Republic of Côte d'Ivoire




Investor Update

Global Investor Call
July 2024

Agenda | Côte d'Ivoire Investor Update – July 2024

1 Regional snapshot: WAEMU political and external risks are contained, and balanced by dynamic growth prospects

Political and external challenges are being addressed …

Political dialogue is maintained

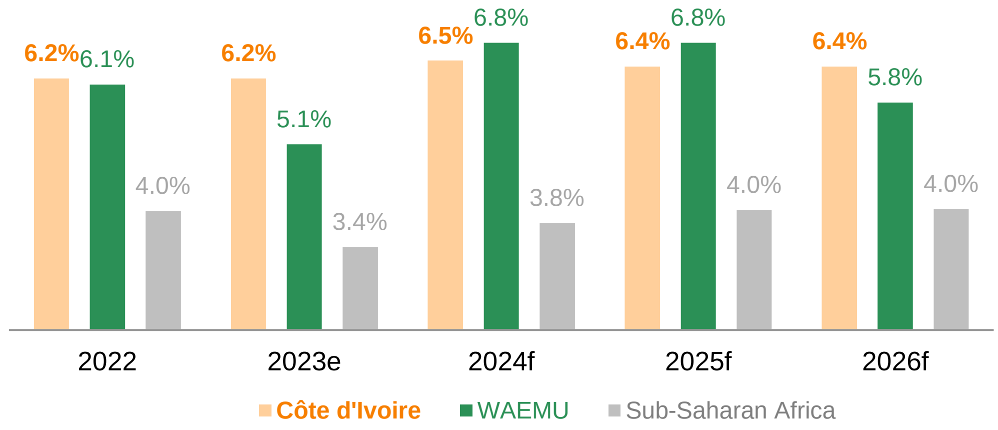
- **Burkina Faso, Mali, and Niger announced the formation of an Alliance of Sahelian States (AES) in September 2023,** in opposition to ECOWAS[1] sanctions against Niger, and notified ECOWAS in January 2024 of their intention to leave the regional grouping
- **In February 2024, ECOWAS decided to lift most sanctions against Niger**
- **Senegal's President Bassirou Faye was appointed as "facilitator in engagement with the AES" in July 2024** and named Abdoulaye Bathily, former UN envoy in Libya, as special envoy to the AES

FX reserves are being consolidated

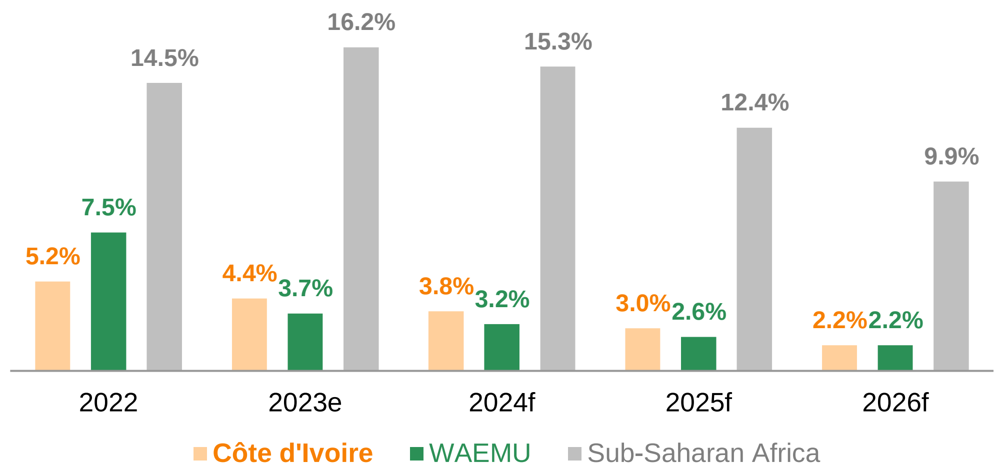
- **Official reserves remained under pressure in 2023,** decreasing to 3.5 months of imports from 4.3 in 2022, according to the BCEAO[2]
- According to the IMF, the 2024 current account deficit is projected to narrow to 5.7 percent of GDP and further to below 3 percent of GDP in 2025, reflecting significant terms of trade gains, and **supporting a gradual recovery in international reserves over the medium-term, which should increase to 4.1 months of import in 2024 and 5.1 months of import in 2025,** according to the BCEAO[2]

