DEBT MANAGEMENT PERFORMANCE ASSESSMENT

CÔTE D'IVOIRE

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WORLD BANK GROUP

The DeMPA is a methodology, developed by the World Bank, for assessing public debt management performance through a comprehensive set of indicators spanning the full range of government debt management functions. It is adapted from the Public Expenditure and Financial Accountability (PEFA) framework methodology for public financial management and sound practices in government debt management. The DeMPA tool presents the 14 debt performance indicators along with a scoring methodology. The DeMPA tool is complemented by a guide that provides supplemental information for the use of the indicators.

For additional information on the World Bank's Debt Management Technical Assistance Program, including more on the DeMPA Tool, please visit our website at: http://www.worldbank.org/debt

Abbreviations and Acronyms

ACCT	*Agence comptable centrale du trésor*
ACDP	*Agence comptable de la dette publique*
BCEAO	Central Bank of West African States (*Banque centrale des états de l'Afrique de l'ouest*)
BNI	*Banque nationale d'investissement*
BRVM	*Bourse régionale des valeurs mobilières*
COSTEIF	*Comité de suivi des titres de l'état et des instruments de financement*
UNCTAD	United Nations Conference on Trade and Development
CREPMF	*Conseil régional de l'épargne publique et des marchés financiers*
DCBR	*Dépositaire centrale et banque de règlement*
DDP	*Direction de la dette publique*
DeMPA	Debt Management Performance Assessment
DGBF	*Direction générale du budget et des finances*
DGE	*Direction générale de l'économie*
DGTCP	*Direction générale du trésor et de la comptabilité publique*
DPI	Debt performance indicator
DT	*Direction du trésor*
EUR	Euro
FABDM	Financial Advisory and Banking, Debt Management Department, World Bank
FCFA	Franc CFA
IGE	*Inspection générale de l'Etat*
IGF	*Inspection générale des finances*
IGT	*Inspection générale du Trésor*
IMF	International Monetary Fund
MEF	Ministry of Economy and Finance (*Ministère de l'économie et des finances*)
PEFA	Public Expenditure and Financial Accountability
GDP	Gross Domestic Product
RCI	Republic of Côte d'Ivoire
SDGPCF	*Sous-Direction de la gestion des projets cofinancés*
SGG	*Secrétariat Général du Gouvernement*
SIGFIP	*Système intégré de gestion des finances publiques*
MTDS	Medium-Term Debt Management Strategy
SYGADE	Debt Management Financial and Analysis System (*Système de gestion et d'analyse de la dette*)
TOFE	*Tableau des opérations financières de l'Etat*

Contents

I. Introduction

At the request of the Government of Côte d'Ivoire, a World Bank mission visited Abidjan[1] on June 11-19, 2015, to conduct a second debt management assessment, following the first assessment done in June 2009.

This mission provided an opportunity to assess the progress made with debt management since 2009, and to evaluate current performance against the new DeMPA methodology revised in May 2015, relative to the methodology used in June 2009. As a result, some scores are no longer comparable with earlier scores. To provide an understanding of the comparison and tracking of progress noted, an annex to the report indicates the level of improvement or deterioration in the Government's debt management performance.

This mission falls mainly within the scope of the assistance provided by the World Bank and its partners to improve debt management in developing countries, with the aim of achieving, in the medium term, effective and sustainable management of their debt through institutional capacity building. To this end, the DeMPA tool is based on a methodological approach that facilitates evaluation of performance using different indicators that bring together all debt management functions. These indicators cover the following areas of activity: (i) governance and strategy development; (ii) coordination with monetary and fiscal policies; (iii) borrowing and related financing activities; (iv) cash flow forecasting and cash balance management; and (v) operational risk management and the recording and monitoring of loan guarantees. The DeMPA assesses the strengths and weaknesses of each country's debt management without making recommendations or assumptions as to the potential effects of reforms under way. It is an appropriate framework for strengthening or correcting institutional deficiencies through the reform plans that are put in place.

The mission would like to thank the Ivoirien Government, including the Ministry of Economy and Finance and in particular the staff of *Direction Générale du Trésor et de la Comptabilité Publique* [General Directorate for Treasury and Public Accounting], which houses the *Direction de la Dette Publique* [Public Debt Office] and the BCEAO national office, as well as all the entities and institutions with which meetings were held, for the quality of the exchanges and their availability during the mission.

1 Assessment Methodology

1.1 Scope and Coverage of the Work

The DeMPA tool does not assess the debt management capacity of the entire public sector, which includes the debt of State-owned enterprises that is not guaranteed by the central government. Its scope is limited to the central government's external and domestic debt management (direct debt, issuance of guarantees, on-lending, cash flow forecasting, and cash balance management). The central government is nonetheless responsible for managing its contingent liabilities and thus for ensuring supervision of public debt and guaranteed public sector debt (which is part of the debt sustainability analysis), which DeMPA evaluates under the following indicators: DPI-1 "Legal Framework," DPI-6 "Coordination with Fiscal Policy," and DPI-10 "Loan Guarantees, On-Lending, and Derivatives."

[1] The World Bank mission was comprised of Antonio Velandia (Lead Financial Officer, FABDM, Mission Leader), Sébastien Boitreaud (Lead Financial Officer, FABDM) and Wael Mansour (Young Professional, GMFDR) from the World Bank, Ricardo Murillo (international Consultant, UNCTAD), and Mame Pierre Kamara (international Consultant, DRI).

1.2 Debt Management Performance Indicators

The DeMPA tool is based on 14 performance indicators, with each comprising one or several dimensions that facilitate assessment of the debt management practices of countries. These indicators facilitate the identification of strengths that pave the way for progress with debt management toward the recommended best practices in the area. While DeMPAs do not, of course, make any specific recommendation(s) regarding implementation of reforms aimed at improving institutional capacity, the performance indicators in this tool establish a level of performance to be met. Consequently, when a DeMPA shows that the minimum performance conditions are not met, this signals the need for reforms in order to build capacity in a specific indicator or activity area.

1.3 Links between the DeMPA and the PEFA

The DeMPA is largely modeled after PEFA Performance Indicators (PIs). While the latter cover broad aspects of public financing, the DeMPA focuses exclusively on central government debt management in a greater level of detail than do PEFA indicators. The points of convergence between these two tools lie in the areas of the recording of cash balances, debt management, and guarantees. There are strong links between PEFA indicators for audit and fiscal planning and DeMPA indicators for audit and coordination with macroeconomic policies.

1.4 Scoring Methodology

The scoring methodology assesses each dimension and assigns a score of A, B, or C, based on a list of criteria. If the minimum requirements for a score of C are not met, the dimension is assigned a score of D. A score of C indicates that the minimum requirements have been met that are considered necessary for effective debt management performance. A score of D, however, indicates that the minimum requirements have not been met and that specific measures are necessary to correct the deficiencies and unsatisfactory performance noted.

The A score reflects sound practice for the dimension of the performance indicator, corresponding to the best practice level, while a B score is a mid-range score that falls between good practices and the minimum requirements.

In some situations, a dimension is not scored because the activity in the dimension has not actually been carried out (for example, derivatives are not used), in which case the term N/A (not applicable) is assigned to the dimension. The lack of information or even insufficient information makes it difficult or even impossible to assess a dimension, in which case the designation N/R (not rated) is assigned.

When the criteria for a score require that certain legislative provisions, regulations, or procedures be in place, the latter must not only have been approved or signed but must also have been implemented. If that is not the case, these provisions, regulations, or procedures are considered nonexistent, and cannot be taken into account in the debt management assessment and thus in the DeMPA scoring. The same principle also applies when the debt management strategy, even if it has been drafted, has not been followed or updated.

2 Political and Macroeconomic Context

The previous DeMPA exercise was conducted in 2009, when Côte d'Ivoire was gradually emerging from a decade of political instability followed by a violent post-electoral crisis and serious economic problems. Since that time, the sociopolitical situation has improved markedly in the country, bolstered by its administrative reunification and the national consensus on its electoral agenda. The security situation is significantly better and progress has been made with the integration of former rebel fighters into the national security forces and the civil service. Political reconciliation is continuing in a context of greater social cohesion.

The economic recovery that followed the 2010 post-electoral crisis in the Republic of Côte d'Ivoire (RCI) had a very favorable impact on job creation. Supply and demand factors played a role in maintaining this momentum in 2014, as real GDP climbed to eight percent. This robust growth had a positive effect on the labor market, creating more than 47,000 net jobs, 75 percent of which were in the private sector.

On the supply side, the economic sectors made important and positive contributions. Abundant rainfall, higher prices paid to agricultural producers, and strong domestic demand were the driving factors behind the performance of the agricultural sector.[2] Similarly, the improvement in the business climate and the overall increase in household income fueled the growth in services, particularly in the distribution and transport sectors, as well as in industry, in particular manufacturing.[3]

On the demand side, growth was supported by sustained consumption and a noteworthy rebound in public investment expenditure, which included the infrastructure rehabilitation program. Private investment also contributed to this growth, particularly through the expansion of capacity in the mining and petroleum sectors.

Fiscal policy remains largely under control, with a budget deficit of 2.2 percent of GDP in 2014, a 0.1 percentage point reduction relative to 2013. The deficit reduction was facilitated by tighter control of expenditures, which led to lower recurrent costs that offset the increase in public investment. The effect of this was blunted somewhat by the weak performance in the area of fiscal revenue, in particular revenue derived from corporate taxes, income taxes, and the collection of VAT.

Gross public debt in Côte d'Ivoire therefore increased by 3.3 percentage points, climbing to 40.1 percent of GDP as of end-2014 (external debt stood at 19.1 percent of GDP[4]). The country's risk of over indebtedness remains moderate.[5] However, reforms in this area must continue in order to strengthen debt management capacity and ensure that loans contracted carry low interest rates and prudent risk levels.

A decline in petroleum product and foodstuff prices is helping keep inflation under control in Côte d'Ivoire. In 2014, the inflation rate stood at 0.5 percent, well below the UEMOA threshold of three percent.

On the external front, terms of trade benefited Côte d'Ivoire. The collapse of oil prices—noted during the second half of 2014 and early 2015—was accompanied by a more moderate decline in prices of the main export products (cocoa and coffee). The situation in the commodities market and the depreciation in the Euro contributed to a significant surplus of the trade balance, estimated at 1.2 percent of GDP in 2014.

[2] In particular the production of food crops (rice, plantain, cassava, and corn) and export crops (cocoa, cashew nuts, and rubber).

[3] Contraction took place in the extractive sector only, following the sharp drop in international oil prices.

[4] Excluding the Debt Reduction and Development Contract (C2D)

[5] Source : IMF-WB, Debt Sustainability Analysis (DSA) for Côte d'Ivoire (November 2014)

Table 1: Macroeconomic Indicators

Indicators	2012	2013	2014e	2015f	2016p	2017p
Real Gross Domestic Product	10.7	8.7	8.0	8.0	7.7	7.0
Private consumption	21.4	12.2	7.2	7.2	5.7	4.9
Government expenditure	16.2	8.7	6.2	1.7	5.2	5.4
Gross investment in fixed capital	4.8	37.6	9.8	23.1	19.1	18.4
Exports, GNFS	-1.6	7.8	5.0	6.8	5.2	4.6
Imports, GNFS	34.1	14.8	4.0	9.8	6.2	5.0
GDP, in constant prices	10.7	8.7	8.0	8.0	7.7	7.5
Agriculture	2.0	6.7	3.0	3.3	2.8	2.4
Industry	11.7	9.1	9.2	9.5	9.0	7.8
Services	14.0	10.1	11.3	9.4	10.0	9.5
Production gap (%)	-5.5	-2.4	-0.4	1.1	2.1	2.6
Inflation, average for period (%)	1.3	2.6	0.5	…	…	…
Current account balance	-1.1	-1.6	-3.2	-1.9	-2.1	-2.3
Financial account balance	-3.1	-2.3	-2.2	-3.0	-3.5	-3.6

1) Variation as a percentage unless otherwise indicated.
Source: World Bank

This progress, fueled by favorable terms of trade, was, however, offset by net outflows of services and revenue, thus leading to an increase in the current account deficit (-3.2 percent of GDP). The deficit was financed largely by an increase in foreign direct investment (FDI), resulting from the resumption of private investment, and by the surplus in the balance of payments financial account.

3 Debt Situation

3.1 Summary of the June 26, 2009 DeMPA

Côte d'Ivoire met or exceeded the minimum requirements for effective debt management in many areas of activity.

The legal framework identifies the authorities responsible for undertaking financial commitments, including loan guarantees, on the part of the Government, and the entities tasked with implementing borrowing policies.

Debt service forecasts are provided as part of the yearly budget preparation. There is a clear separation between resource mobilization for debt management purposes and for monetary policy implementation, as well as bi-weekly sharing of information on debt transactions and government cash flows between the Government and the BCEAO. The Government does not have recourse to BCEAO financing.

Market-based instruments are used to obtain loans in the domestic and subregional market under terms and conditions that are widely available to the public. There are detailed procedures for the issuance of loan guarantees, including risk analysis and assessment.

Government deposits at the BCEAO earn a market-based rate of return.

Debt service procedures are adequately documented. Payment notifications from creditors are checked against internal records, and payment orders require multiple authorizations. Back-up copies of the debt database are prepared daily, and weekly copies are stored off-site in order to minimize the risk of data loss.

The registry system for holders of government securities is complete and up-to-date, with annual audits being conducted. The Government is satisfactorily meeting debt reporting criteria, with data that are within two months of the reporting period.

In other areas, the improvements required are outlined below.

The legal framework is silent on the purposes for which borrowing is allowed.

Debt management in Côte d'Ivoire is not guided by a formal strategy that is based on a rigorous assessment of cost and risk over the medium term and considers linkages with macroeconomic policy and development of a domestic debt market. No annual report evaluating debt management operations is made publicly available. Despite the existence of internal and external audit and oversight entities, no audits of debt management are undertaken.

The Government has not yet carried out a debt sustainability analysis without external assistance.

Other than their degree of concessionality, no evaluation is done of external loans. Even though external borrowing procedures are documented, the conditions governing loan terms are not prepared within three weeks after agreements are concluded, and legal advisers are involved only after the conclusion of loan negotiations. On-lending procedures, including the analysis of credit risk, are not sufficiently based on a complete legal overview.

Cash flow forecasts are not routinely provided to the debt management entities and the accumulation of arrears indicates that payments are not being made by the due dates.

Debt documentation is not filed securely, nor is it protected against such risks as fire and theft. Procedures for gaining access to the debt database are not documented. There is no clear responsibility for risk monitoring and compliance with the security rules. No business continuity and post-disaster recovery plans are in place.

Loan disbursement data are sometimes recorded three months after actual disbursements. The Government does not prepare a debt statistical bulletin.

