# Cote 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 | Stable |
| Local-Currency Long-Term IDR | Stable |

### Financial Data

**Cote d'Ivoire**

| (USDbn) | 2015 |
|---|---|
| GDP | 31.6 |
| GDP per head (USD 000) | 1.5 |
| Population (m) | 21.3 |
| International reserves | 6.3 |
| Net external debt (% GDP) | -18.8 |
| Central government total debt (% GDP) | 41.3 |
| CG foreign-currency debt | 7.2 |
| CG domestically issued debt (XOFbn) | 3,069.8 |

### Related Research

Global Economic Outlook (December 2015)

2016 Outlook: Global Sovereigns (December 2015)

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## Key Rating Drivers

**Receding Political Risks:** Risks of major security incidents affecting Cote d’Ivoire’s macro performance or the state’s ability to honour its commitments have receded following President Ouattara’s re-election October 2015. The main opposition party, the FPI, participated in the poll after a four-year boycott and all stakeholders accepted the outcome of the election. World Bank’s indicators of governance have improved since 2012, progressively converging towards ‘B’ rated medians and reflecting the gradual normalisation of political life in the country.

**Broad-Based Growth:** Fitch forecasts real GDP growth at more than 8% in 2015-2017, above the 2015 ‘B’ median of 4.6%. This reflects the diversified agricultural base and prospects in the extractive sector, but also rising public investment to expand and renovate infrastructure in the country. Domestic and foreign private investment are likely to benefit from Cote d’Ivoire’s status as a regional hub, reforms in the business environment implemented since 2012, and macro-stability provided by the membership in the CFA franc zone.

**Improved Public Finance Management:** Domestic arrears on suppliers and state-owned companies have declined and are likely to be fully repaid by year-end, while transparency on procurement and state-owned companies has improved. State revenues are likely to exceed 20% of GDP in 2015, although tax revenues remain weak. Fitch expects the budget deficit to rise moderately to 3.6% in 2015 and stay above 3% over the forecast horizon (in line with the 2015 ‘B’ median of 3.8%), reflecting the large wage bill and growing public investment.

**Public Debt Under Control:** Fitch expects public debt to moderately increase to 41.3% by end-2015, below the ‘B’ median of 50.4%. The share of foreign-currency debt, at around 60% by end-2015, is in line with peers. Cost of debt is slightly below ‘B’ rated medians, but we expect it to increase as the government increasingly turns to the regional and international markets to finance its budget deficits.

**Limited External Risks:** Despite high agricultural commodity dependence, Cote d’Ivoire has managed to contain its current account deficit, expected at 1.2% of GDP in 2015, below ‘B’ rated peers thanks to a diversified export base. Pooling of FX reserves at the regional central bank and France’s guarantee on the convertibility of the CFA franc support the credibility of the peg and reduce balance of payments crisis risk.

**Weak Development:** Despite significant improvement over the past four years, development indicators such as GDP per capita and the human development index remain weak compared to peers and entrench the rating in the ‘B’ rating category. The history of recent defaults on external commercial debt also continues to constrain the rating.

## Rating Sensitivities

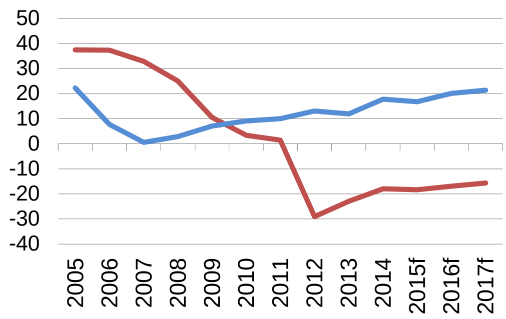
**Debt Dynamics:** A sharp deterioration in public debt dynamics would penalise the rating, while any significant improvement beyond our current debt projections would be credit positive.

**Growth and Political Risks:** Renewed political instability or security incidents jeopardising macroeconomic prospects or the state’s ability to honour its commitments would put pressure on the rating. Likewise, weaker growth prospects would be credit negative.

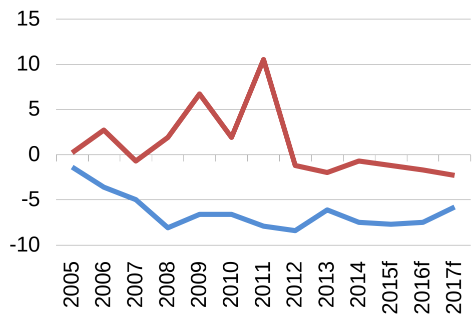
**Better Debt Tolerance:** Over the medium term, a gradual improvement in development and governance indicators, indicating better debt tolerance, would be beneficial to the rating.

