

Press Release on the economic impacts of the National Treasury Optimization Program (PNOT)

The National Treasury Optimization Program (PNOT) was launched in October 2024 in a context where the public debt management of the Republic of Congo faced several major constraints. At the end of September 2024, the debt portfolio included 2,314 billion CFA francs of securities (OTA and BTA) with an average repayment term of 2.6 years. The Republic held over a third of the outstanding public securities within the CEMAC region, where the average repayment term for securities ranged between 2 to 3 years. Furthermore, 1,678 billion CFA francs in repayments were concentrated over two years, with a horizon of 2026.

These constraints exerted considerable pressure on public finances, thereby limiting fiscal flexibility and hindering progress in modernizing debt management systems.

The PNOT, announced on October 14th, 2024, introduced an ambitious strategy to modernize cash and public debt management. The program achieved significant results, marked by notable improvements in key financial indicators. The maturity structure of the existing securities portfolio was extended by up to 10 years, with the average maturity of OTA increased to 7.4 years from 2.6 years in September 2024. Within two weeks, 1,236 billion CFA francs worth of securities were effectively exchanged, leading to an improved redemption profile. In addition, 250 billion CFA francs were raised in new money, underscoring strong investor confidence.

The cumulative economic and financial gains amounted to 1,130 billion CFA francs. In addition, fiscal flexibility improved with 739 billion CFA francs restored, and 391 billion CFA francs of savings were realized by optimizing market refinancing practices. The program ensured timely fulfillment of all commitments in the treasury securities market, totaling over 450 billion CFA francs between September and December 2024, as well as payments of arrears to multilateral institutions, international

financial institutions, and domestic creditors, including the National Assembly, the Senate, municipalities, universities and hospital centers.

The PNOT also bolstered the confidence of financial and economic partners. The 6th and last review of the program with the International Monetary Fund (IMF) is nearing completion, and the international rating agencies – Standard & Poor, Moody's and Fitch – have maintained their ratings, acknowledging the modernization efforts undertaken by the Republic. In the absence of the PNOT, refinancing conditions would have incurred an estimated 30% additional cost over a 10-year horizon.

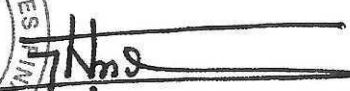
In conclusion, the PNOT stands as a landmark reform in public debt management, having enabled the clearance of critical arrears, reduced cash flow pressures, and created fiscal space to fund national priorities. Through proactive and transparent management, the Republic has established a robust framework for consolidating its public finances and strengthen investor confidence.

A detailed report on the process and results of the PNOT, prepared by Congo's financial advisers, provides an in-depth overview of the operation.

Brazzaville, December 27th, 2024

Minister of Economy and Finance




Jean-Baptiste ONDAYE