Table 2. 2009 DeMPA

Number	Title	Score
Governance and Debt Strategy		
DPI-1	Legal framework	D
DPI-2	Managerial structure	C
DPI-3	Debt Management Strategy	D
DPI-4	Debt Reporting and Evaluation	D
DPI-5	Audit	D
Coordination with Macroeconomic Policies		
DPI-6	Coordination with fiscal policy	D+
DPI-7	Coordination with monetary policy	B
Borrowing and Related Financing Activities		
DPI-8	Domestic borrowing	A
DPI-9	External borrowing	D
DPI-10	Loan guarantees, on-lending, and derivatives	C
Cash Flow Forecasting and Cash Balance Management		
DPI-11	Cash flow forecasting and cash balance management	C+
Debt Recording and Operational Risk Management		
DPI-12	Debt administration and data security	D+
DPI-13	Segregation duties, staff capacity, and business continuity	D
DPI-14	Debt records	C+
DPI- 15	Debt reporting	B

3.2 Recent Developments in Debt Management

In June 2012, Côte d'Ivoire reached the completion point under the Heavily Indebted Poor Countries (HIPC) Initiative and thus benefitted from significant debt relief, which improved the country's public debt sustainability and ability to withstand shocks. Capitalizing on this improvement, the Government took on a greater amount of foreign debt (16.4 percent of GDP at end-2013)[6] in order to finance ambitious public investment programs and restore conditions in the country after a decade of conflict and economic stagnation. Domestic debt (17.3 percent of GDP at end-2013) is comprised mainly of negotiable securities issued through syndications or auctions on the regional financial market.

The 2014-2017 medium-term debt strategy prepared in 2013 is based on the diversification of financing sources through greater recourse to foreign debt and extension of the maturity periods for domestic debt. The choice made to obtain external loans is in part linked to the limited sources of domestic and regional financing and to the fact that the national financial sector holds significant

[6] Data from the Debt Sustainability Analysis conducted by the IMF and World Bank, IMF Sixth Program Review of Côte d'Ivoire, November 2014.

amounts of public securities following the restructuring of domestic arrears in the wake of the 2010/2011 post-electoral crisis.

To this end, the country contacted two rating agencies to obtain a sovereign credit rating (B1 for Moody's and B for Fitch) and issued two Eurobonds that were viewed as successful by market actors. In June 2014, Côte d'Ivoire issued a Eurobond (10-year maturity) in the amount of US$750 million, which was more than six times oversubscribed (rate at issue of 5.625 percent). A second Eurobond with an average 12-year maturity[7] was issued in February 2015 in the amount of US$1 billion, and had orders of close to US$4 billion (rate at issue of 6.625 percent). With the success of these two issues, international investors seem to view the 2000[8] and 2011[9] defaults (also involving Eurobonds) as a thing of the past, and to be of the opinion that the country had turned the corner in terms of political and institutional stability.

In terms of the domestic and regional market, in recent years Côte d'Ivoire has issued securities with maturities ranging from two to eight years, at rates generally between 5.25 percent and 7 percent. Securities are issued either by auctions carried out by the BCEAO (as the Government's fiscal agent) or by public offering on the Abidjan regional stock exchange (syndication). This latter process has, thus far, facilitated the borrowing of larger amounts and with longer maturities. Through this process, Côte d'Ivoire recently issued a 10-year *emprunt obligataire* (the longest in recent years) in the amount of CFAF 133 billion[10] (CFAF 120 billion was announced at the time of launching). It should be noted that Côte d'Ivoire issued another *obligation*, this time by means of auction after the closing of the syndication of the *emprunt obligataire*, with the same maturity period[11] in the amount of CFAF 110 billion.

These more recent bond issues attest to the success of the strategy adopted in recent years of lengthening the maturity periods for debt, which has led to a rapid decline in the use of infra-annual *bons du Trésor*, which could create problems in terms of financing specific cash flow needs during the course of the year.

4 Technical Assistance with Public Debt Management

The Ivoirien authorities have benefitted from technical assistance with the modernization of their organizational structure, improvement of access to financing on the regional market, and cash flow management. The first activity developed by AFRICTAC/IMF was launched in December 2014 and should be completed toward end-2015. The second involves a full assessment of debt issued on the regional market done by the World Bank and International Monetary Fund in March 2015. Their recommendations should be reviewed by the authorities. Finally, in the context of a technical cooperation project funded by the Ivoirian Government, UNCTAD installed the SYGADE 6 software in the DDP in early 2014. This project, which will take place over a two-year period at a minimum, entails a series of capacity-building activities aimed at improving public debt management.

4.1 Review of the Organizational Structure of Public Debt Management

The review of the organizational structure of public debt management in the Ministry of Economy and Finance is aimed at strengthening its management, which involves three DGTCP directorates —the *Direction de la dette publique* (DDP), the *Direction du Trésor* (DT), and the *Direction*

[7] The principal will be amortized in three equal payments in 2026, 2027, and 2028.

[8] Côte d'Ivoire failed to honor its Brady bond payments in the amount of US$3.5 billion in 2000.

[9] During the 2010/2011 post-electoral crisis, several due dates for the 2032 Eurobond issued in April 2010 as part of the country's debt restructuring exercise were missed.

[10] TPCI 5.99 percent, due date May 14, 2025

[11] OAT 5.99 percent, due date June 11, 2025

de la coordination statistique (DCS); and two coordinating entities—the *Comité de suivi des titres d'Etat et instruments de financement* (COSTEIF) and the *Comité national de la dette publique* (CNDP). This institutional fragmentation leads to the overlapping of operational prerogatives.

Based on the work done by AFRITAC, the authorities have prepared a draft organizational document proposing the centralization of debt management functions in the DDP in five *sous-directions* (divisions): two for the back office—drawdowns and repayment; one for cash flow management; one for studies and analysis—middle office; and the last for the mobilization of funds—front office. One of the recommendations is that the mandate assigned to each division be in line with international best practices. The Decision (*arrêté*) establishing this new structure is awaiting signature by the Minister of Economy and Finance.

4.2 Assessment of Financing on the Regional Market

The assessment of financing on the regional market is aimed at reducing the financing costs borne by the Government and contributing to the development of a more active securities market in the UEMOA region. The recommendations were drafted with the aim of improving the policy related to issuance, with more systematic use of bullet securities issued on the basis of a schedule known beforehand by investors. In order to implement these recommendations, the authorities must improve the quality of cash flow forecasts and the management of surplus balances as well as refinancing risk.

II Debt Management Assessment

1. Governance and Debt Strategy

DPI-1 Legal Framework

Dimension	Score
1. Existence, coverage, and content of the legal framework	C

Debt management in Côte d'Ivoire is governed by legal tools that stipulate the authority responsible for undertaking public financial commitments and the entities responsible for implementing the debt policy. Consequently, pursuant to the Constitution, the President of Côte d'Ivoire is vested with the authority to negotiate and ratify international agreements (Article 84) which, from the time of their publication, take precedence over the law, subject to their application by the other party (Article 87).

UEMOA Regulation (*règlement*) 09/2007 on the frame of reference for public debt policy, in addition to other several other UEMOA provisions,[12] establishes the rules for public debt management common to member States in the areas of coordination, information, and transparency of the debt process, debt strategy development, issuance of guarantees, and the oversight/auditing of public debt.

Lastly, Article 12 of Organic Budget Law 2014-336 of June 5, 2014, adapted from the 2009 UEMOA Directive on budget laws, states that "*in the case of loans, only the Minister of Budget and Finance is vested with the authority to negotiate and sign agreements or accords involving the Government.[….] Should the need arise, this authority may be delegated. Also, the Minister is the only person authorized to sign guarantee agreements issued by the Government to its entities or to third parties.*" Article 42 notes that guarantees shall be provided by means of decree (*décret*) adopted by the Council of Ministers (cf. IPD-10 infra).

Although Article 85 of the Constitution authorizes the ratification of agreements through a law enacted by the National Assembly, this ratification authority in fact rests with the President of Côte d'Ivoire who, at the secondary legislation level, signs the decrees adopted by the Council of Ministers by means of which he ratifies international treaties and agreements.

By means of Decree 2013-802 of November 21, 2013, responsibility for the management of external and domestic debt is conferred on the Minister of Economy and Finance, whose responsibilities include: (i) *participation in negotiations and the signing of economic and financial accords and agreements, in particular those related to external financial assistance, loan contracts, and loans and agreements contracted by the central government, decentralized governments, public institutions, or State-owned companies.* Within this ministry, the *Direction générale du Trésor et de la Comptabilité Publique* (DGTCP) is vested with debt management authority which, via the *Direction de la dette publique* (DDP) under its oversight (Article 17 of Decree 2014-64 of December 23, 2014), is

[12] Regulation No. 09/2007/CM/UEMOA on the frame of reference for public debt policy and public debt management in UEMOA member States; Regulation No. 06/2001/CM/UEMOA on *bons* and *obligations du Trésor* issued by auction by UEMOA member States. Directives related to budget laws, code of transparency in public finance management, accounting plan, budget nomenclature, general regulation on public accounting, and the harmonized framework for the *Tableau des opérations financières de l'Etat* (TOFE) in UEMOA.

responsible for ensuring the management of public debt in the financial, administrative, and accounting areas and, more specifically, for drafting policy and strategy for public debt and the

Box 1: List of legal provisions governing public debt management in Côte d'Ivoire

UEMOA Community Legal Provisions

1. *Règlement N° 06/2001/CM/UEMOA portant sur les bons et obligations du Trésor émis par voie d'adjudication.*
2. *Directive 06/2009 portant Lois de finances des Etats membres de l'UEMOA,*
3. *Code de transparence dans la gestion des finances publiques des Etats membres de l'UEMOA,*
4. *Directive 09/2009 portant Plan comptable de l'Etat au sein de l'UEMOA,*
5. *Directive 07/2009 portant Règlement général sur la comptabilité publique au sein de l'UEMOA*
6. *Directive 08/2009 portant Nomenclature budgétaire de l'Etat au sein de l'UEMOA,*
7. *Directive 10/2009 Tableau des opérations financières de l'Etat (TOFE) au sein de l'UEMOA.*

Primary Legislation

1. *Constitution de la Côte d'Ivoire du 23 juillet 2000*
2. *Loi organique relative aux finances publiques 2014-336 du 05 juin 2014*
3. *Loi organique 2014-337 du 05 juin 2014 portant code de transparence dans la gestion des finances publiques*
4. *Loi de finances 2015*
5. *Loi de Règlement 2013*

Secondary Legislation

1. *Décret 2014-64 du 23 décembre 2014 portant attributions de la DGTCP*
2. *Décret 2014-416 portant règlement général sur la comptabilité publique*
3. *Décret 2013-803 portant attributions du Ministre de l'Economie et des Finances et du Ministre du budget*
4. *Décret 83-501 du 2 juin 1983 réglementant les conditions d'octroi de garanties par le Gouvernement central*
5. *Arrêté MPMB/DDP du 1er juin 2015 portant fixation du seuil d'emprunt et de garanties des sociétés d'Etat*

issuance of government securities on the money and financial markets, and for producing statistical statements, notes, and reports related to public debt and cash flow.

The legal framework also includes Decree 83-501 of June 2, 1983, regulating the conditions for the issuance of guarantees by the central government, as well as Decision 399 of June 1, 2015 establishing the threshold beyond which any loan contracted by a State-owned company shall be subject to prior authorization from the Minister of Budget.[13]

Moreover, Article 2 of the budget law approved by the National Assembly—*provisions related to resources*—clearly states the purposes for which loans shall be contracted, namely to finance public investments and the government current deficit. No public borrowing beyond these purposes is undertaken.

Since the legal framework is implemented, Côte d'Ivoire has attained the minimum for this indicator related to good practices and it has therefore received a score of C. A score of B would have been considered had the authorities spelled out the goals of debt management and submitted their annual report on debt activities to the National Assembly.

[13] Threshold determined on the basis of the financial statements for the previous year and certified by the auditors. Threshold = 50 percent - (own capital – existing loans or zero if the balance is negative) + (4*gross operating surplus – current loans or zero if the balance is negative)

DPI-2 Managerial Structure

Dimension	Score
1. Managerial structure for central government borrowings and debt-related transactions	C
2. Managerial structure for preparation and issuance of central government loan guarantees	D

Dimension 1. Managerial structure for central government borrowings and debt-related transactions

The managerial structure for central government borrowings and debt-related transactions has not changed much since 2009, when a score of C was assigned for this dimension. Three entities, all part of the DGTCP, and two committees are involved in the borrowing cycle—the DDP, *the Direction du Trésor* (DT), and the *Direction de la coordination statistique* (DCS); as well as the *Comité de suivi des titres de l'état et des instruments de financement* (COSTEIF) and the *Comité national de la dette publique* (CNDP). The DDP performs front office tasks related to external debt, back office tasks for all public debt, and participates in middle office tasks via the CNDP and in the mobilization of domestic debt via COSTEIF. The DPP is therefore the main debt management entity. The DT, through the government financing *services* (departments), is involved in domestic debt front office tasks, manages relations with investors, and monitors capital markets. The DCS prepares and monitors the cash plan. At the moment, however, cash flow management is not coordinated with debt management. COSTEIF exercises front office responsibilities with respect to domestic debt that enables coordination of resource mobilization on the capital market by organizing the issue of government securities (preparation of the issuance calendar, choice of instruments to be issued, characteristics of instruments, etc.). The CNDP performs most of the middle office tasks, drafts the debt strategy, and oversees its implementation. The DPP serves as the permanent secretariat of this committee.

At least three technical assistance missions have recommended the consolidation of debt management—MTDS at end-2012, the IMF in March 2013, and AFRITAC in 2014[14] in order to provide the DDP with a clearer and more comprehensive role with respect to the issuance of securities on the domestic market as well as analytical and strategic functions. Based on the detailed recommendations made by AFRITAC, the authorities are planning to reorganize the DDP using a front/middle/back structure. Five operational divisions will be created: (i) the division for mobilization to execute the debt strategy and mobilize borrowing; (ii) the division for cash flow management to draft and monitor execution of the cash flow plan; (iii) the division for studies and analyses to formulate the public debt management policy (debt strategy, evaluation of financing tenders, financial risk analysis, etc.) and monitor implementation of the debt strategy; (iv) the division for drawdowns to issue funding requests to creditors, validate registration transactions conducted by the division for mobilization, and monitor

[14] See Côte d'Ivoire, "Medium-term Debt Strategy (MTDS), DMSDR1S-#5034299, February 2013," and "Report on the Public Debt Management Technical Assistance Mission related to assistance with completing the reorganization of the *Direction de la dette publique*, Oumar Dissou, December 2014." The second document contains a summary of the March 2013 IMF mission (Annex 1, page 18).

the use of guarantees and on-lending; and (v) the division for debt repayment and the database to manage debt repayment and ensure the integrity of the database.[15]

The authorities adopted Decree 2014-864 of December 23, 2014 for the purpose of reorganizing the Ministry of Economy and Finance, a prerequisite for reorganizing the DDP (Article 17). The draft Order establishing the new organization of the DDP is currently awaiting signature by the Minister. There are also plans to replace the CNDP technical committee and COSTEIF with a single *Comité Stratégique de la Dette* (CSD). The DDP will serve as the permanent secretariat (as it does for the two existing committees) and the CSD will be responsible for supervising and monitoring issues related to debt management and for providing operational expertise with implementation of the MTDS and annual issuance programs. The Ministerial Order establishing the CSD and outlining its authority has not yet been adopted.

