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REPUBLIC OF CÔTE D'IVOIRE

Union – Discipline – Work

Ministry of Finance and Budget

National Public Debt Committee (CNDP)

MEDIUM-TERM DEBT MANAGEMENT STRATEGY

2024 – 2028

I. INTRODUCTION

1. Côte d'Ivoire is today one of the most attractive countries on the African continent and displays robust medium- and long-term prospects, driven by successive National Development Plans (NDPs).
2. In 2023, Côte d'Ivoire's economic growth rebounded to 6.5%, up from 6.2% in 2022. This performance results from the implementation of wide-ranging structural reforms by the Government over the past decade, spanning economic, political and social dimensions.
3. In 2024, Côte d'Ivoire is rated by Standard & Poor's (BB–, positive outlook), Fitch Ratings (BB–, stable outlook) and Moody's (Ba2, stable outlook). In addition, the Multilateral Investment Guarantee Agency (MIGA), a World Bank subsidiary, has upgraded its internal credit rating for Côte d'Ivoire from B+ to BB–.
4. In the same dynamic, Côte d'Ivoire's country risk rating by the OECD has been revised upward, moving from 6 to 5 on a scale of 7.
5. These various financial and institutional ratings attest to the quality of Côte d'Ivoire's economic fundamentals, its resilience to external shocks, and its solid growth prospects.
6. This Medium-Term Debt Management Strategy (MTDS) is in keeping with the Government's sustainable development guidelines, in line with the objectives of the NDP 2021–2025. It prescribes the potential sources of financing for the economy while maintaining costs and risks at a reasonable level.
7. The MTDS is adopted and annexed to the Finance Law at the beginning of each year. It takes into account changes in the macroeconomic and budgetary frameworks through the implementation of priority actions defined by the Government each year. This MTDS covers the period 2024–2028.

II. STATUS OF IMPLEMENTATION OF THE 2023 FINANCING PLAN

8. The MTDS 2022–2026 recommended recourse to financing in an average ratio of 45%–55% of external and domestic resources.
9. The 2023 annual financing plan proposed mobilisation at approximately 55%–45% of external and domestic resources. The end-2023 assessment of this plan indicates total disbursements of CFAF 4,644.6 billion against a forecast of CFAF 5,319.7 billion, a negative variance of CFAF 675.1 billion (–14.5%), linked in particular to the tightening of financing conditions on the international financial market.
10. Notwithstanding this situation, the financing structure settled at 52%–48% of external and domestic resources, which does not deviate significantly from the initial proportions of the end-2023 financing plan.

Table 1 — Status of implementation of the 2023 Financing Plan (CFAF billions)

| Item | Planned | % | Actual | % | Variance |
|-------------------------------|----------------|-----|----------------|-----|----------|
| Total disbursements | 5,319.7 | | 4,644.6 | | -675.1 |
| External disbursements | 2,921.3 | 55% | 2,399.9 | 52% | -521.4 |
| Project loans | 1,737.1 | 33% | 1,421.2 | 31% | -315.9 |
| Programme loans | 967.0 | 18% | 978.7 | 21% | 11.7 |
| World Bank | 180.8 | 3% | 184.6 | 4% | 3.8 |
| IMF | 603.8 | 11% | 602.2 | 13% | -1.6 |
| AfDB | 27.6 | 1% | 0.0 | 0% | -27.6 |
| AFD | 154.8 | 3% | 105.0 | 2% | -49.8 |
| Germany | 0.0 | 0% | 0.0 | 0% | 0.0 |
| Other potential financing | 0.0 | 0% | 87.0 | 0% | - |
| Other FX financing | 217.2 | 4% | 0.0 | 0% | -217.2 |
| Domestic disbursements | 2,398.4 | 45% | 2,244.7 | 48% | -153.7 |

Source: CNDP

III. OBJECTIVES AND SCOPE OF THE MTDS 2024–2028

11. The objectives of the MTDS 2024–2028 are as follows:
 - To meet the State's financing needs and payment obligations at the lowest possible cost;
 - To ensure that risks associated with the public debt portfolio remain within acceptable limits;
 - To maintain debt sustainability indicators below defined thresholds;
 - To contribute to the development of the domestic market.
12. The coverage scope of the MTDS is limited to the external and domestic debt of the Central Government.

