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August 26, 1983

To: Members of the Executive Board
From: The Secretary
Subject: Ivory Coast - Extended Arrangement - 1983 Mid-Term Review

Attached for consideration by the Executive Directors is a paper on the mid-term review of the extended arrangement for Ivory Coast. A draft decision appears on page 20.

It is proposed to bring this subject to the agenda for discussion on Monday, September 19, 1983, subject to agreement by the Executive Board to request to shorten the circulation period for this document to less than the usual four weeks.

If Executive Directors have technical or factual questions relating to this paper prior to the Board discussion, they should contact Mr. Goreux (ext. 73801), Mr. Franks (ext. 74965), or Mr. Lorie (ext. 73138).

Att: (1)

INTERNATIONAL MONETARY FUND

IVORY COAST

Extended Arrangement ~ 1983 Mid-Term Review

Prepared by the African Department and the Exchange
and Trade Relations Department

(In consultation with the Fiscal Affairs, Legal,
and Treasurer's Departments)

Approved by J.B. Zulu and W.A. Beveridge

August 25, 1983

I. Introduction

A mission 1/ visited Abidjan during the period July 4-16, 1983 in order to review the implementation of the 1983 financial program and examine the prospects for the Ivorian economy in 1984. The Ivorian representatives included Mr. A. Koné, Minister of Economy and Finance; Mr. P. Gui Dibo, Minister of Mines; Mr. M. Seri Gnoleba, Minister of Plan and Industry; Mr. B. Keita, Minister of Education; Mr. L. Diabaté, National Director of the Banque Centrale des Etats de l'Afrique de l'Ouest (BCEAO); and other senior officials concerned with economic and financial matters, including headquarters officials of the BCEAO in Dakar.

On February 27, 1981 the Executive Board approved Ivory Coast's request for an extended arrangement, covering the three-year period 1981-83, in an amount of SDR 484.5 million (425 percent of Ivory Coast's quota). 2/ Ivory Coast has made all scheduled purchases in 1981 and 1982 and the first scheduled purchase of 1983 after Board approval of the 1983 program on June 10, 1983. 3/ The credit ceilings set for end-March were exceeded, but actual credit fell back within the March ceilings by end-April and remained well within the ceilings set for end-June. Accordingly, Ivory Coast will make its second purchase on September 1, and is expected to make its third purchase as originally scheduled after September 15, 1983. The fourth and last purchase for the third year under the extended ar-

1/ Messrs. L.M. Goreux (head--AFD), R.A. Franks (AFD), H. Lorie (AFD), Y. Boutros-Ghali (ETR), and B. Ledoux (IBRD) and Miss M.S.A. Paris (secretary--AFD).

2/ EBS/81/34, February 13, 1981.

3/ EBS/83/96, May 13, 1983.

rangement could be made after December 15, 1983, subject to satisfaction of the September performance criteria (Table 1). No modification is being requested to the performance criteria for 1983 that were approved by the Board last June.

In close cooperation with the World Bank, which approved a second Structural Adjustment Loan (SAL) of US\$250 million in July 1983, the mission reviewed the investment program for 1984 and the financial prospects of the Ivorian economy beyond 1983. During the course of this review, the authorities reiterated their intent to pursue their adjustment efforts in 1984 and 1985 and to request further Fund support in those two years, probably in the form of stand-by arrangements.

Performance under the 1983 program and prospects for 1984 are reviewed below before concluding with the staff appraisal and the proposed decision. Ivory Coast's relations with the Fund and the World Bank are summarized in Appendices I and II. Basic economic data appear in Appendix Table 1.

II. Performance Under the 1983 Program

1. Real sector

According to present expectations, 1983 will be the third consecutive year without growth. Instead of rising by 3 percent as projected earlier, real GDP is likely to decline by about 1 percent (Table 2). However, Ivory Coast's terms of trade will show a modest improvement in 1983 after five years of continuous deterioration. For this reason, real domestic income, which had fallen by about 15 percent from 1978 to 1982, is expected to increase marginally in 1983.

The projections of real GDP in 1983 have been reduced for three reasons. First, production of coffee and cocoa has been adversely affected by the dry weather conditions and bush fires of early 1983, which are expected to reduce production for the present calendar year by 6 percent on average. Second, crude oil production which was initially expected to increase from 800,000 tons in 1982 to 1.3 million tons in 1983, seems now unlikely to exceed 1.1 million tons this year, due to technical difficulties with two wells; this does not, however, affect the longer-term prospects which remain promising. Third, gross investment is now expected to decline in nominal terms instead of increasing marginally, which will accentuate the recession in the construction industry. The main source of growth in 1983 will be the production of food crops which is expected to increase by 3 percent and the processing of agricultural raw materials, cotton, palm oil, and sugar, in particular, which will increase more rapidly.

Table 1. Ivory Coast: Purchases 1/ Under the Extended Arrangement, 1981-83
(In millions of SDRs)

	Ordinary resources	Borrowed resources	Total	Cumulative
On March 10, 1981	22.09	22.09	44.175	44.175 <u>2/</u>
On July 7, 1981	22.09	22.09	44.175	88.350
On September 21, 1981	22.09	22.09	44.175	132.525
On December 31, 1981	22.09	22.09	44.175	176.700
On June 16, 1982	19.24	19.24	38.475	215.175
On July 19, 1982	19.24	19.24	38.475	253.650
On October 8, 1982	19.24	19.24	38.475	292.125
On January 14, 1983	13.54	24.94	38.475	330.600
On June 15, 1983	--	38.475	38.475	369.075
After June 15, 1983	--	38.475	38.475	407.550
After September 15, 1983	--	38.475	38.475	446.025
After December 15, 1983	--	38.475	38.475	484.500 <u>3/</u>
<u>Total 1981-83</u>	<u>159.60</u>	<u>324.9</u>	<u>484.5</u>	

Source: IMF Treasurer's Department.

1/ No repurchases are due before June 1984.

2/ In addition, on March 4, 1981, Ivory Coast purchased SDR 28.5 million available under the first credit tranche.

3/ Adding the SDR 28.5 million purchased under the first credit tranche to the SDR 484.5 million available under the EFF gives SDR 513 million, which is equivalent to 450 percent of quota.

Table 2. Ivory Coast: Macroeconomic Indicators, 1978-83

	1978	1979	1980	1981	1982 Est.	1983 Prev. Est. <u>1/</u> Proj.	
<u>(In billions of CFA francs)</u>							
Gross domestic product (GDP) (In current prices)	1,783	1,945	2,222	2,323	2,492	2,828	2,700
Gross domestic expenditure (In current prices)	1,799	2,004	2,356	2,515	2,631	2,904	2,708
<u>(Percentage change)</u>							
GDP							
Real growth	9.9	2.0	5.2	0.2	-3.3	3.0	-1.1
Money growth	15.8	9.1	8.5	4.6	7.3	11.8	8.3
Deflator	5.4	7.0	3.1	4.4	11.0	8.5	9.5
Terms of trade	-15.3	-1.9	-14.5	-14.2	-2.1	-2.3	4.3
Real domestic income <u>2/</u>	5.1	-2.4	-1.0	-6.1	-4.7	1.9	0.4
<u>(As percentage of GDP)</u>							
Primary sector	25.6	27.2	25.9	28.1	28.1	28.6	28.8
Secondary sector	19.9	20.8	23.4	22.3	21.1	21.4	19.9
Tertiary sector	54.5	52.0	50.7	49.6	50.8	50.0	51.3
Consumption	71.1	75.1	77.8	81.5	82.1	79.7	79.4
Investment	29.8	27.1	28.2	26.8	23.4	23.0	20.9
Resource balance	-0.9	-2.2	-6.0	-8.3	-5.6	-2.7	-0.3
Gross domestic savings	28.9	24.9	22.2	18.5	17.9	20.3	20.6

Sources: Ministère de l'Economie et des Finances, Direction de la Prévision, Budgets Economiques; and staff estimates.

1/ EBS/83/96, Table 8, p. 15.

2/ Real GDP adjusted for terms of trade.

Ivory Coast's terms of trade are now expected to improve by 4.3 percent in 1983, instead of declining by 2.3 percent as anticipated earlier. This reflects a greater increase in the world prices of coffee (Robusta) and cocoa than in the average unit value of Ivory Coast's imports. This gain has been accentuated by the depreciation of the CFA franc in relation to the U.S. dollar, because the share of Ivory Coast trade denominated in dollars is greater for exports than for imports. Although no final decision has been made, it is expected that producer prices of coffee and cocoa, which have not been increased since October 1979, will be raised from CFAF 300 to CFAF 350 per kilo in October 1983. This measure, which has been accounted for in the revised projections, should strengthen supply, both quantitatively and qualitatively, while still permitting the generation of a substantial surplus of the Agricultural Price Stabilization Fund (CSSPPA).

Ivory Coast has pursued its adjustment efforts with the support of two Structural Adjustment Loans (SAL). The first dealt mainly with public enterprises. The audits of the railway company (RAN) and of a number of agricultural public enterprises have been almost completed, and specific recommendations have been made regarding prices, investments and management restructuring. The second SAL program aims at improving the agricultural incentive system, removing excessive protection in the industrial sector, promoting exports through a system of subsidies, and further reducing the dependence of the housing sector on public resources.