The first dimension is assigned a score of C because the borrowings and debt-related transactions are carried out by the DDP, or, DT in a closely coordinated manner through such formal institutional mechanisms as COSTEIF, or, the committee created for the issuance of Eurobonds. For a better score, the DDP needs to produce periodic reports to monitor the implementation of the debt management strategy. Such monitoring would strengthen the separation between the strategic decisions taken at the political level and the implementation of those policies at the technical level. The reports would also enhance the accountability of the DDP before higher levels at the Ministry.

Dimension 2. Managerial structure for preparation and issuance of central government loan guarantees

As was the case in 2009, under the legal framework,[16] the Ministry of Economy and Finance continues to be the only entity authorized to issue and manage loan guarantees, and there are no indications that other entities have issued guarantees. There were no active loan guarantees in 2009 and the situation has not changed much in this regard—the only current operation mentioned by the authorities related to a loan contracted by the District of Abidjan from a local creditor with a guarantee of CFAF 60 billion. What has changed, however, is the regulation of issuance conditions and the management of guarantees as well as their compliance with standards.

In 2009, the regulation of conditions for the issuance and management of guarantees by the MEF was clearly defined in Decree No. 83-501—beneficiaries, financial conditions applicable to guaranteed loans, counter-guarantees, and the procedures for the issuance and management of government guarantees. The management process includes monitoring, an account for the establishment of government guarantees, an annual guarantee fee of 0.5 percent, and management of the process for establishing government guarantees. Unfortunately the decree has not been updated and several provisions appear to require harmonization with more recent provisions. In fact, the decree does not take into account the establishment of the CNDP in 2011, whose advice is sought for all government guarantee requests.[17]

Review of the guarantee request for the District of Abidjan (cf. supra) was transferred to the DT because of its more solid analysis capabilities, as the Director of the DDP is also the Director of the Treasury. The guarantee was signed by the Minister of Economy and Finance and the Minister of

[15] The draft reorganization also provides for the creation of two offices under the direct supervision of the Director of Public Debt—(i) the legal office to review the legal aspects of loan agreements and transactions and (ii) the archiving office to manage the documents and archives of the DDP.

[16] See Article 33 of Decree No. 83-501 of June 2, 1983, Article 7 of Decree 2011-424 establishing the CNDP, and the 2014 Organic Budget Law.

[17] Article 4 of Decree 2011-424 of November 30, 2011

Budget without following the procedure requiring advice from the CNDP and a Council of Ministers decree.

In view of the fact that the only operation carried out recently did not follow the management structure established under the legal framework, this dimension is assigned a score of D. Adherence to the procedures, including the participation of the CNDP and the Council of Ministers, will make it possible to receive a C score, as loan guarantees are prepared and validated by the DDP or DT or in a closely coordinated manner via the CNDP. To obtain a B score, decisions would have to fall within an explicit and updated framework. The framework of the 1983 decree contains obsolete provisions and DDP staff seem very unfamiliar with it.[18] It should be fairly easy for the authorities to update the 1983 decree and to formalize the authority of a DDP unit to assume responsibility for all these operations—from risk analysis to administrative reporting. Had the organizational restructuring mentioned in the first dimension taken place, the score assigned could have improved to an A.

DPI 3 Debt Management Strategy

Dimension	Score
1. Quality of the debt management strategy document	C
2. Decision-making process, updating, and publication of the debt management strategy	D

Dimension 1. Quality of the Debt Management Strategy Document

A score of D was assigned to this dimension in 2009 because Côte d'Ivoire did not have a formal debt management strategy. Debt management has changed significantly since that time. In June 2012, the country reached the completion point under the Heavily Indebted Poor Countries (HIPC) Initiative and thus obtained a significant reduction in its external debt under the Multilateral Debt Relief Initiative (MDRI). Since 2014, the country has gained access to the international capital market with two Eurobond issues, facilitated by a B1/B credit score and brighter prospects for the country.

In order to assist the authorities face the debt management challenges in this new environment, a World Bank/IMF MTDS mission visited Abidjan in November 2012.[19] The mission identified domestic debt refinancing as the biggest risk and recommended a combination of domestic and external financing with longer due dates that allow for mitigation of this risk. This work was extended with the assistance of consultants in 2013 when the authorities finalized the first annual strategy document that was attached to the 2014 budget law.[20] The document was updated in 2014 for the 2015-2019 period but was not annexed to the 2015 budget law. However, the strategy was communicated to the Council of Ministers, which formally approved it, and it was entered in the register of the *Secrétariat Général du Gouvernement* (SGG) under the number 1904 on December 22, 2014.

[18] The dearth of guarantees in recent years makes it impossible to determine whether their issuance is properly coordinated with debt operations.
[19] See the "MTDS, DMSDR1S-#5034299" report of February 2013
[20] See statement by the Secretary General of Government dated December 31, 2014.

The two strategy documents are in keeping with the content of typical MTDS mission reports. They are structured differently, with the first part including the debt management objectives and the scope of the MTDS, the analysis of the existing portfolio from the vantage point of costs and risks, and the macroeconomic assumptions derived from the baseline scenario and risks, and the second part containing the strategy formulation and analysis as well as the recommendations. This second part also contains the financing sources and the debt management strategy, with sections on the central scenario of exchange rates and interest rates, shock scenarios, formulation of alternative strategies, and strategy analysis. The two documents continue to focus heavily on domestic market refinancing risk, which explains the decision to issue two Eurobonds in June 2014 and February 2015.

The strategy is formulated in terms of the breakdown between external financing (60 percent) and domestic financing (40 percent), including the share of non-concessional financing (14 percent) and medium- and long-term domestic market instruments (34 percent). The strategy document can be improved upon by including in it specific limits for the currency composition of external debt, establishing closer linkages with the demand for government securities on the regional markets, and presenting ranges for the risk indicators selected such as average time until maturity (expressed as a number of years) and the proportion of external debt. While the document provides a detailed analysis of cost and risks, it should be clearer in terms of the impact of outcomes on the proposed strategy.

A score of C is justified because the strategy covers the current and projected debt of the central government. It is based on debt management objectives and provides guidelines for the desired composition of the portfolio and developments that reflect the preferred trend of specific indicators with respect to risks associated with rates of interest, refinancing, and exchange. In addition, the document sets forth the measures aimed at supporting the development of the domestic debt market. To receive a higher score, Côte d'Ivoire should enhance the quality of the document, particularly in terms of the preparation of ranges for key risk indicators such as average time until maturity, the amount of debt falling due in the short term, and portfolio composition by currency. The preparation of quarterly reports should also facilitate monitoring of the implementation of the strategy. To obtain a score of A, the CNDP should identify target ranges for risk indicators based on a comprehensive analysis of costs and risks. The strategy document should also provide more information on the assumptions made and on the limitations of the analysis.

Dimension 2. Decision-making process, updating, and publication of the debt management strategy

Owing to the absence of a formal strategy, this dimension was assigned an N/R score in 2009. Since 2009, Côte d'Ivoire established the CNDP[21] in 2011 pursuant to UEMOA regulations on drafting a debt policy.[22] The CNDP is a decision-making committee under the supervision of the Ministry of Economy and Finance, which has been tasked with overseeing and validating the MTDS that is prepared each year.[23] It has a technical committee and a permanent secretariat. The technical committee, which prepares the draft strategy document, is chaired by the *Directeur de cabinet* (Staff Director) in the office of the Minister of Economy and Finance and is composed of representatives from the Office of the President of Côte d'Ivoire, the Office of the Prime Minister, the BCEAO, the

[21] See Decrees 2011-424 of November 30, 2011 and 2013-850 of December 19, 2013. The 2013 amendment converts the consultative committee into a decision-making committee, and redefines the role of the permanent secretariat with respect to MTDS reports, validation, and monitoring.

[22] Article 4 of Regulation No. 09/2007/CM/UEMOA requires member countries to formulate a debt management strategy that ensures that the Government's cost and risk objectives are successfully achieved. This strategy must be annexed to the budget law. Article 8 establishes a public debt management coordination entity, along with fiscal and monetary policies. This entity is tasked with monitoring implementation of the strategy.

[23] The CNDP is composed of representatives from the Ministry of Planning and the Ministry of Budget and the Office of the President of Côte d'Ivoire, the Prime Minister, the Director of the BCEAO, and the general directors of the treasury, and for the budget, planning and the economy, among others.

Bureau National d'Etudes Techniques et de Développement (BNETD), the Ministry of Foreign Affairs, and from entities whose responsibilities include cash management and public accounting, development planning and external economic relations, budgeting, and monitoring of the economic situation. The Permanent Secretariat, which is operated by the DPP, prepares the documentation to be submitted to the CNDP, as well as the minutes and annual reports.

The 2013 and 2014 strategy documents were prepared by the technical committee in September at the same time as the budget and following discussions within the CNDP. Once validated, these documents were submitted to the Minister of Economy and Finance, and then transmitted by the Minister to the Council of Ministers for approval. In 2013, the strategy was annexed to the budget law and submitted to the National Assembly. In 2014, as the document was not completed in a timely manner to be annexed to the budget law, it was submitted later to the SGG and formally approved by the Council of Ministers. None of these documents is available on the website of the ministry.

In conclusion, Côte d'Ivoire drafted a document that is in line with best practices which was in the process of implementation at the time of the mission. However, a score of D is assigned to this second dimension, because the most recent strategy document has not been published and the document from the previous year is not available on the ministry's website. Once these issues are addressed, a score of A could be assigned because the strategy and annual financing plan are prepared at the same time as the budget, thus ensuring consistency between the strategy and the fiscal policy.[24]

DPI-4 Reporting, Publication and Evaluation of Debt Management Operations

Dimension	Score
1. Publication of a statistical bulletin on debt, loan guarantees, and debt-related operations	D
2. Reporting to the National Assembly	D

Dimension 1. Publication of a statistical bulletin on debt, loan guarantees, and debt-related operations

Article 17 of Decree 2014-864 of December 23, 2014 assigns responsibility to the DDP for producing statistical bulletins, notes, and debt and cash flow reports. The DDP prepares quarterly debt reports, which are submitted to the IMF and World Bank, a monthly bulletin [*Situation détaillée de la dette publique-Exécution base avis d'échéances*] that presents debt outstanding, monthly debt service payments, and disbursements made, and an annual report on debt management activities. All of these reports are subject to modification and validation at the DDP, which then forwards them to the *Direction de la coordination statistique* (DCS). The DCS is expected to submit its observations to the DDP within 48 hours.

The DDP had never prepared or published a statistical bulletin. From June 1-10, 2014, training in the preparation of the public debt statistical bulletin was provided to twenty DDP senior staff members and one senior staff member from the *Direction générale de l'Economie*. This training was provided by the United Nations Conference on Trade and Development (UNCTAD) as part of a two-year accord concluded with Côte d'Ivoire, which came into force in February-March 2014.

A mock-up of the statistical bulletin containing a series of 12 tables illustrating the debt portfolio situation as of end-June 2015 has been prepared. Subsequent to this training, the DDP

[24] However, the DDP does not prepare a quarterly report that includes the risk indicators to facilitate monitoring of the implementation of the strategy. This has made assessment of this indicator difficult.

established the principle of regularly and systematically drafting, effective September 2015, a quarterly bulletin beginning with data from end-June, for publication on the website of the ministry or the DGTCP.

In view of the fact that the statistical bulletin has not been prepared or published in accordance with the minimum requirements, a score of D is assigned to this dimension.

Dimension 2. Reporting to the National Assembly

The annual report on debt management activities as of end-2014 was prepared in accordance with the aforementioned process, submitted to the *Direction des études, des méthodes et de l'organisation* (DEMO/DGTCP), and finally distributed to various institutional partners (e.g., DGE, DGBF, DCS, and BCEAO). A report on the formal medium-term debt strategy was also prepared and officially adopted on December 31, 2014 following a communication from the Minister of Economy and Finance to the Council of Ministers. While the DDP is undoubtedly required to prepare reports, the legislation makes no reference to requirements or mechanisms to submit annual progress reports on public debt management operations to the National Assembly. However, the DGTCP website has a window for the publication of the "summary quarterly report" on the public debt, which presents the debt outstanding, disbursements, and external and domestic debt service.

On the basis of the foregoing, this dimension is assigned a score of D, owing to Côte d'Ivoire's failure to submit annual progress reports on debt management operations to the National Assembly and to publish them. A score of C would have been assigned had the annual progress report on debt been submitted to the National Assembly and published on the website of the ministry and/or the DGTCP.

DPI-5 Audit

Dimension	Score
1. Frequency of financial audits, compliance audits, and performance audits of the central government as well as publication of the external audit reports	D
2. Degree of commitment to address the outcomes from internal and external audits	N/A

Dimension 1. Frequency of financial audits, compliance audits, and performance audits of the central government as well as publication of the external audit reports

In terms of regulations, several legal provisions and entities cover the organization of internal and external audits in Côte d'Ivoire. In the case of external audits, the applicable provision is Decree 82-199 of February 17, 1982 adopted pursuant to Law 78-663 of August 5, 1978 on the organization and responsibilities of the *Chambre des comptes* (Audit Office), which is expected to be converted into a *Cour des comptes* (Court of Auditors), once the law establishing the *Cour des comptes*, which is currently being reviewed by the National Assembly, has been passed. Its main responsibilities, which are set forth in Law 97-243 of April 25, 1997 on the responsibilities of the Supreme Court of which it is a division, are as follows: (i) ensure the financial oversight, legality, and proper use of public funds; (ii) provide information, as it must communicate the results of its audit missions to the National Assembly; and (iii) exercise jurisdictional control with respect to decisions related to the public accounts.

The *Chambre des comptes* conducts an annual compliance audit in the context of the *loi de règlement* (budget review law) (Article 81 of the Constitution), whereby it makes reference, with respect to debt service, to consistency between the budget law passed and the one that is executed.

In April 2009, *Pôle-dette*[25] organized a training session on debt audits and controls for this institution, which launched and conducted a financial and compliance audit in July 2009 of the DDP for FY 1978-2007.[26] The draft report was validated during a session of the *Chambre des comptes* in July 2011 and the final version is awaiting final validation on a yet to be determined date. Following this, a decision will be made regarding its publication. Despite the autonomy that the *Chambre des comptes* is supposed to enjoy in view of its legislative status, it may be prevented from publishing the report if the political authorities (the President of Côte d'Ivoire) were to so decide.