IV. COMPOSITION OF THE DEBT PORTFOLIO AT END-2023

13. The outstanding debt of the Central Government is estimated at CFAF 27,782.6 billion (58.1% of GDP) at end-2023, compared with CFAF 24,774.4 billion (56.6% of GDP) at end-2022. It comprises CFAF 17,136.1 billion (61.7%) of external debt and CFAF 10,646.5 billion (38.3%) of domestic debt. Total public and publicly guaranteed debt is estimated at CFAF 28,268.5 billion (59.2% of GDP) at end-2023, composed of CFAF 17,524.3 billion (62.0%) of external debt and CFAF 10,744.2 billion (38.0%) of domestic debt.
14. Total public debt remains dominated by CFA franc-denominated debt at 45.0%. The share of foreign-currency debt represents 55.0% overall, dominated by the Euro (44.4%) followed by the US Dollar (6.7%). This configuration reflects the Government's commitment to containing the public debt portfolio's exposure to exchange-rate risk.

V. COSTS AND RISKS OF THE DEBT PORTFOLIO AT END-2023

15. The weighted average interest rate of the portfolio is 4.4%, with an average rate of 5.3% for domestic debt and 4.6% for external debt.

16. In the short term, the concentration of domestic debt maturities makes the public debt portfolio vulnerable. Approximately 55.1% of the outstanding domestic debt stock is due for refinancing over the next three years. In the medium term, repayment of Treasury bond maturities could also generate refinancing pressures.
17. Debt exposed to exchange-rate fluctuations represents 10.6% of the total debt portfolio, of which 6.7% is denominated in US dollars. Although US dollar instruments represent less than 10% of the total outstanding debt, fluctuations in the EUR/USD rate remain a vulnerability factor.

Table 2 — Costs and risks of the existing debt portfolio estimated at end-2023

| Indicator | External debt | Domestic debt | Total debt |
|-----------------------------------------------|---------------|---------------|-----------------|
| Amount (CFAF billions) | 17,136.1 | 10,646.5 | 27,782.6 |
| Amount (USD millions) | 28,482.9 | 17,696.3 | 46,179.2 |
| Nominal debt (% of GDP) | 35.9% | 22.3% | 58.1% |
| Net present value (% of GDP) | 32.0% | 22.3% | 54.3% |
| Interest payments (% of GDP) | 1.2% | 1.1% | 2.3% |
| Average weighted interest rate | 4.6% | 5.3% | 4.4% |
| Average portfolio maturity (years) | 8.8 | 4.3 | 7.1 |
| Debt maturing within 1 year (% of total) | 5.9% | 19.5% | 11.1% |
| Debt maturing within 1 year (% of GDP) | 2.1% | 4.3% | 6.5% |
| Avg time to interest rate refixing (years) | 7.8 | 4.3 | 6.4 |
| Debt to be refixed within 1 year (% of total) | 20.6% | 19.5% | 20.2% |
| Fixed-rate debt (% of total) | 83.5% | 100.0% | 89.8% |
| Treasury bills (% of total) | 0.0% | 7.0% | 2.7% |
| FX-denominated debt (% of total) | | | 61.7% |
| Debt exposed to FX fluctuations (% of total) | | | 10.6% |
| FX debt service (% of reserves) | | | 10.7% |

Source: CNDP | Note: Debt classification is based on the currency criterion for the MTDS exercise. Although the IMF is classified as external debt, repayments to this creditor are made in CFA francs.

VI. MACROECONOMIC ASSUMPTIONS FOR THE PERIOD 2024–2028

18. Over the period 2024–2028, a consolidation of economic performance is expected in connection with the implementation of the NDP 2021–2025 and the continuation of major public and private investment projects. Real GDP is projected at an average of 7.2% per annum over the period 2024–2028.
19. Inflation would be contained at an average of 3.4% per year, thanks to increased supply of food products, stable petroleum product prices, better market supply of other consumer goods, and policies to combat the cost of living.

