Côte d'Ivoire

Full Rating Report

Ratings

Foreign Currency

Long-Term IDR	B
Short-Term IDR	B

Local Currency

Long-Term IDR	B
Country Ceiling	BBB−

Outlooks

Foreign-Currency Long-Term IDR	Positive
Local-Currency Long-Term IDR	Positive

Financial Data

Côte d'Ivoire

(USDbn)	2014
GDP	35.5
GDP per head (USD 000)	1.7
Population (m)	20.6
International reserves	5.0
Net external debt (% GDP)	-11.7
Central government total debt (% GDP)	42.9
CG foreign-currency debt	9.3
CG domestically issued debt (XOFbn)	2,805

Related Research

Global Economic Outlook (June 2014)

SSA Sovereign Credit Overview (May 2014)

Country Ceiling for the Franc Zone (April 2014)

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Key Rating Drivers

Positive Recent Track Record: Côte d'Ivoire's 'B' rating with a Positive Outlook is supported by its track record on reforms and economic policy since its return to political stability from mid-2011. Economic performance has been impressive, and significant external debt relief has markedly improved the sovereign's debt profile. The rating is constrained by the country's recent history of political instability and debt default and its weak structural indicators (including GDP per capita, business environment and governance).

Elections Will Test Stability: After a decade of recurrent conflict, the stabilisation in the political environment has led to a marked improvement in the security situation since 2011. A probable scenario is that the current president will be re-elected in October 2015 as he is credited with achieving peace and significant economic gains (real income per capita up 12% since 2011), and that stability will prevail. Given recent history, however, there are risks of renewed conflict, and the 2015 elections will be a key test of Côte d'Ivoire's return to stability.

Strong Economic Performance: High real GDP growth, at 9.8% in 2012 and 9.1% in 2013, has been driven by the return to political stability, large public and private investments to rebuild infrastructure, and structural reforms. The current National Development Plan targets infrastructure (roads, bridges and dams) and will support the private sector and regional integration. Fitch expects GDP growth to remain strong, at 9.0% in 2014 and 8.5% in 2015. The main risk to the growth scenario is renewed insecurity/conflict that would affect confidence.

Poor Debt Service History: Côte d'Ivoire restructured external and domestic debt in 2012 following the 2010/2011 conflict when it missed three coupon payments on its Eurobond and stopped servicing domestic debt. By end-2012, it had normalised relations with all creditors. Public debt, at 42.9% of GDP in 2014, is in line with the 'B' median (43%) but remains high despite 2012 debt cancellation under the Heavily Indebted Poor Country initiative. It is forecast to gradually decline as a share of GDP due to high growth and limited budget deficits.

Improving Public Finance Management: Côte d'Ivoire is building a positive track record on fiscal policy with limited budget deficits, at 2.3% of GDP in 2013, despite a marked increase in capital spending. Fitch expects the deficit to remain below 3% of GDP up to 2015. Domestic arrears to state suppliers (1.1% of GDP) relate to the pre-2010 era and are gradually being repaid. Public Finance Management (PFM) is a weakness relative to peers, as illustrated by low and volatile budget revenue (21% of GDP) and high wages (equivalent to 34% of total revenue).

Moderate Current Account Deficit: Despite rising investment, the current account deficit was only 1.6% of GDP in 2013, reflecting a structural trade surplus (12% of GDP in 2012). The deficit is forecast to gradually increase (3.1% by 2015) due to rising investment.

