# Program Information Document (PID)

Concept Stage | Date Prepared/Updated: 14-Jun-2024 | Report No: PIDIC00154

## BASIC INFORMATION

### A. Basic Project Data

| Project Beneficiary(ies) | Operation ID | Operation Name | |
|---|---|---|---|
| Cote d'Ivoire | P180234 | Cote d'Ivoire Third Investment for Growth DPF | |
| **Region** | **Estimated Approval Date** | **Practice Area (Lead)** | **Financing Instrument** |
| WESTERN AND CENTRAL AFRICA | 15-Nov-2024 | Macroeconomics, Trade and Investment | Development Policy Financing (DPF) |
| **Borrower(s)** | **Implementing Agency** | | |
| Republic of Cote d'Ivoire | Ministry of Finance and Budget | | |

**Proposed Development Objective(s)**

The Program Development Objective (PDO) of the proposed operation is to: (1) strengthen competition in key enabling sectors and domestic revenue mobilization; (2) expand equitable access to health and education services; (3) promote the sustainable use of natural resources.

**Financing (US$, Millions)**

### Maximizing Finance for Development

**Is this an MFD-Enabling Project (MFD-EP)?** Yes

**Is this project Private Capital Enabling (PCE)?** Yes

**SUMMARY**

| | |
|---|---|
| **Total Financing** | **200.00** |

**DETAILS**

| | |
|---|---|
| **Total World Bank Group Financing** | **200.00** |
| World Bank Lending | 200.00 |

Decision

The review did authorize the preparation to continue

## B. Introduction and Context

### Country Context

1. **This DPF responds to medium term growth challenges that have been amplified during recent global crises.** Before COVID-19, for almost a decade, Côte d'Ivoire was one of the fastest-growing economies in sub-Saharan Africa (SSA). Between 2012-19, real GDP growth averaged 8.2 percent and 5.7 percent in per capita terms, thanks to political stability and sound macroeconomic policies. The poverty rate using the national poverty line declined from 44 to 39.5 percent between 2015-18.[1] Recent global crises have, however, emphasized the imperative of addressing structural bottlenecks to enable an efficient allocation of resources and sustain inclusive growth. Total factor productivity (TFP) has remained flat since 2017 and formal private sector employment represents less than 15 percent of total.[2] Limited competition in key enabling sectors - transport, financial services, and telecom - undermines private sector investment.[3] Low quality of service delivery and spatial disparities prevent human capital accumulation and weaken the social contract.[4] Further, high levels of coastal erosion fragilize coastal areas which generate more than 60 percent of value-added, while aggressive deforestation further amplifies climate change and compromises the sustainability of cocoa production, the main export crop.[5] Going forward, better leveraging private investment, greater capital deepening, improvements in human capital, and increased resilience to climate risks will be important to achieve the 2030 objective.

### Relationship to CPF

2. **This operation is aligned with World Bank Group (WBG) priorities in Côte d'Ivoire**. The Systematic Country Diagnostic update[6] identified three main development pathways: (1) improving agricultural productivity and rural incomes; (2) Job creation through private sector-led growth; and (3) Human capital Development through improved service delivery and better social spending. These pathways have resulted in three High-Level Outcomes (HLO) in the Country Partnership Framework[7] (CPF FY23-FY26), focusing on: (1) Improved human capital; (2) Reduced spatial disparities and strengthened resilience; (3) Jobs created through private sector-led growth; and directly aligned with the PDO of this operation. The DPF is also aligned with the findings of the Climate Change and Development Report (World Bank 2023). Côte d'Ivoire has continued to strengthen debt management and transparency through the successful completion of all Performance and Policy Actions (PPAs) under the Sustainable Development Finance Policy (SDFP).

## C. Proposed Development Objective(s)

3. The Program Development Objective (PDO) of the proposed operation is :(1) strengthen competition in key enabling sectors and domestic revenue mobilization; (2) expand equitable access to health and education services; (3) promote the sustainable use of natural resources.