2. Fiscal policies and developments

All but one of the discretionary fiscal, price, and expenditure measures envisaged in the 1983 program have been implemented, their combined effect on revenue and expenditures being estimated at CFAF 38.5 billion (equivalent to 1.4 percent of GDP). These measures 1/ included some additional taxes, an increase of edible oil prices, a radical reform of government housing, a payroll purge and freeze on grade promotions, staff reductions, a systematic enforcement of the mandatory retirement age of 55, and a limitation of government subsidies to private schools at their 1982 level (Table 3). Agreement has been reached on the reform of the scholarship system to reorient students towards fields of study which are in demand, while reducing expenditure by CFAF 3 billion in a full year. The decrees are expected to be signed shortly.

Fiscal receipts are still projected to increase by nearly a fifth in 1983, with a larger CSSPPA surplus offsetting slightly lower petroleum receipts and other nontax revenues (Table 4). The rise in CSSPPA revenues, in spite of higher producer prices, reflects the combination of

1/ EBS/83/96, Table 14.

Table 3. Ivory Coast: Summary of the 1983 Financial Program

	<u>Original</u> 1/	<u>Revised</u>
<u>Assumptions</u>		
Real GDP growth (in percent per year)	3.0	-1.1
Terms of trade gain (in percent per year)	-2.3	4.3
Exchange rate:		
CFAF per SDR	382	410
CFAF per US\$	360	380
<u>Objectives</u>		
Overall public sector deficit (in percent of GDP)	6.2	5.3
Balance of payments:		
Current account deficit (in percent of GDP)	11.1	10.8
Overall deficit (in percent of GDP)	5.1	5.6
Debt service ratio (in percent of exports of goods and services)	38.6	38.0
1. <u>Supply-side measures</u>		
Structural reforms in the industrial sector, strengthening of public enterprises, improved monitoring of public investment expenditure, and continued efforts to reorient the educational system.		
2. <u>Public finance</u>		
Price and expenditure-saving measures, including measures in the education sector and reduction in civil service payroll expenditure, equaling 1.3 percent of GDP.		
3. <u>Monetary policy</u>		
Growth of net domestic assets limited to 18 percent, with appropriate quarterly ceilings and subceilings on net credit to the public sector (performance criteria).		
4. <u>External borrowing</u>		
No new borrowing at 1 to 5 years' term (performance criterion).		
Borrowing at 6 to 12 years limited to SDR 140 million (performance criterion).		
Separate ceiling of US\$68 million on borrowing of 1 to 12 years' term by nonresident multinational enterprises under Ivorian Government guarantee (performance criterion).		

1/ EBS/83/96, Table 13, p. 21.

Table 4. Ivory Coast: Public Sector Financing, 1980-83

(In billions of CFA francs)

	1980	1981	1982	1983		
				Original program	Revised program	Projec- tion
A. Revenue (including grants)	<u>620</u>	<u>632</u>	<u>662</u>	<u>973</u>	<u>806</u>	<u>792</u>
Tax revenue	453	508	527	656	558	565
Social security contributions	30	28	34	...	33	33
CSSPPA	86	30	67	130	92	108
Petroleum revenue	--	5	1	74	39	33
Other	47	57	27	113 ^{1/}	74	45
Grants	4	4	6	...	10	8
B. Current expenditure	<u>474</u>	<u>537</u>	<u>617</u>	<u>698</u>	<u>717</u>	<u>696</u>
Current budget	335	365	404	463	443	431
Wages	(185)	(207)	(238)	(271)	(270)	(258)
Other	(150)	(158)	(166)	(192)	(173)	(173)
Interest	72	111	176	124	232	226
Social security payments	14	16	18	...	20	22
State enterprises (operating surplus/deficit (-))	-15	-4	-7	31 ^{2/}	-19	-17
Other	68	49	26	80 ^{1/}	41	34
C. Capital expenditure and net lending	<u>430</u>	<u>297</u>	<u>257</u>	<u>469</u>	<u>265</u>	<u>240</u>
D. Total expenditure and net lending	<u>904</u>	<u>834</u>	<u>874</u>	<u>1,167</u>	<u>982</u>	<u>936</u>
E. Public sector deficit (As percentage of GDP)	<u>-284</u> (-12.8)	<u>-202</u> (-8.7)	<u>-212</u> (-8.5)	<u>-194</u> (-6.2)	<u>-176</u> (-6.2)	<u>-144</u> (-5.3)
F. Financing	284	202	212	194	176	144
G. Net foreign borrowing	176	152	264	182	129	92
H. Banking system	116	103	23	12	114	114
I. Payments arrears	)	-39	-45	--	-67	-67
	) -8					
J. Other	)	-14	-30	--	--	5
<u>Memorandum items:</u>						
Public savings (A - B)	146	95	45	275	89	96
(As percentage of GDP)	(6.6)	(4.1)	(1.8)	(8.8)	(3.1)	(3.6)
Gross public investment ^{3/}	465	363	314	509	332	312
Less: self-financing ^{4/}	24	49	31	...	33	43
amortization ^{5/}	11	17	26	...	34	29
Gross foreign borrowing	284	280	412	309	293	264
Foreign debt amortization	108	128	148	127	164	172

Sources: Ministère de l'Economie et des Finances; and staff estimates.

^{1/} Including Social Security.

^{2/} Original program not wholly comparable with current estimates due to changes in coverage.

^{3/} Physical execution and net transfers outside the public sector, excluding the Air Afrique Airbus in 1983.

^{4/} Self-financing by enterprises not included above the line.

^{5/} Repayment of on-lending from outside the public sector.

better U.S. dollar prices for coffee and cocoa with the higher CFA franc value of the U.S. dollar. The full impact of higher prices on CSSPPA revenues, however, will only be felt in the marketing of the 1983/84 crops because of forward selling; for example, most of the 1982/83 cocoa crop was sold before the recent increase in prices (Appendix Table III).

Total expenditure is now expected to be some CFAF 46 billion lower than programmed. Current budget expenditure will be some CFAF 12 billion lower than anticipated, mainly due to further restraint in wages and salaries. Reflecting the substantial increase in net official foreign borrowing during 1982, interest on the public debt is now projected to reach CFAF 226 billion in 1983. This is some CFAF 50 billion more than in 1982 but somewhat less than earlier estimates for 1983, for reasons explained below. With a further reduction in the rate of physical implementation and postponement of some projects due to delays in the mobilization of external financing, gross public investment in 1983 is now expected to be some CFAF 21 billion lower than programmed, the shortfall being matched by a slightly greater reduction in gross foreign borrowing (Appendix Table IV). In comparison with 1982, total public investment and net lending is projected to fall by CFAF 17 billion in 1983, and the overall deficit of the public sector by CFAF 68 billion to CFAF 144 billion in 1983 (5.3 percent of GDP), a performance that goes beyond the 1983 program objective of CFAF 176 billion (6.2 percent of GDP). As the investment shortfall will be accompanied by a reduction in foreign borrowing, the use of bank credit by government will remain unchanged at CFAF 114 billion.

Although the fiscal program appears to remain well on track when considering the year as a whole, the timing of government receipts and expenditures differed from what had been assumed for several reasons which explain why the ceiling on net claims of the public sector was exceeded by CFAF 11 billion at the end of March (Table 5). First, debt service payments, partly due to a seasonal bunching and partly due to the continued depreciation of the CFA franc, were higher than foreseen at the end of the first quarter. Second, the CSSPPA receipts during the first three months did not fully reflect the current increase in the CFA franc price of coffee and cocoa because they were largely based on forward sales, some expressed in French francs. Third, the settlement of government payments arrears proceeded at a brisker pace than set in the program, with outstanding arrears falling from CFAF 67 billion at end-December 1982 to CFAF 48 billion at end-March 1983, some CFAF 5 billion lower than the ceiling set as performance criterion. To even out the public sector's cash flow, the authorities contracted a US\$75 million short-term loan from a syndicate of commercial banks. The first tranche of US\$50 million was made available on June 30, 1983 through a bridging loan, while the remaining US\$25 million were provided after the syndication closure on July 25, 1983.

Table 5. Ivory Coast: Execution of the 1983 Financial Program,
December 1982 - June 1983

	<u>1982</u> <u>Dec.</u>	<u>1983</u> <u>March</u>	<u>1983</u> <u>June</u>		
	Actual	Program target	Actual	Program target	Actual
(In billions of CFA francs)					
Net foreign assets	-383	-435	-458	-477	-480
Net domestic assets	1,005	1,085	1,112	1,084	1,067
Net claims on public sector	120	191	202	216	192
Net claims on private sector	885	894	910	868	875
Ordinary credit	713	727	726	747	737
Crop credit	172	167	184	121	138
Of which: coffee	(52)	(87)	(85)	(85)	(87)
Private money supply	609	637	641	594	572
SDR counterpart	13	13	13	13	15
Coffee stocks (in thousands of tons)	141	237	232	232	237
Net domestic assets (excluding adjustment for coffee stocks)	953	998	1,027	999	981
Ceiling on net domestic assets adjusted for coffee stocks	...	...	1,083	...	1,085
Net payments arrears outstanding	67	53	48	41	41
(In millions of SDRs)					
Contracting of foreign public debt (cumulative)					
1-12 years	480	140	7	140	10
1-5 years	0	0	0	0	0
(In millions of U.S. dollars)					
Nonresident multinational enterprises under Ivorian government guarantee					
1-12 years	...	68	0	68	58

Sources: EBS/83/96, Table 15, p. 29; Ministère de l'Economie et des Finances;
and BCEAO.