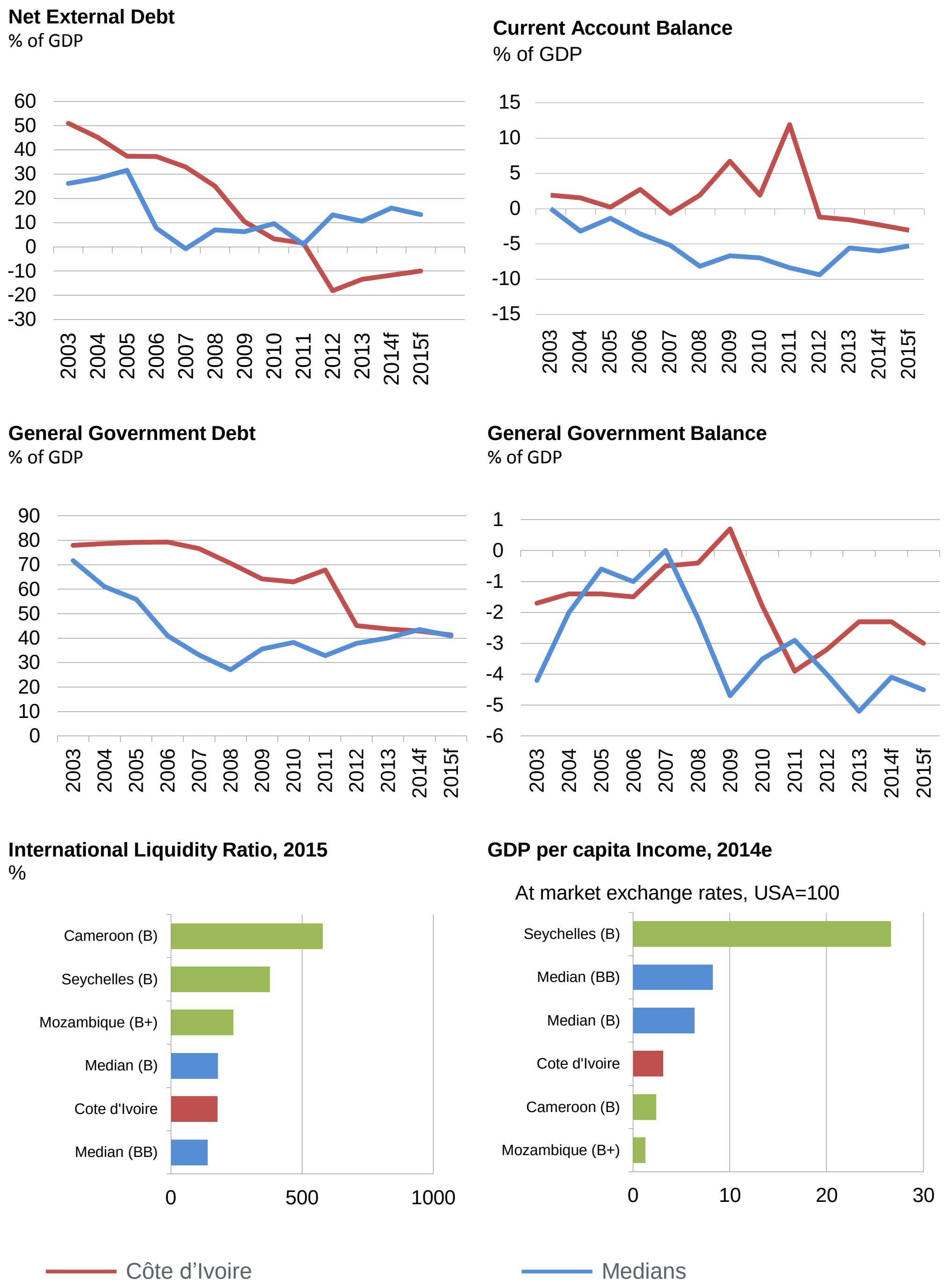
Rating Sensitivities

Political Stability: Signs of deterioration in the political environment and the security situation, notably in the run-up to the 2015 presidential elections, would be rating negative.

Growth Performance: Success in implementing pro-growth structural reforms that contribute to continuing high growth in a context of macro stability would be rating positive.

Economic Policy Record: Continued moderate twin deficits supported by improvement in PFM would be rating positive. A marked rise in the twin deficits would be negative.

Peer Comparison



Related Criteria

[Sovereign Rating Criteria (August 2012)]
[Country Ceiling (August 2013)]

Rating Factors

Peer Group

Rating	Country
B+	Republic of Congo
	Kenya
	Mongolia
	Mozambique
	Serbia
	Vietnam
B	**Côte d'Ivoire**
	Cameroon
	Cape Verde
	Dominican Republic
	Ecuador
	Ethiopia
	Ghana
	Greece
	Lebanon
	Rwanda
	Seychelles
	Uganda
	Venezuela
	Zambia
B−	Cyprus
	Egypt
	Jamaica

Rating History

Date	Long-Term Foreign Currency	Long-Term Local Currency
July 14	B	B

Summary: Strengths and Weaknesses

Rating Factor	Macroeconomic	Public Finances	External Finances	Structural Issues
Status	Strength	Neutral	Neutral	Weakness
Trend	Stable	Positive	Stable	Positive

Note: Relative to 'B' category (sovereigns rated 'B+', 'B' and 'B−')

Strengths

- Franc zone membership has ensured a supportive macro environment, including a stable currency and low inflation, and rules out the risk of balance-of-payments crises. It is backed by high foreign reserves pooled at the regional level and the French guarantee on currency convertibility.
- GDP growth has recently been among the fastest in the world (9.8% in 2012, 9.1% 2013).
- The budget and current account have recorded only moderate deficits (−2.5% and −1.6% respectively in 2013) despite high public investment, reflecting fiscal prudence, the role of the private sector in the recovery and a structural trade surplus (equivalent to 12% of GDP).
- Côte d'Ivoire is the third-largest economy and second-largest industrial power in the Economic Community of West African States (ECOWAS). Its natural resources (including cocoa, oil, minerals and energy (hydro and gas)) have attracted private and external investment.

Weaknesses

- Although improving, political stability is fragile. Entrenched divisions between various groups have fed recurrent domestic conflicts since 1999. The latest erupted at end-2010 when the former president refused to relinquish power after the elections.
- PFM is weak. Côte d'Ivoire restructured its external and domestic debt in the 2011 conflict. Wages account for 34% of government receipts. The government runs arrears to suppliers. Budget receipts (21% of GDP) are low and volatile.
- Public debt, at 43% of GDP, is high relative to African peers, despite recent external debt cancellation (2012), but is in line with the 'B' peers median (43%)
- Despite some recent economic diversification, agriculture still accounts for 25% of GDP, two-thirds of employment and 70% of goods exports, and is exposed to volatility in prices.
- Indicators such as GDP per capita and the UN Human Development indicator are weaker than peers, reflecting the impact of several years of conflict on institutions and development. World Bank governance and Doing Business indicators are also weak.

Local-Currency Rating

Consistent with Fitch's sovereign methodology for countries in a currency union, the Long-Term Local-Currency IDR is 'B', the same as the Foreign-Currency IDR. Côte d'Ivoire is a member of the Union Economique et Monétaire Ouest Africaine (UEMOA). The sovereign has access to a regional capital market where it can issue treasury bills and bonds. Maturities are generally short. Côte d'Ivoire restructured its domestic debt in the wake of the 2010/2011 conflict.

Country Ceiling

Fitch assigns a 'BBB−' Country Ceiling to all countries in the UEMOA, reflecting the monetary arrangement and associated support from France (AA+). Current account transactions are mostly free, but there are controls on capital transactions outside the zone. Capital flows are free within the UEMOA, as illustrated by the recent development of the regional debt market.

