

Press Release

The Republic of Congo successfully completes the first phase of its National Treasury Optimization Program (PNOT) amounting to over 1,500 billion CFA Francs

The Republic of the Congo is pleased to announce the successful implementation of the National Treasury Optimization Program (PNOT) encompassing a portfolio of domestic public securities totaling 2,314 billion CFA francs. Announced on October 14th, as part of its Medium-Term Public Debt Management Strategy (MTDS), the PNOT aims to extend the average maturity of domestic public debt, increasing short- and medium-term fiscal flexibility, and support the efficient functioning of the regional public securities market.

Holders of more than 1,956 billion CFA francs, i.e. 85% of the total, responded favorably by submitting exchange proposals, accompanied by nearly 360 billion CFA francs in new financing offers.

At the end of the first phase of this cash optimization operation, close to 1,500 billion CFA Francs in offers were retained and concluded by the Public Treasury of the Republic of Congo. This includes 1,236 billion CFA francs of proactive and voluntary refinancing of securities and about 250 billion CFA Francs in new money.

In this unprecedented operation, the Republic achieved all of its objectives:

1. **Mobilization of about 250 billion CFA francs** through new of up to 52- week fungible Treasury bills (BTAs). This highlights the country's ability to attract financing with its signature, and making it possible to meet all the State's commitments.
2. **Extension of the average maturity of the domestic market debt**, from 2.6 years to 6.4 years, and up to 10 years for a significant proportion of the securities, without increasing the nominal value of the debt stock, nor the concerned securities' interest rates.
3. **Strengthening of the Republic's fiscal flexibility** in the short and medium term, with a significant reduction in the debt service burden over the coming years. Savings on debt servicing are estimated at 700 billion CFA francs over the period 2024-2028. The resources mobilised under the PNOT will help to cover the Republic's financing and cash requirements for 2024 and 2025 fiscal years, including arrears' payments, while demonstrating the soundness of the CEMAC regional public securities market.
4. **Lastly, the operation confirms the quality of the Republic's relations with local and regional financial institutions**, with the participation of more than a dozen institutions. The Republic will continue these exchanges as part of its proactive public debt management strategy, and the Ministry of the Economy and Finance extends its

gratitude to all market participants and their partners for their constructive cooperation.

The Republic of the Congo has thus concluded its inaugural liability management operation, a first since its entry into the CEMAC regional government securities market in 2017. Looking ahead, the Congo may consider conducting similar operations, following best practices among sovereign issuers, to further smooth its debt profile.

The Republic has also indicated that it is continuing discussions with representatives of the International Monetary Fund (IMF) as part of the Sixth and final review of the Extended Credit Facility program, aiming for successful completion of this three year program by the end of 2024.

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Jean-Baptiste ONDAYE

