



# Program Information Document (PID)

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Concept Stage | Date Prepared/Updated: 02-May-2019 | Report No: PIDC26901



**BASIC INFORMATION**

**A. Basic Project Data**

Country Cote d'Ivoire	Project ID P169828	Project Name CDI Human Capital, Climate Change, and Digital Economy DPF1 (P169828)	Parent Project ID (if any)
Region AFRICA	Estimated Board Date Dec 02, 2019	Practice Area (Lead) Macroeconomics, Trade and Investment	Financing Instrument Development Policy Financing
Borrower(s) Ministry of Finance	Implementing Agency Ministry of Finance		

**Proposed Development Objective(s)**

The Program Development Objective (PDO) of the proposed operation is to: (i) strengthen the efficiency and financial sustainability of social protection and health services; (ii) support climate change mitigation and adaptation; and (iii) foster the development of the digital economy.

**Financing (in US\$, Millions)**

**SUMMARY**

<b>Total Financing</b>	200.00
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**DETAILS**

<b>Total World Bank Group Financing</b>	200.00
World Bank Lending	200.00

**Decision**

The review did authorize the preparation to continue

**B. Introduction and Context**

Country Context



**Since the end of political crisis in 2011, the Ivorian economy is one of the fastest growing in sub-Saharan Africa, but poverty remains high and the country's natural capital has been depleted.** Economic growth averaged 8 percent in 2011-2018 driven by modern service sectors (communication, banking, and transport) and a construction sector fueled by an ambitious investment program and rapid urbanization. Despite fast and sustained growth poverty declined only marginally, from 29.1 percent in 2008 to 25.2 percent in 2018 (international poverty line US\$1.90 PPP). This can be explained by the concentration of the economic boom in capital-intensive sectors and the mixed performance of the agriculture sector, employing about 45 percent of the labor force, which suffered from climatic and price shocks over the last years. Moreover, unsustainable cocoa production led to the depletion of the country's natural capital, particularly in terms of deforestation as sixty percent of the country's forests disappeared over the last 30 years.

**In this context, the Government's is putting in place a series of reforms to promote more inclusive and sustainable growth.** The authorities are pursuing policy actions to alleviate poverty, reduce social disparities, and protect the country's natural capital. The Government's strategy has been defined in the National Development Plan for the period 2016-2020. The proposed series selectively focuses on a sub-set of critical challenges linked to social and health sector, digital development, and key sectors for sustainable growth: agroforestry and energy. This selectivity was based on the combination of the Government's priorities, the findings of the 2017 Systematic Country Diagnostic (SCD), the objectives of the Country Partnership Framework, and the emerging challenges highlighted in the recent Performance and Learning Review.

#### Relationship to CPF

**The proposed DPO series is an integral element of the World Bank Country Partnership Framework and closely aligned with the 2016-2020 National Development Plan.** The proposed series is in line with the objectives of the FY16-FY19 Country Partnership Framework. Its design is based on the findings of the 2017 Systematic Country Diagnostic and the emerging challenges highlighted in the 2018 Performance and Learning Review (which extended the WBG's strategic engagement to FY20), including the country's vulnerability to climate change and the need to share economic growth dividends among a broader group of the population.

#### C. Proposed Development Objective(s)

**The proposed DPO series aims at supporting the country's reform effort by (i) strengthening the efficiency and financial sustainability of social protection and health services; (ii) supporting climate change mitigation and adaptation; and (iii) fostering the development of the digital economy.**

#### Key Results



**The achievement of the proposed development objective will be measured by a series of results indicators described in the Program Document.** The main result expected from the reforms supported in the social protection pillar consist in improving the targeting of pro-poor program and the financial sustainability of the social protection and health services. The reforms supported by the climate pillar are expected to reduce deforestation, promote private investments in renewable energies, and reduce air pollution. For the digital development pillar, the proposed measures are expected to facilitate the implementation of an inclusive, robust and sustainable ID system; improve the security of land tenure; and boost local revenue mobilization.