Table 3 — Macroeconomic aggregates for the period 2024–2028 (CFAF millions unless otherwise stated)

| Indicator (CFAF millions) | 2024 | 2025 | 2026 | 2027 | 2028 |
|--------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Public revenues (incl. grants) | 8,775,580 | 10,137,513 | 11,216,584 | 12,604,055 | 14,088,050 |
| Primary expenditure | 9,629,430 | 10,429,240 | 11,609,626 | 13,145,269 | 14,722,427 |
| Total expenditure | 10,896,506 | 11,874,892 | 13,097,212 | 14,660,302 | 16,311,121 |
| Reserves (USD million) | 11,204.1 | 11,202.8 | 11,200.6 | 11,198.9 | – |
| Nominal GDP | 52,400,000 | 57,100,000 | 62,212,094 | 68,451,374 | 75,086,896 |

Source: CNDP

20. Regarding external trade, projections for 2024–2028 are characterised by a reduction in the current account deficit, moving from –5.1% of GDP in 2024 to –3.6% of GDP in 2028, linked to an improvement in the goods trade surplus. For goods, exports would grow at an average of 8.2% per year, driven notably by the ramp-up of phases 2 and 3 of the Baleine oilfields and gold exports. Imports would increase in line with equipment and intermediate goods requirements generated by the investment programme. The services balance would experience a deterioration in the structural deficit, linked to freight payments on merchandise imports and technical services for the production of new oil and mining fields. The financial account would show a net inflow of foreign capital due to FDI inflows and continued mobilisation of external resources by the public administration. The overall balance would be in surplus from 2025 onwards.
21. Regarding the monetary and financial sectors, the country's net external assets stock should consolidate from 2025 to 2028, in line with positive overall balance of payments surpluses. Claims on the economy would increase by an average of 13% per year, in line with the financing needs of the economy.
22. Tax revenues should record an average increase of 14.0% over the period 2024–2028, consistent with the Government's vision focused primarily on the continuous improvement of revenue mobilisation. Tax revenues as a percentage of GDP are projected at an average of 15.8% per year over the same period.
23. Total expenditure as a percentage of GDP is projected at an average of 21.2% per year over the period 2024–2028, reflecting the growing needs of the population.
24. The budget deficit should stand at 4.0% in 2024, due to the impact of the Russia-Ukraine crisis, and should reach 3.0% in 2025, in line with the WAEMU community norm. Over the period 2026–2028, the budget deficit would be maintained at 3.0%.

VII. FINANCING SOURCES AND MARKET CONDITIONS

13. New external financing over the period should be mobilised primarily in the form of semi-concessional loans and commercial loans, following the reduction in concessional resources due to Côte d'Ivoire's pre-emerging economy status.
14. On the international financial market, the baseline scenario assumes that the tightening of financing conditions that began in 2022 will persist. This market environment is generating an increase in Côte d'Ivoire's Eurobond yields.
15. As part of the medium-term debt management strategy, debt reprofile operations were carried out on the local market in 2023, financed through new short- and medium-term issuances. In total, five operations were executed, with a total repurchased outstanding stock of CFAF 122.4 billion on securities with maturities of 1 year, 3 years and 7 years for respective amounts of CFAF 57.4 billion, CFAF 64.3 billion and CFAF 750 billion. These operations contributed to reducing repayment peaks in a context characterised by reduced liquidity on the regional financial market.

VIII. METHODOLOGY

16. The selected financing strategy was determined using the MTDS analytical tool, based on assumptions regarding the debt stock, the TOFE (Government Finance Operations Table), and the real and external sectors for the period 2024–2028. The results enabled the determination of expected objectives in terms of costs, risks and the external-domestic mix. Given the constraints related to external Debt Sustainability Analysis liquidity indicators and the strong resource mobilisation capacity on the regional market, financing needs should be met on average through a split of approximately 42%–58% of external and domestic resources over the period 2024–2028.

IX. COST AND RISK INDICATOR TARGETS

17. The desired composition of the public debt portfolio by 2028 is a 59–41 split between external and domestic debt, compared with 62–38 in 2023.
18. Debt exposed to exchange-rate fluctuations in 2028 would stand at less than 10%, compared with 10.6% at end-2023.
19. The share of domestic debt maturing within one year should be limited to 13.1% in 2028, compared with 19.5% in 2023.
20. It should be noted that the growing weight of Euro-denominated debt in the portfolio currently provides an attenuation of exchange-rate risk. However, this portfolio structure could ultimately generate significant exchange-rate risk exposure within the CFA franc zone, particularly in the context of the forthcoming Eco single currency (Euro-denominated debt would stand at 45.9% in 2028 compared with 44.4% in 2023).

