0	0	1.31	0	0	0	0
1997	Shl	0.49	0	0	0	0	0.49	0	0	0	0
1997	Tropical rubber	1.37	0	0	0	0	1.37	0	0	0	0
Total Portfolio:		12.52	49.53	1.03	1.6	0	12.52	0.83	1.03	1.3	0

* Denotes Guarantee and Risk Management Products.

** Quasi Equity includes both loan and equity types.



CÔTE D'IVOIRE

- CITIES AND TOWNS
- ⊙ REGION CAPITALS
- ⊕ NATIONAL CAPITAL
- ~ RIVERS
- MAIN ROADS
- RAILROADS
- REGION BOUNDARIES
- - - INTERNATIONAL BOUNDARIES



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