Internal audits are conducted by the following entities:

(i) The *Inspection Générale d'Etat* (State Inspectorate General IGE), which is a supreme audit institution under the oversight of the Office of the President of the Republic and governed by Decree 2012-312 of April 13, 2012 establishing its responsibilities. It is vested with investigative, oversight, and inspection authority with regard to the operations and management of government departments and entities (Article 18). It can instruct a ministerial audit unit to conduct investigations on its behalf and conduct audits of government departments, while keeping abreast of the implementation of recommendations proposed.

(ii) The *Inspection générale des Finances* (Inspectorate General of Finance IGF), which is governed by Decree 99-599 of October 13, 1999 establishing its responsibilities and Decree 2014-863 of December 23, 2014 placing it under the oversight of the Office of the Prime Minister, the Minister of Economy and Finance and the Minister of Budget. It is responsible for financial and accounting supervision, audits and evaluations of the administrative and management procedures of the departments, and for the technical coordination of the sector inspectorates in the Ministry of Economy and Finance and the Ministry of Budget. In 2006, it conducted an initial audit of the liabilities (expenditure without budget coverage) accumulated over the period 2001-2005, and a second audit launched in 2011 covering the period 2006-2010 is ongoing. It conducts compliance audits and has been entrusted for the past two years by the World Bank and GAVI (Global Alliance for Vaccines and Immunization) to conduct regularity audits of the projects being funded by them.

(iii) The *Inspection générale du Trésor* (Treasury Inspectorate General IGT), which is an internal audit entity in the DGTCP that verifies line items to ensure compliance of practices with regulations in force and assess the financial risks (securing of the public funds) associated with their accounting activity. It was involved in the launch of the audit of domestic arrears conducted by the IGF, but never carried out any specific financial, compliance, or performance audit of public debt.

(iv) In 2010, the DDP established an internal audit unit for debt operations, which prepared the DDP's procedures manual in 2014. This unit, which is staffed by three persons, has never conducted any audits or controls of debt operations.

Despite the number of oversight bodies with clearly defined responsibilities, there is no systematic coordination of audit missions, except where the IGE requests the IGF to conduct joint missions or where the IGT systematically transmits its work program and a number of its reports to the IGF. Neither the *Chambre des comptes*, the IGF, or the IGT has conducted audits of the internal audit ministerial entities.

[25] BEAC/BCEAO Regional training hub for debt management

[26] See Order (*Ordonnance*) 06 CS/CC of February 27, 2009

In view of the foregoing, Côte d'Ivoire has failed to conduct an annual external financial audit or a debt compliance audit over the past two years, and to publish an audit report on debt. A score of D is therefore assigned to this dimension.

Dimension 2. Degree of commitment to address the outcomes from internal and external audits

In April 2014, the *Chambre des comptes* established a unit, which is not yet operational, to monitor recommendations, while in 2010 the IGF established a committee—which only became operational in 2014—to monitor recommendations. The sole audit conducted in 2009 on DDP management activities has yet to be finalized, and the report to be used to gauge or assess the extent to which the recommendations contained therein have been implemented has not been made available.

Owing to the unavailability of the recommendations stemming from the audit of external and domestic debt, this dimension has not been assessed (N/A).

2. Coordination with Macroeconomic Policies

DPI 6 - Coordination with Fiscal Policy

Dimension	Score
Dimension 1: Coordination with fiscal policy through the provision of accurate and timely forecasts on total central government debt service under different scenarios	B
Dimension 2: Availability of key macro variables, an analysis of debt sustainability, and the frequency with which it is undertaken	A

Dimension 1: Coordination with fiscal policy through the provision of accurate and timely forecasts on total central government debt service under different scenarios

The DDP prepares detailed annual debt service forecasts, which are submitted each year in September to the CNDP[27] technical committee for subsequent inclusion in the Government's budget preparation process. This calculation includes forecasts on total debt and guarantees from the central government, and is supported by macroeconomic projections provided by the DGE. Forecasts can be updated during the year if the debt is restructured, for example. Overall, debt service forecasts are reliable as demonstrated by the budget execution outcomes (Table 3), with a deviation not exceeding 2 percent over the past three years.

In addition, sensitivity tests were used to calculate forecasts, which was not the case in 2009 during the first DeMPA. This new practice began with the formulation of the medium-term debt strategy (MTDS), which has been carried out each year[28] since 2013 by the CNDP technical committee, and assesses the impact of several interest and exchange rate shocks on debt and debt service.

Owing to the reliable and periodic forecasts of the debt service amounts in the context of the annual budget and the use of sensitivity analyses of the best case to interest and exchange rate shocks tests (through the MTDS) that are shared with the budget department through the CNDP, the requirements for a score of B for this criterion are met.

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[27] The *Direction Générale du Budget* is represented on the CNDP; see Article 5 of Decree 2013-850 of December 19, 2013.

[28] The MTDS is finalized in September of each year.

Table 3: Debt Service – Budget and Execution

	2012			2013			2014		
	Estimate (supp.)	Execution	Support	Estimate (supp.)	Execution	Support	Estimate (supp.)	Execution	Support
Debt Service	838.2	856.0	2.1%	984.3	976.6	-0.8%	1129.0	1151.8	2.0%
Domestic Debt	355.2	356.8	0.5%	725.2	727.3	0.3%	814.3	839.1	3.0%
External Debt	483.0	499.2	3.4%	259.1	249.3	-3.8%	314.7	312.7	-0.6%

Source: Budget Review Law 2012 and 2013, Budget Law 2015, World Bank calculations

In view of the failure to conduct an analysis and more elaborate scenario tests, including extreme shock scenarios, for example, a score of A cannot be assigned.

Dimension 2: Availability of key macro variables, an analysis of debt sustainability, and the frequency with which it is undertaken

Macroeconomic and budget data are provided respectively by the *Direction de la Conjoncture et de la Prévision Economique* (DCPE), which is under the oversight of the MEF, and the *Direction Générale du Budget* (DGB), which is under the supervision of the budget ministry. For the budget preparation exercice, each year the DCPE provides the estimates of the macroeconomic framework along with medium-term projections (three years) for the key macroeconomic indicators such as the GDP growth rate, the exchange rate, inflation, and the balance of payments. The DCPE also prepares the TOFE in conjunction with the DGB.

Each year, the DGB places the strategy and budget objectives set by the Government within a budget framework that takes the medium-term projections[29] for all government revenue and expenditure into account and thus determines the budget deficit. However, the quality of the estimates in terms of comprehensiveness to reflect budget risks associated with contingent liabilities can be improved. The CNDP technical committee is responsible for ensuring sharing of macroeconomic and budget information among economic agents, including the DDP and the Treasury. This committee is composed of all these entities and institutionalizes data sharing.

Since 2013, a debt sustainability analysis (DSA) has been conducted annually with assistance from the IMF and World Bank. The CNDP technical committee, with active input from the DDP and DGE, prepares the data and works with IMF and World Bank experts to conduct this analysis. The DSA covers the domestic and external debt of the central government and not the public sector in the broadest sense. The DDP intends to build its own capacity to conduct a DSA without external assistance; this is important because it will improve the links between the debt management strategy document and the macroeconomic policies.

The availability of macroeconomic and budget information based on a formal institutional coordination process, the existence of a medium-term budget framework, and the frequency of the

[29] Pursuant to UEMOA Directive No. 06-2009/CM/UEMOA, the DGB began producing a multiyear budget and economic programming document (DPBEP) in 2014. Although this document was discussed within the CNDP, it was not reflected in a Medium-Term Expenditure Framework (MTEF) that was integrated into an official budget program.

debt sustainability analysis, even when assistance is required, are all positive developments observed since the 2009 DeMPA. The requirements for a score of A have therefore been met.

DPI 7: Coordination with Monetary Policy

Dimension	Score
Dimension 1: Clarity of separation between monetary policy operations and debt management transactions	A
Dimension 2: Coordination with the central bank through regular information-sharing on current and future debt transactions and the central government's cash flows	B
Dimension 3: Extent of the limit of direct access to financial resources from the central bank	A

Dimension 1: Clarity of separation between monetary policy operations and debt management transactions

Côte d'Ivoire is a member State of the BCEAO, the central bank for the UEMOA zone. The primary objective of the BCEAO's monetary policy is to ensure price stability.[30] To that end, the BCEAO manages the banking system's liquidity through refinancing operations that determine interbank interest rates. The BCEAO's two leading interest rates (*taux directeurs*) are (i) the minimum bid rate for open-market operations,[31] and (ii) the rate on the marginal lending window (repo rate). These rates are determined by *Comité de Politique monétaire* and are currently set at 2.5 percent and 3.5 percent, respectively.[32] To bolster the policy on interest rates, the BCEAO also uses reserve requirement mechanisms. It should also be noted that the BCEAO does not issue its own securities, such as certificates of deposits or others.

The agency relationship between the BCEAO and the central government with regard to debt management is clearly spelled out in the BCEAO Statutes.[33] In sum, at the request of the government of a member country, the BCEAO provides the following services free of charge:

(i) The issuance, investment, or management, on behalf of the member countries, of short-term *bons* and medium- and long-term securities subscribed to by central bank account holders on their own behalf or on their customers' behalf. Some of these responsibilities have been entrusted to the *Agence UMOA Titres*, as indicated below.

(ii) The payment of bearer coupons and repayment of the securities of UEMOA member countries, which are presented at its branches by BCEAO account holders.

(iii) Assistance with the negotiation of external loans and with the review of the terms and conditions governing the issuance and repayment of its domestic loans.

[30] Article 8 of the BCEAO Statutes

[31] In 2015, two periods have been indicated for these refinancing operations: 7 days or 28 days.

[32] Reference: http://www.bceao.int/Instruments-de-mise-en-oeuvre-de.html

[33] Chapter 3 "Relationships between the central bank and UEMOA member countries," Articles 37 to 41. The Statutes are available on the BCEAO website and are the result of the UEMOA treaty that came into force in April 2010.

(iv) Assistance with relationships between governments and international financial and monetary institutions and with negotiations that they undertake to conclude international financial accords, and the implementation of these accords pursuant to the terms and conditions established by agreements approved by the UEMOA Council of Ministers.

In addition, the *Agence UMOA-Titres* (AUT),[34] a special entity attached to the BCEAO, was established in 2012. This agency ensures effective coordination with the administrations responsible for public debt management in the member States and provides assistance to national governments in the following areas, in particular: (i) capacity building and the formulation of financial needs; (ii) the promotion of public securities among national, regional, and international investors; (iii) operational management of issuances of public securities; and (iv) the investment of cash surpluses.

Monetary policy operations are therefore clearly and explicitly separated from public debt transactions. Agency relationships between the central bank and central government are set forth in an official accord made available to the market and to the public. This dimension is assigned a score of A.

Dimension 2: Coordination with the central bank through regular information-sharing on current and future debt transactions and the central government's cash flows

Coordination with monetary policy is ensured through periodic and institutionalized information-sharing.[35] More specifically, the DDP communicates its annual borrowing plan to the AUT at the start of each year. This plan is revised on a quarterly basis, and the updates are also communicated to the Agency.[36] All UEMOA member countries have a responsibility to adopt this sharing mechanism. Furthermore, the BCEAO, in its capacity as the Government's financial agent responsible for executing and publishing the results of the issuances, automatically has access to all information on the prepayment schedule (for outstanding debt and debt service). Even the issuances managed by the DCBR (the regional stock market) are captured by the BCEAO through the AUT, which consolidates and publishes information on these issuances. In all cases, the BCEAO and the DDP share and validate information on debt obligations.

Côte d'Ivoire also established a *Comité de trésorerie* [37] comprising representatives from the State Treasury and the BCEAO, with a view to sharing information the central government's cash flows. This committee meets each month to review the cash plans provided by the DGT to the BCEAO and compare revenue and expenditure forecasts to actual outturns. Liquidity forecasts are also prepared at weekly technical meetings attended by the various central government financial administrations and the BCEAO. This information is used to prepare the weekly report that is submitted to BCEAO headquarters in Dakar.

In view of regular information-sharing on debt transactions and the weekly sharing of data on the cash plans and liquidity flows of the central government, the requirements for a score of B have been met for this indicator. This information must be shared on a daily basis to be assigned an A score. It should, however, be noted that the quality of the information contained in the borrowing and cash plans needs to be improved, as discussed in DPI-11.

[34] *Décision* No. CM.UMOA/006/05/2012.
[35] Chapter 2 of *Regulation No. 09/2007/CM/UEMOA* mandates member countries to provide measures and/or entities for coordination and monitoring of the debt policy.
[36] See DPI-8 for more information on borrowing plans.
[37] This committee differs from the *comité de trésorerie* established in the Ministry of Finance and the technical committee under its supervision. The latter committee includes various departments of the Ministry of Finance and the Ministry of Budget, as well as the financial administrations.

Dimension 3: Extent of the limit of direct access to financial resources from the central bank

At-end 2001, UEMOA's Council of Ministers had decided to discontinue direct monetary assistance from the BCEAO, which had previously been accessible to the member States.[38] No advances have been granted since that time. The decision also requires States to limit the use of monetary assistance exceeding, where applicable, statutory limits and to restructure this debt. Therefore, Cote d'Ivoire has not had access to this facility since 2002. The outstanding balance has been consolidated and is being paid down over a 15-year period.

As was the case with the 2009 DeMPA, all the requirements for a score of A are satisfied for this dimension.

3. Borrowing and Related Financing Activities

DPI-8 Domestic Borrowing

Dimension	Score
1. The extent to which market-based mechanisms are used to issue debt, the publication of a borrowing plan for treasury bills and bonds, and the preparation of an annual plan for the aggregate amount of local-currency borrowing in the domestic market, divided between the wholesale and retail markets	D
2. The availability and quality of documented procedures for local-currency borrowing in the domestic market and interactions with market participants	A

Dimension 1 - The extent to which market-based mechanisms are used to issue debt, the publication of a borrowing plan for treasury bills and bonds, and the preparation of an annual plan for the aggregate amount of local-currency borrowing in the domestic market, divided between the wholesale and retail markets

The first dimension for this indicator was assigned a score of A in the 2009 DeMPA, as Côte d'Ivoire had been using market-based instruments for domestic financing. These instruments are issued through auctions organized by the BCEAO or through syndication (public offering) on the BRVM.

This analysis is still relevant today, as the *Agence UMOA-Titres* (AUT), which was established in 2013 by the BCEAO, has now been tasked by the eight UEMOA States with supporting the issuance and management of public securities. At present, several *bons* and *obligations du Trésor* are issued through auctions[39] and one or two *obligations* (bonds) through syndication each year, which usually pave the way for raising higher amounts (cf. Tables 4 and 5).