… with dynamic macroeconomic fundamentals compared to the broader continent

Real GDP growth (annual percentage change)[2,3]



Inflation (annual percentage change)[2,3]



Note 1 *Economic Community of West African States* ***2*** *Data from the BCEAO's Rapport sur la politique monétaire dans l'UEMOA (June 2024)* ***2*** *WAEMU: West African Economic and Monetary Union* ***3*** *Côte d'Ivoire data extracted from IMF Second Reviews Under the Extended Arrangement Under the Extended Fund Facility and Under the Arrangement Under the Extended Credit Facility and the First review Under the Resilience and Sustainability Facility Arrangement (July 2024); WAEMU data extracted from IMF's WAEMU: Staff Report on Common Policies for Member Countries Staff Report (April 2024); Sub-Saharan Africa data extracted from IMF World Economic Outlook – April 2024* ***Source:*** *IMF, BCEAO*

1 Overview of the latest macro-financial developments of Côte d'Ivoire

MOODY'S and S&P Global — Upgrade of Côte d'Ivoire's credit rating and outlook

- **In March 2024, Moody's upgraded Côte d'Ivoire's credit rating** from Ba3 (Positive Outlook) to Ba2 (Stable Outlook)
- **In May 2024, S&P changed Côte d'Ivoire's outlook** from BB-/Stable to BB-/Positive

MIGA — Upgrade of Côte d'Ivoire's eligibility with MIGA

- **In April 2024, Côte d'Ivoire's rating was upgraded from B+ to BB- according to MIGA's internal rating scale**
- This upgrade thereby renders Côte d'Ivoire eligible to MIGA's Non-Honoring of a Sovereign Financial Obligation ("NHFSO") products, increasing the range of structuring options available for credit-enhanced transactions

International Monetary Fund — Agreement on RSF and successful review of ongoing IMF programme

- **In February 2024, Côte d'Ivoire and the IMF reached an agreement on a Resilience and Sustainability Facility** ("RSF") for an amount of **SDR 975.6m (c.$ 1.3bn, 150% of quota)**, testifying to the ambition of Côte d'Ivoire's climate adaptation reforms
- **In June 2024, the IMF completed the second review of the EFF/ECF[1] arrangement.** The IMF reaffirmed the credibility of Côte d'Ivoire's fiscal consolidation following the adoption of a comprehensive MTRS[2], and praised the Jan-2024 DMO[3], which ensured debt sustainability risks remained moderate

Montage Gold — Discovery of a "world-class" gold deposit

- **In May 2024, Montage Gold announced the discovery of a 155.5t gold deposit in northern Côte d'Ivoire**, and the start of works to develop a mine, which will begin production in 2027
- The plant will be the third largest in West Africa by processing capacity and mobilize an initial investment of FCFA 400bn (c. € 610m)

PETROCI and eni — Discovery of the second largest O&G field in Côte d'Ivoire

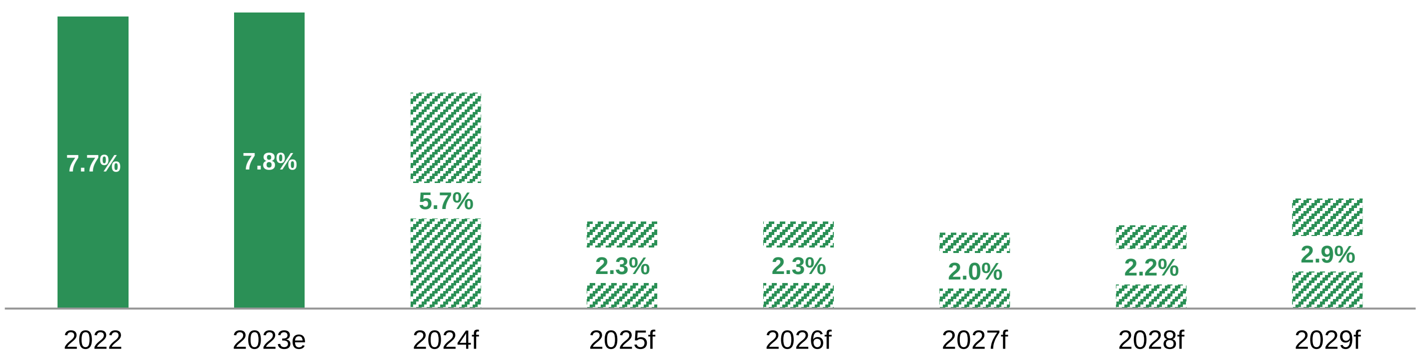
- **In March 2024, the Ministry of Mining, Oil, and Energy announced the discovery of the Calao field by PETROCI Holding and ENI.** The field includes light oil, natural gas and condensates, with resources estimated at between 1 bn and 1.5 bn barrels of oil equivalent
- **The discovery strengthens Côte d'Ivoire's regional position as a regional energy hub, already cemented with the development of the Baleine field,** on which production started in August 2023

