Financing Development

Debt-for-Development in Practice: An Evaluation of Reprofiling and Education-Linked Swaps in Côte d'Ivoire

Ezekiel TANO

2025-04-30

Assignment Report

Contents

List of Figures

List of Tables

List of Abbreviations

Table 1: List of Abbreviations

Acronym	FullTerm
AfDB	African Development Bank
BCEAO	Banque Centrale des États de l'Afrique de l'Ouest
BRVM	Bourse Régionale des Valeurs Mobilières
CFA	Communauté Financière Africaine (currency)
DPF	Development Policy Financing
DPF3	Third Development Policy Financing
DSA	Debt Sustainability Analysis
FCFA	Franc de la Communauté Financière Africaine
GDP	Gross Domestic Product
IMF	International Monetary Fund
KPI	Key Performance Indicator
LMO	Liability Management Operation
MDB	Multilateral Development Bank
MoF	Ministry of Finance
MTDS	Medium-Term Debt Strategy
ODA	Official Development Assistance
PBG	Policy-Based Guarantee
RBF	Results-Based Financing
SDG	Sustainable Development Goal
T-Bill	Treasury Bill
TPCI	Titre Public de Côte d'Ivoire
WAEMU	West African Economic and Monetary Union
WEO	World Economic Outlook
XOF	West African CFA franc (ISO currency code)

Abstract

Abstract

In 2025, Côte d'Ivoire faces an exceptional fiscal challenge, with debt service obligations exceeding XOF 4,181 billion, representing 26% of the national budget. In response, the government adopted a dual strategy to restructure its public debt and preserve fiscal space for priority investments.The first pillar is a debt reprofiling operation targeting 30 sovereign bonds. Approximately XOF 800.6 billion of repayments were postponed to $2030-2032$, reducing the 2025 burden by 19%. The second pillar is an innovative debt-for-development swap supported by the World Bank. This operation converted EUR 400 million of commercial debt into concessional financing, creating EUR 330 million in fiscal space and generating EUR 60 million in net savings over five years. Freed resources are being channeled toward education under a Results-Based Financing (RBF) framework. Expected impacts include raising the primary school enrollment rate from 96% to 99% and improving completion and gender parity indicators. Sensitivity simulations show that if only 75% of the space is used or interest rates rise, savings could drop by $20-40\%$. This report assesses Côte d'Ivoire's debt dynamics, evaluates the short-term effectiveness of its fiscal strategy, and examines how debt instruments can be leveraged for development outcomes. It concludes that while progress is real, long-term success will depend on disciplined implementation and stronger domestic resource mobilization.

Introduction

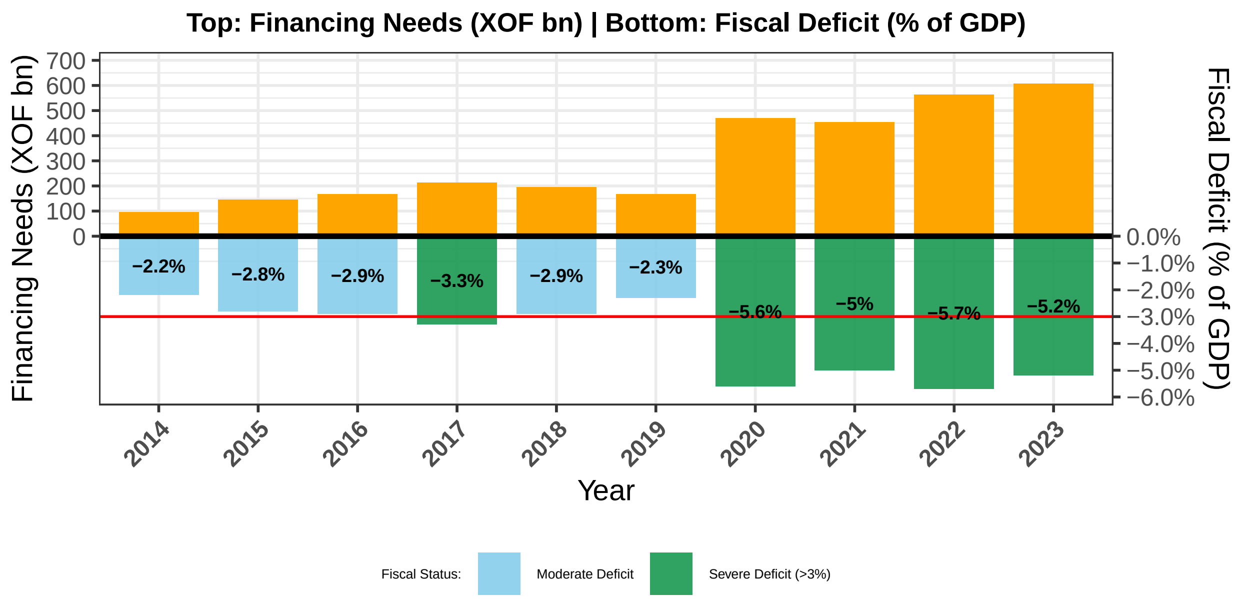
Côte d'Ivoire is undergoing a critical period of fiscal restructuring amid rising debt obligations and tightening global financial conditions. In 2025 alone, the country must repay over $4,181$ billion FCFA, including $2,099$ billion FCFA in domestic debt and $2,081$ billion FCFA in external debt, which together represent 26% of the national budget. This repayment burden is among the highest in Côte d'Ivoire's recent fiscal history. It reveals deep structural vulnerabilities in the country's financing model, notably the growing dependence on external borrowing and short-term domestic instruments such as 12-month Treasury bills issued in 2024. To mitigate this pressure, the Ivorian government has introduced a two-fold strategy. First, a public bond exchange program was launched in February 2025 targeting 30 sovereign bonds issued between 2015 and 2024. This initiative proposes to replace maturing 2025 debt with new instruments carrying 5- and 7-year maturities and interest rates of 5.9% and 6%, aiming to smooth debt repayment profiles and preserve liquidity for public investments. If successful, this operation could reduce $2025's$ repayment burden by 800.6 billion FCFA. Second, Côte d'Ivoire has pioneered an innovative debt-for-development swap, facilitated by the World Bank. This deal involves converting €400 million of expensive commercial debt into concessional financing tied to measurable investments in the education sector. The transaction is expected to free up €330 million in fiscal space and yield €60 million in net savings over five years, directly supporting national development priorities. These two reforms reprofiling and development swaps illustrate a shift toward proactive, sustainable debt management, supported by strategic partnerships with the IMF and World Bank. More broadly, they reflect an effort to reorient public finance toward social investment, particularly in human capital and infrastructure. Yet, key questions remain about the sustainability of these approaches, their implementation risks, and their potential to shift the country onto a path of resilient growth. How can Côte d'Ivoire restructure its debt portfolio and financing model to ensure short-term solvency, macroeconomic stability, and long-term social investment, particularly in education? This paper aims to evaluate Côte d'Ivoire's debt structure, assess the short- and medium-term impacts of recent debt management strategies, and explore whether innovative tools such as debt-for-development swaps can serve as a replicable model for sustainable public investment. To address this question, the paper is organized as follows:

- **Section I** analyzes the evolution and structure of Côte d'Ivoire's financing model and public debt dynamics;
- **Section II** assesses the design, objectives, and risks of the 2025 debt reprofiling initiative;
- **Section III** explores the structure and potential of debt-for-development swaps as a tool for long-term social investment and fiscal resilience.

1 Côte d'Ivoire's Financing Model and Debt Dynamics

Over the past decade, Côte d'Ivoire has witnessed a steady rise in public debt, largely driven by ambitious development objectives, macroeconomic shocks particularly the COVID-19 pandemic and persistent fiscal deficits. Within the WAEMU framework, where member states are expected to maintain a fiscal deficit below 3% of GDP, Côte d'Ivoire has consistently deviated from this benchmark. The government's expansive investment in infrastructure and social programs has outpaced revenue growth, creating a structural fiscal imbalance and amplifying the country's financing needs. In response, the government has increasingly relied on both external and domestic borrowing, with a notable shift toward international capital markets during periods of heightened fiscal pressure. The section that follows analyzes the evolution, structure, and financing patterns of public debt from 2014 to 2025. It assesses debt sustainability, the composition of debt by source and creditor, and explores the linkages between fiscal imbalances and debt accumulation. The objective is to provide a comprehensive view of the risks associated with the current borrowing strategy and inform future policy directions.

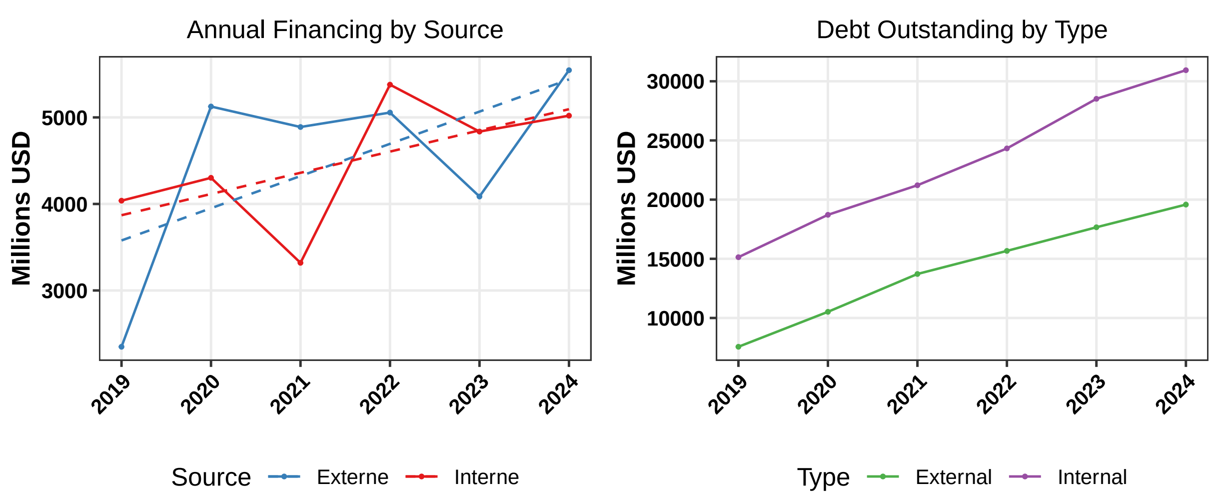
Figure 1: Financing Needs vs Fiscal Deficit (2014–2023)



Source: Author's calculations from GDP and Budget data from Côte d'Ivoire M.B.F (Execution Reports)

Figure 1 shows the concurrent rise in fiscal deficits and gross financing needs. From 2020 onward, deficits surpassed 5% of GDP annually, reaching a peak of -5.7% in 2022 Financing needs mirrored this trend, exceeding XOF 500 billion in both 2022 and 2023. This reflects not only the budgetary pressure from external shocks but also weak domestic revenue mobilization. To bridge this gap, Côte d'Ivoire relied on a mix of external and domestic borrowing.

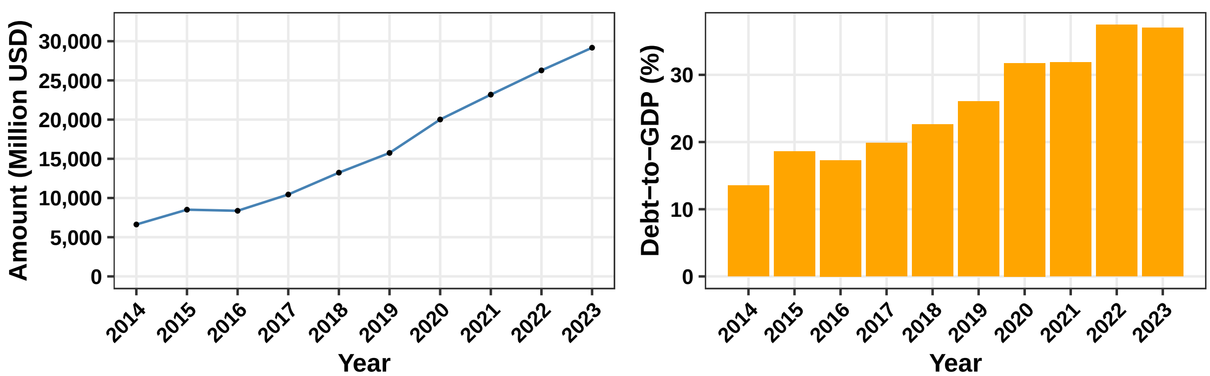
Figure 2: Annual Financing by Source-Debt Outstanding by Type



