



DIRECTION GÉNÉRALE DU TRÉSOR ET DE LA COMPTABILITÉ PUBLIQUE

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Newsletter – October 2021



Autonomous Port of Abidjan

Today's headlines...

1. [Upgrade of Côte d'Ivoire's country risk classification by the OECD](#), from 6 to 5, anchoring the country in Africa's top 5 best rated economies
2. [Adoption of the 2022 budget by the Council of Ministers on Wednesday, October 20th 2021](#), amounting to c. CFAF 9,901 billion (eq. to EUR 15 billion) to fund the country's ambitious investment plan
3. [Update of the World Economic Outlook by the IMF](#), with an expected annual growth for Côte d'Ivoire averaging 6.3% in 2021 – 2025, above global and regional means
4. [Signing of a 3rd C2D contract with France](#), aiming at transforming part of Cote d'Ivoire's debt repayment to France into financing for high-priority development projects, for a total amount of c. FCFA 751 billion (eq. to EUR 1.14 billion)

1. Upgrade of Côte d'Ivoire's country risk classification by the OECD

On October 15th, 2021, the OECD upgraded Côte d'Ivoire's country risk classification, from 6 to 5. This rating – ranging from 0 (best) to 7 – aims to assess countries' estimated risk and to normalize the risk premium levels applied by Export Credit Agencies (ECA) of the OECD member states. This classification, which is determined by a group of country risk experts, is based on a quantitative assessment of each country's repayment history, its financial position

(incl. external debt, foreign exchange reserves, public accounts) and its economic situation (incl. economic scale and growth, diversification level).

Côte d'Ivoire is one of the two countries, out of 201, that benefitted from a rating upgrade during this annual review. The country is now positioned among the best-rated countries in Africa, in the 4th place behind South Africa (with a score of 4), Morocco (3) and Botswana (3). Moreover, this upgrade positions the country at the same level as some major economies from other geographies (e.g., Brazil, Turkey, Jordan).

OECD ranking on countries risk, selection of countries

Country	Current Ranking	Previous Ranking
Africa - Selection of countries		
Botswana	3	3
Morocco	3	3
South Africa	4	4
Côte d'Ivoire	5	6
Senegal	5	5
Benin	6	6
Ghana	6	6
Angola	6	6
Rwanda	6	6
Nigeria	6	6
Burkina Faso	7	7
Democratic Republic of the Co	7	7
Other emerging countries (selection)		
Hong-Kong	2	2
Philippines	3	3
Thailand	3	3
Vietnam	4	4
Brazil	5	5
Jordania	5	5
Turkey	5	5
Bolivia	5	6
Ecuador	7	6
Argentina	7	7

Source: OECD (October 2021)

The upgrade of Côte d'Ivoire's ranking illustrates the country's strong macro-fiscal performance, in line with the recent credit rating upgrades by Fitch and S&P. It will have a major impact on the country's cost of financing provided by all OECD member states' Export Credit Agencies. Indeed, ECA interest rates are governed by the Agreement on Minimum Premium Rates for Officially Supported Export Credits.

2. Adoption of the 2022 budget by the Council of Ministers

On Wednesday, October 20th, the Council of Ministers approved the 2022 budget for a total amount of c. FCFA 9 901 billion (eq. to EUR 15 billion), representing a 15% increase compared to 2021. This budget will be targeted to the acceleration of the national economy's structural transformation, in particular through key investments in the infrastructure sector as well as in the productive and social sectors.

The budget deficit for the 2022 fiscal year is expected to stand at 4.7% of GDP, a clear improvement from 2021 (5.6% of GDP). Deficit reduction will be driven by the Ivorian government's major efforts to boost domestic revenues mobilization: fiscal revenues are projected at FCFA 5,135 billion in 2022 (eq. to EUR 7.8 billion), representing 12.2% of GDP, an increase of 12% compared to 2021. In particular, fiscal reforms will focus on expanding the tax base, especially in the informal sectors, and strengthening the fiscal administration's capabilities through digitization and improved tax control processes.

In line with the country's Medium-Term Debt Management Strategy, Côte d'Ivoire's external financing needs will be addressed in priority through concessional financing from international institutions and through the regional debt market, to be complemented by international financial markets, depending on market conditions.

3. Update of the World Economic Outlook of the IMF

Following the IMF and World Bank Annual Meetings, the IMF released new figures for the global economic outlook, updated from the April 2021 version.

