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I. INTRODUCTION

On behalf of our Ivorian authorities, we would like to thank Executive Directors, Management and Staff for the Fund's continued support to Côte d'Ivoire. We are appreciative of the Staff's constructive engagement during the Resilience and Sustainability Facility (RSF) program negotiations and for the technical assistance provided on C-PIMA and green PFM. The authorities also acknowledge valuable contribution from the World Bank Staff, as detailed in the CCDR report, and the World Bank's Assessment Letter for the RSF. They share the thrust of the Staff's appraisal and recommendations.

Côte d'Ivoire's authorities continued to exhibit strong performance in conducting sound economic policies to maintain macroeconomic stability while responding to the series of global and regional shocks and advancing the implementation of their National Development Plan (NDP) 2021-2025. Economic growth rate remains robust, standing at about 6.4 percent in 2023, in line with the decade-long growth outturn. Prospects for 2024 are promising, reaping, amongst others, the benefits of a successful African Cup of Nations, and a robust ESG-linked investment program in line with the NDP. On December 4, 2023, the Executive Board completed the first reviews of Côte d'Ivoire's program supported by the Extended Fund Facility and the Extended Credit Facility (EFF/ECF). The Board welcomed the Ivorian authorities' ownership and remarkable performance under the program and commended their decisive reforms to strengthen macroeconomic stability.

These positive developments paved the way for an upgrade of Côte d'Ivoire's sovereign debt rating, and a successful Eurobond issuance on January 23, 2024. Côte d'Ivoire's issuance is an important milestone, as it is one of the first Sub-Saharan African countries to successfully tap international capital markets post-COVID. This is achieved amidst still adverse external financing conditions. The issuance, which attracted both existing and new investors, is a testimony of market confidence in the country's prospects.

Despite these positive prospects, Côte d'Ivoire remains vulnerable to climate change. Climate events put at risk the livelihood of a significant share of the population. Indeed, agriculture contributes about 17 percent of GDP and 10 percent of tax revenue, employs more than 50 percent of the population and is uniquely vulnerable to extreme weather events including drought, decreased rainfall, and deforestation. In addition, the country's coast is exposed to erosion which threatens the largest cities. Moreover, economic vulnerabilities to climate change stem from the importance of the agriculture sector and the high share of industrial and services activity located in coastal areas.

The authorities are acutely aware that without forceful reforms, climate change would prevent them from achieving their macro- and socio-economic objectives, including the goal of doubling per capita income and transitioning Côte d'Ivoire towards an upper middle-income country by 2030. Against this backdrop, the authorities have taken proactive steps to address the existential threat of climate change. They strengthened the legal framework and adopted ambitious commitments under international agreements. These include notably the Paris climate agreements and the United Nations Convention to Combat Desertification (UNCCD)'s Abidjan legacy program. In line with the international agreements, they developed their Nationally Determined Contribution (NDC) and National Adaptation Plans (NAP).

To further sustain their momentum to implement macro-critical climate reforms, the Ivorian authorities are requesting an arrangement under the Resilience and Sustainability Facility (RSF). The reform package planned to be supported by the RSF is ambitious and appropriately complements the EFF/ECF program. The RSF would also help to catalyze additional financing for the authorities' climate mitigation and adaptation policies.

II. THE RSF PROGRAM

The RSF program is built along six pillars balancing adaptation and mitigation efforts:

Pillar I. Integrating Climate into the Public Financial and Investment Management

As assessed by Staff, Côte d'Ivoire has built robust public financial management, including through Fund supported reforms and technical assistance. Building on the gains made, the authorities are resolved to mainstream climate into the public financial and investment management processes. In this regard, they plan to leverage the IMF's green PFM and C-PIMA technical assistance recommendations.

The Government is committed to establishing a system for tagging climate-related investment expenditure, from planning to execution. Coverage will initially start with the five ministries in charge of energy, agriculture, environment and sustainable development, water management, and sanitation. On PFM, the authorities will prepare a climate budget statement attached to the 2026 budget law, which will present climate-related investment expenditures. Completion of this reform measure will facilitate access to ESG financing as well.

The government will also prepare the required legislations and regulations to ensure that climate-related risks are reflected into the budget law's risks statement. They will make it mandatory to include climate considerations into the appraisal and selection of public investment projects, notably through the environmental impact assessments of all projects, with the view to promoting low-carbon climate-resilient investments.

Pillar II. Strengthening Governance and Climate Policy Coordination

Implementation of the authorities' climate policies needs to reduce the fragmentation of the regulations and the agencies involved and to enhance further coordination. To strengthen further policy coordination, the authorities plan to adopt a comprehensive legislation on climate change, and establish coordinating bodies, including a National Commission to Combat Climate Change under the Prime Minister's leadership, a National Climate Authority, and a scientific board of overseers. A dedicated fund for mobilizing green finance will also be put in place. The National Commission will produce an annual report on progress made in meeting the country's pledges and include recommendations to improve climate action.