The average maturity of the credit is approximately five months, and the loan is being secured by coffee and cocoa sale contracts. Repayments will take place as contracts are executed, with 25 percent of the loan to be repaid in the third and 75 percent in the fourth quarter of 1983.

The overall situation of the public enterprise sector 1/ has been improving in 1983, with aggregate net operating surpluses projected at more than double their 1982 levels and sharp declines in the deficits after payment of interest (Appendix Tables V and VI). These gains resulted partly from price adjustments and partly from the implementation of structural reforms along the lines recommended by the audits conducted with IBRD technical assistance. For example, the rise in the price at which palm oil and cotton seeds are sold to local processors (an element of the 1983 program) has led to an increase in PALMINDUSTRIE's operating surplus of some CFAF 7 billion and a reduction in CIDI's (cotton) operating deficit by slightly more than CFAF 1 billion. In the case of the "Office des Postes et Télécommunications" (OPT), a reorganisation and a readjustment of tariffs have resulted in a CFAF 5 billion increase in its operating surplus; however, the OPT will need an increase in working capital and a further adjustment of its investment program to reach long-term financial viability. In the case of SODESUCRE, profitability could be improved by raising production further, in order to take advantage of steeply declining marginal costs, and shifting the emphasis from raw to refined products which have a higher added value and better export opportunities.

On the negative side, the situation of the multinationals RAN and CIMA 2/ has continued to deteriorate, with the largest part of the financial burden falling on Ivory Coast. As made clear by the recent IBRD audit, RAN suffers from overmanning and poor management; it also faces heavy debt servicing costs (the 1983 charges on its guaranteed domestic debt, some CFAF 9 billion, remain in fact unpaid). CIMA's financial disequilibrium has been considerably aggravated by a fall in the demand for clinker of some 25 to 40 percent in Ivory Coast, Togo, and Ghana and by cost and price conditions that remain internationally uncompetitive. Beside these two enterprises, the situation of a number of banks, in which the Government has a stake, has become worrisome. Most serious in its implications for public finance is the situation of the "Banque Ivoirienne de Développement Industriel" (BIDI), whose operating deficit

1/ Data are now available for 30 enterprises, including a number of mixed and multinational enterprises. The original programs for 1982 and 1983 were formulated on the basis of data for 9 enterprises.

2/ The railway company, "Régie des chemins de fer Abidjan-Niger" is jointly owned with Upper Volta and the cement clinker enterprise, "Ciments de l'Afrique de l'Ouest", is jointly owned with Ghana and Togo, and is located in Togo.

alone could reach CFAF 700 million in 1983. The BIDI's long-term external debts amount to CFAF 20 billion fully guaranteed by the Government; the latter is also the guarantor of about one third of that part of the BIDI's loan portfolio considered as doubtful (some CFAF 7.5 billion). The servicing of BIDI's long-term external debts alone could cost the Government some CFAF 5 billion in 1983. These developments underline the need to tighten the procedures and conditions under which the Government provides its guarantee on external and domestic borrowings of public and private enterprises, and to monitor the administration of that debt. The new decree on the guaranteed debt, which was also an element of the 1983 financial program, was promulgated in May 1983. Of particular significance are the provisions requesting, from borrowers, counterguarantees for the amount of the loans guaranteed by the Government and, from lenders, a quarterly report on drawings, interest, and amortization, as well as any default of payment.

3. Money and credit

With its greater reliance on domestic rather than external borrowing to finance the public sector's deficit, the 1983 program implied an expansion of net claims on the public sector by some 18.8 percent of private broad money at the end of 1982 (Table 6). As already noted, due to unforeseen changes in the timing of receipts and expenditures, the end-March ceiling on net claims on the public sector was exceeded by some CFAF 11 billion. Furthermore, although ordinary credit to the private sector, at CFAF 726 billion, remained just below target at end-March, crop credit overshot the program's estimate by some CFAF 17 billion (Table 5). This overrun resulted from seasonal variations in crop marketing that were not correctly forecast when the 1983 quarterly ceilings were set. On a calendar year basis, coffee output - and hence average coffee financing - is projected to be lower in 1983 than 1982 by some 6,000 tons. On a crop year basis (October to September), however, production in 1982/83 was higher than in 1981/82 by some 22,000 tons, which means that coffee purchases - and hence bank credit needs for coffee - were in fact higher in the earlier part of 1983 than in the same period in 1982, the reverse of what was assumed. These modifications in the seasonal pattern of coffee financing and public sector operations account fully for the failure to meet the end-March ceiling on net domestic assets by CFAF 29 billion.

Confirming the temporary nature of the March slippage, latest available monetary and financial data indicate that all performance criteria were met at end-June 1983 (Table 5). Net claims on the public sector were some CFAF 24 billion lower than the program ceiling, and, although crop credit has remained above the indicative target by CFAF 17 billion, ordinary credit was CFAF 10 billion lower than anticipated, and net domestic

Table 6. Ivory Coast: Monetary Survey, 1980-83

	<u>1980</u> <u>Dec.</u>	<u>1981</u> <u>Dec.</u>	<u>1982</u> <u>Dec.</u>	<u>1983</u>				<u>1981-82</u>	<u>1982-83</u> <u>Prog.</u>
				<u>March</u>	<u>June</u>	<u>Sept.</u>	<u>Dec.</u>		
						<u>Program</u>			
								(Annual changes: in percent of private money supply at beginning of period)	
				(In billions of CFA francs)					
Net foreign assets	-208.89	-349.46	-383.20	-457.72	-480.3	-520	-525	-5.8	-23.3
Net domestic assets	754.58	940.43	1,004.89	1,111.69	1,067.2	1,093	1,186	11.1	29.8
Public sector <u>1/</u>	-6.61	96.68	119.59	202.18	192.1	230	234	4.0	18.8
Private sector	761.19	843.75	885.30	909.51	875.1	863	952	7.2	11.0
Ordinary credit	635.07	656.54	712.78	725.73	736.7	770	789	9.7	12.5
Crop credit	126.12	187.21	172.52	183.78	138.4	93	163	-2.5	-1.6
Of which: coffee <u>2/</u>	(23.00)	(55.26)	(51.53)	(84.73)	(86.6)	(70)	(56)	(-0.6)	(0.7)
Private money supply <u>3/</u>	537.51	579.06	608.68	640.96	571.8	560	648	5.1	6.5
SDR counterpart	8.18	11.91	13.01	13.01	15.1	13	13	0.2	--
<u>Memorandum items:</u>									
Coffee stocks <u>2/</u> (thousands of tons)	65	156	141	232	237	192	152	...	...
Net domestic assets (excluding adjustment for coffee stocks)	731.58	885.17	953.36	1,026.96	980.6	1,023	1,130	11.8	29.0

Sources: BCEAO; and staff estimates.

1/ Including drawings by nonpublic sector enterprises on credits guaranteed by the Government since January 1, 1982.

2/ Based on CSSPPA data.

3/ Broad money excluding deposits of the public sector and public sector enterprises.

assets (after a CFAF 1 billion adjustment for coffee stocks) were below the end-June ceiling, by CFAF 18 billion. ^{1/} In view of the expected reduction in production and stocks of coffee later in the year, the current program targets for crop credit and total net domestic assets have not been modified for end-September and end-December.

The BCEAO has pursued a flexible interest rate policy. On April 5, 1983, reflecting the easing of international rates, the discount and key lending rates were reduced by two percentage points, while the deposit rates were reduced by only one percentage point. Two months later, money market rates were raised by one percentage point to bring them into line with the French money market rates, effectively eliminating the differential which had appeared after the reduction in the discount rates. These changes do not seem to have had any serious adverse effect so far on the growth of ordinary credit or on the balance of payments. The effect of lower borrowing rates has been mitigated by the system of pre-authorization of loans and other quantitative restrictions, in particular on local banks' holdings of deposits abroad. The effect of the June increase in money market rates has been relatively modest since transactions on that market have rarely exceeded CFAF 30 billion for the monetary union as a whole. A more important determinant of the volume of monetary capital inflows has been the willingness and ability of local banks in Ivory Coast to offer competitive deposit rates to large foreign depositors. However, the reduction of the margin between domestic deposit and lending rates has aggravated the problems encountered by several local banks.