Figure 1

Strengths and Weaknesses: Comparative Analysis

2014	Côte d'Ivoire B	B Median[a]	BB Median[a]	Mozambique B+	Cameroon B	Seychelles B
Macroeconomic performance and policies						
Real GDP (5yr average % change)	5.1	4.4	4.0	7.4	4.6	4.8
Volatility of GDP (10yr rolling SD)	4.5	2.4	2.3	0.7	1.2	4.4
Consumer prices (5yr average)	2.3	6.0	4.6	7.3	2.3	3.1
Volatility of CPI (10yr rolling SD)	1.8	3.6	2.7	4.3	1.5	13.7
Unemployment rate (%)	-	11.0	13.5	-	-	2.0
Type of exchange rate regime	Euro Peg	n.a.	n.a.	Free float	Euro Peg	Free float
Dollarisation ratio (% of bank deposits)	0	20.5	41.5	19.2	0	37
REER volatility (10yr rolling SD)	3.8	5.9	4.9	10.1	3.1	8.1
Structural features						
GDP per capita (USD, mkt exchange rates)	1,719	3,981	4,696	722	1,316	14,653
GNI per capita (PPP, USD, latest)	2,680	6,710	6,990	990	2,550	22,680
Human development index (percentile, latest)	10.2	40.3	46.7	1.0	19.8	75.8
Governance indicator (percentile, latest)[b]	18.2	34.9	50.4	34.9	15.1	59.9
Broad money (% GDP)	35.8	48.0	47.7	48.0	20.9	57.6
Default record (year cured)[c]	2012	n.a.	n.a.	2001	2003	2010
Ease of doing business (percentile, latest)	10.4	35.9	45.7	25.6	9.8	57.1
Trade openness (CXR and CXP % GDP)	47.3	50.6	51.3	62.3	31.6	90.5
Gross domestic savings (% GDP)	23.3	10.2	19.2	21.7	14.9	4.5
Gross domestic investment (% GDP)	18.7	25.6	20.5	30.6	20.8	33.2
Private credit (% GDP)	19.2	31.3	46.1	30.8	15.4	24.4
Bank systemic risk indicators[d]	- /2*	n.a.	n.a.	- /2[g]	- /2[g]	- /1
Bank system capital ratio (% assets)	9.2	14.8	15.8	15.1	7.0	26.9
Foreign bank ownership (% assets)	58.0	43.5	30.0	90	77.1	66
Public bank ownership (% assets)	22.0	30.2	20.0	5	0.0	34
External finances						
Current account balance + net FDI (% GDP)	0.5	-2.3	-0.7	-5.1	-2.0	-11.2
Current account balance (% GDP)	-2.3	-6.9	-3.4	-39.1	-4.1	-19.4
Net external debt (% GDP)	-11.7	16.3	18.5	35.2	4.9	-22.0
Gross external debt (% CXR)	66.4	112.9	112.0	171.1	64.8	76.3
Gross sovereign external debt (% GXD)	85.5	61.7	52.8	48.5	82.5	67.6
Sovereign net foreign assets (% GDP)	-12.1	-7.3	0.0	-11.2	-4.4	-8.0
Ext. interest service ratio (% CXR)	2.7	2.0	2.8	2.1	1.0	1.9
Ext. debt service ratio (% CXR)	7.6	8.5	8.8	4.9	4.4	3.4
Foreign exchange reserves (months of CXP)	3.5	3.3	4.3	3.5	4.1	4.0
Liquidity ratio (latest)[e]	177.2	182.8	139.9	238.2	577.5	377.0
Reserve currency status	0	n.a.	n.a.	0	0	0
Commodity export dependence (% CXR, latest)	79	29.6	18.7	54.7	64.5	45.2
Sovereign net foreign currency debt (% GDP)	12.1	8.4	0.8	11.7	7.4	8.0
Public finances[f]						
Budget balance (% GDP)	-2.3	-4.5	-3.0	-7.7	-5.5	0.6
Primary balance (% GDP)	-1.0	-2.2	-1.0	-6.5	-5.0	4.0
Gross debt (% revenue)	207.4	172.3	158.5	141.7	123.6	164.2
Gross debt (% GDP)	42.9	42.6	36.7	44.7	23.8	60.2
Net debt (% GDP)	39.9	34.5	32.4	28.8	23.7	53.0
Foreign currency debt (% total debt)	61.2	60.3	53.6	79.4	79.3	69.2
Interest payments (% revenue)	5.8	8.4	6.6	3.8	2.5	9.4
Revenues and grants (% GDP)	20.7	26.0	26.8	31.5	19.2	36.7
Volatility of revenues/GDP ratio	10.5	7.5	6.0	8.3	5.8	4.1
Central govt. debt maturities (% GDP)	5.5	4.7	4.1	0.4	3.1	17.9

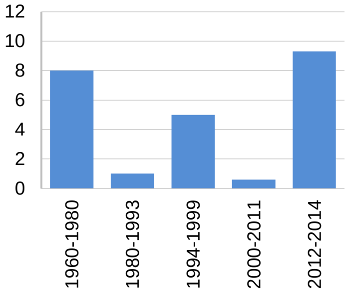
Note: Acronyms used: consumer price inflation (CPI), gross domestic product (GDP), current external receipts (CXR), current external payments (CXP), gross national income (GNI), purchasing power parity (PPP), standard deviation (SD), foreign direct investment (FDI)
[a] Medians based on three-year centred averages
[b] Composite of four World Bank governance indicators used in the Sovereign Rating Model: Government effectiveness, rule of law, control of corruption and voice & accountability
[c] HIPC completion point reached in June 2012, restructuring of the 2032 Eurobond the same year
[d] Bank systemic indicator, which equates to a weighted average Viability Rating; and macro prudential indicator, with 1 'low' systemic risk through to 3 'high'
[e] Ratio of liquid external assets, defined as the stock of official FX reserves including gold at the end of the previous calendar year plus banks' liquid external assets, to liquid external liabilities, defined as scheduled external debt service in the current year, plus the stock of short-term external debt and all non-resident holdings of marketable medium- and long-term local-currency debt at the end of the previous calendar year
[f] General government unless stated