***Note 1** Extended Fund Facility / Extended Credit Facility, signed in May 2023 for an amount of c.$ 3.5bn (400% of quota) and a duration of 40 months **2** Medium Term Revenue Strategy **3** Debt Management Operation*

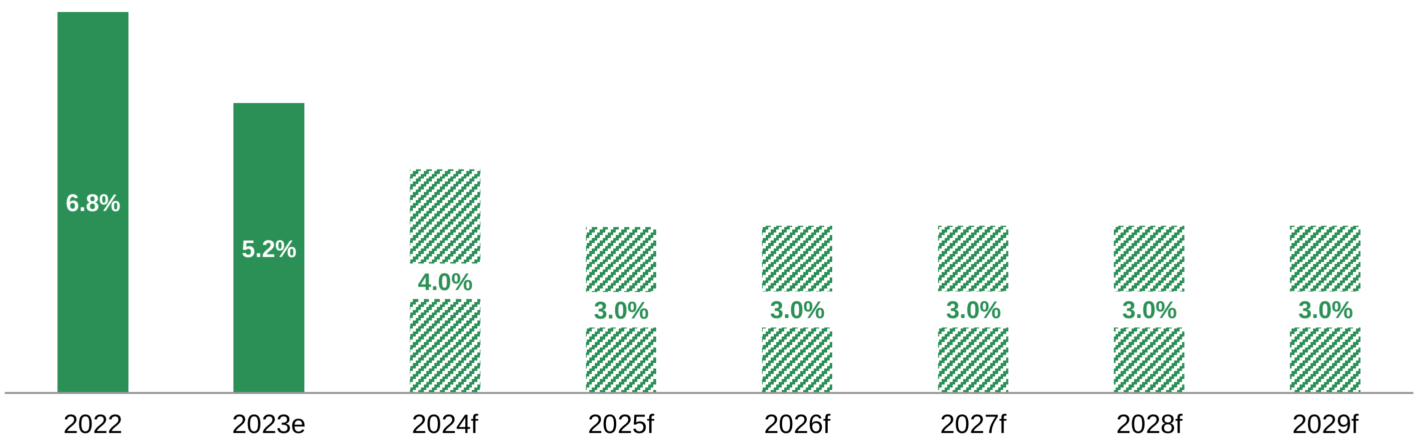
1 Decreasing twin deficits on improved fiscal and external outlooks

- **Côte d'Ivoire shows dwindling twin deficits on the back of (i) a robust export outlook, supported by hydrocarbon output, private sector development, as well as export diversification, and (ii) a credible fiscal consolidation trajectory, bolstered by high quality revenue mobilization measures**

Current account deficit (% of GDP)



Public deficit (% of GDP)



IMF 2nd review – July 2024

"**Exports are expected to grow more than imports from 2025 onwards helped by increased hydrocarbon output and the implementation of NDP[1] and Côte d'Ivoire 2030 policies,** especially on private sector development and export diversification"

"**Exports also benefit from higher prices in key export crops,** especially cocoa"

"**The 2024 current account deficit is projected to narrow** […], **reflecting significant terms of trade gains**, and supporting a gradual recovery in international reserves over the medium-term"

"**The government intends to pursue fiscal consolidation in 2025** through a continued increase in the tax revenue ratio, backed by the MTRS"

"**Sustained effort is expected by the authorities to increase tax revenue to GDP by 0.5 percent of GDP,** each year between 2024 and 2026 through new, high quality and permanent tax policy and tax administration measures"