During the mission the staff attempted to evaluate the importance of Ivory Coast's short-term external debt, with less than one year maturity. In part due to the lack of systematic recording, and in part because of the time constraint, only fragmentary information could be gathered during the mission's stay. It seems, however, that, since the CAA consolidated short-term debts into a long-term one, virtually no public short-term external debt exists at the level of the Central Government apart from the recent US\$75 million five-month loan. Among the public and semipublic enterprises, the only major borrower is the "Société Ivoirienne de Raffinage" (SIR); in part because of its need to finance crude oil purchases abroad, the refinery's outstanding short-term debt (mostly ex-

^{1/} In the absence of the US\$50 million (equivalent to CFAF 19 billion) short-term loan received at the end of June, net credit to the public sector would have been CFAF 5 billion below the sub-ceiling and net domestic assets CFAF 1 billion above the end-June ceiling.

ternal) has been substantial in the past three years. 1/ BCEAO officials explained to the mission that firms with short-term debts viewed as excessive would run the risk of being declassified in the bank's ranking system of credit-worthiness (the so-called "classement des signatures") and this has deterred enterprises from borrowing short.

4. The external sector

In relation to earlier projections, there have been a number of developments that are expected to improve the external current account but to worsen the overall balance somewhat. Due to the drought and bush fires, the volume of cocoa bean exports is expected to fall by 16 percent, compared with 1982, while exports of coffee will remain at about their 1982 level, since the production shortfall will be made up by a drawdown of stocks, which remain abundant (Appendix Table VII). However, due to the substantial price recovery for both coffee and cocoa and the depreciation of the CFA franc with respect to the U.S. dollar, the value of coffee and cocoa exported in 1983 is expected to be only 2 percent below earlier estimates. This shortfall, together with a decline in timber export earnings, will be almost offset by higher export earnings from petroleum products due to the startup of the new hydrocracker in the refinery. Exports and imports are both expected to fall short of previous expectations by only a small amount, the trade surplus remaining unchanged at about CFAF 290 billion, equivalent to 10.8 percent of GDP (Table 7). The 46 percent increase in the trade surplus results from the combination of a 9 percent increase in export earnings with a 3 percent decline in the value of imports from 1982 to 1983.

Because of the downward adjustments made in interest payments and other services and transfers, the current account deficit in 1983 is now projected some CFAF 23 billion lower than previously. This decline should, however, be more than offset by a reduction in net capital inflows reflecting difficulties in mobilizing external financing for public investment. As a result, the overall balance of payments deficit for 1983 is now expected to be some CFAF 9 billion higher than earlier projected, reaching CFAF 151 billion, or 5.6 percent of GDP.

Projections of interest and amortization payments on the external public debt have been reviewed, using the computerized system recently put in place by the Caisse Autonome d'Amortissement (CAA). This review suggests that, in spite of the further appreciation of the U.S. dollar, the debt service ratio would reach 38.0 percent in 1983, which is slightly below the earlier projection (Table 8). This slight reduction reflects partly a downward adjustment in the level of outstanding debt; it also

1/ Preliminary balance sheet data for 1983 indicate short-term debt of some CFAF 86 billion (about CFAF 35 billion in suppliers' credits, CFAF 35 billion in overdrafts at foreign and some local banks, and CFAF 16 billion in long-term external debts now having a remaining maturity of less than 1 year).

Table 7. Ivory Coast: Balance of Payments, 1980-83

(In billions of CFA francs)

	1980	1981	1982 ^{1/}	1983 ^{1/}		
				Original program	Revised program	Projections
Exports, f.o.b.	657	745	806	980	881	877
Imports, f.o.b.	-550	-563	-607	-663	-592	-587
Of which: petroleum products	(94)	(114)	(130)	(...)	(101)	(112)
Trade balance	107	182	199	317	289	290
Services and unrequited transfers	-464	-512	-556	-576	-603	-581
Interest payments on external public debt	(-68)	(-102)	(-162)	(-127)	(-209)	(-201)
Salary remittances	(-136)	(-153)	(-155)	(-166)	(-146)	(-150)
Other services & transfers	(-260)	(-257)	(-239)	(-283)	(-248)	(-230)
Of which: exports of nonfactor services	(124)	(143)	(167)	(191)	(188)	(185)
Current balance	-357	-330	-357	-259	-314	-291
(As percentage of GDP)	(-16.1)	(-14.2)	(-14.3)	(-8.3)	(-11.1)	(-10.8)
Capital movements	221	182	306	251	172	140
Official capital	180	143	262	182	123	92
Private capital	23	30	44	66	49	48
Monetary capital ^{2/}	18	9	--	3	--	--
Overall balance	-136	-148	-51	-8	-142	-151
Of which: IMF	(--)	(102)	(55)	(43)	(62)	(75) ^{3/}
<u>Memorandum items:</u>						
Gross official borrowing abroad	291	277	407	309	293	270
Debt service (as percent of exports of goods and services)	24.5	28.3	33.4	24.7	38.6	38.0

Sources: BCEAO; and staff estimates.

^{1/} Including net operations of the Espoir consortium; the net gain to Ivory Coast in 1983, estimated at CFAF 40 billion, is shown as a reduction in imports of petroleum products. Import figures include a drilling platform valued at CFAF 20.2 billion.

^{2/} Including errors and omissions.

^{3/} Includes SDR 38.475 million from the 1982 program drawn in January 1983.

Table 8. Ivory Coast: External Debt Service Projections, 1983-87

(In billions of CFA francs)

	1983	1984	1985	1986	1987
I. Service on debt disbursed and outstanding as of December 31, 1982					
A. Debt managed by the CAA					
1. Fixed interest debt					
Interest	37.73	36.62	32.98	27.61	23.33
Amortization	53.73	55.94	55.86	46.85	37.71
2. Variable interest debt 1/					
Interest	107.83	84.43	70.68	60.87	48.02
LIBOR	(47.82)	(42.01)	(37.27)	(34.37)	(26.47)
French money market rates	(53.70)	(33.71)	(30.31)	(24.43)	(20.48)
Amortization	67.50	95.55	98.11	102.49	105.77
Total	<u>266.79</u>	<u>272.54</u>	<u>257.63</u>	<u>237.82</u>	<u>214.83</u>
B. Guaranteed debt					
Interest	32.48	27.78	24.09	20.1 2/	16.3 2/
Of which: multinational enterprises	(6.8)	(6.1)	(5.4)	(4.8)	(4.2)
Amortization	67.91	56.46	53.56	50.0 2/	48.0 2/
Of which: multinational enterprises	(10.86)	(10.87)	(10.60)	(9.5)	(9.5)
Total	<u>100.39</u>	<u>84.24</u>	<u>77.65</u>	<u>70.1</u>	<u>64.3</u>
II. Service on Fund borrowing					
Drawings 3/	60.1	50.8	46.7	11.7	--
Charges	13.8	15.0	17.8	20.1	19.6
Repurchases	--	8.6	30.7	35.8	38.0
Total	<u>13.8</u>	<u>23.6</u>	<u>48.5</u>	<u>55.9</u>	<u>57.6</u>
III. Service on projected borrowings					
Projected drawings	290.0	343.0	370.0	400.0	442.0
Of which: Air Afrique	(21.0)	(21.0)	--	--	--
Interest	18.4	56.4	97.1	138.1	179.0
Of which: Air Afrique	(2.5)	(5.0)	(5.0)	(5.0)	(5.0)
Amortization	--	--	6.3	38.5	74.3
Of which: Air Afrique	--	--	--	--	(3.5)
Total	<u>18.4</u>	<u>56.4</u>	<u>103.4</u>	<u>176.6</u>	<u>253.3</u>
IV. Total debt service 4/					
Interest	210.2	220.2	242.7	266.8	286.2
Amortization	189.2	216.6	244.5	273.6	303.8
Total	<u>399.4</u>	<u>436.8</u>	<u>487.2</u>	<u>540.4</u>	<u>590.0</u>
Memorandum items:					
Exports of goods and nonfactor services	1,050.0	1,172.0	1,275.0	1,387.0	1,510.0
(In percent of exports of goods and services)					
Debt service ratio 4/	38.0	37.3	38.2	39.0	39.1

Sources: CAA; and staff estimates.

1/ LIBOR assumed at 10 percent in 1983 and 9 percent afterwards. Taux de Base Bancaire and Taux de Marché Monétaire assumed at 12.5 percent and 12.75 percent, respectively, in 1983 and one point lower afterwards.

2/ Extrapolation

3/ Drawings established on the assumption of Fund programs supported by Fund credit of 100 percent of quota in each of 1984/85 and 1985/86.

4/ Including multinational enterprises and Fund debt.

reflects that drawings in 1982 and 1983 have been and are expected to be lower than estimated earlier and that the interest rates used in debt projections have been lowered from the more conservative assumptions adopted earlier.

Ivory Coast's external position would obviously be improved by a strengthening of the world price of coffee and cocoa and by a reduction in interest rates on its external liabilities. In the short term, a further depreciation of the CFA franc in relation to the U.S. dollar would probably not affect the debt service ratio because over 60 percent of Ivory Coast's debt servicing is denominated in U.S. dollars and Swiss francs, 1/ which roughly corresponds to the share of exports denominated in U.S. dollars. 2/ It could, however, improve the trade surplus since less than 40 percent of Ivory Coast's imports are denominated in U.S. dollars. In the medium term, a further depreciation of the effective exchange rate could also improve the external situation by stimulating non-traditional exports and reducing demand for imports (Chart 1).