Source: Ministry of Finance; World Bank (2023)

While external financing dominated early in the period, the government increasingly turned to domestic markets. Domestic borrowing proved more accessible during periods of tight international liquidity but led to increased exposure to short-term rollover risks and higher interest rates. Internal debt outstanding rose steadily, reflecting an effort to manage external vulnerabilities, albeit at the cost of fiscal pressure due to less concessional terms. The decade-long trajectory of Côte d'Ivoire's debt shows a quadrupling of the stock from about USD 7 billion in 2014 to almost USD 29 billion by 2023.

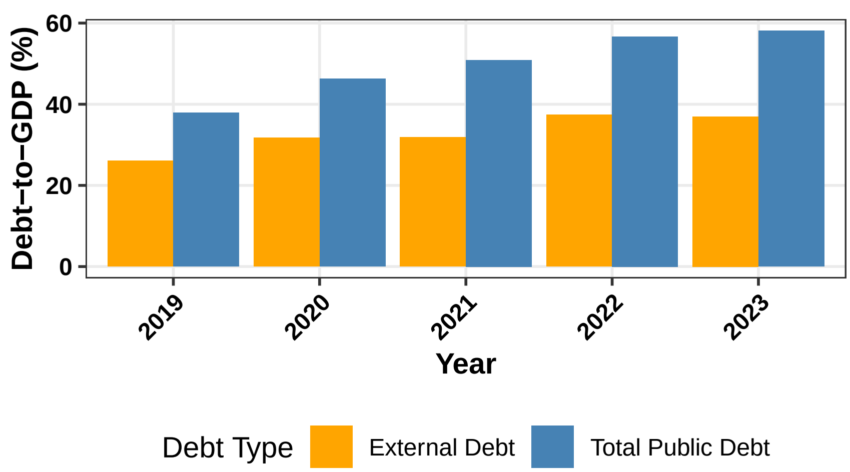
Figure 3: Evolution of External Public Debt (2011–2025)



Source: World Bank DataBank; IMF WEO 2023

This trend was driven by increased external borrowing, especially from multilateral and bilateral sources, to support development priorities. The debt-to-GDP ratio rose sharply from 13.6% in 2014 to 37.3% in 2023, signaling increased debt accumulation relative to national income. Although below the WAEMU ceiling of 70%, the pace of growth indicates a rising risk to debt sustainability.

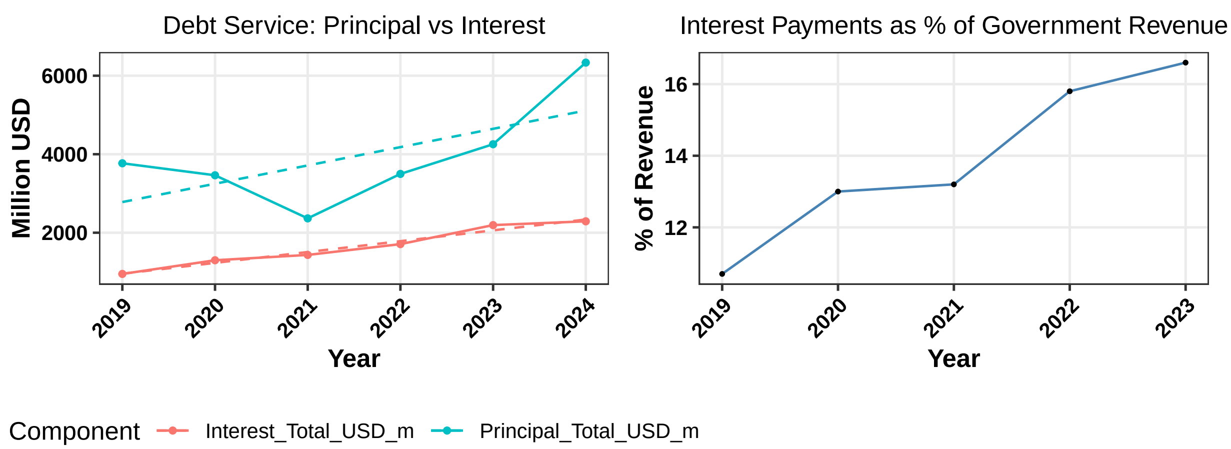
Figure 4: Debt-to-GDP Ratio by Type of Debt



Source: Ministry of Finance; World Bank IDS; IMF WEO

From 2019 to 2023, total debt rose faster than external debt due to greater reliance on domestic borrowing. The government's strategy to diversify sources helped limit external exposure but also introduced liquidity risks given the prevalence of short-maturity instruments in local debt markets. With the expansion of public debt came an inevitable increase in debt service. This has become a growing burden on public finances.