### Key Results

4. **The reform program supported by the third operation addresses some of the key constraints to more equitable and**

[1] As the surveys in 2015 and 2018/19 are not directly comparable due to methodological differences, the 2015 numbers reported here are result from a revision to make the 2015 estimates comparable to 2018/19.
[2] Côte d'Ivoire Country Economic Memorandum (CEM, World Bank 2022).
[3] Côte d'Ivoire Country Private Sector Diagnostic (CPSD, World Bank 2020).
[4] Systematic Country Diagnostic (2022), Report Number: 169415-CI.
[5] Country Climate and Development Report, forthcoming.
[6] Report Number: 169415-CI.
[7] Report Number: 179288-CI.

**sustainable growth, in line with government priorities and identified in recent World Bank diagnostics**.[8] Reforms are organized around three pillars aligned with the government and world bank strategy:

- **Pillar 1**. Strengthen competition in key enabling sectors and domestic revenue mobilization (DRM). Reforms will improve the competition policy and regulatory framework in network sectors such as transport and telecom, vital inputs across the economy and for consumers. At the same time, to structurally and sustainably create fiscal space needed for public investment, to ensure debt sustainability and to maximize crowding in of private investment, structural reforms will focus on improving medium-term DRM, complementary to the IMF program.
- **Pillar 2.** Expand equitable access to health and education services through the reinforcement of the quality and equity of basic education, alleviating skills mismatch in labor markets through more effective professional skills systems, and promoting a more robust, sustainable, and inclusive health insurance. Investing in quality human capital will be crucial for empowering a young and rapidly growing population to fill productive jobs.[9]
- **Pillar 3.** Promote the sustainable use of natural resources. Côte d'Ivoire ranks 142 among 181 countries in most extreme climate vulnerability (181 being the most vulnerable). The sustainable use of natural resources and economic resilience in face of climate change are intrinsically linked and central to inclusive and sustainable growth and wealth accumulation. Reforms under DPF3 entail supporting traceable, sustainable cocoa production and ensuring rural livelihoods, containing deforestation due to aggressive agricultural practices, as well as strengthening the environmental regulatory framework economy-wide, with a special attention to climate vulnerable coastal areas.

## D. Concept Description

5. **The proposed Development Policy Financing (DPF) is the third in a series of three operations aiming at supporting structural transformation, human capital accumulation and environmental sustainability in Côte d'Ivoire.** The proposed operation includes an International Development Association (IDA) credit of EUR XX million (US$200 million equivalent) on the standard 50-year IDA credit terms. The Program Development Objectives (PDO) are to (i) strengthen competition in key enabling sectors and domestic revenue mobilization; (ii) expand equitable access to health and education services; and (iii) promote the sustainable use of natural resources. The operation supports key reforms for advancing Côte d'Ivoire's inclusive growth objective of becoming an upper middle-income economy by 2030, which entails doubling real Gross Domestic Product (GDP) per capita and halving poverty to 20 percent from 39.5 percent in 2018.

6. **Pillar 1 focuses on strengthening competition in key enabling sectors and domestic revenue mobilization by addressing barriers for private and public investment.** First, prioritizing digital development and freight transport can have significant impact downstream for consumers and private sector development, including deepening the financial sector. Second, by supporting structural revenue-generating reforms for greater domestic resource mobilization, underpinning debt and fiscal sustainability. DRM has become an increasing central agenda as the country embarks on a revenue-based fiscal consolidation to conserve fiscal and debt sustainability.

7. **Pillar 2 focuses on expanding equitable access to education and health services.** With a Human Capital Index of 0.38, Côte d'Ivoire's ranks amongst the lowest internationally and below average for SSA and LMICs. Reducing inequalities in access to quality basic education, reinforcing access and quality of Technical and Vocational Education and Training (TVET), as well as improving access and quality of health services, are the building blocks of the Ivorian human capital formation in the next decade.

[8] Notably the Country Private Sector Diagnostic (CPSD, World Bank 2020), Systematic Country Diagnostic Update (SCD, World Bank 2022), the Country Economic Memorandum (CEM, World Bank 2022), the Public Finance Review (PFR, World Bank 2023), and the Country Climate and Development Report (CCDR, World Bank 2024).

[9] Côte d'Ivoire's human capital is insufficient for its per capita GDP level. It is estimated that the next generation will be 38 percent as productive as they could have been had they enjoyed full health and education (Human Capital Index 2021).