Source: Fitch

Figure 2

Average Real GDP Growth

(y/y %)

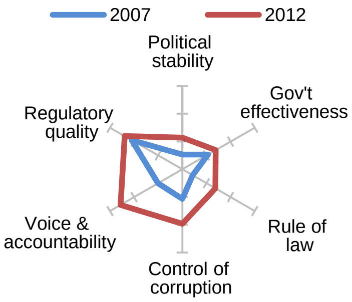


Source: National authorities

Figure 3

Governance Indicators

Cote d'Ivoire: 2007 vs. 2012

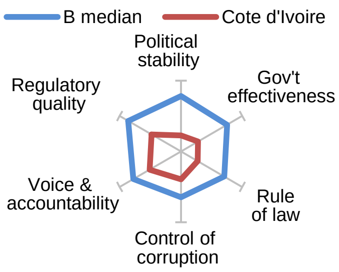


Source: World Bank

Figure 4

Governance Indicators - 2012

Cote d'Ivoire vs. B median



Source: World Bank

Key Credit Developments

Côte d'Ivoire, a regional leader in West Africa in 1960-2000, has been markedly affected by 10 years of political instability and conflict in the 2000s. However, the security situation has greatly improved in recent years. Combined with a series of reforms, this has led to a return in confidence and buoyant investment-led GDP growth. Fitch expects Côte d'Ivoire to continue on this positive path as long as political stability prevails.

Return to Political Stability But 2015 Presidential Election Will Be a Key Test

Côte d'Ivoire enjoyed political stability after gaining independence from France as President Felix Houphouet-Boigny (1960-1993) managed to keep under his strong command various opposing domestic groups. In contrast, the 2000s were characterised by high political instability, starting with a military coup in 1999, the contested election of Laurent Gbagbo in 2000, and a civil war (2002-2007) that resulted in a division of the country. Key underlying causes of the conflict included rivalry for access to resources between the rich South and the North, issues related to Ivorian citizenship in the context of high immigration, and conflicts over land ownership.

A second conflict erupted in late 2010 when Mr Gbagbo refused to relinquish power after losing to Alassane Ouattara in the 2010 presidential election. A six-month post-electoral conflict led to 3,000 casualties and ended in a military victory for Mr Ouattara (supported by French soldiers under a UN mandate). The new president has put national reconciliation, security and pro-growth reform at the top of his agenda. The evolution in World Bank governance indicators from 2007 to 2012 illustrates the return to a more stable and business-oriented environment. The return of the headquarters of the African Development Bank (AfDB) to Abidjan in 2014 after a 10-year absence is a significant vote of confidence in Côte d'Ivoire's stability.

The next key political date will be the presidential election in October 2015. A probable scenario is that the current president will be re-elected. He will be credited with the improvement in the security situation and the marked rebound in the economy (real income per capita has increased by 12% since 2011) and will benefit from a lack of strong opposition. The main opposition party, the Front Populaire Ivoirien (FPI), has still not recovered from the loss of its leader, former President Gbagbo, who is awaiting trial at the International Court of Justice.

Given recent history, there are still risks of renewed conflict, and Fitch sees the 2015 elections as a key test of Côte d'Ivoire's return to stability. Tensions could come from a break-up of the ruling coalition or the lack of integration of the opposition into the political process (the FPI has boycotted all elections over the past three years). Recent developments, such as the setting-up of an independent electoral commission (to prepare for the upcoming elections), the law defining the status of the head of the opposition and the formal dialogue between the ruling coalition and the opposition, contribute to mitigate these risks.

Strong Growth Supported by Investment and Reforms

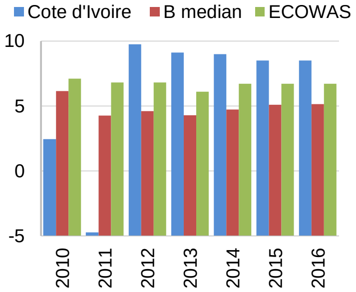
GDP growth has markedly accelerated since 2011, to 9.8% in 2012 and 9.1% in 2013, primarily driven by investment to rebuild infrastructure. Investment has been mostly financed by the private sector, notably in mining, agro industry, energy and construction (eg, the Bédie bridge in Abidjan). In 2013, total investment was equivalent to 16.5% of GDP, 10.3% from the private sector. About 70% of public-sector investment has been funded by development partners.

Structural reforms have also supported growth. Côte d'Ivoire was among the 10 strongest reformers in the 2014 Ease of Doing Business report, albeit starting from a very low base (scoring 167 out of 173 in 2013). Its recent graduation to Extractive Industries Transparency Initiative compliant status reflects improved governance in the commodity sector. Cocoa (15% of GDP) producers now benefit from guaranteed prices over one year and 60% of the CIF price (from as low as 40% before the reform) ensuring them a higher and more stable income.

Figure 5

Real GDP growth

y/y % change



Source: Fitch , National authorites

Fitch expects GDP growth to remain strong, at 9.0% in 2014 and 8.5% in 2015. The current investment plan targets infrastructure (roads, bridges and dams) and will support the private sector and regional integration (eg, the current building of a motorway between Abidjan and Lagos) within the ECOWAS (potential market of 300m consumers). The largely untapped mining potential should also develop over the long term. Oil (7% of government receipts, 18% of current account receipts in 2013) will only moderately add to growth in the medium term.

As the economic recovery is largely the result of the improvement in the political and security environment, the main risk to the scenario is renewed conflict or insecurity. Lower official external financing, as Côte d'Ivoire is no longer perceived to be in an emergency situation, or due to a weaker global environment, could also affect prospects.