## Peer Comparison

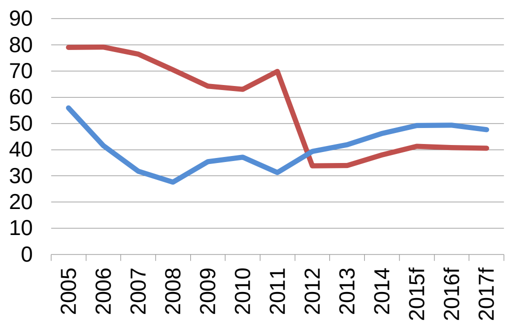
**Net External Debt**
% of GDP



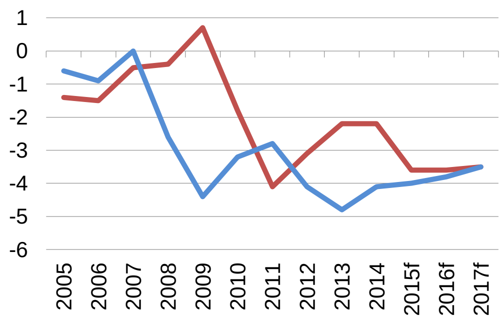

**Current Account Balance**
% of GDP




**General Government Debt**
% of GDP

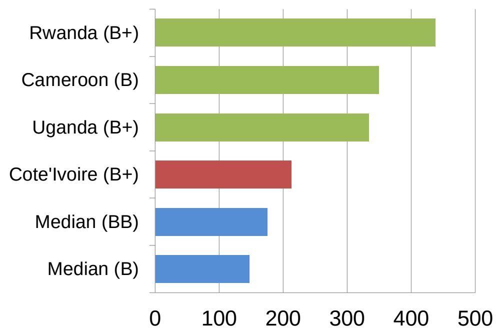



**General Government Balance**
% of GDP



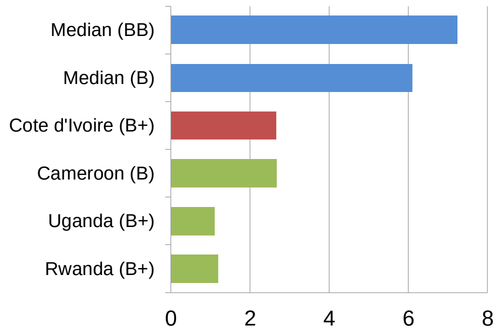

Cote d'Ivoire Medians

**International Liquidity Ratio, 2016**
%




**GDP per capita Income, 2015e**

At market exchange rates, USA = 100




**Related Criteria**

Sovereign Rating Criteria (August 2014)
Country Ceilings (August 2015)

## Peer Group

| Rating | Country |
|---|---|
| BB− | Bangladesh |
| | Georgia |
| | Lesotho |
| | Nigeria |
| | Seychelles |
| | Sri Lanka |
| | Suriname |
| | Tunisia |
| | Vietnam |
| | |
| B+ | **Cote d'Ivoire** |
| | Angola |
| | Armenia |
| | Republic of Congo |
| | Cyprus |
| | Dominican Republic |
| | El Salvador |
| | Gabon |
| | Kenya |
| | Rwanda |
| | Serbia |
| | Uganda |
| | |
| B | Cabo Verde |
| | Cameroon |
| | Ecuador |
| | Egypt |
| | Ethiopia |
| | Ghana |
| | Lebanon |
| | Mongolia |
| | Mozambique |
| | Pakistan |
| | Zambia |

## Rating History

| Date | Long-Term Foreign Currency | Long-Term Local Currency |
|---|---|---|
| Dec 15 | B+ | B+ |
| July 14 | B | B |

## Rating Factors

### Summary: Strengths and Weaknesses

| Rating factor | Macroeconomic | Public finances | External finances | Structural issues |
|---|---|---|---|---|
| Status | Strength | Neutral | Strength | Weakness |
| Trend | Stable | Stable | Stable | Positive |

Note: Relative to 'B' category
Source: Fitch

### Strengths

- CFA franc zone membership has ensured a stable currency, moderate inflation and lower macroeconomic volatility (of the exchange rate, real growth and inflation) than peers in the 'B' rating category. The monetary arrangement is backed by a pooling of reserves at the regional central bank (BCEAO) and the French guarantee on currency convertibility.
- GDP growth has been among the fastest in the region, above 'B' and 'BB' medians.
- As the largest economy of the West African Economic and Monetary Union (WAEMU) and the third-largest economy of the Economic Community of West African States (ECOWAS), Cote d'Ivoire has a privileged position as a regional hub, raising investment potential.
- The country has a structural trade surplus (9.6% of GDP in 2014) underpinned by diversified agricultural crops and countries of destination, reducing external vulnerabilities.
- Good relations with the international community since 2012 have locked in substantial amounts of concessional loans and grants to fund reconstruction and development efforts.