[38] See Article 36 of the BCEAO Statutes

[39] Although Côte d'Ivoire has not yet re-issued an existing bond (assimilation), the information memoranda on recent issuances explicitly provide for this possibility (example: 10-year OTA issued June 10, 2015).

Table 4. Amounts Raised on the domestic markets (2012-2014)

	2012	2013	2014	Total
Total amount raised (CFAF billions)	383.8	863.3	1113.8	2360.9
Auctions				
Number of operations	6	13	11	30
Amount raised (CFAF billions)	218.2	644.7	777.1	1640
Percentage of the total	57%	75%	70%	69%
Syndications				
Number of operations	2	2	2	6
Amount raised (CFAF billions)	165.6	218.6	336.7	720.9
Percentage of the total	43%	25%	30%	31%

Source: DDP

Table 5. Issuances in 2014

Securities	Number of issuances	Amount raised (CFAF billions)	Issuance mechanism
BT 1 year	2	68.48	auction
BT 2 years	2	115.69	auction
OTA 3 years	1	27.2	auction
OTA 5 years	3	170.69	auction
OTA/OAT 7 years	2	271.03	auction
OTA 8 years	1	124	auction
TPCI 8 years	1	61.83	syndication
TPCI 7/10 years	1	274.83	syndication
Eurobond 10 years	1	375	syndication
Total		*1488.75*	

Source: DDP

At the start of the year, the Ivoirien authorities communicate their annual borrowing plan to the BCEAO and AUT. This plan covers the following categories: *bons du Trésor*, *obligations du Trésor* (OTA, issued through auctions), *obligations* issued through public offering (TPCI, syndication), and international issues (Eurobonds).[40] This calendar specifies the scheduled issuance date (at least the month), the type of instrument, maturity period, the indicative amount, and the issuance mechanism (auction or syndication). The AUT may propose trade-offs with respect to this plan in order to ensure that it is in line with that of the other issuing countries in the subregion. It therefore publishes a consolidated annual plan for the eight States. Pursuant to UEMOA legal provisions,[41] the States may update their calendars on a quarterly basis.

[40]The plan does not cover securities reserved for individuals (*bons* and *obligations du Trésor* held in a current account at the ACCD) that focus on the deposit of savings from low-income persons and the outstanding balance of which is minimal (approximately CFAF 1 billion as of end-2014).

[41]Regulation *06/2013/CM/UEMOA* of June 28, 2013, Article 5

It should be noted, however, that the planned issuance calendar is not always followed, chiefly because of unexpected changes in the cash balance or unavailability of planned instruments (case with the issuance of a *sukuk* slated for May 2015 that was not carried out), which may result in the postponement or cancellation of issuances or the addition of new ones. Only two of the five issuances included on the initial calendar for 2015 for the first half of the year were carried out whereas two unplanned issuances were carried out during the same period[42]. These changes sometimes occur outside of the quarterly updating process for the issuance plan and are recorded ex post, thus stymying efforts by investors to prepare credible investment plans for the year.

The amounts issued over the past few fiscal years have not always corresponded to the amounts indicated in the Decisions and the issuance memoranda. In 2014, the average deviation (excluding Eurobonds and syndications) was approximately 25 percent. It reached 43 percent above target for the issuance of the 1-year BT of January 15, 2014 and 41 percent below target for the issuance of the 7-year OAT of March 6, 2014. For 2015, the authorities in UEMOA's eight member countries have made a joint and voluntary commitment to ensure that the amounts issued through auctions do not exceed 110 percent of the indicative amount, which has been honored by Côte d'Ivoire since the start of the year.

Although the results of the auctions are communicated to participants on the same day as the auction (cf. supra) and an annual borrowing plan containing details on scheduled issuances is published, major changes made to the issuance calendar do not allow investors to have concrete forecasts for the following month. Consequently, a better score than a D cannot be assigned to this dimension. Strict adherence to the issuance calendar would contribute to a marked improvement in this score in the future.

Dimension 2 - The availability and quality of documented procedures for local-currency borrowing in the domestic market and interactions with market participants

A score of A was also assigned to the second dimension in 2009. The situation remains unchanged in terms of the quality and availability of issuance documents. All issuances of *bons* and *obligations du Trésor* are covered in a Decision (*arrêté*) signed by the Minister of Economy and Finance, which outlines all the terms and conditions, including the maturity period, nominal rate, actual amounts, and the redemption profile. This Decision is published at least one week—several weeks in some cases—prior to the issuance, along with a set of other documents in a detailed information memorandum that is available on the websites of the ministry (syndications) and the *Agence Titres UMOA*[43] (for securities issued through auctions and syndication).

The auction procedure, including the terms and conditions governing participation and the timeframes, is established in the subregion and is available on the website of the *Agence Titres UMOA*. It is well understood by market participants that have access to the results on the same day of the auction via a computerized system (SAGETIL-UMOA).

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[42] 2 year BT and Eurobond have been issued consistent with the planned calendar. However the issuances of a sukuk (May) and two 7 year OAT (March and June) have not been implemented as planned. The issuance of a 10 year TPCI (planned for July) has been anticipated in May and one 10 year OAT (non planned) has been issued in June.

[43]Regulation *06/2013/CM/UEMOA* stipulates that the BCEAO shall communicate the information memorandum prepared by the issuing State and the AUT to participants at least seven days before the date of the auction (Article 6).

In the case of issuances through syndication, the information memorandum clearly outlines these procedure- and availability-related aspects. Market participants also have a sound understanding of these regular operations.

The interactions with market participants and investors were largely carried out on an ad hoc basis by the *Direction du Trésor*, but were frequent enough to ensure effective information sharing. A local meeting was organized at the beginning of each year by the Director General of DGTCP, but has not yet been held in 2015 owing to the preparations for the Eurobond. The Ivoirien authorities also participated in a number of investor meetings organized in the subregion by *Agence Titres UMOA* in 2014[44] and intend to participate in the meetings scheduled for 2015.

In light of the good quality and availability of the issuance documents and to regular information sharing with market participants, a score of A has been assigned.

DPI-9 External Borrowing

Dimension	**Score**
1. Assessment of the most beneficial or cost-effective borrowing terms and conditions (lender or source of funds, currency, interest rate and maturity) and a borrowing plan	C
2. Availability and quality of documented procedures for external borrowings	D
3. Availability and degree of involvement of legal advisers before signing of the loan contract	A

Dimension 1 - Assessment of the most beneficial or cost-effective borrowing terms and conditions (lender or source of funds, currency, interest rate and maturity) and a borrowing plan

The first dimension was assigned a score of D in 2009 because the financial conditions applicable to external loans were evaluated only in terms of their degree of concessionality. The preparation of a comparative table of the terms and conditions offered by lending institutions, as well as the DDP's involvement in the review of the financial terms and conditions, are clear improvements.

At present, Côte d'Ivoire has limited external financing options, and there is little room for negotiation with bilateral and multilateral lending institutions. It should be noted that the Minister of Economy and Finance is the only person authorized to sign these loans, which are submitted by the Minister to the DDP for review and analysis.

To this end, DDP establishes and updates a table detailing the terms and conditions offered by the bilateral and multilateral donors (including their various branches), such as the average loan period, grace period, the interest rate, fees, financing term, and the sectors covered. It also establishes an annual borrowing plan detailing the expected mobilization of external financing on a monthly basis. These activities are described in the external borrowing procedures prepared by the *Service des conventions de financement* (SCF) in the *Sous-direction du financement extérieur*, and documented in the DDP's procedures manual.

[44]The *Direction du Trésor* usually contacts the local investors just before an issuance in order to ascertain their level of participation.

The external borrowing plan focuses on loans from multi- and bilateral creditors and does not include Eurobond issuances. Those are however mentioned in the yearly calendar sent to AUT covering negotiable debt (mostly domestic, see DPI 8). Côte d'Ivoire carried out two international issues (Eurobonds): in 2014 for US$750 million and in 2015 for US$1 billion (cf. 4.2 supra). A Decision (*arrêté)* of February 6, 2014 established a *Comité de suivi de l'émission obligataire Eurobond 2014* tasked with coordinating the process for selecting participants and with monitoring the planned issue. Owing to the lack of internal capacity, a financial analysis of the two projects was not conducted by the Ministry's departments but by external consultants hired by the Government.

Even though the DDP assesses the terms and conditions for external borrowing on an annual basis and prepare an annual borrowing plan for external borrowing, the absence of internal financial analysis capacity for Eurobonds - a source of financing that Côte d'Ivoire intends to use on a regular basis - do not permit to assign a score higher than a C. The DDP's training program is expected to ultimately equip Ivoirian administrations with the financial, legal, and technical skills needed to analyze the conditions and risks of an international bond issue, which would improve the current score.

Dimension 2 - Availability and quality of documented procedures for external borrowings

The second dimension was also assigned a score of D in 2009 because a terms sheet describing the various aspects of the loan agreement had not been prepared by the loan negotiating team within three weeks after negotiations had been concluded.

External loan negotiations are usually led by a representative from the Economy and Finance Minister's office, with participation from the DDP's departments. The aforementioned DDP procedures manual covers the process for borrowing from bilateral and multilateral creditors. It explicitly makes provision for the *chargé d'étude* responsible for the loan in question to record the features of the loan accord in the debt database (SYGADE); however, no maximum time period was indicated. The DDP's departments informed the mission that this recording process had taken place within days of the accord being signed; however, this practice could not be confirmed.

With respect to Eurobond issues, the 2014 Decision established a committee composed of the Minister of Economy (Chair), the deputy director of the Office of the Prime Minister, and the Minister of Budget. Support is provided by a technical secretariat that includes two DGTCP[45] representatives. This committee also monitored the second Eurobond issue in 2015. These legal provisions are, however, too general in nature to be considered a sufficiently detailed framework of procedures for the use of international bond issues. The DDP's procedures manual makes no mention of these securities.

In conclusion, with respect to the second dimension, although the DDP procedures manual and SCF practices together constitute a satisfactory tool for borrowing from bilateral and multilateral lending institutions, a score of D is assigned owing to the absence of specific procedures for Eurobonds. The establishment of a framework of detailed procedures for Eurobond issues, which makes explicit reference to the relevant offices (*directions*) and units, should help improve this situation and result in a higher score.

[45]While the Decision does not explicitly refer to the DDP as one of the members of the technical secretariat, the director of the DDP has participated in these meetings.

Dimension 3 - Availability and degree of involvement of legal advisers before signing of the loan contract

A score of D was assigned to this dimension in 2009 because the legal advisors were consulted only after the agreements had been signed.

This situation has improved. The DDP legal advisers are involved in the loan agreement negotiation process from start to finish, and may request amendments to the terms of an accord, as evidenced in the minutes from negotiation meetings.

In the case of Eurobonds, the 2014 Order provides for the hiring of a legal firm to review loan terms. A local firm (ADKA) and an international firm (Cleary Gottlieb) were involved in the preparation and issue of the two Eurobonds.

A score of A is therefore assigned to this dimension.

DPI-10 Loan Guarantees, On-lending, and Derivatives

Dimension	Score
1. Availability and quality of documented policies and procedures for approval and issuance of central government loan guarantees	D
2. Availability and quality of documented policies and procedures for on-lending of borrowed funds	D
3. Availability of a DeM system with functionalities for handling derivatives and availability and quality of documented procedures for the use of derivatives	N/**A**

Dimension 1 - Availability and quality of documented policies and procedures for approval and issuance of central government loan guarantees

The first dimension on loan guarantees (or guaranteed loans) received a B score in 2009, based on the provisions of Decree 83-501 of June 2, 1983 that spell out the relevant procedure, including credit risk assessments by a *Comité consultatif des avals* within the Ministry of Economy and Finance, the provision of counter-guarantees where applicable, and the establishment of an annual management fee of 50 basis points. The 2009 DeMPA noted that no loan guarantee had been granted in recent fiscal years, which prevented the evaluation of the implementation of the procedure set forth in the 1983 decree.

No major changes have been made to the legal framework for guarantees since 2009, and the 1983 decree remains the relevant legal text governing the procedure. Two modifications have, however, been made:

Decree 2001-424 stipulates that all requests for government guarantees must be submitted to the CNDP for opinion (Article 4). On this basis, the CNDP procedures manual (in draft form, not formally approved to date) must specify that the file submitted to the committee for opinion must contain a list of documents, including the approval from the decision-making body of the entity benefiting from the guarantee, its financial statements and activity reports for the past three years, its operating statement for the next five years, its debt situation and prior repayments, the project's financing plan, and the technical records along with the feasibility study.

The 2014-336 LOLF states that the Minister responsible for the budget and finance is the only person authorized to sign agreements relating to guarantees granted by the State (Article 12). It also provides the procedures governing appropriations in the budget law aimed at covering loan defaults or activation of guarantees, and reporting requirements for beneficiaries of the guarantees. It stipulates that the guarantees are granted by a Decision adopted by the Council of Ministers (Article 42).

As indicated above (cf. DPI-1 and DPI-2), while Decree 83-501 establishes a specific framework of procedures for government guarantees, it needs to be updated to bring it in line with the most recent legal provisions (2011 decree relating to the CNDP, 2014 LOLF). In fact, while the CNDP procedures manual specifies the documents required for all guarantee requests, it is silent on the possible counter-guarantees or mortgages, as well as on potential management or risk fees, unlike the 1983 decree.

The sole recent case of a guarantee being issued pertains to the District of Abidjan, in the context of the program to improve access to villages in the district. A letter dated March 13, 2015, which was signed by the Minister of Economy and Finance and the Minister of Budget, grants an irrevocable and unconditional guarantee of CFAF 60 billion[46] to the banks financing the operation. Based on the documents made available to the mission, it appears that the legal framework was not respected:

(i) Absence of a decree adopted by the Council of Ministers

(ii) Absence of records documenting a financial risk analysis, the lending rate relative to the government borrowing costs,[47] and payable counter-guarantees

(iii) No mention of the 0.5 percent management fee for the Government

(iv) No opinion from the CNDP on the request (this request was submitted to the DPP, which transmitted the file to the DT for review)

The legal framework governing the procedures for guarantees was not adhered to in the case of the sole issuance of a guarantee of which the mission was informed. Consequently, a score of D is assigned to this dimension.

Dimension 2 - Availability and quality of documented policies and procedures for on-lending of borrowed funds

The second dimension received a D score in 2009 because no legal provisions establishing the procedure followed for on-lending were in place. The DDP had applied a procedure similar to the one described in the 1983 decree for guarantees. As this situation has not changed, a higher score is not possible. It should also be noted that the DDP ensures only administrative reporting of on-lending

[46]This amount is much higher than the ceiling of CFAF 10 billion for guarantees likely to be granted by the Government, pursuant to the 2015 Budget Law (Article 8).