Poor Debt Service History Related to Political Instability

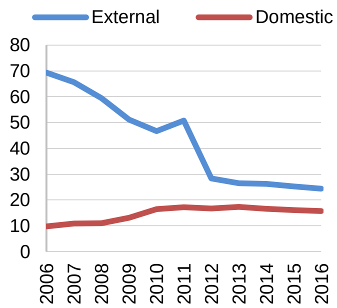
In the context of the 2010/2011 post-electoral conflict and associated fiscal and financial stress, Côte d'Ivoire accumulated arrears with its external creditors (including the Paris Club, the World Bank, the AfDB and Eurobond holders). However, by the end of 2012, Côte d'Ivoire had normalised relations with all of its external creditors.

Three coupon payments on its USD2.3bn 2032 Eurobond were missed (for a total of USD98m). The Eurobond had been issued to London Club creditors in 2010 (as part of a restructuring of ex-Brady bonds issued in 1998 and on which Côte d'Ivoire had defaulted in 2000). The default occurred despite ample reserve cover due to insufficient fiscal resources to access FX from the central bank. The missed coupon payments were restructured in 2012 (including an USD11m good faith payment in 2012). Debt service on the Eurobond has been clean since June 2012.

Figure 6

Central Government Debt

As a % of GDP



Source: Fitch, National authorities

Payments to the AfDB and the World Bank resumed in May 2011. Côte d'Ivoire reached completion point under the HIPC initiative in June 2012 and benefited from debt cancellation by Paris Club bilateral creditors and multilateral creditors. At end-2012, Côte d'Ivoire settled the two last unresolved external claims with private creditors (through a USD0.2bn tap of the 2032 Eurobond). Public external debt declined to 31% of GDP at end-2012 from 55% in 2011.

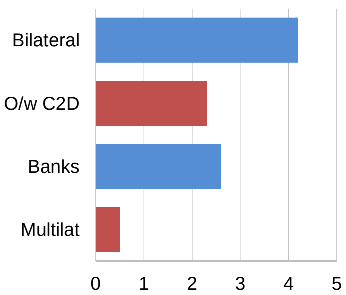
During the conflict, Côte d'Ivoire also stopped servicing domestic debt. However, the regional central bank (in charge of the regional market for treasury bills) reached agreement with creditors to roll over maturing bills during the six months of the conflict. In March 2012, the rolled-over debt was restructured into securities (totalling CFA602bn, or 4% of GDP) with longer maturities (three to five years). The capitalised interest (CFA24bn, or 0.2% of GDP) was paid to creditors in 2012.

Total public debt was 43.8% of GDP at end-2013 (26.4% external and 17.3% domestic). Half of external debt is official bilateral loans (80% of which are from France and have been converted into Debt for Development (C2D) swaps[1]), the 2032 Eurobond accounts for 31% of debt, and the remainder is owed to multilaterals. Domestic debt is made of treasury bills and bonds. Maturities are generally short (two to three years, but up to a maximum of eight years). Domestic debt includes arrears to the central bank (CFA249bn, or 1.6% of GDP) mostly dating from the early 2000s when the regional central bank stopped statutory advances to countries.

Figure 7

External Debt by Creditors

In USDbn, at end-2013



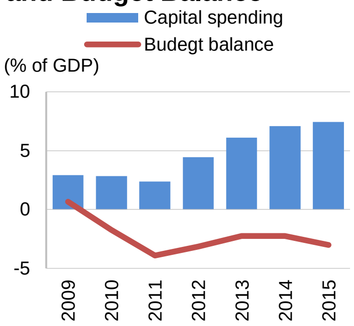
Source: Fitch, MoF

Fitch expects debt to be 41% of GDP by 2015 (including a new USD500m Eurobond, equivalent to 1.8% of GDP) and to gradually decline over the longer term, reflecting moderate deficits (primary balance averaging −1.7% of GDP), high growth (8.6%) and C2D repayment. Clean debt repayment since mid-2012 augurs well for future debt service payment. The main risk to debt servicing is potential deterioration in the political environment.

[1] Contrats de Désendettement et Développement or C2D. This is a development support mechanism by which France agrees on a schedule for repayment of bilateral claims and transfers back to Côte d'Ivoire the debt repayments (two weeks after it has been reimbursed) in the form of grants to finance development projects. Total claims falling under this mechanism were EUR2.3bn in 2013, or XOF1440bn (9% of GDP).

Figure 8

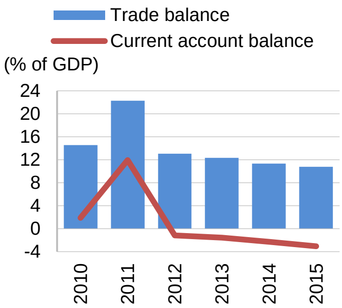
Government Investment and Budget Balance



Source: Fitch, National authorities

Figure 9

Current Account and Trade Balance

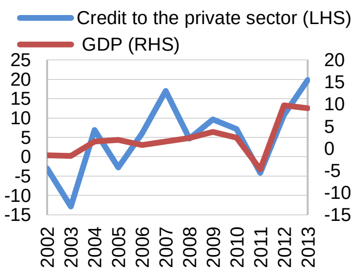


Source: Fitch, National authorities

Figure 10

Real Growth in GDP and Credit

y/y % change

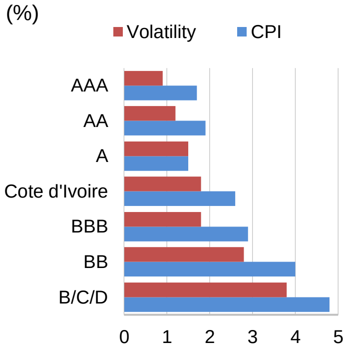


Source: Fitch, National authorities

Figure 11

Inflation Level & Volatility

(%)



Source: Fitch, MoF

Improving Public Finance Management from a Low Base

A key objective is to increase budget revenues (20.7% of GDP in 2014 vs a ‘B’ peers median of 26%). The main policies include tackling tax evasion, reducing current exemptions on VAT, and increasing the number of SMEs paying taxes. In 2013, budget revenues exceeded their target, reflecting the initial impact of reforms as well as stronger-than-expected growth.