### Weaknesses

- Entrenched political divisions have led to recurrent violent conflicts between 1999 and 2011, including a post-election crisis in 2011. Although the political situation has normalised, political and security risks remain.
- Governance and development indicators are weak and still rank below 'B' medians.
- Public finance management is weak, as reflected in defaults on Eurobonds in 2000 and 2010 (arrears were fully cured in 2013 and 2014). The wage bill absorbs around a third of total spending, while government revenues are weak. Supplier arrears and off-budget spending have been common, but are declining. Contingent liabilities stemming from state-owned companies are not fully transparent.
- Public debt levels, at an estimated 41.3% of GDP at end-2015, remain higher than is usual after debt cancellation (which took place in 2012). The figure excludes debt to France under a special contract (worth 6% of GDP in 2015) by which debt repayments are transferred back to Cote d'Ivoire in the form of grants.

### Local-Currency Rating

The Long-Term Local-Currency IDR is aligned with the Long-Term Foreign-Currency IDR in line with Fitch's sovereign methodology for countries in a currency union; Cote d'Ivoire is a member of the WAEMU, a monetary zone linking eight African countries with France. The sovereign has access to a regional capital market, although it is under-developed.

### Country Ceiling

Fitch assigns all WAEMU countries a Country Ceiling of 'BBB−', based predominantly on the support provided by France to the zone. The French Treasury guarantees full convertibility of the currency, in exchange for member states pooling their foreign reserves at the BCEAO. There is no restriction on current transactions, but there are controls on capital transactions outside the zone. Capital flows are free within the WAEMU.