Note 1 *National Development Plan*
Source: *IMF (July 2024)*

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1 Overview of the latest macro-financial developments

2 **Overview of Côte d’Ivoire’s latest liability management operation**

3 Q&A

2 Overview of Côte d'Ivoire's latest Eurobond Issuance

- **On January 23, 2024, Côte d'Ivoire priced a $2.6bn dual-tranche Eurobond, coupled with a simultaneous EUR-USD cross-currency swap,** marking (i) the reopening of international bond markets for African sovereigns since April 2022, and (ii) the Republic's inaugural ESG bond issuance
- **A majority of bond proceeds have been applied to a liability management exercise designed to improve the Republic's debt amortization profile,** including (i) a tender offer on two Eurobond series and (ii) the refinancing of external commercial loans

$2.6bn Eurobond issuance coupled with liability management, FX hedging, and a debut bond with an ESG label

1 — $2.6bn dual-tranche Eurobond offering

- **Largest Eurobond issuance for Côte d'Ivoire** and largest orderbook ever in West Africa ($8.5bn)
- **Reopening of Eurobond markets for African sovereigns** since April 2022
- Côte d'Ivoire's **first dollar-denominated issue since 2017**

2 — $2.6bn Euro-Dollar cross-currency swap

- **Largest cross-currency swap linked to a Eurobond executed in Sub-Saharan Africa** ("SSA")
- **First case of a cross-currency swap executed simultaneously** to a new Eurobond issue in SSA
- **Achieved a EUR pricing c.150bps below USD coupons** (blended EUR coupon of 6.6%)

3 — $1.8bn liability management exercise

- **c.$550m tender offer on two outstanding Eurobonds** with 85%+ participation rates on both series
- **€1.2bn principal prepayment of short-term external commercial loans** with predominantly floating rates
- **Improvement of the Republic's debt amortization profile** and key IMF DSA[1] ratios

4 — Inaugural ESG bond issuance

- **Côte d'Ivoire's inaugural ESG bond offering**, priced with a 12.5bps "greenium"
- **"Sustainability bonds" issued under the country's ESG Framework first published in 2021**[2]
- **Use of proceeds targeting critical social infrastructures** (health, education, water supply)

Note 1 *International Monetary Fund (IMF) Debt Sustainability Analysis (DSA)*
Note 2 *Updated in September 2023, both versions received a Second Party Opinion (SPO) from Sustainalytics*

2 Focus on the liability management exercise

- **c.75% of bond proceeds[1] have been allocated to a liability management exercise designed to improve the Republic's debt amortization profile, including (i) a tender offer on two Eurobond series and (ii) the refinancing of external commercial loans**
- **The operation also aimed at consolidating the Republic's "moderate" risk of debt distress under the IMF DSA[2]**

1 Tender offer on two Eurobond series

Series	**€ 2025**	**$ 2032**
Nominal outstanding	€239m	$497m
Tender price	102.000%	97.125%
Submitted | Accepted	88% | 88%	85% | 60%
Nominal amount accepted	€211m	$300m
New nominal outstanding	€28m	$197m

2 Pre-payment of external commercial loans

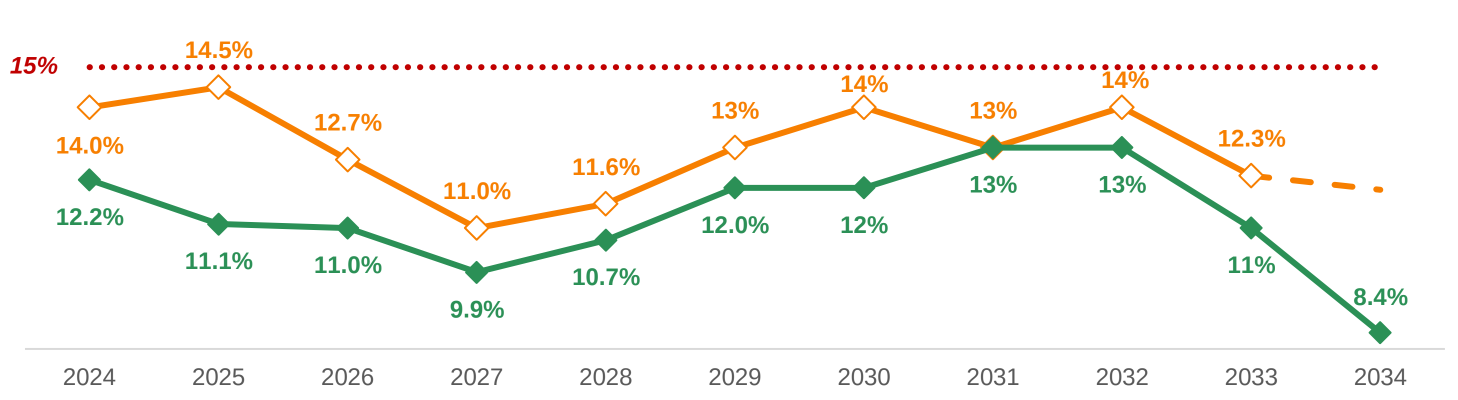
Nominal prepayment	€1.2bn / $1.3bn	
# of lines bought back	18 lines from 8 lenders	
Currency	EUR	
Interest rate	90% floating rate	10% fixed rate
Average cost	8.97%[3]	
Average tenor	2.1 years	