[47]An initial analysis shows that the overall cost of the loan, that is, 7.25 percent (base rate of 6.35 percent and three fees totaling 0.9 percent) appears to be higher than that of the Government for an equivalent maturity period (5.85 percent for the 7-year TPCI issued in December 2014 and 6.5 percent for the 7-year OAT issued in March 2014, that was issued below par).

operations; it does not evaluate the beneficiary's credit risk.[48] The second dimension therefore receives a score of D.

The ongoing inventory of the debt (guaranteed and not guaranteed by the Government) of all State-owned enterprises should facilitate the preparation of an up-to-date report on the Government's off-balance sheet commitments. The development of a specific framework of procedures for on-lending operations, modeled on the 1983 decree governing guarantees, could result in a higher score in the future.

Dimension 3 - Availability of a DeM system with functionalities for handling derivatives and availability and quality of documented procedures for the use of derivatives

The third dimension has not been assessed (N/A) because Côte d'Ivoire does not use derivatives for financing.

4. Cash Flow Forecasting and Cash Balance Management

DPI-11: Cash Flow Forecasting and Cash Balance Management

Dimension	**Score**
1: Effectiveness of forecasting the aggregate level of cash balances in government bank accounts	D
2: Effectiveness of managing the aggregate cash balance in government bank accounts, including integration with the domestic debt borrowing program	D

Dimension 1: Effectiveness of forecasting the aggregate level of cash balances in government bank accounts

Cash management in Côte d'Ivoire is guided by a cash plan that is prepared at the start of each year. The plan provides monthly forecasts for a 12-month period. While this plan is based on the macroeconomic policy for the purpose of setting overall goals, it draws more heavily on the TOFE and information shared by the tax administrations to establish revenue and expenditure forecasts, and thus financing needs. The plan is subsequently calibrated to take into account late payments made at the end of the previous year. It also ranks expenditures by order of importance according to mandatory expenditures (public debt and staff wages), priority expenditures (investments, operations of the departments, and subsidies), and other expenditures categorized as "non-priority."

At the institutional level, a *Comité de trésorerie* composed of the relevant units of the Ministry of Economy and Finance meets twice a week. The committee, on which all DGTCP departments and tax administrations are represented, monitors the liquidity position of all Treasury accounts and updates the cash plan data, especially with regard to revenues.[49] A *Comité ministériel de trésorerie* chaired by the Prime Minister and composed of the Minister of Finance, the Minister of Budget, the Minister of Planning, the BCEAO Regional Director, and a representative from the Office of the

[48]The CNDP procedures manual requires the same documents for on-lending operations and guarantees. This list is useful but does not constitute a framework of procedures for reviewing on-lending requests.

[49] The committee monitors deposits made by tax officials (*Direction générale des impôts*, *Direction générale des douanes*) and analyzes their levels relative to the annual and monthly targets set by these same officials.

President also meets monthly to ensure that the plan is in line with the Government's public finance objectives. This committee is assisted by a technical committee that is responsible for preparing the meetings and analyzing implementation of the plan.

The cash plan's reliability is questionable. An analysis of the data contained in the 2014 plan (Table 6) reveals the following:

Revenues: at the aggregate level, revenues are overestimated and the differences between outturns and forecasts exceed the 15 percent[50] limit for five months of the year. These types of differences undermine the quality of these projections. Despite being lower, forecast amounts for non-tax revenues and other revenues appear to be the most unpredictable.

Expenditures: Mandatory expenditure forecasts are robust and in line with outturns. The problem lies in the execution of the other expenditures. Monthly differences between forecasts and outturns are greatest in this area, calling into question the reliability of these estimates. Furthermore, the overall under-execution of these expenditures suggests deliberate cash rationing.

Financing: Revenue and expenditure outcomes impact financing. In fact, the gap between forecasts and actual outcomes exceeds the 15 percent mark for eight months of the year.[51] In the absence of short-term instruments (infra-annual *bons du Trésor*), this situation makes it difficult to draw up and adhere to an issuance calendar.

Despite significant progress with respect to the preparation of a monthly cash plan and weekly tracking of its execution, the unreliable nature of the forecasts suggests a more structural cash management problem. The minimum requirements are therefore not met and a D score is assigned. To achieve a C score, the authorities must improve the quality of the forecasts and use short-term instruments in a manner that ensures the discontinuation of the practice of delaying the payment of expenditures considered to be a lower priority.

Dimension 2: Effectiveness of managing the aggregate cash balance in government bank accounts, including integration with the domestic debt borrowing program

The Government manages its liquidity in numerous accounts with commercial banks and the BCEAO, which poses a huge challenge in terms of calculating and managing the Treasury's daily liquidity position. Reforms to establish a single treasury account (CUT) are under way. The first step would be to close all central government accounts in commercial banks, a goal that the Minister of Finance hopes to achieve by end-2015.[52]

In order to maintain a monthly buffer, the Government established a minimum liquidity position equivalent to half of the monthly wages for central government employees. To that end, a central account specifically for staff costs was created and is being closely monitored. This liquidity buffer was maintained after 2011 through (i) issuances of a wider range of medium- and long-term securities; (ii) prefinancing via issuances of securities several weeks before their scheduled maturity date; and (iii) delay in expenditure deemed a lower priority (finance rationing). The cash management system currently does not make use of the flexibility offered by short-term financing mechanisms, such

[50] For the DeMPA, a reasonable reliable forecast is within 10-15 percent of actual outcome.
[51] There was no provisioning for issues in September.
[52] The authorities are proposing the reduction of the number of current accounts used by the Treasury from 2000 to 1000 by end-2015. However, the accounts at BNI will be closed over a three-year period.

as *bons de Trésor* with a tenor of less than one year, to cover monthly financing needs. In 2012, Côte d'Ivoire stopped issuing securities with a tenor of less than one year.

There is no active management of excess liquidity in Côte d'Ivoire. Cash balances are maintained in Treasury accounts at the BCEAO and commercial banks. Unlike the practice in place at the time of the 2009 assessment, these accounts are no longer remunerated.[53] In addition, these excess funds are not invested in the market, and no debt prepayments or buybacks of *bons de Trésor* are planned. The absence of a single Treasury account makes active management of excess cash difficult.

A score of D is assigned to this dimension because of the non-existence of short-term instruments to cover temporary cash shortfalls in an efficient manner, resulting in passive management of excess liquidity. In order to achieve a C score, a system that consolidates the Treasury's assets into a single account should first be introduced to facilitate aggregate liquidity management and use of short-term *bons du Trésor* to cover temporary liquidity shortfalls at the lowest cost possible. Remuneration of excess liquidity should also be secured by means of an agreement with the banks with which the Government holds accounts, through investment of excess funds via repurchase transactions or prepayment of a number of debt maturities.

[53] The 2009 DeMPA notes that the Treasury account at BCEAO received a 4 percent interest that was in line with the central bank's key interest rates during this period. BCEAO decided to discontinue this remuneration.

Table 6 Gap - Implementation and Execution (2014 Cash Plan)

Gap – Implementation and Execution (2014)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Aggregate
Total Revenues	-8.4%	25.4%	3.4%	-6.9%	16.4%	-7.8%	-1.3%	-17.1%	-15.7%	-12.5%	-24.9%	-4.6%	-6.2%
A- Tax revenues	-7.0%	13.6%	5.5%	-6.1%	15.3%	-4.7%	-2.5%	-16.2%	-11.9%	-13.4%	-27.2%	14.9%	-4.4%
B- Non-tax revenues	1.2%	558.3%	-43.2%	-42.3%	-12.1%	-43.3%	85.4%	1.5%	-86.1%	-7.9%	24.8%	-90.4%	-44.2%
C- Other revenues	-44.2%	30.6%	-8.6%	-19.8%	48.7%	-35.6%	-4.1%	-36.5%	-5.9%	7.2%	29.3%	-1.6%	-5.6%
Total Expenditures	-2.0%	0.9%	-3.4%	-8.8%	-3.6%	2.8%	-0.6%	-2.3%	2.6%	4.6%	-56.5%	9.1%	-4.9%
A – Mandatory expenditures	-2.6%	-5.1%	-2.1%	-3.3%	-1.0%	0.9%	-0.4%	-0.6%	0.8%	0.3%	5.9%	6.1%	-0.1%
Public debt	-1.0%	0.0%	-0.4%	0.0%	0.0%	0.0%	0.0%	-1.0%	0.0%	-0.3%	31.9%	0.5%	0.0%
Staff	-3.6%	-8.1%	-3.6%	-8.5%	-2.3%	1.8%	-0.7%	-0.3%	1.8%	1.3%	4.5%	14.2%	-0.2%
B – Priority expenditures	-3.8%	12.3%	-3.7%	-40.9%	-29.1%	0.1%	-0.6%	-7.8%	10.9%	4.0%	-65.1%	-24.2%	-14.6%
of which Investments	-17.6%	169.0%	38.0%	-63.5%	-74.0%	-4.5%	-7.7%	-10.7%	3.6%	-15.6%	-75.6%	-9.7%	-12.2%
of which operations of the departments	-7.5%	4.0%	-34.8%	-24.8%	-5.0%	11.2%	14.1%	-7.8%	100.0%	60.0%	-81.4%	-54.3%	-23.0%
of which Subsidies and transfers	10.4%	-72.2%	-3.8%	-45.8%	-2.8%	4.4%	4.2%	-3.5%	-4.3%	-3.1%	6.0%	-19.9%	-12.1%
C – Other expenditures	0.7%	8.6%	-7.7%	-5.3%	3.9%	78.6%	-3.3%	6.5%	-18.2%	93.5%	-88.7%	167.3%	-3.2%
Cash Balance	18.6%	-45.8%	-8.3%	-13.1%	-17.4%	27.6%	1.4%	18.5%	34.4%	40.3%	-102.9%	26.0%	-3.0%
Financing	14.8%	-18.9%	-9.7%	17.1%	-0.9%	35.8%	3.5%	-3.0%	-11.6%	-12.9%	-52.0%	59.8%	-1.4%
A- Opening balance	0.0%	8.6%	-8.5%	-13.8%	54.5%	53.2%	51.0%	3.9%	-11.6%	-45.8%	-53.2%	-14.4%	-6.6%
B- Borrowings on the money and financial markets	45.7%	-23.1%	-13.0%	33.1%	-48.5%	23.0%	-3.3%	-29.9%	n.a	151.5%	-75.0%	#DIV/0!	5.1%
C- External resources	0.0%	0.0%	n.a	n.a	0.0%	21.3%	n.a	n.a	n.a	n.a	0.0%	-3.7%	0.9%

Source: World Bank calculations based on the 2014 cash plan provided by DCS

5. Debt Recording and Operational Risk Management

DPI-12: Debt Administration and Data Security

Dimension	**Score**
1. Availability and quality of documented procedures for the processing of debt-related payments	C
2. Availability and quality of documented procedures for debt data recording and validation, as well as storage of agreements and debt administration records	D
3. Availability and quality of documented procedures for controlling access to the central government's debt data recording and management system and audit trail	C
4. Frequency and off-site, secure storage of debt recording and management system backups	A

Dimension 1. Availability and quality of documented procedures for the processing of debt-related payments

With respect to the quality of the documented procedures for the processing of debt-related payments, the 2009 assessment noted that the minimum requirements for the first dimension had not been met, owing to the accumulation of arrears. A score of D was assigned to this dimension of the indicator.

There has been improvement since that assessment. A detailed procedures manual, covering all procedures relating to front office (negotiation of external loans, auctions of securities on the domestic market, tracking of guarantees and on-lending), middle office (management of statistics and studies) and back office (tracking of disbursements and debt service) activities, was put in place. An electronic version of this manual is available to all employees involved in debt management.

The public debt service payment process is explicitly laid out, with reference being made to the various actors (ACDP, ACCT, DDP, DGTCP and their divisions). It should be noted that while the 2015 DEMPA methodology no longer requires that the database not include any payment arrears, it insists on the need for explicit procedures to monitor and control arrears, if necessary.

The procedures manual, the most recent version of which dates from early 2014 and which should be replaced shortly in the context of the reorganization of the DDP, contains almost 100 pages of information on the DDP's functions, responsibilities, and procedures, as well as its organizational chart. With regard to debt-related payments, the mission noted that the procedures stipulated in this manual are being followed.

As regards securities, the DDP receives a copy beforehand of the minutes authorizing the issuance and transmits this document to the SDFI, which reviews it and prepares a report on upcoming maturities, for communication to the DGTCP, ACDP, and ACCT which are involved in the payment procedure.

The payment of a security takes place when the DGTCP sends a file along with the supporting documentation relating to the maturity period to the DDP for verification. Assisted by the *chargé* *d'études* at the SDFI, the *Chef de service* checks the payment request and then submits it to the DDP payment authorizing officer for validation and signature. The payment is made upon instruction of the ACDP, and then sent to the ACCT which is responsible for managing the Treasury's account at the BCEAO. Lastly, the DDP receives the information from the BCEAO about the payment made, and updates the SYGADE system.

A different process is in place for contractual external debt. Once the due-date notice has arrived at the DDP, the SDGD is responsible for verification and reporting. It bears noting that while the DDP centralizes all mobilization and payment operations, these operations are carried out by two staff members from different divisions of the DDP. Nevertheless, with respect to payments, if the data are not consistent with the due-date notice, the SDGD employee immediately contacts the creditor to seek clarification. Lastly, if the account in the file and the system is validated, an SDGD employee generates a payment order in the SIGFIP integrated system, which includes the currency amount and the account at the BCEAO to be debited. However, the payment is only made when the DDP signs the payment order, and it is then transmitted to the ACDP for payment at the BCEAO. The DDP receives written confirmation from ACDP, which the SDGD uses to update SYGADE.

Payment orders are, however, not automated and hard copies and emails are common at the various stages, especially for the payment procedures. As a result, a higher score than a C is not possible. In addition, plans are in place to update the procedures manual during the year so as to take account of the reorganization of the various departments, in order to be as closely aligned as possible to best practices for the administrative organization of the front, middle, and back offices.

A score of C is therefore assigned to this first dimension.

Dimension 2. Availability and quality of documented procedures for debt data recording and validation, as well as storage of agreements and debt administration records.

The 2009 assessment mentions that although the DDP procedures manual covers debt data recording, validation, and storage of loan agreements and other records, the minimum requirements for this second dimension have not been met because the loan documents are not filed securely, nor are they protected against fire or other sources of loss of key documents.

Data recording procedures for debt service payments now contain a considerable amount of detail. The manual clearly stipulates that the SDFE, which is part of the Front Office, is responsible for data collection and the *Sous-Direction de la Gestion de la Dette* is responsible for monitoring, in accordance with the "four eye" principle. The DDP keeps the original copies of internal and external debt instruments in fire-resistant cabinets, thereby reducing the risk of destruction, loss, or theft.