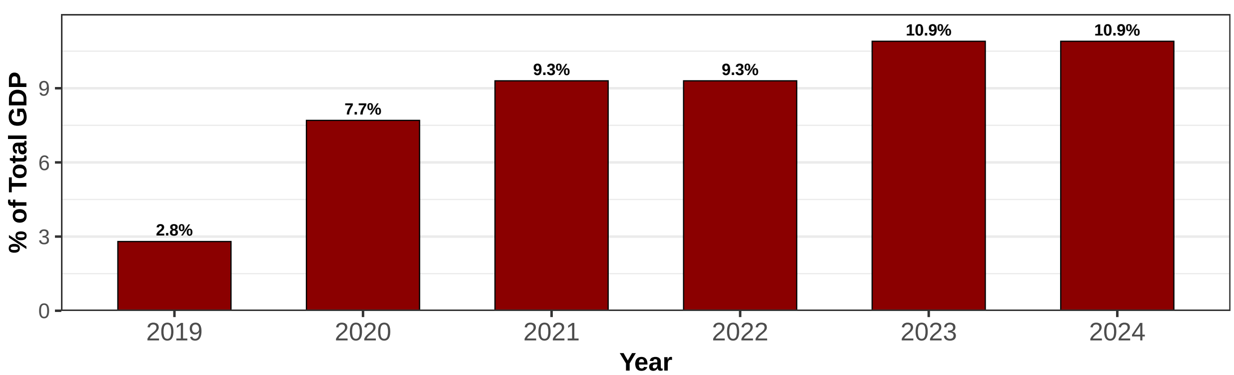
Figure 5: Debt Service: Principal vs Interest



Source: Ministry of Budget and Finance

Debt service obligations peaked in 2024, with repayments surpassing USD 6 billion. The share of interest payments in government revenues rose from 10.5% in 2019 to over 16.7% in 2023. This significant uptick reflects both increased borrowing and a shift toward more costly financing. High debt servicing costs constrain fiscal space, limiting resources available for social and capital spending. Short-term debt has grown considerably as the government used Treasury bills and short-term notes to meet immediate liquidity needs.

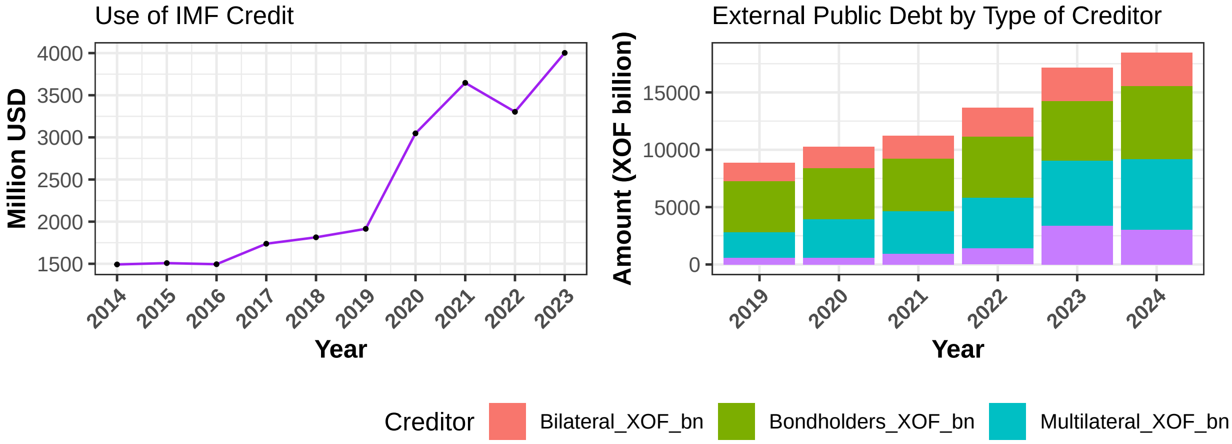
Figure 6: Short-Term Debt as % of Total Public Debt



Source: Ministry of Finance – Risk Analysis Division (2023 Report)

The increase in short-term debt reflects tactical responses to immediate budgetary pressures. However, this reliance significantly heightens the risk of refinancing difficulties and interest rate shocks in volatile market environments. At the same time, the IMF became a critical funding source.

Figure 7: Use of IMF Credit-Type of Creditor (2019–2024)



Source: World Bank IDS; Ministry of Budget and Finance (2023/2024)

The stock of IMF credit increased sharply after 2020, indicating the role of multilateral support in cushioning the impact of global shocks. External debt composition has remained concentrated among multilateral institutions and bondholders. This composition presents a trade-off: while multilateral debt tends to be concessional, bond issuance carries higher costs and greater exposure to market conditions. The period from 2014 to 2024 reflects Côte d'Ivoire's increasing dependence on debt to finance its economic development and social programs. The country succeeded in mobilizing significant resources, but this has also elevated debt vulnerabilities. Rising fiscal deficits, increasing short-term borrowing, and growing debt service are warning signs that call for a recalibration of fiscal and debt policy. To ensure long-term sustainability, the government must prioritize domestic revenue mobilization, strengthen expenditure efficiency, and enhance debt management practices. Specifically, it should focus on lengthening maturities, reducing reliance on costly short-term domestic instruments, and seeking more concessional external financing.

2 Debt Reprofiling Strategy for 2025: Objectives and Risks

In 2025, Côte d'Ivoire faced a particularly tense financial situation. The total debt service due amounted to over XOF $4,181$ billion, representing approximately 26% of the national budget. This burden is one of the highest in the country's recent fiscal history. It stems from a combination of heavy reliance on debt accumulation in previous years, persistent budget deficits, and an increase in short-term domestic debt. Since 2014, the stock of public debt has quadrupled, rising from around USD 7 billion to nearly USD 29 billion by 2023. This growth reflects an ambitious investment strategy in infrastructure and social sectors but also exposed the country to increased financial risks. In particular, domestic debt, largely composed of short-term instruments, expanded, making the debt portfolio more vulnerable to refinancing risks and interest rate hikes (see Figure 6). Additionally, the country's exposure to international markets heightened its vulnerability to changes in global financing conditions. Faced with these vulnerabilities, it became imperative to reduce pressure on public finances in 2025 to avoid a major macroeconomic imbalance. It is within this context that the government launched a debt reprofiling operation aimed at smoothing repayments and securing fiscal space to support growth and social priorities. To address the major financial pressures anticipated in 2025, the government of Côte d'Ivoire implemented a public exchange offer covering 30 sovereign bonds listed on the West African Regional Stock Exchange (BRVM). The primary goal was to ease immediate repayment pressure by proposing to investors the exchange of their existing securities for new, longer-maturity instruments. While investors could choose between a five-year extension at 5.90% and a seven-year extension at 6.00%, the analysis conservatively assumes a uniform five-year extension for all bonds, due to lack of disaggregated investor data. This assumption aligns with common practices in voluntary reprofiling operations, aiming to distribute debt repayments without excessively increasing the total cost of debt service or damaging investor confidence. Thus, for each bond, the new maturity is estimated by adding five years to its initial maturity date. This approach results in a smoother amortization profile, mainly concentrated around $2030 - 2032$, consistent with the stated objectives of the operation.