Note 1 *Côte d'Ivoire issued EUR 2,385m eq. ($2.6bn); a total of EUR 1,793m eq. (75% of total bond proceeds) was then used for the liability management operation (including EUR 223m for the RCI €2025 buyback, EUR 269m eq. for the RCI $2032 buyback, and EUR 1,302m for the prepayment of commercial loans; all of which including accrued interest)*
Note 2 *International Monetary Fund (IMF) Debt Sustainability Analysis (DSA)*
Note 3 *Based on Euribor rates at the time of the issuance (23/01/2024)*

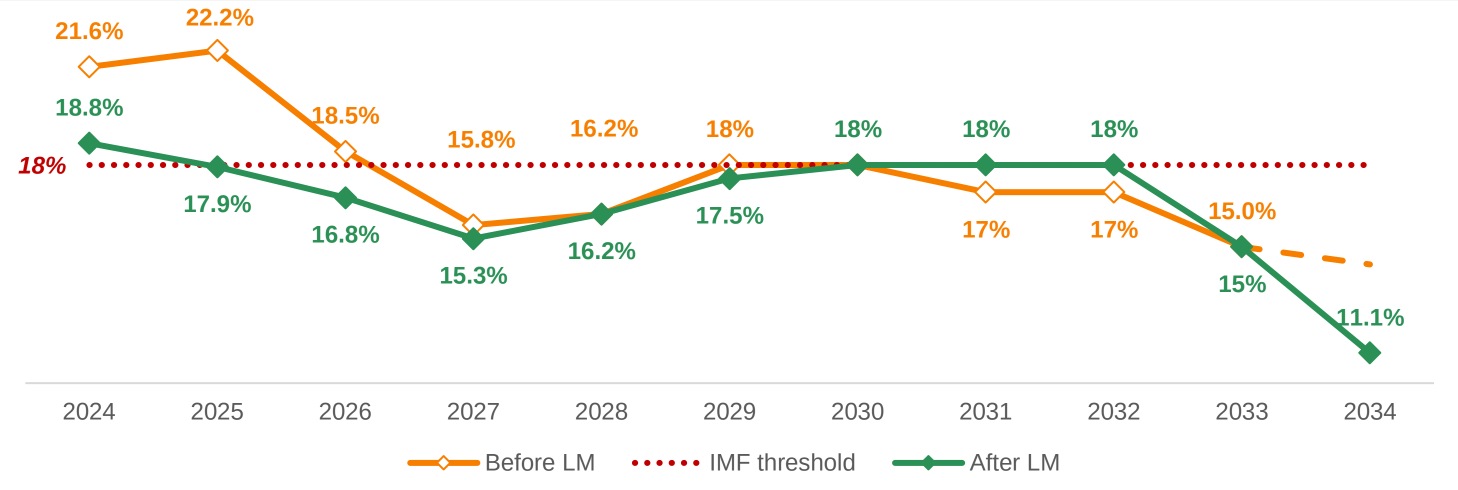
2 Impact on Côte d'Ivoire's Debt Sustainability Analysis

- **The IMF's assessment of Côte d'Ivoire's risk of debt distress is now moderate without the application of judgment, backed by an improved debt sustainability analysis supported by the latest liability management exercise**

Debt service / exports[1,2,3]



Debt service / public revenues (excl. grants)[1,2,3]



IMF 2nd review – July 2024

"**Côte d'Ivoire's overall and external public debt remain at moderate risk of debt distress.** Côte d'Ivoire successfully returned to international capital markets after a 3-year hiatus and used the proceeds to improve their short-term maturities through a debt management operation."