III. Prospects for 1984

In 1984, some further improvement can be expected in Ivory Coast's terms of trade which, together with a modest increase in real GDP, would lead to a strengthening of real domestic income. In these projections, it has been assumed that Ivory Coast will pursue its adjustment efforts in the context of the second SAL approved in July 1983 and of a World Bank public enterprise loan likely to be approved during the course of 1984.

The financial situation of the oil refinery (SIR) will need close monitoring. The servicing of SIR's short- and medium-term debt is now covered by the profits of the Fonds de Compensation, which amount to some CFAF 35 billion, but these profits should be returned to the Treasury and SIR's financial viability restored in the medium term. Since the productive capacity of the refinery represents almost three times the

1/ Ivory Coast's indebtedness to the Fund is not affected by variations in the CFAF/SDR exchange rate. Ivory Coast's purchases from the Fund are made on its behalf by the BCEAO, which on-lends the proceeds in the form of CFA franc denominated loans. The amount of each loan, and the eventual servicing payments, are valued at the CFAF/SDR exchange rate on the day of the original transaction. Thus the BCEAO bears the full exchange risk from subsequent fluctuations in the CFAF/SDR exchange rate.

2/ The use of origin or destination countries as an indication of the currency denomination of their imports or exports must be interpreted carefully, as many commodities and products are often quoted in U.S. dollars irrespective of country of origin or destination.

present consumption needs of Ivory Coast, the refinery must be oriented toward exports and exploit the proximity rent in nearby markets. The mission, therefore, recommended linking ex-refinery prices to international prices, adjusting automatically ex-refinery prices to the CFA franc cost of crude oil, and replacing the present parafiscal resources of the SIR by a direct government subsidy which should be progressively eliminated.

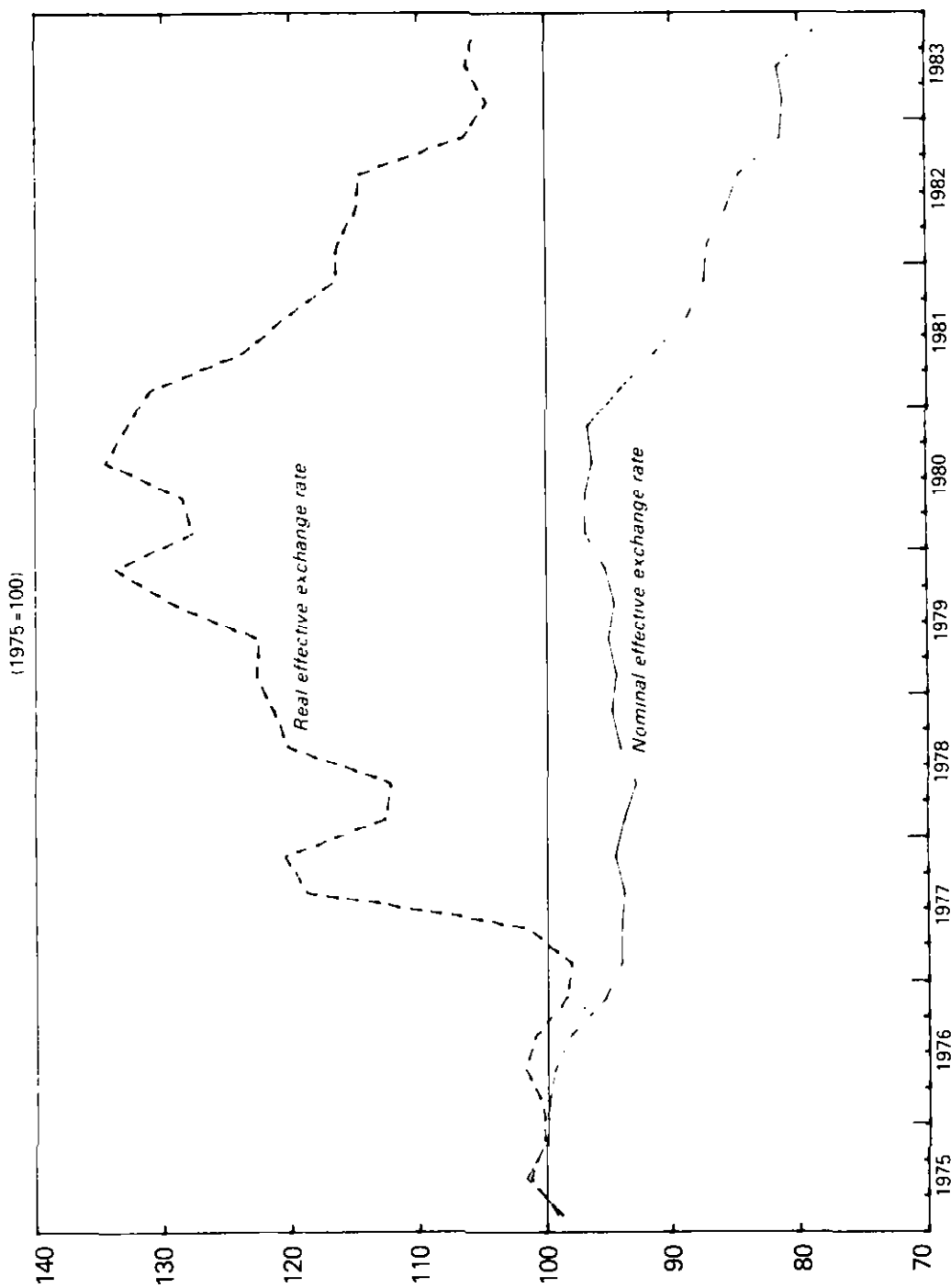
On the basis of preliminary estimates for 1984, the public sector deficit would fall to some CFAF 115 billion, equivalent to less than 4 percent of GDP. Total revenue is projected to rise by about 7 percent. Petroleum revenues are expected to increase by some 40 percent, the surpluses of the CSSPPA to remain at about their 1983 level - the gain in export prices being approximately offset by the increase in producer prices - and other revenues to increase at about the rate of nominal GDP. In view of a further anticipated improvement in the financial position of public enterprises, the present objective is to limit the growth in current expenditure to less than 6 percent. Total expenditure (including net lending) should however increase by less than 4 percent, because gross public investment is currently programmed to remain at about the same level in nominal terms as in 1983. Since total investment is expected to decline in real terms for the fourth consecutive year, it will be essential to select only projects with a high rate of economic return. Several pending projects will again have to be postponed in 1984. ^{1/} Final decisions will be made at the end of 1983 after completion of the World Bank review of the investment program.

With the reduction of the public sector deficit and a modest expansion of domestic credit to the private sector, the external current account deficit could be limited to some CFAF 260 billion in 1984, which coincides with the original target of the EFF for 1983 set almost three years ago. However, the current account deficit would still represent 9 percent of GDP in 1984, which marginally exceeds the original target of 8.3 percent for 1983 because the growth of nominal GDP has been substantially lower than originally anticipated. The debt service ratio, which had been projected to rise to 41 percent in 1986, has been revised downward by two percentage points for the reasons explained earlier and is now expected to decline marginally from 1983 to 1984. These adjustments do not, however, affect the broad conclusions drawn from the mid-term scenario in the previous report. ^{2/}

^{1/} These include the construction of a new "Ecole Nationale Supérieure d'Agronomie" (ENSA) in Yamoussoukro, the completion of the "Autoroute du Nord" to Yamoussoukro, the building by the CNPS of a complex of offices and shops, and the construction of a new airport in Abidjan.

^{2/} EBS/83/96, May 13, 1983, Section II - Medium-term prospects, p. 4-14.

CHART 1
IVORY COAST
NOMINAL AND REAL EFFECTIVE EXCHANGE RATES¹, 1975-83



Source: IMF Data Fund
¹ Import weighted



IV. Staff Appraisal and Proposed Decision

Helped by the recovery in coffee and cocoa prices, and with it some improvement in the terms of trade, the implementation of the 1983 financial program remains well on track, with the public sector and external current account deficits now projected to be somewhat below the revised program targets of 6.2 and 11.1 percent of GDP, respectively. This achievement will be made possible by lower-than-expected public expenditure. Although this will have a positive impact on the external current account, by reducing imports of goods and services, it will adversely affect real GDP growth, now expected to be slightly negative in 1983. Furthermore, since the fall in capital expenditure and net lending will be associated with a contraction in foreign financing, the overall balance of payments deficit could be slightly higher than anticipated, reaching some CFAF 150 billion in 1983.

Ivory Coast has satisfied all performance criteria set for end-June 1983, with net claims on the public sector and net domestic assets well below the program ceilings; this confirms that the March overruns were temporary and reflected short-term variations in public sector receipts and expenditures and in crop credit. For these reasons, the authorities did not request modifications in the performance criteria set for the balance of the program period.