8. **Pillar 3 supports reforms to ensure the sustainable use of natural resources.** The cocoa sector is the source of 58 percent of the country's export revenue and a key for the economy. It employs over 1 million smallholder farmers and is the main source of livelihood for about 5 million people. It is however also the main driver of deforestation, which is in turn harming cocoa farming productivity. Flooding because of sea level rise is threatening coastal communities and their agricultural production with the average land retreat estimated at about 1–2 meters a year. In this context, more needs to be done to address this challenge and the government is developing a more holistic approach to protect the environment and coastal zones.

9. **The reform program supported by this series was updated during the preparation of this operation.** The proposed operation is organized around three pillars: (1) strengthen competition in key enabling sectors and domestic revenue mobilization; (2) expand equitable access to health and education services; (3) promote the sustainable use of natural resources. Changes to the program of reforms were strategic in nature and either strengthen or maintain the reform ambition initially designed (see Annex 2, for details on changes, and Annex 3 for analytical underpinnings). Key changes include: revised PA#1 to reflect more time needed; strengthened PA#3 that includes an additional component on tax administration supporting implementation of DPF1 reforms; a new, more far reaching PA#4 that replaced the previous IT#4 as the suggested reform actions were already considered as completed; strengthened PA#6 with a new component on private sector participation which re-enforces the development objective and increased the policy ambition.

## E. Poverty and Social Impacts, and Environmental, Forests, and Other Natural Resource Aspects

### Poverty and Social Impacts

10. **The policy and institutional reforms supported under the proposed DPF are expected to support a resilient economy and have positive social impacts.** Reforms under Pillar I are not anticipated to adversely affect poverty or inequality levels. The proposed set of measures under Pillar II are expected to enhance female education attainment, improve labor market outcomes, and support the provision of health service. PA#4 (ii) are expected to have a positive impact on female education attainment potentially reducing gaps in labor market outcomes. PA#5 aims at better integrating education and technical/vocational sector and is expected to have positive impacts on labor market outcomes, with positive though mild effects on employment and earnings. PA# 6 is expected to have a positive impact on well-being by helping mitigate the impact of health shocks that disproportionally affect the most vulnerable. It may also have indirect positive welfare impacts by improving worker's productivity. Reforms under Pillar III are not expected to have significant welfare impacts in the short run. In particular, PA#7 aims to improve the living conditions of cocoa-growing communities through the FIMR, but empirical evidence on its positive effects is not conclusive.

### Environmental, Forests, and Other Natural Resource Aspects

11. **Most actions will have positive environmental effects.** Two actions could have adverse effect: the digital development action supported by PA#1 may create hazardous waste and electronic waste (PA#1) and the expansion of access and the affordability of health care thanks to the CMU (PA#6) require considering how the government will manage medical waste (including legal, institutional, and implementation) and OHS in health facilities throughout the country. Reforms on the health sector will require the management of personal information. These actions are mitigated against by the existence of sound regulatory framework that is being strengthened with support from the World Bank and other donors. The implementation of the regulations needs to be done carefully through project implementation, particularly on issues that impinge on livelihood and welfare of vulnerable groups or where e- waste, hazardous or medical waste are an issue. The Ministry of the Environment and Sustainable Development (MINEDD) is responsible for setting policy guidelines on environmental issues and ensuring compliance with national environmental standards, and the framework (including the ANDE capacities) as assessed in DPF1 and DPF2 remains appropriate.

## CONTACT POINT

### World Bank

Nathalie Picarelli
Senior Economist

Xun Yan
Senior Country Economist

Markus Kitzmuller
Lead Economist

### Borrower/Client/Recipient

**Republic of Cote d'Ivoire**

### Implementing Agencies

**Ministry of Finance and Budget**
Fanta Coulibaly
Directrice de Cabinet
minafoufanta@gmail.com

## FOR MORE INFORMATION CONTACT

The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 473-1000
Web: http://www.worldbank.org/projects

## APPROVAL

| | |
|---|---|
| Task Team Leader(s): | Nathalie Picarelli, Xun Yan, Markus Kitzmuller |

**Approved By**

| | | |
|---|---|---|
| Practice Manager/Manager: | Yue Man Lee | 21-May-2024 |
| Country Director: | Marie-Chantal Uwanyiligira | 14-Jun-2024 |