"**Compared to the last DSA, the debt sustainability has improved** as evidenced by lower debt ratios, especially external debt liquidity ratios."

"**After a three-year hiatus, the successful US$-denominated international bond issuance** marks an important turning point for Côte d'Ivoire."

"**The issuance highlights markets' positive view of Côte d'Ivoire's prospects,** as well as its beneficial introduction of an ESG framework."

Note 1 *Before LM ratios issued from IMF Request for an Arrangement Under the Resilience and Sustainability Facility staff report (April 2024), which excludes the impact of the debt management operation based on Dec-23 debt data, pro forma ratios issued from IMF Second Reviews Under the Extended Arrangement Under the Extended Fund Facility and Under the Arrangement Under the Extended Credit Facility and the First review Under the Resilience and Sustainability Facility Arrangement (July 2024), which includes the impact of the debt management operation based on the same debt data*
Note 2 *2024 debt service excludes debt repayments from debt management operation*
Note 3 *Before LM ratio decimals not available for 2029-2032 and 2034; Pro after LM ratio decimals not available for 2030-2033, dotted line represents linear trend between available data points*
Source: *IMF*

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3 **Q&A**

Appendix

Côte d'Ivoire shows resilient macro-economic fundamentals, coupled with very strong growth prospects

Côte d'Ivoire's macro-fiscal performance has proved resilient across all key indicators…[1]

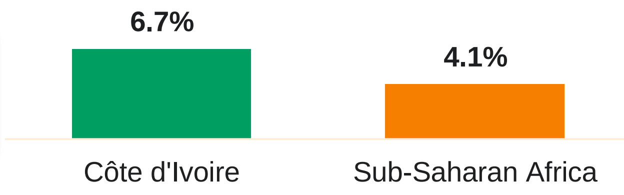
…and will continue to be one of the top performers across the continent[1]

Strong economic growth

6.2%

Strong economic growth prospects maintained in 2023, above 2022 growth level (6.2%), and growth forecasts of 6.5% for 2024, proving once again Côte d'Ivoire's economic resilience

Average growth rate, 2024-28

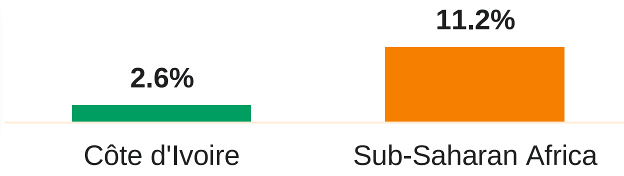


Controlled inflationary pressures

4.4%

Estimated average 2023 inflation, expected to be reduced to 3.8% in 2024

Average inflation, 2024-28 (% change)

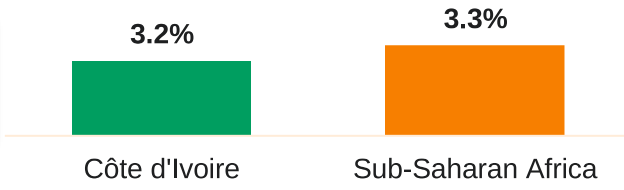


Consolidated fiscal balance

(5.2)% of GDP

End-23 fiscal balance, which should further decrease to (4.0)% of GDP, in line with IMF program objectives. Further, **the IMF expects the deficit to converge towards the (3)% WAEMU threshold by 2025**

Average budget deficit, 2024-28 (% of GDP)

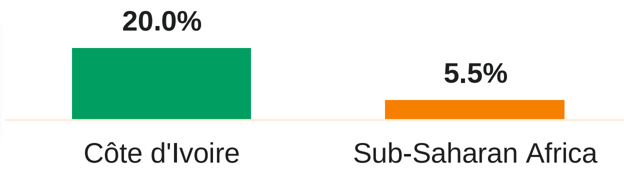


Sustained export growth in 2024

20%[2]