Table 2: Characteristics of TPCI Bonds

Bond_Code	Initial_Interest_Rate	Original_Maturity	New_Estimated_Maturity
TPCI.019	5.990	2,025	2,030
TPCI.021	6	2,028	2,033
TPCI.022	5.900	2,026	2,031
TPCI.024	6.250	2,029	2,034
TPCI.027	6	2,025	2,030
TPCI.030	5.950	2,025	2,030
TPCI.031	5.750	2,026	2,031
TPCI.032	2.230	2,026	2,031
TPCI.033	5.750	2,026	2,031
TPCI.034	6	2,029	2,034
TPCI.041	5.800	2,027	2,032
TPCI.042	5.900	2,030	2,035
TPCI.043	5.900	2,030	2,035
TPCI.044	5.800	2,027	2,032
TPCI.045	5.800	2,027	2,032
TPCI.046	5.900	2,030	2,035
TPCI.047	5.800	2,027	2,032
TPCI.058	5.800	2,028	2,033
TPCI.059	5.900	2,031	2,036
TPCI.060	5.800	2,028	2,033
TPCI.061	5.900	2,031	2,036
TPCI.062	5.800	2,028	2,033
TPCI.063	5.900	2,031	2,036
TPCI.069	5.750	2,037	2,042
TPCI.070	5.750	2,037	2,042
TPCI.071	5.650	2,032	2,037
TPCI.079	5.750	2,030	2,035
TPCI.080	6	2,030	2,035
TPCI.087	5.900	2,029	2,034
TPCI.088	6	2,031	2,036

Source: Public Exchange Offer Notice No. 029-2025, BRVM, Republic of Côte d'Ivoire, February 7, 2025.

In the absence of detailed simulation data, the analysis of the reprofiling's immediate results relies on a logical approach based on the main available information. The total debt service due by Côte d'Ivoire in 2025 was estimated at XOF $4,181$ billion, representing about 26% of the national budget. Following the reprofiling operation, approximately XOF 800.6 billion were deferred to later years. Thus, the debt service burden for 2025 would be reduced to around XOF $3,380$ billion. Regarding the deferred amounts, it is reasonable to assume that the XOF 800.6 billion would be mainly redistributed across 2030, 2031, and 2032, aligned with the extended maturities of five to seven years. An indicative distribution could be: 40% in 2030, 30% in 2031, and 30% in 2032. In this way, the reprofiling helps smooth the debt amortization curve, reducing the risk of a repayment peak concentrated in a single year. This adjustment strengthens short-term fiscal stability and supports the government's ability to finance essential expenditures. However, it must be noted that this debt has not been canceled but postponed, and future repayments will involve additional interest costs, requiring rigorous fiscal management over the medium term. While the reprofiling operation reduced immediate budgetary pressures, it also introduces several medium- and long-term risks. The first risk is financial: extending maturities implies a longer period of interest payments at relatively high rates, increasing the overall cost of public debt. The second risk concerns market perception. Although the operation was voluntary, reprofiling may be interpreted as a sign of fiscal fragility, potentially leading to higher risk premiums and putting upward pressure on future borrowing costs.

The third risk is related to future budgetary pressure. By concentrating a significant amount of repayments between 2030 and 2032, the government risks facing new liquidity tensions if economic growth underperforms or if domestic resource mobilization efforts fall short. Finally, the success of the reprofiling strategy heavily depends on maintaining credible economic policies. Strengthening revenue mobilization, improving public spending efficiency, and maintaining budgetary discipline will be essential to sustaining the benefits of the operation. The debt reprofiling undertaken by Côte d'Ivoire in 2025 represents a strategic response to exceptional fiscal pressures. By deferring approximately XOF 800.6 billion of repayments to later years, the government significantly eased immediate fiscal constraints, preserving the ability to finance national priorities such as social sectors and infrastructure. The operation smoothed the debt repayment profile, reduced liquidity risks in 2025, and demonstrated proactive public debt management focused on risk prevention rather than crisis response. However, the immediate success must not obscure the future challenges. The additional interest costs, the concentration of repayments between 2030 and 2032, and the need to maintain investor confidence require ongoing vigilance. Ultimately, while the reprofiling was a necessary step to strengthen short-term fiscal resilience, it must be embedded within a broader strategy of public finance consolidation. Enhancing domestic revenue mobilization, improving expenditure efficiency, and implementing structural reforms will be key to ensuring debt sustainability and supporting the country's long-term development trajectory.

3 Debt-for-Development Swaps: Leveraging Fiscal Space for Education

In 2025, Côte d'Ivoire launched a pioneering debt-for-development swap. The operation aimed to convert a significant portion of commercial debt into concessional financing, freeing up resources for investment in human capital, especially in the education sector. Supported by the World Bank[1], the operation was structured around a Policy-Based Guarantee (PBG) mechanism under the Third Investment for Growth Development Policy Financing (DPF) program. The PBG was designed to facilitate a Liability Management Operation (LMO), allowing the government to contract a commercial loan in 2024 to buy back approximately EUR 400 million of expensive commercial debt. This transaction aimed to smooth Côte d'Ivoire's debt repayment schedule and reduce the risk of external debt distress. In parallel, the freed fiscal space was to be directed toward scaling up education sector outcomes through a Results-Based Financing (RBF) framework[2]. The debt-for-development swap generated significant fiscal relief. By leveraging the World Bank-supported guarantee[3], the government was able to create an estimated EUR 330 million in immediate fiscal space. This liquidity enabled the reallocation of budgetary resources from debt service toward critical investments in education. Moreover, the transaction is projected to deliver approximately EUR 60 million in net fiscal savings over a five-year period. These projections are based on benchmarks observed in similar World Bank-supported education programs in Sub-Saharan Africa. For example, targeted investments in Ghana, Kenya, and Senegal have historically contributed to annual improvements of 2-4 percentage points in primary enrollment and completion rates. Therefore, the assumed progress for Côte d'Ivoire over five years appears realistic given the scale of the fiscal space created.