#### D. Concept Description

**To support the Government’s reforms, the proposed DPF series is organized around three pillars:**

- **Pillar 1 aims at building human capital by strengthening the targeting of pro-poor programs and promoting the financial sustainability of the Universal Medical Coverage program.** Côte d’Ivoire Human Capital Index (HCI) ranks 149 out of 157 countries. A child born in Côte d’Ivoire today will be 35 percent as productive when she grows up as she could be if she enjoyed complete education and full health. The inefficiency of the social protection system leaves most poor households vulnerable to shocks (such as cocoa price volatility). Among the key challenges to be addressed is the identification of poorest households, which prevents them from accessing public programs and their access to basic services, including health care services. The authorities have recently launched the Universal Medical Coverage program and are working to ensure the financial sustainability of its implementation. Building on the existing WB engagement, Pillar 1 has two objectives: (i) strengthening the efficiency of social protection by improving targeting; and (ii) supporting the financial sustainability of health services by introducing cost-reflective tariffs and reforming the administrative status of health facilities.
- **Pillar 2 aims at supporting efforts to reduce greenhouse gas emissions and slow the depletion of natural capital.** Under the Paris Agreement, Côte d’Ivoire submitted Nationally Determined Contribution in October 2016. This is a detailed plan of the country’s climate change mitigation and adaptation policies and targets. Based on this plan, the bulk of greenhouse gas emissions reductions should come from two priority sectors: agroforestry and energy. The proposed pillar includes objectives for each of these sectors. In agriculture, the operation supports the reduction of deforestation associated to non-sustainable cocoa production. In energy, the goal is to promote private investments in renewable energy and to improve energy efficiency. Pillar 2 has been prepared in collaboration with the German Government (BMZ, KfW, GIZ) which is considering to provide co-financing.
- **Pillar 3 supports the development of digital platforms that could promote inclusive growth and the establishment of an electronic tax payment system at the local level.** This pillar supports the development of digital platforms aimed at: (i) facilitating equitable access to digital and non-digital public and private services through the provision of government-recognized credentials free of charge to all individuals physically present in Ivorian territory; and (ii) tackling the issue of security of land tenure by formally identifying all urban land parcels. Moreover, the digital economy pillar supports domestic revenue mobilization by promoting an electronic tax payment system for Ivorian municipalities.



## E. Poverty and Social Impacts and Environmental Aspects

### Poverty and Social Impacts

**The package of reforms supported by the proposed operation is expected to have positive poverty and social effects.** Under the Social Protection Pillar (Pillar 1), supported measures will allow strengthening the targeting of pro-poor programs and the on-going WB support to build the Unique Social Registry will help to promote the effectiveness of these measures. In addition, measures included in the policy matrix will support the sustainable provision of health services and therefore promote equitable access to health care. Measures under the Climate Change Pillar (Pillar 2) are expected to have a positive long-term impact by reducing energy costs for both businesses and households. Under the Digital Economy Pillar (Pillar 3), the measures supported by the proposed operation will help to ensure that the poorest can have access to ID credentials. Moreover, the matrix includes one measure that will enhance land tenure security and have an indirect positive impact on access to affordable housing by facilitating access to finance and private investments in the housing sector. Finally, the establishment of an e-tax payment system at the local level is expected to boost local revenue mobilization and therefore support the provision of quality public services at the local level.

**Measures aiming at reducing deforestation and promoting sustainable cocoa production could initially have a negative impact for some poor farmers before the poverty/social impact turns positive in the longer term.** The implementation of the Forestry Code and the enforcement of national standards for sustainable cocoa production could affect poor farmers and poor households whose income is related to cocoa production. On one hand, forbidding occupation and farming of protected forests could lead to a loss of income for some poor households, particularly in the short term. On the other hand, the establishment of agro-forests will have a positive impact on poor farmers by reducing informality and increasing productivity as cocoa farming will now be officially permitted in all areas who lost more than 75 percent of their original forest cover. Moreover, the positive poverty and social impact of other measures supported by the proposed operation (in particular, those one improving the targeting of social programs) is expected to offset the negative short-term impact of measures supporting sustainable cocoa production. In the longer-term, the poverty and social impact of cocoa measures on cocoa farmers is expected to turn positive. By producing cocoa in a sustainable manner, Cote d'Ivoire could provide quality signals to consumer markets and, therefore, sell cocoa at a higher price.

### Environmental Impacts

**The measures supported by the proposed DPO are associated with potential significant positive effects on the country's environment, forests, or other natural resources.** This is particularly the case for the measures supported under Pillar 2, which aim at reducing greenhouse gas emissions and slowing the depletion of natural capital. Through the support of activities aiming at reducing deforestation associated with cocoa production, forests and natural resources will be preserved in a better way. Besides the direct positive impact of cocoa related measures on deforestation, energy-related measures are expected to have a positive impact on the environment by reducing tree-cutting associated to firewood production. Moreover, any activity supported by the proposed operation that might be associated with potential adverse impact on environment and/or communities will be subject to the development of an Environmental and Social Impact Assessment (ESIA) and a Resettlement Action Plan (if need be) following the national legislation.



**CONTACT POINT**

**World Bank**

Andrea Coppola, Amina Coulibaly  
Senior Economist

**Borrower/Client/Recipient**

Ministry of Finance  
Adama Coulibaly  
Director of Cabinet of the Minister of Finance  
adcoulibaly01@gmail.com

**Implementing Agencies**

Ministry of Finance  
Adama Coulibaly  
Director of Cabinet of the Minister of Finance  
adcoulibaly01@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):	Andrea Coppola, Amina Coulibaly
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**Approved By**

Country Director:	Pierre Laporte	15-Jun-2019
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