However, there is no explicit provision in the procedures manual or other existing equivalent document on archiving procedures nor a secure framework that guarantees the protection of agreements, copies, and key documents. The reference document and filing policy have not been formally established to simplify storage and research. At present, a comprehensive document assessing the situation within the DDP and seeking to address the weaknesses with archiving is in the process of being evaluated by the DDP management.[54]

[54] Fact-finding mission report prior to the organization of files and documentation, implementation of an electronic document management solution for the *Direction de la dette publique*. Prepared by the *Chef service Gestion et Diffusion de l'Information Documentaire*. Treasury Office, March 11-12, 2015.

In addition, although DDP officials conduct ongoing verification of data and operations, the validation procedures, such as systematic data reconciliation with creditors, are not explicitly mentioned in the procedures manual or any other similar document.

In view of the noncompliance with a written procedure, in the procedures manual in particular, with respect to data validation as well as the standards for filing and protection of DDP agreements, the minimum requirements for this dimension are not met.

A score of D has therefore been assigned for this second dimension.

Dimension 3. Availability and quality of documented procedures for controlling access to the central government's debt data recording and management system and audit trail

The minimum requirements mentioned in the 2009 assessment for the third dimension were not met as the procedures for controlling access to the database are not documented by the DDP outside of the generic SYGADE manual. A score of D was assigned.

Currently, the situation is quite different because to access the database, each DDP official has a log-in password according to function, a password for the DDP network where the SYGADE is installed, and a password for individualized access to the SYGADE 6 with a specific profile in the system corresponding to his function. The different security levels mentioned are not explicitly set forth in a document at present; however, the profiles are documented (see below) and there is a file with each official's passwords, which can only be accessed by the database administrator.

Access for all officials is controlled solely by the database administrator based on a process structured in the form of a comprehensive table that corresponds to a pre-established written plan with over 20 different profiles for each division and its officials. For example, the Division Director of mobilization has his own password with access rights to the external debt instruments and grants, except the Japanese grant, with the ability to view and modify loan conditions, but he has no access to domestic debt. This is easy to implement owing to the utilities available to the Ivoirian DBA from the SYGADE 6 software. The plan, which is aligned with a control procedure managed by the Technical Unit, is updated on an ad hoc basis by the SYGADE database administrator from the DDP and in accordance with the current ministry practices and the SYGADE technical guide.

A score of C is given for this third dimension. For a higher score, the access procedures must be explicitly and formally revised each year or at least every two years.

Dimension 4. Frequency and off-site, secure storage of debt recording and management system backups.

The 2009 assessment assigned a score of B given that backups of the debt database were done every day and weekly copies were stored in another building, limiting the risk of data loss. A higher score was not possible because the backups that were stored outside of the DDP, to mitigate the risk of loss in the event of a disaster, were not done on a daily basis.

The DDP has its own computer department called the *Coordination Cellule Informatique* (CI), which is responsible, among other tasks, for local backups of the SYGADE system. At the time of this assessment, the backup policy is carried out with a similar frequency as during the 2009 assessment, with some improvements.

Currently, one cold backup is done every day by the computer service and a hot backup is done by a computer "robot," that is, the backup is done automatically by an application without the intervention of a computer technician from the DDP almost every day. This robot transmits the data to a secure location outside of the ministry within a private enterprise that specializes in backups under a formal contract. If for any reason the robot is unable to extract the copy of the data for the backup, the technical unit is immediately alerted by telephone. The mission was provided with a copy of the documentation on the terms of this service provision between the DKB IT firm and the DGTCP.

The backups were carried out in accordance with international best practices, which merits a score of A.

DPI-13 Segregation of Duties, Staff Capacity, and Business Continuity

Dimension	Score
1. Segregation of duties for some key functions, as well as the presence of a risk monitoring and compliance function	B
2. Staff capacity and human resource management	B
3. Presence of an operational risk management plan, including business-continuity and disaster-recovery arrangements	D

1. Segregation of duties for some key functions, as well as the presence of a risk monitoring and compliance function

The last assessment in 2009 concluded that the minimum requirements for the distribution of duties and staff quality were not met. Although the segregation of duties was achieved according to the assessment, no one was yet responsible for risk and compliance monitoring. A score of D was assigned.

Currently, the DDP is composed of several divisions that together represent the entire chain of debt from negotiation to payment and closing of the commitment. However, a reorganization is planned soon in the context of institutional reform in Côte d'Ivoire to organize the debt office in accordance with best practices and to be as closely aligned as possible with the Front, Middle, and Back Office model recognized as an international best practice.

Two divisions carry out Front Office activity. The main negotiation department for new external borrowing is the *Sous-direction du Financement Extérieur* (SDFE). It handles sourcing and collection of financing and negotiation of financing agreements, as well as administrative reporting of financing agreements. According to the procedures manual, the SDFE monitors the entire commitment procedure up to the signature and communication of documents to the other entities involved in the process. Once the agreement is adopted, the SDFE is responsible for incorporating the data into the SYGADE[55] after validation by the *chef de service*.[56]

[55] The unique loan number, signature and effective dates of the amounts, and interest rate, among other data.
[56] It must be underscored that recently, following the introduction of scanners, the department has been making electronic copies of key documents in the record and filing them in the SYGADE, which contains a specific function for backing them up.

It is important to note that in practice, the SDGD is responsible for verifying that the data included in the system by the SDFE are consistent with the copies received. The head of this department receives the comments on the characteristics included in the new register from the *chargé d'études*. The DDP then advises the *Sous-direction de la gestion des projets cofinancés* (SDGPCF) to mobilize the agreed external resources, with verification from the DDP and for which the drawdown process is completed by issuing the receipt order, which is communicated to the ACDP.[57]

Similarly, the *Sous-Direction du Financement Intérieur* (SDFI) is responsible for issuing *bons* and *obligations du Trésor* on the subregional market in collaboration with the *Direction du Trésor* (DT). After the COSTEIF study on market trends, the SDFI participates in the preparation and transmission of administrative documents, in the issuance of securities, and in the tracking of debt data in SYGADE. When the DDP receives the issuance report, the SDFI records the data in SYGADE. However, although the SDFI conducts the payment procedure, it is the various employees[58] who are responsible for making payments and the DDP carries out the necessary verifications for the securities payments in its capacity as payment authorizer.[59]

Disbursements are the responsibility of the *Sous-Direction de la gestion des projets cofinancés* (SDGPCF). As explained in the procedures manual, it tracks the mobilization of external resources provided in accordance with the financing agreements concluded between the State and donors. The payment functions, as explained in the preceding indicator, are carried out by the *Sous-direction de la Gestion de la Dette* (SDGD). As the latter tracks payment dates until their maturity, it is also responsible for producing statistical debt stock and service data.

There is, therefore, a clear separation of duties for handling new agreements, mobilizing funds and debt service not only among civil servants, but also at the organizational level. There is also at least one person with specific responsibilities for monitoring operational risks and ensuring compliance with guidelines; however, the *unité de contrôle des risques* has not yet been adequately established in the statutes or in practice. The head of the unit indicated that this will be developed with a comprehensive work plan during the next reorganization and updating of the aforementioned procedures manual.

A score of B is assigned.

Dimension 2. Staff capacity and human resource management

In the context of the five divisions attached to the DDP, all the positions are adequately filled with roughly 67 people. The only noteworthy concern identified is the fact that the DDP may have trained and experienced staff who retire from the DDP or leave following a planned restructuring of the department, without having planned for a replacement prior to the departure of the employee in question based on the profile determined in order to suitably fill the position. This complicates the task of training and onboarding new staff hired by the divisions and can increase operational risk.

Each position description includes its requirements. The descriptions (Job Description) are updated as necessary and a performance evaluation of each employee is conducted every year with

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[57] At the time of payment, the Head of the SDFE can give instructions to make any adjustments or enter additional information. After the loan is validated, the SDFE is responsible for monitoring the database and ensuring its accuracy. In fact, responsibility for ensuring debt data reliability to complete reimbursement operations, as well as to produce statistics, rests very much with this division with support from the Technical Unit.

[58] There is a payment unit in the SDFI that is not involved in mobilization. This is not clear in the procedures manual, which does not state the subunits in a division, but these employees have terms of reference of this nature.

[59] With the help of statistics from the SDGD, in charge of oversight of securities inventories in SYGADE.

the supervisor. It should be mentioned that the DDP acknowledges and rewards the efforts of its employees with, for example, a program that recognizes the best employee of the month.

Training plans for each department are drawn up and several employees participate in training within the DDP and externally. For example, courses are offered on tools such as the MTDS by the World Bank or on the use of SYGADE by UNCTAD in the context of a technical cooperation project. However, there are no individual training plans prepared per employee so that each position may be strengthened based on the needs, trends in the sector (IT, finance, office equipment), and the responsibilities in question.

A code of ethics on professional behavior to regulate conduct as well as conflicts of interest involving employees is available. The code, which has been in effect since 2009 and contains 19 articles, aims to "strengthen the credibility of the Public Treasury by conduct that reassures users/clients, economic operators, partners." The code is also appropriately displayed in different formats in most offices and meeting rooms and covers conflict of interest.

Given the existence of detailed job descriptions, performance evaluations of employees, as well as a code of ethics, a score of B is assigned to this second dimension.

Dimension 3. Presence of an operational risk management plan, including business-continuity and disaster-recovery arrangements

In 2009, the minimum requirements for the third dimension were not met given that the DDP lacked business-continuity and disaster-recovery plans.

Currently, there are no business-continuity or disaster-recovery plans although the DDP is aware of the need and the fact that this also requires collaboration with the DGTCP because it is unlikely that the DDP will undertake this alone. It is important to note that the preparation of these plans alone is not enough; they must be circulated among division directors and their efficiency should be tested periodically.

The score of D is assigned to this dimension.

DPI-14: Debt Records

Dimension	**Score**
1. Completeness and timeliness of central government debt records	B
2. Complete and up-to-date records of all holders of government securities in a secure registry system	A

Dimension 1. Completeness and timeliness of central government debt records

The DDP uses the SYGADE software as a public debt recording and management system in which all public borrowing and related transactions are managed. Consequently, debt data are well organized, which facilitates the preparation of statements within pre-established time limits for clients as well as for budget preparation, public accounts, and strategic and analytical studies. When asked about the effectiveness of data management, budget and accounting officers confirmed that the information from the DDP is in line with their expectations.

In order for debt managers to have all the information on payments, the BCEAO sends confirmation of payment notices in less than a week (the statutory period is seven days) although communications are not transmitted electronically.[60] DDP officers are responsible for establishing close contact with the DDP's creditors so that disbursements may be completed in a timely manner in the database and to limit the risk of arrears.[61]

There are 1,398 debt instruments in SYGADE—3,765 tranches for external and internal central government debt. With respect to updating, validation reports have been requested to verify that there are no pending drawdowns or repayments. These basic statements reveal few weaknesses. In other words, for drawdowns, fewer than 20 payment operations reveal problems with recording. Approximately 100 payment operations must still be validated (which represents 0.1 percent of the total of 108,183 payments recorded in the SYGADE database). The greatest risk is that a number of problems that are relatively easy to address have existed for one or two months, which indicates that the database is not systematically validated every month. While it is clear that no penalties or arrears were identified, in the context of the initial publication of a quarterly statistical bulletin planned for prior to the end of 2015, a timetable and a rigorous validation methodology with a monthly report to the DDP director are essential.

Accounting records in SYGADE are comprehensive and verified for updating at two-month intervals. This dimension receives a score of B.

Dimension 2 – Complete and up-to-date records of all holders of government securities in a secure registry system (central custodian)

The second dimension of this indicator (at the time of DPI-15) was assigned a score of A because the two systems managed by the depositories of securities issued by the Côte d'Ivoire—the BCEAO and the DC/BR (part of the *Bourse Régionale des Valeurs Mobilières*)—were completed, updated, and audited annually. This situation has not changed. All Côte d'Ivoire securities negotiated on the market are issued in electronic form (dematerialized).[62]

The BCEAO is the central custodian for *bons* and *obligations du Trésor* issued through auction. All of the banking institutions that hold these securities have an account with the BCEAO differentiating the securities held on their own behalf from those held on behalf of third parties. The issuance record is reconciled on a monthly basis with these bank accounts. The custodian does not use information relating to the nature or geographical origin of investors for the account for which the banks hold government securities. The latter must, however, be able to provide information if the banking regulator explicitly requests it. The record held at the BCEAO is audited annually in the context of the comprehensive external audit of the central bank.

DC/BR (*Dépositaire Central Banque de règlement*) is the central custodian of *obligations* issued through syndication. This entity, located in Abidjan, is closely associated with the *Bourse Régionale des Valeurs Mobilières* (also located in Abidjan) with which it shares operational resources. The conditions for account maintenance are similar to those for the BCEAO and the accounts are reconciled daily, with members indicating any errors in their daily statement within 48 hours.[63] The DC/BR has an internal

[60] The fact that information flows are carried out by paper increases the risk of errors and operational risks.
[61] However, this is a real challenge with a number of creditors, such as OPEC.
[62] The *bons* and *obligations* for individuals (cf. indicator 8) are dematerialized and recorded in the ACCD books.
[63] Account custodians differentiate among securities held on their own behalf, for qualified investors ("nonclient accounts"), for nonqualified investors ("client accounts"), as well as those held as collateral. The

audit department and a compliance division. It is audited annually by its auditors as well as by the market regulator, the CREPMF.

The BCEAO and the DC/BR operate based on a system of delivery versus payment (DVP). Cash payments are carried out by the DC/BR through the central bank payment system (RGTS) to which it is connected. There has been no indication of a counterparty default on transactions since 1998. Government securities registered to an account within the DC/BR are eligible for refinancing with the BCEAO and this option is exercised regularly by the banks.

Market participants interviewed by the mission indicated overall satisfaction with the functioning of these systems.

Euroclear and Depository Trust Company (DTC) are the custodians of Eurobonds issued by Côte d'Ivoire.

The score of A remains for this dimension. It should be noted that the duplication of custodians, payment/delivery systems, negotiation platforms, and supervisory rules for similar securities lead to segmentation of the market for government bills and bonds, which adversely impacts the liquidity of transactions. In the absence of unification, better harmonization of applicable rules and enhanced integration of these two systems would be appropriate.[64]

DC/BR and the regulator can request details on third party account holders from a custodian (for example geographical origin), but these requests are not automated.

[64] The DC/BR would like, in particular, to have access to the BCEAO's SAGETIL system (issuance of securities by auction).