While the global recovery remains fragile, marked noticeably by rising inflation, the outlook for Côte d'Ivoire is extremely solid. Indeed, Ivorian growth should reach 6.0% in 2021 and 6.5% in 2022, in line with the initial estimates of April 2021. The budget deficit remains under control, at 5.6% of GDP in 2021, and should fall below the WAEMU threshold of 3.0% by 2024. Finally, the public debt trajectory, although being revised upward from the April version, remains well below the regional average, at 50.2% of GDP in 2021.

Economic outlooks comparisons, Côte d'Ivoire vs. Sub-Saharan Africa and emerging countries

	Côte d'Ivoire	Average SSA ¹	Average Emerging Countries
Real GDP growth rate (average for 2021-25, in %)	6.3%	4.4%	5.0%
Inflation rate² (average for 2021-25, in %)	2.3%	6.3%	4.6%
Public debt			
Public debt (2021, in % of GDP)	50.2%	66.2%	63.4%
Public debt (2025, in % of GDP)	50.0%	59.5%	67.6%
Budget deficit			
Budget deficit (2021, in % of GDP)	(5.6%)	(4.8%)	(6.6%)
Budget deficit (2025, in % of GDP)	(3.0%)	(2.0%)	(4.4%)

Source: IMF (October 2021)

Notes: 1. Sub-Saharan Africa 2. As measured by the CPI (Consumer Price Index)

4. Signature of a third Debt Reduction and Development Contract with France (C2D)

On Wednesday, October 27th, the Ivorian Minister of Economy and Finance, Adama Coulibaly, signed with his French counterpart, Bruno Le Maire, a third Debt Reduction and Development Contract (C2D) between the two countries, for an amount of FCFA c.751 billion (eq. to EUR c.1.14 billion), covering the 2021-2025 period.

The C2D is a mechanism set by the French Development Agency (AFD), which allows to convert part of some countries' debt repayment to France into grants for development projects, selected based on a mutual agreement between the two countries.

Côte d'Ivoire has already successfully benefited from two C2D contracts, for a total amount of FCFA c. 738 billion (eq. to EUR c.1.13 billion) for the 2015-2020 period and FCFA c. 413 billion (eq. to EUR c. 0.6 billion) for the 2012-2015 period.

This new C2D contract is divided into 3 parts:

- An envelope dedicated to the financing of the Abidjan metro, amounting to FCFA 184 billion (or EUR c. 280 million)
- A budgetary support dedicated to strategic sectors, especially education (FCFA c.122bn, or EUR c.186m), agriculture (FCFA c.70bn, or EUR c.107m) and health (FCFA c.53bn, or EUR c.81m)
- A more global budgetary support of FCFA c.167 billion (EUR c.254 million)

Issuance calendar on the West African Monetary Union financial market

Since September 2021, Côte d'Ivoire has raised more than FCFA 180 billion on the regional market (c. EUR 275 million), notably through Recovery and Resilience Bonds. The regional market is becoming increasingly deep and competitive, positioning itself as a key source of financing for the Côte d'Ivoire government. As an example, the last issue of *Bons Assimilables au Trésor* (BAT), on October 12th, 2021, was more than three times oversubscribed (more than FCFA 167 billion of orders submitted, i.e. more than EUR 250 M).

List of past issuances on the WAMU market - September and October 2021

Instrument	Date	Amount raised (FCFA M)	Subscription rate (%) ¹	Maturity	Coupon (%) ²	Rate (%) ³
BAT	10/12/2021	49 500	372%	1 year	n.a.	2.78%
BAT	09/09/2021	33 000	226%	3 months	n.a.	2.35%
OAT	09/28/2021	33 000	173%	10 years	5.85	5.86%
OAT	09/14/2021	40 000	74%	7 years	5.70	5.36%
OAT	09/14/2021	26 000	147%	5 years	5.60	4.96%

1. Subscription rate = amount submitted / amount targeted 2. The BATs are issued through multiple rates auctions and present pre-counted interests, unlike OATs which bear post-counted interests 3. Weighted average yield
Source: UMOA – Titres

List of upcoming issuances on the WAMU market, by the end of 2021

Instrument	Planned Date	Targeted amount (FCFA M)	Maturity
BAT	10/27/2021	45 000	1 year
BAT	11/23/2021	45 000	1 year
BAT	11/30/2021	35 000	1 year

Source : UMOA – Titres

To continue the conversation...

Please do not hesitate to visit the [Treasury's website](#) to consult the Quarterly Public Debt Statistical Bulletins (Bulletins Statistiques trimestriels de la Dette Publique).

Should you have any questions or comments, please send us a message to the following email address IR@tresor.gouv.ci. We will be more than happy to respond.