Robust growth prospects of Ivoirian exports in 2024, driven by agricultural products, mining products and manufactured goods, after a 3% growth in 2023

Exports of goods, average yearly growth, 2024-25 (% change)



__Note 1__ Côte d'Ivoire forecasts based on IMF July 2024 report; Sub-Saharan Africa forecasts based on IMF World Economic Outlook April 2024
__Note 2__ Exports of goods, f.o.b., at current prices
__Source__ International Monetary Fund

Côte d'Ivoire recently adopted a new Medium-Term Revenue Strategy (MTRS)

- **In May 2024, Côte d'Ivoire approved a new Medium-Term Revenue Strategy (MTRS),** one of the structural benchmarks of the current IMF program
- **It provides an overall vision for tax policy and administration reforms to boost domestic revenue mobilization,** and to achieve the WAEMU tax revenue target of 20% of GDP over the long run (and 17% by 2028)
- **The MTRS notably focuses on** (i) enhancing the transparency, fairness and efficacy of the tax system, (ii) rationalizing tax exemptions and expenditures, and (iii) inducing higher levels of public confidence in the tax system, contributing to building a culture of tax compliance

Overview of key MTRS objectives

1. **Simplify the tax system to improve its accessibility to taxpayers by overhauling the general tax code** (revised guidelines, single declaration for salaries and social security benefits, and streamlined implementation procedures for non-tax revenues and customs)
2. **Make improvements in the existing tax and customs system** (gradually increasing excise taxes, strengthening transfer pricing, harmonizing transfer rules, reforms to corporate income and property taxation)
3. **Rationalize tax and customs exemptions,** to ensure that these exemptions contribute to economic and social development
4. **Strengthen green taxation** by creating a carbon tax on CO_2 and greenhouse gas emissions, instituting a tax on pesticides, fertilizers, and hazardous materials, as well as an environmental tax on cigarettes
5. **Introduce taxation on e-commerce**
6. **Boost public confidence in tax and customs authorities** (improving governance, and efficiency of agencies by providing resources and training, undertaking audits to ensure staff integrity, improving communication and education on public finances, strengthening relations with regional and international institutions)
7. **Digitalize tax and customs administration,** including through electronic invoicing, collection of information on VAT paid by non-residents, and strengthening IT linkages across all public service entities

Source IMF, Côte d'Ivoire Authorities

Recent developments of Côte d’Ivoire’s relationship with the IMF

Completion of the 1st and 2nd reviews of the ongoing EFF/ECF program

1st review – December 2023

Amount disbursed c.$495m – EFF/ECF

“**Côte d’Ivoire’s performance under the Fund supported program has been strong,** reflecting the authorities’ commitment to entrenching macroeconomic stability”

“Growth has been among the highest in Africa for more than a decade and **the country has delivered the largest fiscal consolidation in the WAEMU region in the last six months**”

“**Sustained reform efforts will help maintain a moderate risk of debt distress** amid a still difficult external backdrop”

2nd review – June 2024

Amount disbursed c.$493m – EFF/ECF

c.$81m – RSF

“**The authorities’ MTRS plan is appropriately focused on wide-ranging enhancements in the tax system to boost its transparency,** fairness and consequently efficacy in terms of achieving sufficient levels of domestic revenue mobilization to support the country’s long-run sustainable and equitable growth and economic transformation objectives.”

“**The debt management operation has been instrumental in ensuring that debt sustainability risks remain within the moderate rating of debt distress.**”

Approval of a reform program supported by an RSF arrangement

Excellent level of cooperation

In February 2024, **the Ivorian authorities and the IMF reached an agreement on a reform program to fight climate change supported by the Resilience and Sustainability Facility for an** amount of SDR 975.6m **(c.$ 1.3bn, 150% of quota),** testifying to the ambition of Côte d’Ivoire’s climate adaptation reforms

Ambitious reform program

The RSF program aims to improve resilience to climate change by implementing a set of ambitious reform measures to address the identified challenges, which are:

i. the integration of climate into public financial management;
ii. strengthening the governance of climate policies;
iii. reducing exposure and vulnerability of the agricultural sector;
iv. increasing green and sustainable financing;
v. reducing vulnerability to flooding and coastal erosion; and
vi. reducing greenhouse gas emissions.