On the assumption that the current firmness of coffee and cocoa prices continues, that cocoa production does not fall by more than now anticipated, and that the progression of the petroleum sector remains satisfactory, there should be a further improvement in Ivory Coast's public finance and external situations in 1984, provided that a vigorous adjustment effort is maintained. Since the current and capital expenditure budgets have already become much leaner, the emphasis can be increasingly shifted from demand-restrictive to supply-enhancing policies, which should be more propitious to the needed resumption of real GDP growth. Thus, efforts to improve further the profitability of public sector enterprises and reduce government transfers to these firms must be reinforced, and the strictest productivity criteria must be applied in the selection of public investments.

The latest review of medium-term debt service projections indicates that Ivory Coast's debt service ratio over the period 1984 through 1987 may be some 2 percentage points lower than had been indicated in the previous staff report (EBS/83/96) issued last May. In order not to endanger its objective of stabilizing the debt service ratio and of maintaining the scheduled servicing of its debts, a continuation of the fiscal and monetary discipline followed during the past two and a half years will be required. The authorities have reiterated their intent to

pursue their adjustment efforts in 1984 and 1985 in the context of financial programs supported by Fund resources. The staff believes that such support would be appropriate.

The staff considers the targets set for the remainder of the 1983 financial program are feasible and believes that the authorities are determined to continue adjustment until a self-sustainable external position can be attained. Accordingly, the following draft decision is proposed for adoption by the Executive Board:

Proposed Decision

Ivory Coast has consulted the Fund in accordance with paragraph 3 of the extended arrangement for Ivory Coast (EBS/81/34, Supplement 2, March 5, 1981) and paragraph 3 of the letter of January 19, 1981, annexed thereto, from the Minister of Economy and Finance, and paragraphs 19 and 20 of his letter of March 1, 1983, annexed thereto. The Fund finds that no new understandings are necessary at this time.

Ivory Coast: Relations with the Fund
(As of July 31, 1983)

Date of membership	March 11, 1963
Quota	SDR 114 million (proposed new quota under the Eighth General review: SDR 165.5 million)
Fund holdings of local currency	SDR 625.57 million, or 548.74 percent of quota, of which SDR 114 million (100 percent of quota) were under the CFF, SDR 159.59 million (139.99 percent of quota) under the EFF, and SDR 209.48 million (183.75 percent of quota) under the SFF.
Holdings of SDRs	SDR 4.85 million, or 12.8 percent of net cumulative allocation of SDR 37.83 million
Trust Fund loan disbursements (first and second periods)	SDR 50.82 million
Direct distribution of profits from gold sales (July 1, 1976-July 31, 1980)	US\$8.26 million
Gold distribution (four distributions)	44,483.056 fine ounces
<u>Staff contacts since beginning of EFF:</u>	
1980 Article IV consultation	October 15-November 18, 1980 and January 4-14, 1981. Executive Board discussion February 27, 1981 (EBM/81/29).
1981 Mid-year review	June 16-27, 1981. Executive Board discussion September 16, 1981 (EBM/81/127).
1981 Article IV consultation	November 16-December 5, 1981 and February 1-2 and 5-6, 1982. Executive Board discussion June 11, 1982 (EBM/82/82).
1982 Mid-year review	June 28-July 10, 1982 and July 19-20, 1982. Executive Board discussion September 27, 1982 (EBM/82/127).
1982 Article IV consultation	November 22-December 11, 1982 and January 31-February 14, 1983. Executive Board discussion June 10, 1983 (EBM/83/83).

Ivory Coast: Relations with the World Bank Group
(As of June 30, 1983)

Lending operations 1/

(In millions of U.S. dollars)

	<u>IBRD and IDA</u>		<u>IFC loans and equity participations</u>		<u>Grand total</u>
	Total commitments	Of which undisbursed	Total commitments	Of which undisbursed	
Structural adjustment and technical assistance	<u>166.0</u>	(15.1)	--	(--)	166.0
Agriculture and forestry	<u>204.4</u>	(62.0)	--	(--)	204.4
Power, industry, and tourism	<u>187.0</u>	(118.3)	11.0	(--)	198.0
Transport and telecommunications	<u>247.1</u>	(85.9)	--	(--)	247.1
Urban development and education	<u>238.2</u>	(125.2)	--	(--)	<u>238.2</u>
Total	1,042.7	406.5	11.0	--	1,053.7
			Less repaid or sold		-71.0
			Total outstanding		<u>982.7</u>
			Held by IBRD		964.2
			IDA		7.5
			IFC		11.0

Source: World Bank.

1/ Less cancellations.

Table I. Ivory Coast: Basic Data, 1978-83

Area, population, and
GDP per capita

Area	322,463 sq. km
Resident population:	
Total (1982)	8.98 million
Growth rate (1982)	4.3 percent
GDP per capita (1982)	SDR 766

<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u> Est.	<u>1983</u> Proj.
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Gross domestic product
(in current prices)

(In billions of CFA francs)

Total	1,783	1,945	2,222	2,323	2,492	2,700
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(In percent of GDP)

Primary sector	25.6	27.2	25.9	28.1	28.1	28.8
Secondary sector	19.9	20.8	23.4	22.3	21.1	19.9
Tertiary sector	54.5	52.0	50.7	49.6	50.8	51.3
Consumption	71.1	75.1	77.8	81.5	82.1	79.4
Investment	29.8	27.1	28.2	26.8	23.4	20.9
Resource balance	-0.9	-2.2	-6.0	-8.3	-5.6	-0.3
Gross domestic savings	28.9	24.9	22.2	18.5	17.9	20.6

(Annual change in percent)

Annual growth rate						
Nominal GDP	15.8	9.1	8.5	4.6	7.3	8.3
Real GDP	9.9	2.0	5.2	0.2	-3.3	-1.1
Real domestic income <u>1/</u>	5.1	-2.4	-1.0	-6.1	-4.7	0.4

Prices

Implicit GDP deflator	5.4	7.0	3.1	4.4	11.0	9.5
Domestic consumption deflator	10.8	11.9	11.2	10.0	12.0	9.0
Export prices	-12.2	8.9	-2.0	0.5	10.6	13.8
Import prices	3.7	11.0	14.6	17.2	13.0	9.1
Terms of trade	-15.3	-1.9	-14.5	-14.2	-2.1	4.3

Public sector finance

(In billions of CFA francs)

Revenue and grants	607	641	620	632	662	792
Expenditure and net lending	756	843	904	834	874	936
Of which: current expenditure	(348)	(423)	(474)	(537)	(617)	(696)
Overall deficit (-)	-149	-202	-284	-202	-212	-144
Foreign financing (net)	157	135	176	152	264	92
Domestic financing (net)	-8	67	108	50	-52	52
Of which: banking system	(5)	(56)	(116)	(103)	(23)	(114)

Table I. Ivory Coast: Basic Data (continued)

	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u> Est.	<u>1983</u> Proj.
<u>Public sector finance</u> (continued) (In percent of GDP)						
Revenue and grants	34.0	33.0	27.9	27.2	26.6	29.3
Current expenditure	19.5	21.8	21.3	23.1	24.8	25.8
Capital expenditure and net lending	22.9	21.6	19.4	12.8	10.3	8.9
Overall deficit (-)	-8.3	-10.4	-12.8	-8.7	-8.5	-5.3
<u>Money and credit</u> (In billions of CFA francs; end of period)						
Net foreign assets	44.98	-36.79	-208.89	-349.46	-383.20	-525
Net domestic assets <u>2/</u>	381.84	535.50	754.58	940.43	1,004.89	1,186
Net claims on public sector <u>3/</u>	-179.32	-122.92	-6.61	96.68	119.59	234
Net claims on private sector	561.16	658.42	761.19	843.75	885.30	952
Ordinary credit	(477.48)	(567.47)	(635.07)	(656.54)	(712.78)	(789)
Crop credit	(83.68)	(90.95)	(126.12)	(187.21)	(172.52)	(163)
Private money and quasi-money <u>4/</u>	422.79	492.54	537.51	579.06	608.68	648
In percent of GDP	(23.7)	(25.3)	(24.2)	(24.9)	(24.4)	(24.0)
(Annual change in percent)						
Net domestic assets <u>2/</u>	26.3	40.2	40.9	24.6	6.9	18.0
Of which: private sector	(15.3)	(17.3)	(15.6)	(10.8)	(4.9)	(7.5)
Of which: ordinary credit	(23.9)	(18.8)	(11.9)	(3.4)	(8.6)	(10.7)
Private money and quasi-money <u>4/</u>	26.6	16.5	9.1	7.7	5.1	6.5
<u>Balance of payments</u> (In millions of SDRs)						
Exports, f.o.b.	2,089.6	2,108.9	2,389.0	2,325.1	2,221.6	2,139.0
Of which: coffee	(608.9)	(605.8)	(513.4)	(390.1)	(442.1)	(460.5)
cocoa	(885.0)	(422.8)	(697.0)	(825.2)	(651.3)	(582.7)
timber	(316.0)	(310.0)	(357.8)	(254.0)	(191.6)	(185.1)
Imports, f.o.b.	-1,633.3	-1,730.5	-1,999.9	-1,757.1	-1,673.1	-1,431.7
Trade balance	456.3	378.4	389.1	568.0	548.5	707.3
Services (net)	-750.8	-988.6	-1,207.2	-1,129.8	-1,127.3	-1,063.4
Transfers (net)	-333.5	-415.5	-480.0	-468.1	-405.2	-353.7
Current account	-628.0	-1,025.7	-1,298.1	-1,029.9	-984.0	-709.8
Nonmonetary capital	735.2	597.4	738.1	539.9	843.4	341.5
Public	611.3	539.2	654.5	446.3	722.1	224.4
Private	123.9	58.2	83.6	93.6	121.3	117.1
Monetary capital	36.1	256.5)			
Errors and omissions (net)	-36.8	-85.0	) 57.5	20.3	--	--
Allocation of SDRs	--	7.9	7.9	7.8	--	--
Overall surplus/deficit	106.5	-248.9	-494.5	-461.9	-140.6	-368.3