On the spending side, key reforms include the restructuring and privatisation of public companies (the cost for bank recapitalisation is estimated at CFA70bn, or 0.4% of GDP). Wage reforms could gradually reduce the wage bill to 35% of fiscal receipts by 2020 (from 44% currently, and 34% of government revenues), although wages will increase in 2014 and 2015.

Total arrears to state suppliers were estimated at XOF153bn (1.1% of GDP) in 2013. The authorities repaid XOF57bn in 2013 and plan gradual discounted repayments over the coming years. There have been no new domestic arrears since 2013, but the missed indicative target on floating debt (ie, overdue obligations to suppliers for which the payment date does not exceed 90 days) in the IMF’s latest assessment reflects ongoing challenges to pay suppliers on time.

The new administration is building a positive track record on budget policy. Despite a marked increase in capital spending since 2011, the budget deficit has remained limited, at 2.3% of GDP in 2013. Targets on the primary balance set by the IMF have been met. Fitch expects the deficit of the central government to remain below 3% of GDP up to 2015 despite potential spending slippage related to elections. The deficit will be financed on the regional market and by external official and private creditors. The recent upgrade of the country in the World Bank’s Country Policy Institutional Assessment should support access to more multilateral funding.

Monetary Arrangement and High Trade Surplus Ensure Strong External Position

The CFA franc has a fixed exchange rate with the euro (XOF656.0/EUR1.0). To support the peg, the French Treasury guarantees full convertibility and, if needed, would provide external liquidity through an unlimited overdraft on the central bank’s account. Foreign reserves are pooled at the regional level for the eight countries of the UEMOA and have been high in recent years (equivalent to 5.5 months of imports in the sub region).

Côte d’Ivoire’s current account was in deficit in 2012 (for the first time in five years) due to strong imports for reconstruction. However, the trade balance has remained in large surplus (12% of GDP), reflecting a strong export base including cocoa (28% of merchandise exports), oil (21%), rubber (6%), gold (4%) and coffee (1%). 20% of exported products are processed domestically, reflecting a relatively developed industrial capacity, and adding value to exports. Continuing high investment will keep the current account in deficit up to 2015.

Liquid Banks Expand Credit but Operating Environment Remains Challenging

The overall banking sector is well capitalised by regional standards and liquid (loans/deposits ratio of 79% in 2013), but public banks (which account for 22% of total banking assets) are weaker. The capital adequacy ratio was 9.2% in 2013, driven down by low ratios at some public banks that need recapitalisation. Non-performing loans were 12.7% of total loans in 2013 (74% of which are provisioned).

Financial depth is limited: only 11% of the population has a bank account and private-sector credit is equivalent to 19% of GDP. Despite excess liquidity, banks have been reluctant to lend due to credit risk, a lack of infrastructure to assess the credit quality of borrowers, and the generally weak institutional environment. However, credit to the private sector is now growing fast, at 23% in 2013, driven by high GDP growth and the more secure environment.

Monetary conditions are easing, with two cuts in the policy rate (to 2.5%) in 2013 in a context of low inflation (2.6% in 2013). However, excess bank liquidity means that the impact of a change in the policy rate on lending rates is limited.

Public Debt Dynamics

Fitch uses stylised projections for a sovereign's gross general government debt/GDP ratio to illustrate the sustainability of its debt burden and its sensitivity to economic growth, the cost of borrowing, fiscal policy and the exchange rate.

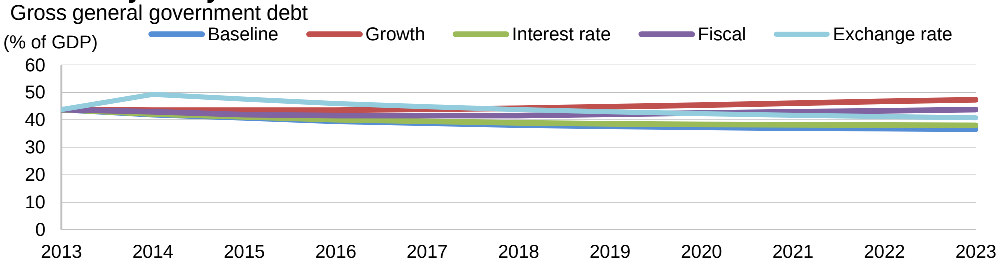
According to Fitch's baseline projections, central government debt should gradually decline to 37% of GDP by 2022, as a result of continued high GDP growth and moderate budget deficits. Lower-than-expected GDP growth (averaging 5% in the longer term vs 8.6% in the baseline) would cause debt to rise as a percentage of GDP.