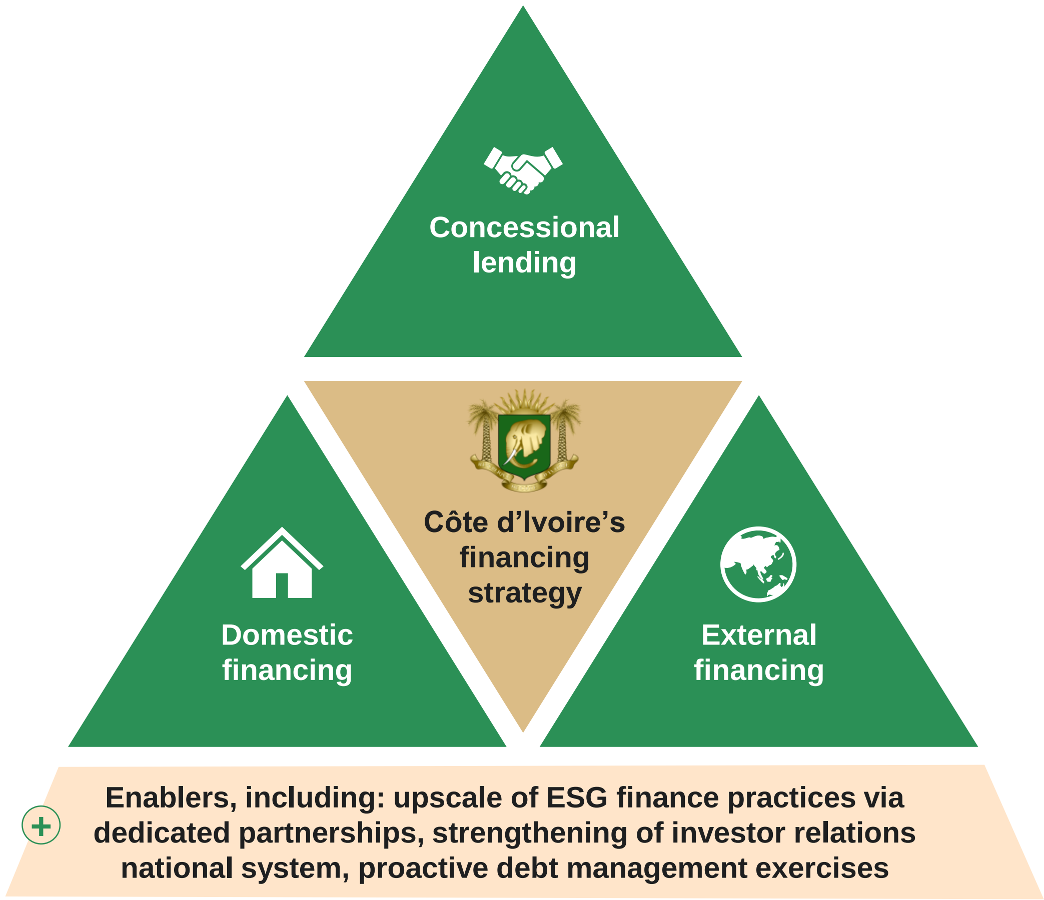
Technical assistance from partners including the IMF, the World Bank Group, the African Development Bank, the European Unions, and bilateral partners **should continue to play an important role in meeting these challenges.**

Successful 1st review

“**The authorities are on track in implementing the reform measures expected to become effective over the coming months in 2024**”

A prudent financing strategy, with innovation and diversification objectives

Côte d'Ivoire's financing strategy is articulated around 3 main priorities



Key priorities for Côte d'Ivoire's external financing strategy in 2024

- **Financing needs on the international market for the year 2024 have been fully covered,** notably through the Eurobond issuance
- **Continued proactive debt management strategy, with opportunistic LM operations** predicated upon conducive market conditions, to further optimize the risk profile of Côte d'Ivoire's public debt portfolio
- **Exploration of strategic medium-term operations with credit-enhancement mechanisms** from the World Bank and MIGA
- **Continued efforts to diversify the geographical footprint of Côte d'Ivoire's investor base,** in particular in Asia (e.g., opportunities for Panda / Samurai bonds) and the Middle East
- **Continued recourse to Local Currency financing, and improving the liquidity of XOF markets** (e.g., through increased participation of international investors)

Thank You

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