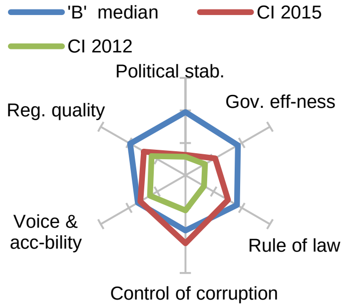
Figure 1

## Strengths and Weaknesses: Comparative Analysis

| 2015 | Cote d'Ivoire B+ | B Median[a] | BB Median[a] | Rwanda B+ | Uganda B+ | Cameroon B |
|---|---|---|---|---|---|---|
| **Macroeconomic performance and policies** | | | | | | |
| Real GDP (5yr average % change) | 6.4 | 4.6 | 4.0 | 7.1 | 5.4 | 5.1 |
| Volatility of GDP (10yr rolling SD) | 4.7 | 2.6 | 2.2 | 1.7 | 2.5 | 1.3 |
| Consumer prices (5yr average) | 2.2 | 4.5 | 4.5 | 4.8 | 9.6 | 2.5 |
| Volatility of CPI (10yr rolling SD) | 1.8 | 2.9 | 2.8 | 4.3 | 5.0 | 1.5 |
| Unemployment rate (%) | 8.5 | 11.9 | 9.4 | - | 0.0 | - |
| Type of exchange rate regime | Peg | n.a. | n.a. | Managed float | Free float | Peg |
| Dollarisation ratio (% of bank deposits) | - | 27.9 | 39.4 | 21.9 | - | - |
| REER volatility (10yr rolling SD) | 3.4 | 5.2 | 4.9 | 5.7 | 5.7 | 3.3 |
| **Structural features** | | | | | | |
| GDP per capita (USD, mkt exchange rates) | 1,480 | 3,596 | 4,022 | 662 | 612 | 1,485 |
| GNI per capita (PPP, USD, latest) | 3,350 | 7,435 | 10,270 | 1,530 | 1,370 | 2,940 |
| GDP (USDbn) | 31.6 | n.a. | n.a. | 8.2 | 24.5 | 34.8 |
| Human development index (percentile, latest) | 8.6 | 34.4 | 52.1 | 19.3 | 12.3 | 18.8 |
| Governance indicator (percentile, latest)[b] | 27.9 | 31.4 | 44.7 | 52.1 | 31.0 | 17.8 |
| Broad money (% GDP) | 38.7 | 43.1 | 53.2 | 24.8 | 23.4 | 21.7 |
| Default record (year cured)[c] | 2012 | n.a. | n.a. | 2005 | 2000 | 2003 |
| Ease of doing business (percentile, latest) | 25.0 | 39.4 | 50.0 | 67.6 | 20.8 | 9.1 |
| Trade openness (avg. of CXR + CXP % GDP) | 50.9 | 51.0 | 54.3 | 28.6 | 31.3 | 26.9 |
| Gross domestic savings (% GDP) | 24.1 | 12.5 | 17.2 | 7.6 | 17.0 | 13.1 |
| Gross domestic investment (% GDP) | 17.8 | 22.6 | 21.9 | 24.4 | 25.8 | 18.6 |
| Private credit (% GDP) | 21.5 | 31.5 | 48.9 | 17.6 | 15.0 | 12.9 |
| Bank systemic risk indicators[d] | -/2[g] | n.a. | n.a. | -/2[g] | -/1 | -/1 |
| Bank system capital ratio (% assets) | 10.5 | 16.2 | 13.7 | 22.0 | - | - |
| Foreign bank ownership (% assets) | 54.9 | 44.0 | 26.3 | 43.5 | - | 77.1 |
| Public bank ownership (% assets) | 23.2 | 22.4 | 24.4 | 30.2 | - | - |
| **External finances** | | | | | | |
| Current account balance + net FDI (% GDP) | 0.8 | -3.3 | 0.0 | -8.2 | -4.9 | -2.4 |
| Current account balance (% GDP) | -1.2 | -7.5 | -2.5 | -11.8 | -9.7 | -4.7 |
| Net external debt (% GDP) | -18.3 | 19.7 | 13.5 | 8.6 | 15.3 | 18.3 |
| Gross external debt (% CXR) | 67.6 | 132.4 | 117.1 | 123.5 | 139.4 | 112.3 |
| Gross sovereign external debt (% GXD) | 81.3 | 60.3 | 48.1 | 91.4 | 45.9 | 85.9 |
| Sovereign net foreign assets (% GDP) | -7.5 | -13.1 | -3.4 | -12.8 | -0.7 | -16.1 |
| Ext. interest service ratio (% CXR) | 2.7 | 2.6 | 2.6 | 2.6 | 0.8 | 2.3 |
| Ext. debt service ratio (% CXR) | 7.5 | 10.8 | 8.7 | 6.0 | 5.7 | 4.9 |
| Foreign exchange reserves (months of CXP) | 4.7 | 3.7 | 4.1 | 4.2 | 3.8 | 3.1 |
| Liquidity ratio (latest)[e] | 212.6 | 158.4 | 157.6 | 437.2 | 333.2 | 349.2 |
| Share of currency in global reserves (%) | 0 | n.a. | n.a. | 0 | 0 | 0 |
| Commodity export dependence (% CXR, latest) | 74.4 | 27.6 | 18.9 | 33.9 | 32.1 | 60.9 |
| Sovereign net foreign currency debt (% GDP) | 7.5 | 12.4 | 0.9 | 13.5 | 5.4 | 17.7 |
| **Public finances[f]** | | | | | | |
| Budget balance (% GDP) | -3.6 | -3.8 | -3.4 | -4.4 | -4.5 | -5.5 |
| Primary balance (% GDP) | -2.2 | -2.0 | -1.9 | -3.6 | -2.9 | -5.8 |
| Gross debt (% revenue) | 197.7 | 208.5 | 200.7 | 143.9 | 225.9 | 168.3 |
| Gross debt (% GDP) | 41.3 | 50.4 | 44.4 | 32.7 | 31.9 | 28.4 |
| Net debt (% GDP) | 34.9 | 45.7 | 38.5 | 28.6 | 9.4 | 27.1 |
| Foreign currency debt (% total debt) | 52.5 | 69.8 | 51.5 | 78.4 | 53.0 | 89.2 |
| Interest payments (% revenue) | 6.9 | 7.1 | 8.4 | 3.7 | 11.3 | 3.5 |
| Revenues and grants (% GDP) | 20.9 | 25.8 | 26.0 | 22.7 | 14.1 | 16.8 |
| Volatility of revenues/GDP ratio | 9.5 | 8.1 | 5.5 | 7.0 | 13.5 | 7.7 |
| Central govt. debt maturities (% GDP) | 5.4 | 5.0 | 3.9 | 2.8 | 5.1 | 5.0 |