ANNEX 1 - Côte d'Ivoire: DeMPA Monitoring Agenda

Abidjan, June 11–19, 2015

	Wednesday, June 10, 2015	
Afternoon	Arrival of the mission: Antonio Velandia, Sebastien Boitreaud, Wael Mansour, Ricardo Murillo, Mame Pierre Kamara	The mission arrives at the Sofitel hotel
	Thursday, June 11, 2015	
8:00 am	Meeting in the hotel lobby	Mission
9:30 am	**Kick-off meeting** with stakeholders: DGTCP, DDP, DT, DCS, ACCT, ACDP, DGBF, BCEAO, IGT, IGF, IGE, *Cour des Comptes* (Court of Auditors) - Presentation of the objectives of the mission - 2009 DeMPA and key changes since - Discussion about the agenda	Ministry of Economy and Finance (MEF)
10:30 am	**Finalization of logistics with the *Direction de la dette publique* (DDP)** - Fine-tuning: objectives, timetable, and meeting - Documentation (laws and regulations) - Legal framework and institutional organization - Reform program with the IMF	MEF
2:00 pm	DDP - **Back Office** • Confirmation and settlement of transactions (issuance and receipt of payment instructions from/to counterparts), reconciliation of bank accounts with those of the custodian • Recording and monitoring of debt, management of the database including guarantees • Stages linking the debt management system to the IFMIS • Processing of borrowing documentation	MEF
3:30 pm	DDP – **Middle Office** • Preparation and dissemination of debt statistical information for data analysis • Model for medium-term public debt management strategy • Challenges with implementation of the current strategy • Modelling of the total debt portfolio risk (scenario analysis?) • Preparation of the draft debt service budget • Oversight of consistency between the portfolio and the risk management policy • Role and interaction with the CNDP (same staff?)	MEF

<table>
<tr><th></th><th>Friday, June 12, 2015</th><th></th></tr>
<tr><td>9:00 am</td><td>DDP - Back Office (continued)
Requirements (including regulatory) for external reports
Internal reporting process: contribution to the budget (annual report), Treasury, Balance of Payments, other internal units?
Operational risk management, including business-continuity and disaster- recovery arrangements
Meeting with the computer team responsible for the database, equipment, and security</td><td>MEF</td></tr>
<tr><td>11:00 am</td><td>DDP – Middle Office (continued)
Preparation of the debt sustainability analysis (with the other units?)
Debt management committee?
Production of reports on debt management
Assessment of requests for new debt and on-lending by public enterprises
Liabilities stemming from contingent commitments? (Is the assessment of credit risk related to the issuance of guarantees or on-lending done at the DDP or the Direction des Participations et de la Privatisation?)</td><td>MEF</td></tr>
<tr><td>12:30 pm</td><td>DDP – Director
Progress report on works after the initial meetings
Progress report on documentation</td><td>MEF</td></tr>
<tr><td>2:30 pm</td><td>DDP – Front Office: nonconcessional borrowing and Eurobonds
Design/execution of financing operations; selection of lead banks (syndication) and primary dealers [spécialistes en valeurs du Trésor]; analysis of competing financial proposals; choice of currency; monitoring of public securities on the secondary market.
Role of the BCEAO in issuing public securities</td><td>MEF</td></tr>
<tr><td>15h30</td><td>DDP – Front Office: concessional borrowing
Organization of operations, decision-making process regarding the general conditions for loans, analysis of loan conditions</td><td>MEF</td></tr>
<tr><td>4:30 pm</td><td>DDP/DT – Front Office: domestic borrowing
Analysis of projected financing need
Organization of operations, auction calendar, decision-making process regarding the selection of the maturity periods for instruments, regulation and monitoring of the secondary market
Investment of surplus cash in connection with daily cash management
Role vs. COSTEIF (same staff?)</td><td>MEF</td></tr>
</table>

5:30 pm	*Agence Titre UMOA*: Videoconference	World Bank Office
	Monday, June 15, 2015	
9:00 am	**Coordination of debt management with the monetary policy** Central Bank authorities (National Director of the Central Bank and his advisors/teams) - Coordination with the macroeconomic policy (MEF and BCEAO) - Monetary policy and information sharing on cash management and Treasury account balance - Relationship between the BCEAO and the MEF with respect to public securities (formal agreement or convention?)	BCEAO
11:30 am	**World Bank Office** - Presentation of DeMPA objectives - World Bank observations regarding Côte d'Ivoire's macroeconomic program	WB
2:00 pm	**Domestic debt market** Visit to an active commercial bank to discuss the government debt and development of the domestic market for government securities	SocGen
2:00 pm	***Direction générale de l'économie*** Coordination with the fiscal and macroeconomic policy	DGE + DPP + Budget + DGPLG
	Tuesday, June 16, 2015	
10:30 am	**Coordination with cash management (DCS + ACCT)** - Budget execution and cash flow forecasting	MEF
12:00 pm	**External Audit – *Chambre des Comptes*** External Audit - Publication of assessments of the verification of debt management operations - The audit environment, verification activities, information and communication, as well as monitoring - Have external audits been conducted periodically and if so, what was the nature of these audits, who conducted them, and what follow-up was planned based on their results or findings? - Understand the legal status and independence of the Supreme Audit Institution, its resources and responsibilities, its mastery and understanding of the INTOSAI guide	
3:30 pm	**Internal Audit - Inspection générale de l'état (IGE)**	

	Financial Audit - The debt management accountability framework - Publication of assessments of the verification of debt management operations - The audit environment, verification activities, information and communication, as well as monitoring - Have external audits been conducted periodically and if so, what was the nature of these audits, who conducted them, and what follow-up was planned based on their results or findings? - Understand the legal status and independence of the Supreme Audit Institution, its resources and responsibilities, its mastery and understanding of the INTOSAI guide	Supreme Court + IGE + IGT + IGF
4:00 pm	**Domestic debt market** Visit to the Stock Exchange to discuss government debt and development of the domestic market for government securities	Stock Exchange
	Wednesday, June 17, 2015	
9:00 am	**Meeting with DDP Management** Status of information we have not received	MEF
9:00 am	**Domestic debt market** Visit to a major commercial bank to discuss government debt and development of the domestic market for government securities	Citi
12:00 pm	**Follow-up meetings**	
2:00 pm	**Internal meetings - drafting of the report**	
	Thursday, June 18, 2015	
10:00 am	**Meeting with donors**	WB
2:00 pm	**Preparation of the closing meeting**	
	Friday, June 19, 2015	
8:30 am	**Assessment of DeMPA monitoring in Côte d'Ivoire: DDP Director and his team**	MEF
11:00 am	**Closing meeting with the Minister of Economy and Finance and the Director General of DGTCP**	MEF
6:00 pm	World Bank team leaves Abidjan	

ANNEX 2–DeMPA Comparison (2009 and 2015)

DPI	Title	Score 2009	Score 2015	Comments
Governance and the Debt Strategy				
DPI - 1	**Legal Framework**			
1	The existence, coverage, and content of the legal framework	D	C	A score of D was assigned in 2009 because the legal framework did not mention the reasons for authorizing borrowing. This situation has changed given that the 2015 budget law indicates that public investment financing and government cash management are the goals for which borrowing is contracted. In addition, the legal status was improved with the adoption of the *loi organique relative aux finances publiques* 2014-336 of June 5, 2014, whereas a number of provisions of the UEMOA regulation 09/2007 on the frame of reference for the UEMOA public debt policy were incorporated into the secondary legislation (requirement to create a coordination framework, annex the MTDS to the budget law, etc.)
DPI - 2	**Managerial Structure**			
1	The managerial structure for central government borrowings and debt-related transactions	C	C	
2	The managerial structure for preparation and issuance of central government loan guarantees	C	D	A score of C in 2009 reflected the comprehensive framework offered in the Decree 83-501. However, in 2015 the only guarantee issued recently did not follow the managerial structure established under the legal framework; this dimension was therefore rated D
DPI - 3	**Debt Management Strategy**			
1	The quality of the debt management strategy document	D	C	A score of D was assigned to this dimension in 2009 because Côte d'Ivoire did not have a formal debt management strategy. The current strategy document covers the central government debt and contains a description of measures aimed at supporting the development of the domestic debt market.
2	The decision-making process, updating, and publication of the debt management strategy	N/A	D	This dimension was marked N/A in 2009 because of the lack of a formal strategy. Côte d'Ivoire maintained a document prepared in line with best practices (cf. supra), but it was not annexed to the 2015 budget law and was not published.

DPI	Title	Score 2009	Score 2015	Comments
DPI - 4	Reporting, publication, and evaluation of debt management operations			
1	Publication of a statistical bulletin on debt, loan guarantees and debt-related operations	D	D	Evaluation of the quality and timeliness of the statistical bulletin was planned in DPI-15 in the preceding methodology. Côte d'Ivoire no longer publishes a statistical bulletin. Nevertheless, the DDP prepared a mock-up of the bulletin after the training provided by UNCTAD in June 2015. It has undertaken to produce and publish the bulletin quarterly (on the DGTCP website) starting in September (data from end-June 2015).
2	Reporting to the National Assembly	D	D	
DPI - 5	**Audit**			
1	Frequency of financial audits, compliance audits, and performance audits of the central government as well as publication of the external audit reports	D	D	
2	Degree of commitment to address the outcomes from internal and external audits	N/A	N/A	
Coordination with Macroeconomic Policy				
DPI - 6	**Coordination with Fiscal Policy**			
1	Coordination with fiscal policy through the provision of accurate and timely forecasts on total central government debt service under different scenarios	C	B	The inclusion of sensitivity analyses in the forecasting of debt amounts facilitated an improvement of the score compared to 2009.

DPI	Title	Score 2009	Score 2015	Comments
2	Availability of key macro variables, an analysis of debt sustainability, and the frequency with which it is undertaken	D	A	The availability of macroeconomic and budget information based on a formal institutional coordination process, the existence of a medium-term budget framework, and the frequency of debt sustainability analysis--even when external assistance is required--are all positive developments noted since the 2009 assessment.
DPI - 7	**Coordination with Monetary Policy**			
1	Clarity of separation between monetary policy operations and debt management transactions	C	A	Monetary policy operations are clearly and explicitly separated from public debt transactions. The segregation of duties and relationships between the central bank and the central government are specified in the BCEAO Statutes.
2	Coordination with the central bank through regular information sharing on current and future debt transactions and the central government's cash flows		B	This dimension was evaluated in the context of dimension 1 above in the preceding DeMPA methodology. Regular information sharing on debt transactions and the weekly sharing of data on the central government's cash flow plans and liquidity flows explain the improvement in the score.
3	Extent of the limit of direct access to financial resources from the central bank	A	A	
Borrowing and Related Financing Activities				
DPI - 8	**Domestic Borrowing**			

DPI	Title	Score 2009	Score 2015	Comments
1	The extent to which market-based mechanisms are used to issue debt; the publication of a borrowing plan for treasury bills and bonds, and the preparation of an annual plan for the aggregate amount of local-currency borrowing in the domestic market, divided between the wholesale and retail markets	A	D	The change compared to 2009 is explained by the deviation between the existing issuances and those planned on the calendar published. Although the auction results are communicated to participants on the same day and an annual borrowing plan is published specifying the issuances planned, major changes to the issuance calendar do not allow investors to adequately prepare for the auctions of the following month.
2	The availability and quality of documented procedures for local-currency borrowing in the domestic market and interactions with market participants	A	A	
DPI - 9	**External Borrowing**			
1	Degree of assessment of the most beneficial or cost-effective borrowing terms and conditions (lender or source of funds, currency, interest rate, and maturity)	D	C	The establishment of both a table detailing the terms and conditions offered by external creditors and an annual borrowing plan as well as the active participation of the DDP to the assessment of the financial terms of external borrowings represent an improvement compared to 2009.
2	Availability and quality of documented procedures for external borrowings	D	D	
3	Availability and degree of involvement of legal advisers before signing of the loan contract	D	A	Progress has been made with respect to the availability and degree of involvement of legal advisers before signing of the loan contract and during negotiations.
DPI - 10	**Loan Guarantees, On-lending and Debt-related Transactions**			
1	Availability and quality of documented policies and procedures for approval and issuance of central government loan guarantees	B	D	The legal framework setting forth the procedures for guarantees and was not adhered to in the case of the sole issuance of a guarantee of which the mission was informed.

DPI	Title	Score 2009	Score 2015	Comments
2	Availability and quality of documented policies and procedures for on-lending of borrowed funds	D	D	
3	Availability of a DeM system with functionalities for handling derivatives and availability and quality of documented procedures for the use of derivatives	N/A	N/A	
Cash Flow Forecasting and Cash Balance Management				
DPI - 11	**Cash Flow Forecasting and Cash Balance Management**			
1	Effectiveness of forecasting the aggregate level of cash balances in government bank accounts	D	D	
2	Effectiveness of managing the aggregate cash balance in government bank accounts, including integration with the domestic debt borrowing program	C	D	The government cash balance deposited at the BCEAO is no longer remunerated by the central bank. In view of the absence of short-term instruments to cover temporary cash shortfalls efficiently, resulting in passive management of excess liquidity, the score was lowered compared to 2009.
Debt Recording and Operational Risk Management				
DPI - 12	**Debt Administration and Data Security**			
1	The availability and quality of documented procedures for the processing of debt-related payments	D	C	A detailed procedures manual was launched and covers all of the procedures relating to DDP activities.
2	The availability and quality of documented procedures for debt data recording and validation as well as storage of agreements and debt administration records	D	D	

DPI	Title	Score 2009	Score 2015	Comments
3	Availability and quality of documented procedures for controlling access to the central government's debt data recording and management system and audit trail	D	C	To access the database, each DDP official now has a log-in password according to function, a password for the DDP network, and a password for individualized access to SYGADE 6. There is a DBA (database administrator) document with about 20 access profiles to different modules in SYGADE and based on the type of position (read/write authorization) and the storage of instruments.
4	Frequency and off-site, secure storage of debt recording and management system backups	B	A	Now, a cold backup is done every day by the computer service and a hot backup is done by a computer "robot." The robot makes this copy several times a week and if there is a problem with the backup or data transmission, the DDP's *Cellule Technique* is immediately contacted by email and telephone.
DPI - 13	**Segregation of Duties, Staff Capacity, and Business Continuity**			
1	Segregation of duties for some key functions, as well as the presence of a risk monitoring and compliance function	D	B	There is, therefore, a clear separation of duties for handling new agreements, mobilizing funds and debt service not only among civil servants, but also at the organizational level. There is also at least one person with the specific responsibilities of monitoring operational risks and ensuring compliance with guidelines.
2	Staff capacity and human resource management	D	B	The existence of detailed job descriptions, an annual performance evaluation procedure for staff, as well as a code of ethics allow for a significant improvement in the score.
3	Presence of an operational risk management plan, including business-continuity and disaster-recovery arrangements	D	D	
DPI -14	**Debt Records**			
1	Completeness and timeliness of central government debt records	D	B	There has been improvement because the accounting records in SYGADE are comprehensive and verified for updating at two-month intervals.

DPI	Title	Score 2009	Score 2015	Comments
2	Complete and up-to-date records of all holders of government securities in a secure registry system	A	A	