Table 3: Fiscal Impact Before and After Swap

Indicator	Before_Swap	After_Swap
Amount of debt concerned (€)	400, 000, 000	400, 000, 000
Annual debt service estimate (€)	24, 000, 000	
Fiscal space created (€)		330, 000, 000
Net savings over 5 years (€)		60, 000, 000

Source: World Bank (2024), Debt-for-Development Swap Press Release and Côte d'Ivoire DPF3 Program Document.

[1] World Bank Press Release December 2024
[2] World Bank Results-Based Financing Overview
[3] World Bank Press Release December 2024

The newly created fiscal space is to be managed through a Results-Based Financing (RBF) approach[4]. Funds will be disbursed only upon achieving measurable education sector outcomes, enhancing transparency and accountability. Key performance indicators (KPIs) include improvements in primary school enrollment and completion rates, gender parity, and the student-teacher ratio. Specific examples of KPIs include the number of rural schools built or renovated, the increase in the primary school enrollment rate for girls in underserved regions, and the number of certified teachers recruited and trained according to national standards. The swap directly supports Sustainable Development Goal 4 (SDG 4), which focuses on inclusive and equitable quality education[5].

Table 4: Educational Impact Before and After Swap

Indicator	Before_Swap	After_Swap
Primary School Enrollment Rate (%)	96	99
Primary Completion Rate (%)	70	85
Gender Parity Index (Primary)	0.920	0.980
Student-Teacher Ratio (Primary)	41	30

Source: World Bank EdStats (2023) and author's projections based on World Bank education program benchmarks.

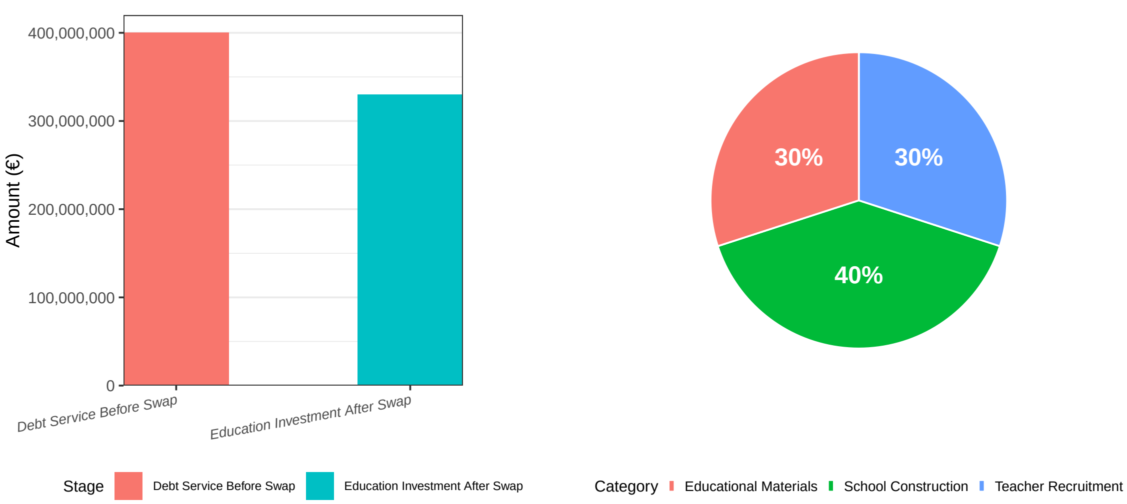
Given the fiscal space of EUR 330 million, a strategic allocation is proposed to maximize impact. The allocation prioritizes school infrastructure (40%) to expand access to education, followed by teacher recruitment and training (30%) to enhance quality, and educational materials and equipment (30%) to support effective learning environments. This structure reflects best practices recommended by the World Bank and UNESCO for achieving SDG 4 targets.

Table 5: Allocation of Fiscal Space

Investment_Area	Allocated_Amount	Share_Percent
School Construction and Rehabilitation	132,000,000	40
Teacher Recruitment and Training	99,000,000	30
Educational Materials and Equipment	99,000,000	30

Source: Calculation based on EUR 330 million fiscal space and best practice recommendations from World Bank and UNESCO (SDG 4).

Figure 8: Fiscal Flow Before and After Swap and Allocation of Fiscal Space to Education Priorities



Source: Author's calculation based on EUR 330 million fiscal space and best practice recommendations from World Bank and UNESCO (SDG 4).

[4] World Bank Results-Based Financing Overview
[5] United Nations SDG Goal 4

Côte d'Ivoire's debt-for-development swap illustrates how innovative debt management can serve broader social goals. By converting EUR 400 million in commercial liabilities into concessional financing, the country freed EUR 330 million in fiscal space. This is now earmarked for education, with measurable targets: raising the primary school completion rate from 70% to 85% and reducing the student-teacher ratio from 41 to 30. This approach demonstrates that financial restructuring, when tied to results-based investment, can directly accelerate progress toward SDG 4[6]. This approach exemplifies how public debt restructuring can be designed not only to enhance fiscal sustainability, but also to deliver measurable social returns in priority sectors such as education.