Pilar III. Increasing Climate Resilience of the Key Agriculture Sector

The authorities' goal is to build the financial resilience of farmers which will enable them to invest in more resistant farming, including by building capacity, and through irrigation systems or crop diversification. Building on the West African Development Bank's (BOAD) project to support a farmers' insurance scheme, the authorities will put in place an enabling legal and regulatory framework for the private sector's participation in climate-related insurance coverage. One focus area at the pilot stage would be the cotton sector, given its economic importance and unique vulnerability.

Pilar IV: Mobilizing Green and Sustainable Financing

As mentioned above, Côte d'Ivoire successfully issued an ESG-linked Eurobond in the amount of $2.6 billion dollars, marking an important milestone after two years of adverse external financing conditions. The authorities will intensify efforts to mobilize private sector's financing for their adaptation and mitigation reforms, and to make Côte d'Ivoire a hub for climate finance in West Africa. Estimated at $22 billion over 8 years, the implementation costs of the policies are balanced between adaptation, which accounts for $12 billion, and the $10 billion mitigation costs estimates. In addition to the government's own contribution, the participation of the private sector and international and bilateral partners will be needed.

The government is committed to developing the climate financial information architecture as part of its strategy to mobilize the required private sector financing. In this vein, a transition taxonomy reference framework for public and private sector climate investments will be adopted. Based on this framework, the authorities will introduce a climate risk disclosure framework connected to the taxonomy for state-owned enterprises and non-financial private companies.

Furthermore, the authorities will operationalize a green finance platform by: (1) setting up a finance website portal, where domestic and international climate finance actors can find key information on the principal pillars of the relevant strategies and partnerships notably with Multilateral Development Banks (MDBs) and other international development institutions; and (2) designing and implementing a training and capacity development plan for national actors on climate financing instruments, climate-related taxonomies, and climate risk disclosure frameworks.

Pillar V: Addressing Vulnerability to Flooding and Coastal Erosion

The authorities will comprehensively address the challenges of extreme weather events, focusing initially on the vulnerability to flooding and coastal erosion. Nationwide early warning systems will continue to be developed to respond rapidly and mitigate the impact of extreme weather events. A pilot phase will be implemented in the Adzopé department. The authorities will also take steps to buttress the resilience of the critical road infrastructure, starting with the greater Abidjan area.

Pilar VI. Limiting Greenhouse Gas Emissions

Côte d'Ivoire made the pledge to reduce greenhouse gas emissions by 30 percent by 2030. To support this ambitious goal, transformative reforms and initiatives are envisioned, including steps to i) strengthen the control of greenhouse gas emissions in the key transport and energy sectors; and ii) develop carbon credits initiatives and a strategy for carbon taxation.

In the energy sector, the authorities will strive to incentivize energy efficiency and increase to 45 per cent the share of renewables in the energy production mix by 2030. In the transport sector, the authorities will promote e-mobility, including with the installation of electric cars charging stations, technical inspections of electric vehicles, insurance for electric vehicles, and the streamlining of the vehicles tax system, with the goal of transitioning towards lower-emission vehicles.

On carbon taxation, the authorities will first seek to draw on the experience from peers and Fund technical assistance to inform their carbon taxation strategy, given that most carbon taxation initiatives across the world are at an early stage of conception. From these inputs, they will design a carbon taxation system which is tailored to the country's needs while seeking to protect vulnerable households from excessive fuel price volatility.

III. RSF AND DEBT SUSTAINABILITY

The authorities welcome the conclusion of Staff's Debt Sustainability Analysis (DSA) that Côte d'Ivoire's overall and external public debt will remain sustainable with a moderate risk of debt distress under the RSF arrangement. The authorities are confident that their Medium-Term Revenue Strategy (MTRS) under finalization will substantially improve the external debt service-to-revenue indicator and hence the overall debt profile.

IV. CONCLUSION

Côte d'Ivoire's authorities are taking forceful and proactive steps to build the economy's resilience to climate change. Their RSF program will be one of the soundest to date, and the access level requested is commensurate with the strength of this program. These reflect the authorities' forward-leaning vision and their robust climate reform package. Implementation capacity will lean on their established track record of policymaking and reforms, and supported by well-targeted capacity development across relevant Government agencies which the authorities call for. In addition, the Fund's catalytic role in helping the authorities garner additional financing will be instrumental for the implementation of climate adaptation and mitigation policies and the success of the RSF program.

In view of the authorities' commitment to address the impact of climate change and the expected positive spillovers from this RSF program, we would like to request Executive Directors' favorable consideration of the authorities' request.