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IMF Executive Board Approves US\$62.2 Million in Emergency Post-Conflict Assistance for Côte d'Ivoire

The Executive Board of the International Monetary Fund (IMF) today approved an amount equivalent to SDR 40.6 million (about US\$62.2 million) in Emergency Post-Conflict Assistance for Côte d'Ivoire. The assistance supports the authorities' program for 2007 and is intended to help Côte d'Ivoire build the foundation for sustained recovery in an environment of improving security, regain political stability, and reunite the country.

Emergency Post-Conflict Assistance (EPCA) is designed to promote a strengthening of administrative and institutional capacity, which will be necessary to sustain economic recovery and a higher level of financial assistance. The IMF's support through EPCA is a key part of a concerted international effort to provide financial assistance to Côte d'Ivoire.

Following the Executive Board's discussion of Côte d'Ivoire, Mr. Murilo Portugal, Deputy Managing Director and Acting Chair, stated:

“The Ouagadougou Accord provides a welcome roadmap to overcome the years of conflict that took a substantial economic and social toll in Côte d'Ivoire. Rapid implementation of this roadmap and sound economic policies are now key for securing economic recovery in Côte d'Ivoire, which will have positive effects throughout the region.

“To lay the basis for rapid economic recovery in the post-conflict period, the authorities have adopted an economic program that is being supported by assistance under the Fund's policy on emergency assistance to post-conflict countries (EPCA). This program provides a sound and strong initial framework for establishing macroeconomic stability and catalyzing donor support, while seeking to address the immediate challenges facing Côte d'Ivoire. Short-term measures under the program focus on restoring security, reunifying the country, and rehabilitating social services and basic infrastructure. This will require creating sufficient fiscal space by improving revenue collection and reducing spending in nonessential areas.

“The authorities should strictly enforce existing budget procedures and improve transparency in budget execution. The intended regular publication of budget execution statements and reporting on physical and financial flows in the energy, cocoa, and coffee sectors are important steps.

“Structural reforms will be critical for securing higher growth over the medium term. These will include steps to strengthen financial supervision and the judiciary environment for loan recovery. In the energy sector, adjustment of prices in line with world prices should induce more efficient use of these resources. The authorities also need to increase their efforts to reform the cocoa, coffee, and cotton sectors. Productivity-enhancing structural reforms, including sustained reductions in the costs of doing business, will improve competitiveness, sustain growth, and help to diversify the economy.

“The authorities’ program for 2007 rightly focuses on measures to promote economic recovery, rebuild government services, and ensure transparency in public resource management. Higher spending on social services, basic infrastructure, and crisis-related programs are envisaged in the 2007 budget as well as a reduction of defense and discretionary presidential spending. Implementation of these policies should also contribute to external stability of the West African Economic and Monetary Union (WAEMU).

“The authorities are encouraged to proceed with the preparation of their Poverty Reduction Strategy Paper (PRSP). Adoption of a PRSP and the establishment of the necessary good track record—including under the EPCA—will enable Côte d’Ivoire to be considered for Poverty Reduction and Growth Facility (PRGF) assistance and debt relief under the Heavily Indebted Poor Countries (HIPC) Initiative”, Mr. Portugal said.