The debt-for-development swap is expected to create EUR 330 million in fiscal space and EUR 60 million in savings over five years. However, these benefits depend on market conditions and how effectively the program is implemented. For instance, if the interest rate on the concessional refinancing were to rise by 50 basis points, net savings could decline by approximately EUR 10 million over the projection horizon. Delays in the education investments, such as infrastructure works, teacher hiring, or material procurement could slow disbursement and reduce the actual use of the fiscal space. Based on scenario simulations, if only 90% of the funds are used, net savings would fall to EUR 52 million, and enrollment gains may be limited to 2.5 percentage points. In a more severe case where just 60% of the fiscal space is utilized, net savings could decline to EUR 30 million and enrollment impact would be restricted to a single percentage point improvement. These sensitivity results underscore the importance of timely execution, robust monitoring of Results-Based Financing (RBF) indicators, and strong inter-agency coordination. While the swap presents a promising financial and developmental opportunity, its success ultimately depends on institutional capacity and the government's ability to translate financial resources into measurable educational outcomes.

Table 6: Sensitivity Scenarios for Debt-for-Education Swap

Scenario	Fiscal_Space_Used_EUR_m	Net_Savings_EUR_m	Enrollment_Impact
Baseline	330	60	+3 pts (to 99%)
Mild Delay	300	52	+2.5 pts
Moderate Delay	250	40	+1.5 pts
Severe Delay	200	30	+1 pt

Source: Author's simulations based on data from World Bank DPF3 (2024) and IMF WEO (2023)

The swap's success depends on the government's ability to carry out and supervise education investments. Risks include delays in budget execution, weak coordination between the Ministries of Finance and Education, and limited technical capacity at local levels. Moreover, under the Results-Based Financing (RBF) model, disbursements are conditional on the achievement of specific indicators. Any bottlenecks in data collection, verification, or institutional reporting could delay fund releases and reduce program credibility. There is also the broader risk that external shocks such as commodity price volatility or political disruptions could divert attention and resources away from education reform. To mitigate these risks, the government must strengthen public financial management systems, invest in local implementation capacity, and ensure continuous dialogue with technical and financial partners. Transparent monitoring, supported by digital data systems and third-party evaluations, will be key to sustaining both fiscal and developmental gains.

[6]United Nations SDG Goal 4

Conclusion

This report has analyzed the evolution of Côte d'Ivoire's financing model, assessed recent debt management initiatives, and evaluated their capacity to secure both short-term fiscal stability and long-term development investments. In 2025, the country faces an unprecedented debt service burden of XOF 4,181 billion, representing 26% of the national budget. To address this challenge, the government implemented a two-pronged strategy combining debt reprofiling and a debt-for-development swap. Between 2014 and 2023, Côte d'Ivoire's public debt quadrupled, rising from USD 7 billion to nearly USD 29 billion. This rapid accumulation was driven by expansive development spending and persistent fiscal deficits that exceeded the WAEMU benchmark of 3% of GDP. Consequently, the debt-to-GDP ratio surged from 13.6% to 37.3%, signaling mounting solvency risks. During this period, financing patterns shifted increasingly towards domestic markets, and the share of short-term instruments rose above 9% of the debt portfolio by 2024, exposing the country to greater rollover and interest rate risks. Section II evaluated the 2025 debt reprofiling operation, which successfully deferred approximately XOF 800.6 billion of scheduled repayments to the $2030-2032$ period. This operation reduced the immediate 2025 repayment burden by about 19%, creating critical liquidity to support public spending priorities. However, it also introduced future vulnerabilities, including higher cumulative interest costs, a repayment concentration around $2030-2032$, and the risk of adverse market perceptions. The long-term success of the reprofiling will depend on maintaining fiscal discipline, enhancing domestic revenue mobilization, and reinforcing debt management practices. Section III explored Côte d'Ivoire's innovative debt-for-development swap, under which EUR 400 million of expensive commercial debt was converted into concessional financing. This initiative generated EUR 330 million in fiscal space and is expected to deliver approximately EUR 60 million in net savings over five years. The freed resources are strategically allocated to the education sector through a Results-Based Financing (RBF) framework, with targets including raising the primary school enrollment rate from 96% to 99%, increasing the completion rate from 70% to 85%, improving gender parity from 0.92 to 0.98, and reducing the student-teacher ratio from 41 to 30. This strategy directly supports Côte d'Ivoire's commitment to Sustainable Development Goal 4 (SDG 4). Overall, Côte d'Ivoire's approach marks a significant shift toward proactive and innovative debt management. Nevertheless, important vulnerabilities persist. The success of these operations will critically depend on robust implementation, strengthened public financial management systems, greater domestic resource mobilization, and continued structural reforms to enhance macroeconomic resilience. Without these complementary measures, the risks of fiscal slippage, rising debt service pressures, and renewed financial instability could reemerge. In conclusion, Côte d'Ivoire's experience illustrates that while innovative instruments such as debt reprofiling and debt-for-development swaps can provide immediate fiscal relief and foster strategic investments, they must be embedded within a broader framework of fiscal consolidation, institutional strengthening, and sustainable growth strategies to achieve a lasting and transformative impact.

Bibliography

- Bourse Régionale des Valeurs Mobilières (BRVM). (2025). *Bulletin Officiel No. 029-2025 : Offre Publique d'Échange.* Abidjan.https://www.brvm.org
- Climate Policy Initiative (2023). *Debt-for-Climate Swaps: Unlocking New Sources of Finance for Development.* London.https://www.climatepolicyinitiative.org
- International Monetary Fund (IMF) (2023). *World Economic Outlook: Navigating Global Divergences.* Washington, DC.https://www.imf.org/en/Publications/WEO
- International Monetary Fund (IMF). (2024). *Côte d'Ivoire: Staff Report for the 2024 Article IV Consultation.* Washington, DC.
- Ministère du Budget et des Finances de la République de Côte d'Ivoire. (2023). *Rapport d'Exécution Budgétaire 2022–2023.* Abidjan.https://budget.gouv.ci
- Ministère du Budget et des Finances de la République de Côte d'Ivoire. (2024). *Tableau de Bord de la Dette Publique 2024.* Abidjan. https://budget.gouv.ci
- United Nations. (2023). *Sustainable Development Goal 4: Ensure inclusive and equitable quality education.* New York. https://sdgs.un.org/goals/goal4
- World Bank. (2023). *World Bank DataBank.*https://databank.worldbank.org
- World Bank. (2023). *World Bank Education Statistics (EdStats) Database.* https://datatopics.worldbank.org/education
- World Bank. (2024). *Côte d'Ivoire: Third Inclusive and Sustainable Growth Development Policy Financing (DPF3).* Washington, DC. https://www.worldbank.org/en/news/press-release

Annexes

Methodological Notes

Section I

All graphs presented in Section I are derived from standardized economic indicators based on official macro-fiscal data. The purpose of this annex is to explain the exact formulas and reasoning used to construct each figure, emphasizing the logical and economic interpretation of the calculations. These indicators provide insight into the structure and dynamics of Côte d'Ivoire's public finances over the period 2014–2024.