Table 1. Ivory Coast: Basic Data (concluded)

	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u> Est.	<u>1983</u> Proj.
<u>Balance of payments</u> (continued)	(In percent of GDP)					
Exports, f.o.b.	33.1	29.8	29.6	32.1	32.3	32.5
Imports, f.o.b.	-25.9	-24.4	-24.8	-24.2	-24.4	-21.7
Current account balance	-9.9	-14.5	-16.1	-14.2	-14.3	-10.8
<u>Gross official foreign reserves</u>	(In millions of SDRs; end of period)					
Central Bank	343.9	113.2	14.8	7.3	2.0	...
Caisse Autonome d'Amortissement	22.5	6.9	4.5	8.3	2.3	...
Total	366.4	120.1	19.3	15.6	4.3	...
<u>Public and publicly guaranteed external debt</u> 5/	(In millions of U.S. dollars)					
Disbursed outstanding (end of period)						
Including Fund	2,918.6	3,792.0	4,390.6	5,004.5	5,802.7	6,068.2
In percent of GDP	(34.2)	(39.2)	(43.2)	(62.7)	(76.5)	(85.4)
Fund debt 6/	...	...	...	376.3	544.1	702.2
Repayments of principal 7/	244.2	317.8	547.0	515.9	481.1	497.6
Interest payments	171.1	250.0	350.7	398.5	491.4	553.1
Of which: Fund charges	1.1	0.04	--	5.3	27.4	36.3
Debt service ratio	13.5	17.1	24.5	28.3	33.4	38.0
<u>Exchange rates</u>	(In CFA francs per SDR)					
End of period	272.28	264.78	287.99	334.52	370.92	...
Period average	282.50	274.84	275.02	320.41	362.80	410.0
	(In CFA francs per U.S. dollar)					
End of period	209.00	201.00	225.80	287.40	336.25	...
Period average	225.64	212.72	211.30	271.73	328.62	380.0

1/ Real GDP adjusted for terms of trade.

2/ Domestic credit (new series) less medium- and long-term external liabilities of the banks, deposits of EPICs and SODEs, and other items (net).

3/ Including drawings by nonpublic sector enterprises on credits guaranteed by the Government since January 1, 1982.

4/ Money and quasi-money less bank deposits of EPICs and SODEs.

5/ Including servicing of borrowings by nonresident multinational entities under Ivorian government guarantee.

6/ Excluding Trust Fund loan of SDR 50.8 million.

7/ There are no scheduled repurchases from the Fund before 1984.

APPENDIX III

Table II. Ivory Coast: Execution of the Financial Program--Selected Economic and Financial Indicators, 1980-83

	1980	1981			1982			1983		
	Outturn	Orig. 1/ prog.	Modif. 2/ prog.	Outturn	Orig. 1/ prog.	Rev. 3/ prog.	Est. outturn	Orig. 1/ prog.	Rev. prog.	Proj.
(Annual percent changes)										
National income & prices										
GDP at constant prices	5.2	1.5	-1.5	0.2	3.0	3.0	-3.3	6.0	3.0	-1.1
GDP deflator	3.1	7.3	10.7	4.4	9.0	10.7	11.0	9.0	8.5	9.5
Consumer prices	14.6	...	...	8.9	...	...	7.4	...	...	...
External sector										
Exports, f.o.b. 4/	13.3	3.3	-10.2	-2.7	20.0	13.4	-4.3	21.0	3.0	-3.7
Imports, f.o.b. 5/	15.6	4.3	-4.1	-12.1	7.2	6.6	-4.8	8.0	-2.8	-14.4
Export volume	13.6	4.1	...	12.8	...	10.4	-2.2	...	-0.1	-3.7
Import volume	4.1	-4.5	...	-12.7	...	0.5	-4.6	...	-7.1	-11.4
Terms of trade	-14.5	-9.0	-15.0	-14.2	2.0	-3.2	-2.1	5.0	-2.3	4.3
Nominal effective exchange rate	0.6	...	...	-7.7	...	...	-6.2	...	...	...
Real effective exchange rate	2.8	...	...	-9.6	...	...	-10.3	...	...	...
Public finance										
Revenue (excl. grants)	-4.0	10.5	6.1	1.9	21.1	20.9	4.5	21.0	16.9	19.5
Total expenditure	7.2	-1.2	3.2	-7.7	11.9	8.3	4.8	12.5	8.0	7.1
(Annual change as percent of private broad money at beginning of period)										
Money and credit										
Net domestic assets	44.5	30.4	42.3	34.6	...	28.9	11.1	...	29.8	29.8
Of which: public sector	23.6	17.2	20.2	19.2	...	3.5	4.0	...	18.7	18.8
Private money and quasi-money	9.1	9.0	11.9	7.7	...	12.0	5.1	...	6.4	6.4
Velocity (ratio)	4.34	4.06	4.27	4.11	...	4.20	4.25	...	4.5	4.2
Interest rate 5/	8.5	8.5	8.5	8.5	...	10.5	10.5	...	9.5	9.5
(In percent of GDP)										
Overall public sector deficit 6/	12.8	10.8	12.5	8.7	8.6	8.8	8.5	6.2	6.2	5.3
Public sector savings 6/	6.6	3.8	2.0	4.1	6.2	3.0	1.8	8.8	3.1	3.6
Domestic bank financing	5.2	4.0	4.5	4.4	0.8	0.7	0.9	0.4	4.0	4.2
Foreign financing	7.9	8.3	9.5	6.5	7.8	9.0	10.6	5.8	4.6	3.4
Gross domestic investment 7/	26.2	26.4	...	21.8	26.0	22.0	20.1	25.5	17.9	17.2
Gross national savings	12.7	10.1	...	8.3	13.3	9.6	5.8	16.4	8.5	8.4
Current account deficit:										
incl. grants	16.1	15.5	18.4	14.2	11.8	15.6	14.3	8.3	11.1	10.8
excl. grants	16.3	15.7	18.6	14.4	12.0	15.8	14.9	8.5	11.3	11.2
External debt outstanding										
Including Fund credit	44.6	46.6	...	61.9	49.8	50.2	78.3	49.0	67.3	85.4
excluding Fund credit	44.6	...	...	57.2	...	...	70.9	...	58.3	75.5
Debt service ratio (percent of exported goods and services) 8/	24.5	29.2	35.0	28.3	25.3	32.9	33.4	23.7	38.6	38.0
Of which: interest	9.6	13.5	...	12.3	12.5	17.2	18.7	11.4	21.2	20.0
(In millions of SDRs)										
Overall balance of payments	-494.5	-357.1	-440.1	-461.9	-153.6	-345.4	-140.6	-28.6	-371.7	-368.3
Gross official reserves (weeks of imports)	0.5	...	...	0.5	...	...	0.1	...	...	...

Sources: Data provided by the Ivorian authorities; and staff estimates and projections.

1/ EBS/81/34.

2/ EBS/81/188.

3/ EBS/82/74; monetary objectives as modified at mid-term review, EBS/82/172.

4/ In SDRs.

5/ Minimum rate on over 1 year time deposit of more than CFAF 2 million.

6/ Including small amounts of cash grants, excluding technical assistance and grants in kind, on which data are not available.

7/ Gross fixed investment excluding the crude oil sector.

8/ Includes Fund charges. There are no scheduled repurchases until 1984.

Table III. Ivory Coast: Financial Operations of the Agricultural Stabilization Fund (CSSPPA), 1980-83

	1980	1981	1982	1983 Proj.
Volume of exports	(In thousands of tons)			
Coffee	212	238	271	260
Cocoa	420	470	437	360
Price of exports	(In CFA francs per kg)			
Coffee				
(1) Price, c.i.f.	723	580	650	786
(2) Insurance and freight	56	55	58	60
(3) Price, f.o.b. (1)-(2)	667	525	592	726
(4) Cost	416	421	508	502
(5) Profit (3)-(4)	251	104	84	224
Cocoa				
(1) Price, c.i.f.	529	491	572	650
(2) Insurance and freight	47	47	51	51
(3) Price, f.o.b (1)-(2)	482	444	521	599
(4) Cost	394	403	420	430
(5) Profit (3)-(4)	88	41	101	169
Gross results of stabilization	(In billions of CFA francs)			
Coffee	53	25	23	58
Cocoa	37	19	44	61
Sugar	--	--	--	-11
Cotton	-2	1	--	2
Oil seeds	3	-3	--	1
Paddy	--	--	--	-3
Total	91	42	67	108
Other costs	-5	-12	--	--
Net results of stabilization	86	30	67	108

Sources: CSSPPA; and staff projections.