Debt Dynamics – Fitch's Baseline Assumptions

	2013	2014	2015	2016	2017	2018	2022
Gross general government debt (% GDP)	43.8	42.9	41.3	39.5	38.7	38.1	36.5
Primary balance (% of GDP)	-0.9	-1.0	-1.7	-1.6	-1.6	-1.7	-2.0
Real GDP growth (%)	9.1	9.0	8.5	8.5	8.5	8.5	8.5
Avg. nominal effective interest rate (%)	3.1	3	3.0	3.0	4.0	4.0	4.0
XOF/USD (annual avg.)	494	494	494	494	494	494	494
GDP deflator (%)	2.4	1.2	2.0	2.0	2.0	2.0	2.0

Source: Fitch

Sensitivity Analysis



Source: Fitch estimates, national sources, IMF

Debt Sensitivity Analysis – Fitch's Scenario Assumptions

Growth	GDP growth averaging 5% vs 8.6% in the baseline
Interest rate	Marginal interest rate averaging 7% vs 6% in the baseline
Fiscal	Primary deficit averaging 2.7 vs 1.7 in the baseline
Exchange rate	Devaluation by 30% in 2014 vs stable currency in the baseline

Source: Fitch

Forecast Summary

	2009	2010	2011	2012	2013	2014f	2015f
Macroeconomic indicators and policy							
Real GDP growth (%)	3.8	2.4	-4.7	9.8	9.1	9.0	8.5
Consumer prices (annual average % change)	1.0	1.4	4.9	1.3	2.6	1.2	2.0
Short-term interest rate[a] (bank policy annual avg.) (%)	3.3	3.3	3.3	3.0	2.5	2.5	3.0
General government balance (% of GDP)	0.7	-1.8	-3.9	-3.2	-2.3	-2.3	-3.0
General government debt (% of GDP)	64.2	63.0	67.9	45.1	43.8	42.9	41.3
XOF per USD (annual average)	472.2	495.3	471.9	510.5	494.0	475.6	475.6
Real effective exchange rate (2000 = 100)	122.1	115.2	117.5	112.7	117.8	118.5	117.2
Real private sector credit growth (%)	9.7	7.1	-4.2	10.8	19.8	13.6	12.7
External finance							
Current account balance (% of GDP)	6.7	1.9	11.9	-1.2	-1.6	-2.3	-3.1
Current account balance plus net FDI (% of GDP)	8.3	3.1	12.9	0.5	1.2	0.5	-0.1
Net external debt (% of GDP)	10.5	3.3	1.5	-18.1	-13.4	-11.7	-10.0
Net external debt (% of CXR)	19.1	6.2	2.7	-35.8	-27.7	-25.3	-21.9
Official international reserves including gold (USDbn)	3.3	3.6	4.3	3.9	4.2	5.0	5.4
Official international reserves (months of CXP cover)	3.3	3.4	4.6	3.4	3.3	3.5	3.4
External interest service (% of CXR)	4.7	4.6	3.9	2.6	2.7	2.7	2.6
Gross external financing requirement (% int. reserves)	-	-	-63.3	27.3	27.0	38.3	40.1
Real GDP growth (%)							
US	-2.8	2.5	1.9	2.8	1.9	2.3	3.1
China	9.2	10.4	9.3	7.7	7.7	7.3	7.0
Eurozone	-4.4	1.9	1.5	-0.6	-0.4	1.1	1.4
World	-2.2	3.9	3.2	2.6	2.4	2.9	3.2
Oil (USD/barrel)	61.9	79.6	111.0	112.0	108.8	105.0	100.0

[a] Taux minimum de soumission aux appels d'offre d'injection de liquidité
Source: Fitch

Fiscal Accounts Summary

% of GDP	2010	2011	2012	2013	2014f	2015f
Central government						
Revenue and grants	**18.5**	**14.0**	**19.1**	**19.9**	**20.7**	**20.7**
Tax revenue	15.6	12.1	16.2	15.7	15.9	16.2
Non tax revenues	2.0	1.6	2.4	2.8	2.5	2.5
Grants	0.9	0.3	0.6	1.3	2.2	2.0
Memo: Oil and gas receipts (excluding tax on domestic consumption)	1.4	1.8	2.2	1.3	1.1	1.2
Expenditure and net lending	**20.3**	**17.9**	**22.3**	**22.1**	**22.9**	**23.8**
Current expenditure	**17.1**	**15.6**	**17.8**	**16.0**	**15.8**	**16.3**
Wages	6.5	5.8	6.8	6.8	7.0	7.3
Subsidies and transfers	2.2	2.6	3.0	2.1	2.0	2.3
Social security benefits	1.7	1.5	1.7	1.6	1.5	1.6
Interest payments	1.6	1.8	1.7	1.4	1.2	1.3
Others (including crisis related)	5.0	4.0	4.6	4.1	4.1	3.9
Capital expenditure	**2.8**	**2.4**	**4.4**	**6.1**	**7.1**	**7.4**
Net lending	**0.3**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Primary balance	-0.2	-2.1	-1.5	-0.9	-1.0	-1.7
Overall balance (commitment basis)	**-1.8**	**-3.9**	**-3.2**	**-2.3**	**-2.3**	**-3.0**
Change in arrears (and floating debt)[a]	-1.9	0.0	0.9	0.1	-0.6	-0.5
Overall balance (cash basis)	**-3.6**	**-3.9**	**-2.2**	**-2.1**	**-2.8**	**-3.5**
Central government debt	63.0	67.9	45.1	43.8	42.9	41.3
% of central government revenue	340.4	485.4	235.4	220.3	207.4	198.9
Central government deposits	2.2	3.8	2.8	2.6	3.0	2.0
Net central government debt	60.9	64.2	42.3	41.1	39.9	39.2
Central government debt (XOFbn)	**7,771**	**8,377**	**6,172**	**6,697**	**7,232**	**7,708**
By residency of holder						
Domestic (includes XOF debt issued regionally)	2,022	2,113	2,287	2,652	2,805	3,005
Foreign	5,749	6,264	3,885	4,045	4,428	4,704
By currency denomination						
Local currency	2,022	2,113	2,287	2,652	2,805	3,005
Foreign currency	5,749	6,264	3,885	4,045	4,428	4,704
In USD equivalent (eop exchange rate)	11.7	12.4	7.8	8.5	9.3	9.9
Memo						
Nominal GDP (XOFbn)	12,324.7	12,332.7	13,695.0	15,300.0	16,877.1	18,677.9