The financing needs of the state were calculated by translating the fiscal deficit, expressed as a percentage of GDP, into absolute monetary terms. This was done by multiplying the deficit ratio by the nominal value of the annual budget. Mathematically, the formula applied was:

$$\text{Financing Need (XOF)} = -\left(\frac{\text{Deficit (\%)}}{100} \times \text{Budget (XOF)}\right)$$

This expression yields the magnitude of the gap that must be financed each year, either through borrowing or external grants. The negative sign reflects the convention that deficits represent resource shortfalls. The transformation into billions of CFA francs allowed direct comparison with actual borrowing levels.

To measure the country's debt burden over time, the ratio of external debt to GDP was used as a benchmark. This was computed by dividing the total stock of external public debt by nominal GDP and expressing the result as a percentage:

$$\text{Debt-to-GDP (\%)} = \left(\frac{\text{External Debt}}{\text{GDP}}\right) \times 100$$

This ratio indicates the proportion of the economy's annual output theoretically needed to repay the external debt. It is a standard indicator used by the IMF and World Bank to assess debt sustainability. The same formula was applied to total public debt to compare external exposure with the broader fiscal liability.

Interest payments as a share of government revenue were used to evaluate the fiscal pressure generated by servicing public debt. This indicator was calculated by dividing annual interest payments by total revenue, again expressed as a percentage:

$$\text{Interest Burden (\%)} = \left(\frac{\text{Interest Payments}}{\text{Total Revenue}}\right) \times 100$$

A rising value over time signifies that debt service is crowding out other budgetary allocations, especially in priority sectors like health or education.

Short-term debt exposure was evaluated by computing the ratio of debt instruments with maturities of one year or less to the total public debt stock. This share is critical in assessing rollover risk and the vulnerability of the debt portfolio to liquidity shocks. The formula used was:

$$\text{Short-Term Debt Share (\%)} = \left(\frac{\text{Short-Term Debt}}{\text{Total Public Debt}}\right) \times 100$$

This ratio provides insight into how much of the debt will mature within a short window and thus need to be refinanced rapidly, often at uncertain cost.

Debt service data were disaggregated into principal and interest components to illustrate the structure of repayments.

This decomposition is essential to understand whether the fiscal pressure arises from maturing obligations or from the cost of past borrowing. While principal payments reflect capital amortization, interest payments reflect the ongoing cost of debt and are sensitive to interest rate changes.

For international comparisons and historical trend analysis, all monetary data were expressed in either millions of USD or billions of CFA francs, with the assumption of a constant exchange rate of 1 USD = 600 XOF. This simplification ensures that temporal variations in values reflect economic trends rather than exchange rate fluctuations. It also aligns the analysis with international reporting standards.

The breakdown of external debt by creditor type—multilateral institutions, bilateral partners, and bondholders—was presented in absolute terms. These values were directly aggregated from government debt databases and offer a structural view of the country's exposure to different financing sources. This distribution is critical because each creditor category implies different costs, maturities, and refinancing risks. For example, multilateral loans tend to be concessional, while market bonds are more expensive and volatile.

Section III

The quantitative estimates presented in Section III are based on a combination of officially reported data and projections grounded in international benchmarks and standard calculation methods.

For the fiscal impact (Table 2), the amount of debt concerned (€400 million) and the fiscal space created (€330 million) are drawn from official figures disclosed by the World Bank's press release (December 2024). The annual debt service estimate (€24 million) was calculated by applying an assumed average interest rate of 6% on the €400 million debt:

$$400,000,000 \times 6\% = 24,000,000 \, \text{EUR per year}$$

Net fiscal savings of €60 million over five years result from the difference between the old debt service costs and the concessional terms negotiated after the swap. Due to the absence of detailed new interest rate data, this figure is taken directly from World Bank-provided estimates.

For the educational impact projections (Table 3), the baseline indicators (Before Swap) are sourced from the World Bank Education Statistics database for Côte d'Ivoire (2023). Target values (After Swap) are projected using a linear improvement assumption informed by prior experiences in similar World Bank-supported education programs in Sub-Saharan Africa (Ghana, Kenya, Senegal).

For instance, the Primary School Enrollment Rate is expected to rise from 96% to 99% over five years, corresponding to an average annual improvement of:

$$(99\% - 96\%) \div 5 \, \text{years} = 0.6\% \, \text{points per year}$$

Similarly, the Primary Completion Rate target increases from 70% to 85%, implying:

$$(85\% - 70\%) \div 5 = 3\% \, \text{points per year}$$

Such improvements are consistent with historical progress rates observed in large-scale educational investment programs.

The allocation of the €330 million fiscal space (Table 4) follows a strategic split intended to maximize development outcomes. Specifically: - 40% (€132 million) is allocated to school construction and rehabilitation to improve physical access to education, - 30% (€99 million) to teacher recruitment and training to enhance education quality, - 30% (€99 million) to educational materials and equipment to support effective learning environments.

For example, the school construction budget was calculated as:

$$330,000,000 \times 40\% = 132,000,000\,\text{EUR}$$

These allocations are consistent with best practice recommendations from the World Bank and UNESCO for achieving Sustainable Development Goal 4 (SDG 4) objectives. While the projections are based on credible benchmarks, it is important to acknowledge that the actual outcomes will depend on effective implementation, governance, and external macroeconomic conditions.