Table IV. Ivory Coast: Public Investment Reconciliation, 1980-83

(In billions of CFA francs)

	1980	1981	1982	1983 Proj.
<u>Gross investment</u>				
Loi-Programme:				
Physical execution	395.7	289.5	233.2	260.8 <u>1/</u>
Capital participations	2.3	3.6)		
Less: Selected public enterprises <u>2/</u>	-0.1	--)	71.2	69.0
Current transfers	58.4	75.5)	-58.4	-52.7
Less: Selected public enterprises <u>2/</u>	-42.5	-63.0)		
Hors Loi-Programme: <u>3/</u>				
Air Ivoire	--	0.3	--	--
CNPS	--	--	--	--
PETROCI	5.4	9.2	32.0	16.3
SIR	45.3	48.3	35.9	17.9
Total gross investment	464.5	363.4	313.9	311.3
<u>Self-financing</u>				
Loi-Programme:				
Enterprise self-financing	19.1	36.8	25.0	45.4
Less: Selected public enterprises <u>2/</u>	-6.7	-5.8	-1.6	-7.4
Hors Loi-Programme: SIR	11.6	18.6	7.6	4.7
Total self-financing	24.0	49.6	31.0	42.7
<u>Amortization of on-lending</u>				
CAA on-lending <u>4/</u>	5.6	16.5	17.8	23.0
Guaranteed debt	37.2	46.9	50.4	51.1
CSSPPA: SITRAM	0.7	1.0	1.3	1.7
Less: Earmarked funds	-2.5	-3.1	-3.2	-4.1
Selected public enterprises <u>2/</u>	-30.2	-44.1	-40.0	-43.0
Total net amortization	10.8	17.2	26.3	28.7
<u>Total public investment and net lending</u>	429.7	296.6	256.6	239.9
<u>Grants</u>	3.3	3.5	5.6	8.2

Sources: Ministère de l'Economie et des Finances; and staff estimates.

1/ Excluding the airbus for Air Afrique.

2/ Air Ivoire, Caisse de Péréquation, OCPA, OPT, PALMINDUSTRIE, PETROCI, SODEFEL, SODESUCRE, SOGEFIHA.

3/ Air Ivoire and CNPS included in the Loi Programme from 1982.

4/ Dette repercutée et consolidée.

Table V. Ivory Coast: Operations of Selected Public Enterprises, 1982/83 1/

(In millions of CFA francs)

	Air Ivoire	Caisse de Péréquation <u>2/</u>	OPT <u>2/</u>	PALM- INDUSTRIE	PETROCI	SODEFEL <u>2/</u>	SODESUCRE	SOGEFIHA <u>2/</u>	Total
Needs									
Operating deficit	597	6,600	--	--	--	1,189	--	--	8,386
Interest payments									
External	--	--	1,539	1,431	401	236	12,472	3,021	19,100
Domestic	--	--	1,575	1,742	3,613	--	2,159	2,866	11,955
Amortization payments									
External	--	--	1,360	4,395	1,296	564	26,081	9,342	43,038
Domestic	--	--	936	2,005	640	--	2,811	1,810	8,202
Investment	103	31	9,184	3,818	13,660	816	4,906	639	33,157
Increase in working capital	--	--	22,148	--	--	132	--	567	22,847
Total needs = Resources	<u>700</u>	<u>6,631</u>	<u>36,742</u>	<u>13,391</u>	<u>19,610</u>	<u>2,937</u>	<u>48,429</u>	<u>18,245</u>	<u>146,685</u>
Resources									
Operating profits	--	--	9,337	7,072	2,350	--	1,800 <u>3/</u>	5,268	25,827
Transfers from:									
BGF	<u>700</u>	--	--	--	--	--	--	--	700
BSIE	--	--	--	--	--	86	--	7,737	7,823
CAA	--	--	6,500	2,450	1,000	2,701	46,629	5,240	64,520
CSSPPA	--	--	--	2,160	--	--	--	--	2,160
Other	--	6,600 <u>4/</u>	--	728 <u>5/</u>	4,370 <u>6/</u>	150 <u>7/</u>	--	--	11,848
Borrowing									
External	--	--	5,415	--	8,250	--	--	--	13,665
Domestic	--	--	15,490 <u>8/</u>	--	--	--	--	--	15,490
Reduction in working capital	--	31	--	981	3,640	--	--	--	4,652

Source: Ministère de l'Economie et des Finances, Direction des Participations.

1/ October 1 to September 30.2/ Data for calendar 1983.3/ After CFAF 10.8 billion of support by the CSSPPA.4/ Taxe de Péréquation.5/ Oil palm fund (FER).6/ Petroleum Fund.7/ Tax on tomato concentrate.8/ Of which CFAF 8,400 million from Treasury.

Table VI. Ivory Coast: Consolidated Operations of Selected Public Enterprises, 1980-83 1/

(In billions of CFA francs)

	1980	1981	1982	<u>1983</u> Proj.	1982	<u>1983</u> Proj.
	----9 enterprises <u>2/</u>	-----	-----	-----	--30 enterprises--	-----
(A) Net operating surplus	15.2	3.6	7.3	17.4	26.6	53.0
(B) Other receipts	--	1.0	0.8	0.2	5.6 <u>3/</u>	6.8 <u>3/</u>
(C) Interest on external debt <u>4/</u>	26.5	26.6	20.1	19.1	40.4	54.6
(D) Interest on domestic debt	...	...	10.0	11.9	12.9	14.7
(E) Current surplus/deficit (-) (A) + (B) - (C) - (D)	-11.3	-22.0	-22.0	-13.4	-21.1	-9.5
(F) Investment	44.0	38.4	37.9	33.2	137.0	142.2
(G) Overall surplus/deficit (-) (E) - (F)	-55.3	-60.4	-59.9	-46.6	-158.1	-151.7
Financing items						
Current transfers from Central Government <u>5/</u>	14.1	8.3	12.0	12.3	35.2	53.5
Capital transfers from Central Government <u>6/</u>	40.9	61.5	73.3	74.5	108.0	130.8
External borrowing (gross)	33.7	11.7	15.8	13.7	79.6	104.7
Less amortization	-30.2	-44.1	-40.0	-43.0	-64.9	-85.6
Domestic borrowing (gross)	...	11.7	2.8	15.5	9.1	21.8
Less amortization	...	...	-8.6	-8.2	-18.4	-21.1
Variation in working capital (increase -)	-3.2	11.3	4.6	-18.2	9.5	-52.4

Source: Ministère de l'Economie et des Finances, Direction des Participations.

1/ Years ending September 30 for most enterprises.

2/ As listed in Appendix Table V plus OCPA, which ceased operations at the end of 1981.

3/ Excluding SIR's receipts from the compensation fund, treated as current transfers, amounting to CFAF 13.6 billion in 1982 and CFAF 33.6 billion in 1983.

4/ Guaranteed and CAA on-lending.

5/ From the current budget (BGF) and earmarked funds.

6/ From BSIE-Treasury, BSIE-CAA, CSSPPA.

Table VII. Ivory Coast: Volume, Unit Price, and Value of Principal Exports, 1980-83

	1980	1981	1982	1983		
				Original program	Revised program	Projection
Coffee						
Volume ('000 metric tons)	212.0	238.0	271.0	270.0	270.0	260.0
Unit price (CFAF/kg)	666.0	525.0	592.0	800.0	674.0	726.0
Value (CFAF billion)	141.2	125.0	160.4	216.0	182.0	188.8
Cocoa beans						
Volume ('000 metric tons)	331.0	470.0	366.0	261.0	350.0	308.0
Unit price (CFAF/kg)	481.3	470.0	522.0	650.0	558.0	599.0
Value (CFAF billion)	159.3	220.9	191.1	169.7	195.3	184.5
Cocoa products						
Volume ('000 metric tons)	46.3	62.2	60.3	130.0	64.0	57.0
Unit price (CFAF/kg)	698.9	700.0	749.0	1,220.0	889.0	954.0
Value (CFAF billion)	32.4	43.5	45.2	158.6	56.9	54.4
Timber						
Volume ('000 M ³)	3,064.7	2,200.0	2,284.0	2,310.0	2,000.0	2,300.0
Unit price ('000 CFAF/M ³)	32.1	37.0	30.4	47.2	43.0	33.0
Value (CFAF billion)	98.4	81.4	69.5	109.0	86.0	75.9
Refined petroleum (CFAF billion)	40.9	52.0	77.7	103.0	64.0	85.0
Other exports (CFAF billion)	184.8	222.2	262.1	223.7	296.8	288.4
Total (CFAF billion)	657.0	745.0	806.0	980.0	881.0	877.0

Sources: BCEAO; CSSPPA; and staff estimates.