[a] By end-2012, Côte d'Ivoire had repaid all financial arrears to external creditors.
Source: Ministry of Finance, IFS and Fitch estimates and forecasts

External Debt and Assets

(USDbn)	2009	2010	2011	2012	2013	2014f
Gross external debt	**14.3**	**13.7**	**14.1**	**9.0**	**10.1**	**10.9**
% of GDP	59.0	55.1	54.1	33.5	32.5	30.7
% of CXR	107.3	103.5	98.1	66.2	67.1	66.4
By maturity						
Medium- and long-term	12.6	11.1	11.4	7.3	8.1	8.8
Short -term	1.7	2.6	2.7	1.7	1.9	2.1
% of total debt	11.8	19.1	19.1	19.1	19.1	19.1
By debtor						
Sovereign	12.9	11.7	12.4	7.8	8.5	9.3
Banks	0.5	0.6	0.5	0.8	0.8	0.8
Other Private	0.9	1.4	1.3	0.4	0.7	0.7
Gross external assets (non-equity)	**11.8**	**12.9**	**13.8**	**13.8**	**14.2**	**15.0**
International reserves, incl. gold	3.3	3.6	4.3	3.9	4.2	5.0
Deposit money banks' foreign assets	0.7	0.7	0.8	1.3	1.4	1.4
Other sector foreign assets	7.9	8.6	8.6	8.6	8.6	8.6
Net external debt	**2.5**	**0.8**	**0.4**	**-4.8**	**-4.1**	**-4.1**
% of GDP	10.5	3.3	1.5	-18.1	-13.4	-11.7
Net sovereign external debt	9.6	8.1	8.0	3.9	4.3	4.3
Net bank external debt	-0.1	-0.1	-0.3	-0.5	-0.5	-0.6
Net other external debt	-6.9	-7.2	-7.3	-8.2	-7.9	-7.9
Sovereign net foreign assets	**-9.6**	**-8.1**	**-8.0**	**-3.9**	**-4.3**	**-4.3**
% of GDP	-39.6	-32.5	-30.8	-14.5	-13.8	-12.1
Debt service (principal & interest)	**-**	**-**	**1.4**	**1.2**	**1.0**	**1.2**
Debt service (% of CXR)	-	-	9.6	9.1	6.5	7.6
Interest (% of CXR)	-	-	3.9	2.6	2.7	2.7
Liquidity ratio (%)	41.8	232.2	107.3	131.2	193.9	177.2
Memo						
Nominal GDP	24.3	24.9	26.1	26.8	31.0	35.5

Source: Central Bank, IMF, BIS, World Bank and Fitch estimates and forecasts

External Debt Service Schedule on Medium- and Long-Term Debt at End-2013

(USDm)	2014	2015	2016	2017	2018	2019	2020+
Sovereign: Total debt service	**662**	**755**	**784**	**866**	**897**	**902**	**811**
Amortisation	473	578	614	706	748	765	687
Multilateral	65	118	114	175	212	208	172
Bilateral	385	435	427	420	418	416	372
O/w C2D	311	311	275	275	275	275	275
London Club	0	0	48	84	95	118	118
Others	23	25	25	27	23	23	25
Interest	189	177	170	160	149	137	124

Note: The grace period on the repayment of the Eurobond to the London Club ends in 2016.
Source: Ministry of Finance and Fitch

Balance of Payments

(USDbn)	2010	2011	2012	2013	2014f	2015f
Current account balance	**0.5**	**3.1**	**-0.3**	**-0.5**	**-0.8**	**-1.2**
% of GDP	1.9	11.9	-1.2	-1.6	-2.3	-3.1
% of CXR	3.5	21.6	-2.3	-3.2	-5.0	-6.7
Trade balance	**3.6**	**5.8**	**3.5**	**3.8**	**4.0**	**4.2**
Exports, fob	11.4	12.3	12.0	12.8	14.1	15.5
O/w cocoa	-	4.2	3.1	3.6	3.6	3.6
O/w oil (crude and refined)	-	3.7	2.9	2.6	2.8	3.0
Imports, fob	7.8	6.5	8.5	9.0	10.1	11.3
Services, net	**-1.8**	**-1.1**	**-2.2**	**-2.9**	**-3.0**	**-3.4**
Services, credit	1.2	1.6	1.1	1.4	1.5	1.7
Services, debit	3.0	2.6	3.3	4.3	4.5	5.0
Income, net	**-0.9**	**-1.1**	**-1.0**	**-1.1**	**-1.2**	**-1.3**
Income, credit	0.2	0.2	0.2	0.3	0.3	0.3
Income, debit	1.1	1.3	1.2	1.4	1.5	1.6
O/w: Interest payments	0.6	0.6	0.4	0.4	0.4	0.5
Current transfers, net	**-0.4**	**-0.6**	**-0.6**	**-0.3**	**-0.6**	**-0.8**
Capital and financial accounts						
Non-debt-creating inflows (net)	1.5	0.3	0.5	0.8	1.0	1.2
O/w equity FDI	0.3	0.3	0.5	0.8	1.0	1.2
O/w other flows	1.2	0.0	0.0	0.0	0.0	0.0
Change in reserves	0.6	0.3	0.0	0.6	0.8	0.3
Gross external financing requirement	**-1.1**	**-2.3**	**1.2**	**1.1**	**1.6**	**2.0**
Stock of international reserves, incl. gold	**3.6**	**4.3**	**3.9**	**4.2**	**5.0**	**5.4**

Source: IMF and Fitch estimates and forecasts

The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.