X. OPTIMAL STRATEGY

21. In the coming years, the State should favour financing that reduces domestic debt refinancing risk, interest rate risk and exchange-rate risk. More specifically, financing needs should be covered on average according to a 42%–58% ratio of external and domestic financing instruments over the period 2024–2028. External resources would comprise concessional, semi-concessional, commercial and international market financing at 15%, 56%, 15% and 14% respectively over the period 2024–2028. Domestic resources would be mobilised through short-, medium- and long-term borrowings at 10%, 35% and 55% respectively over the same period.

Table 4 — Financing plan 2024–2028 under the optimal strategy (% of total financing in each year)

| Financing source | 2024 | 2025 | 2026 | 2027 | 2028 | Average |
|-------------------------------|------------|------------|------------|------------|------------|------------|
| External financing | 51% | 49% | 40% | 40% | 30% | 42% |
| Concessional | 5% | 20% | 20% | 20% | 10% | 15% |
| Semi-concessional | 45% | 44% | 70% | 40% | 81% | 56% |
| Commercial | 34% | 13% | 10% | 10% | 9% | 15% |
| International capital markets | 15% | 23% | 0% | 30% | 0% | 14% |
| Domestic financing | 49% | 51% | 60% | 60% | 70% | 58% |
| Short-term market (1yr) | 10% | 10% | 10% | 10% | 10% | 10% |
| Medium-term market | 35% | 35% | 35% | 35% | 35% | 35% |
| Long-term market | 55% | 55% | 55% | 55% | 55% | 55% |

Source: CNDP

22. This strategy favours domestic debt over external debt. The latter should be dominated by euro-denominated, fixed-rate financing.
23. This strategy has been validated by a Debt Sustainability Analysis (DSA), which enables Côte d'Ivoire to maintain its moderate risk of debt distress status.
24. The annual financing plan will provide further details on the Government's intentions.

XI. FINANCING PLAN FOR THE 2024 BUDGET YEAR

25. The State's financing requirements for 2024 are estimated at CFAF 5,734.8 billion. The State plans to cover them as indicated in the table below.
26. Details of the auctions to be conducted on the regional market will be set out in a quarterly issuance calendar published by UMOA-Titres.

Table 5 — Annual financing plan 2024 (CFAF billions)

| Item | Amount (CFAF bn) | Share |
|---------------------------------------------------|------------------|--------------|
| Total financing plan | 5,734.8 | 100% |
| Project & programme loan disbursements | 2,062.8 | 36.0% |
| Project loans | 1,033.0 | 18.0% |
| Programme loans | 1,029.8 | 18.0% |
| Other FX financing | 796.6 | 13.9% |
| Regional market financing | 2,875.4 | 50.1% |

Source: CNDP

27. Actual financing could differ from the amounts indicated in the table, due to changes in budgetary and monetary policies. Adjustments may therefore be made to financing needs and sources. Major adjustments to the financing plan will be communicated to interested parties.

XII. RECOMMENDATIONS

28. The success of this strategy requires the implementation of the following recommendations:
 - Ensure continuous active management of public debt. In 2024, the financing structure requires an external debt reprofile operation;
 - Maintain efforts on domestic revenue collection;
 - Ensure the dynamism of the current macroeconomic framework;
 - Develop the domestic market, in order to increase the liquidity of public securities, by:
 - Developing the secondary market;
 - Strengthening the investor communication framework;
 - Diversifying the investor base, including strengthening the participation of insurance companies and pension funds;
 - Continuing the implementation of new financial instruments;
 - Promote public securities among individual investors;
 - Reduce the mobilisation of variable-rate financing in favour of fixed-rate instruments;

- Move towards innovative financing that guarantees the viability of public debt, in particular through public-private partnerships (PPPs);
- Accelerate reforms to increase the participation of pension funds, insurance and reinsurance companies, and individuals in public securities issuances;
- Undertake reforms to increase the participation of foreign investors in public securities issuances on the regional market.