Sovereign Debt News Update No. 143: The Ins and Outs of Cote d'Ivoire's Debut ESG Samurai Bond

By:

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On July 17, 2025, Côte d'Ivoire achieved a significant milestone by issuing its debut 'Samurai bond,' raising 50 billion yen (approximately USD $336 million). Samurai bonds may be described as Japanese yen-denominated (JPY) instruments listed on the Tokyo Stock Exchange. Going to Tokyo diversifies the range of creditors African countries like Côte d'Ivoire are pursuing. This update will examine the dynamics of Côte d'Ivoire's maiden Samurai bond issuance against the backdrop of the performance of the Ivorian economy and its broader sovereign debt management strategy.

Background

Côte d'Ivoire's samurai bond, carrying a fixed interest rate of 2.3% over 10 years, garnered significant interest from Japanese institutional investors during an April 2025 roadshow conducted by Ivorian officials. The bond is not only sub-

Saharan Africa's first sovereign bond issued in Japanese yen, but also carries an Environmental, Social, and Governance (ESG) label, perhaps an overstated pioneering achievement for an African issuer in the Samurai bond market. The issuance was notably bolstered by a partial guarantee from the Japan Bank for International Cooperation (JBIC), which was instrumental in securing interest from Japanese institutional investors. The issuance places Côte d'Ivoire among other countries that have accessed Japan's capital markets. These include Australia in 1972, Mexico in 1972, Brazil in 1973, Malaysia in 2019, Egypt in 2022 and 2023, Indonesia, and Romania in 2024. In November 2024, Afreximbank reported that it launched its inaugural Retail Samurai bond with a 3-year fixed-rated tranche valued at JPY 14.1 billion (USD $91.97 million), after successfully pricing its debut Samurai bond, securing a regular 5 tranche JPY 67.2 billion (USD$438.03 million) consisting of 2-year, 3-year, 5-year, 7-year and 10-year fixed rate tranches. Hence, the multilateral institution successfully raised JPY 81.3 billion (about USD $530 million).

A key factor in the success and unique nature of the Côte d'Ivoire issuance was the dual support mechanisms. The partial guarantee provided by the Japan Bank for International Cooperation (JBIC) was crucial in mitigating perceived risks for Japanese institutional investors, thereby ensuring strong demand for the bond. Additionally, the Ivorian government established its Sustainable Bond Framework (SBF) in July 2021, updating it in September 2023. This Framework aligns with the International Capital Market Association's (ICMA) Green Bond Principles and Social Bond Principles. Notably, the Sustainability Bonds recently issued by Côte d'Ivoire are consistent with this established Framework.

The government of Côte d'Ivoire has also committed to a 30.41% reduction in greenhouse gas emissions by 2030 (compared to Business As Usual) under its Nationally Determined Contributions (NDC) to the Paris Agreement. Complementing this, the Plans Nationaux de Développement 2021-2025, issued in 2021, outlines policies for inclusive growth, addressing regional disparities, developing basic infrastructure (transport, communication, water), and tackling social challenges. This includes efforts in climate change adaptation, environmental conservation through forest protection, and the adoption of renewable energy. The funds from the recently issued Sustainability Bonds are specifically earmarked, in accordance with the Sustainable Bond Framework (SBF), to support these crucial initiatives addressing social issues across the

country.

Analysis

The issuance of Côte d'Ivoire's debut Samurai bond represents a strategic move in its approach to external financing which may be emergent in other African countries. In June 2025, it was reported that Kenya for instance, was planning an issuance of its debut panda bond, which is a yuan-denominated bond floated on the Chinese financial markets. The proceeds of the bond were, according to the Ecofin Agency, reportedly to finance the resumption of the standard gauge railway (SGR) project between Naivasha and Malaba, at the Ugandan border.

Côte d'Ivoire's Samurai bond issuance is part of a wider, deliberate strategy by Côte d'Ivoire to diversify its external financing. Earlier in the year, the country successfully raised USD$1.75 billion through a Eurobond set to mature in 2036. Additionally, it secured an extra $335 million (220 billion CFA francs) from a CFA franc-denominated issuance, further showcasing its ability to tap into different pools of capital. This multi-faceted approach to financing underscores Côte d'Ivoire's efforts to strengthen its financial resilience and reduce over-reliance on any single funding source. The success of the debut bond is anchored in the robust performance and positive outlook of its economy. While public debt rose to 60% of GDP in 2024, above the 'BB' median of 54%, according to Fitch Ratings, the Agency expects the fiscal deficit to narrow further to close to 3.0% of GDP in 2025-2026, driven by stronger fiscal revenue performance.

Altogether, the 50 billion yen (USD$336 million) raised provides crucial capital and signals a significant shift in how African countries can secure funding from a more diverse array of global sources, moving beyond traditional Eurobonds and concessional loans. Samurai bonds, typically favored by established emerging economies like Brazil, Malaysia, and Egypt, offer attractive long-term, fixed-rate financing denominated in yen. This particular feature is highly appealing, especially in periods of US dollar volatility, providing Côte d'Ivoire with greater predictability and stability in its debt service obligations. According to a statement issued by the JBIC, the funds raised through the issuance of the Sustainability Bonds are expected to be allocated as eligible expenditures, in accordance with the SBF, to support efforts to address social issues in Côte

d’Ivoire. On the flipside however, samurai bonds also carry risks of exchange rate fluctuations between the JPY and the native currencies of investors, high administrative and tax costs, and the market growth challenges which arise due to the administrative labyrinth.

However, this development also signifies an increasing dependence on the capital markets for financing, a phenomenon highlighted in the One Hundred and Thirteenth Sovereign Debt News Update, which was gleaned from the avalanche of buybacks and Eurobond issuances by African countries, even amidst a high interest rate climate. Hence, while Côte d'Ivoire's recent fiscal performance has been relatively strong, particularly given its domestic currency issuance and the modest coupon rate on its Samurai bond, close monitoring of its sovereign debt fundamentals remains crucial to ensure responsible financing.

Conclusion

In conclusion, Côte d'Ivoire's recent Samurai bond issuance exemplifies a crucial and growing trend among African governments: the strategic diversification of financing sources to mitigate risks associated with dollar volatility. While this move away from single currency dependence is prudent, it simultaneously underscores an increasing reliance on capital markets for funding. Despite Côte d'Ivoire's commendable fiscal performance, including its successful CFA franc-denominated issuance and a modest Samurai bond coupon, continuous and rigorous monitoring of its sovereign debt fundamentals remains paramount to ensure sustained fiscal health and responsible financing. Further, this trend must be carefully monitored for its potential to continue piling on unsustainable debt for those countries that have embarked on diversifying their creditor base.

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