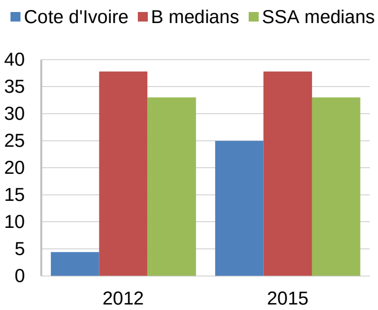
[a] Medians based on three-year centred averages
[b] Composite of six World Bank Governance Indicators used in the Sovereign Rating Model; Government Effectiveness; Rule of Law; Control of Corruption; Voice and Accountability; Regulatory Quality; and Political Stability and Absence of Violence
[c] restructuring of the 2032 Eurobond and HIPC/MDRI debt cancellation both achieved in 2012
[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
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)
Source: Fitch

Figure 2
**Governance Indicators**
Percentile rank



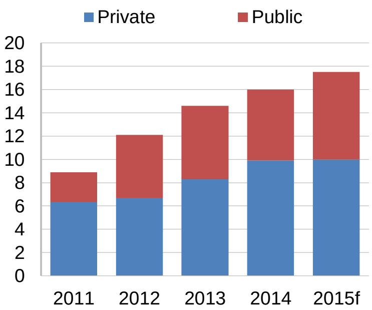

Source: WorldBank, Fitch

Figure 3
**Ease of Doing Indicator**
Percentile rank




Source: WorldBank, Fitch

Figure 4
**Investment Rate**
% of GDP




Source: Authorities, Fitch

## Key Credit Developments

### President Ouattara's Reform Agenda Reinforced by Election Outcome

Risks to macro performance stemming from political uncertainty or security incidents have receded (but not disappeared). President Ouattara, supported by a large coalition, was smoothly re-elected with more than 80% of the votes in the first round of the October 2015 presidential elections. Political life continues to normalise after the 2011 crisis, as illustrated by participation in the elections by the former ruling party, FPI, after a four-year boycott despite former president Gbagbo still being held in The Hague. Security incidents around the election were minimal and its outcome was widely accepted by political stakeholders, reflecting efforts at improving national cohesion and reconciliation in recent years.

Tensions could still arise around legislative elections due by end-2016 and constitutional reform in preparation. The expected transition to a new generation of political leaders in the run-up to the next presidential election in 2020 will also add to uncertainty.

In the shorter term, however, the outcome of the recent presidential election is likely to consolidate the government's reform momentum, which has translated into improvements in governance and business environment indicators since 2012; although still weak, even by regional standards, they have got closer to sub-Saharan Africa and 'B' rated medians. Reforms have covered a range of areas, including new investment and mining laws, reduction in delays and costs of setting up new businesses, and establishment of a commercial court in Abidjan.

### Broad-Based Economic Growth

Fitch expects real GDP growth to reach 8.4% in 2015 (against a government forecast of 9.5%), and to remain around 8% until 2017, driven by a broad-based expansion of all sectors. Supported by structural reforms, the diversified agricultural sector remains a key pillar of the economy (accounting for 22% of GDP in 2014) and of growth; extractive industries (eg oil, gold and nickel) are also likely to expand on increased foreign investment, while heavy infrastructure investments will boost construction, trade and transport. The government's draft National Development Plan 2016-2020 foresees investment of XOF29trn (of which about half will be private), compared with XOF12trn for the previous Plan, covering 2012-2015.

The end of election-related uncertainty could stimulate private investment, which has been weak even by regional standards, but has increased as a share of GDP. Supported by reasonable bank liquidity, growth of credit to the private sector remained buoyant at 19.7% yoy in June 2015 (2014: 21.8%), largely oriented to the manufacturing and trade sectors. FDI is also rising from a low base. Fitch estimates inflows will slightly exceed 2% of GDP in 2015 and further increase in 2016, as investors will increasingly use Cote d'Ivoire as a regional hub for the WEAMU market, ending the "wait and see" attitude they took before the elections.

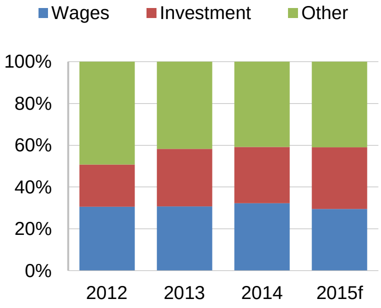
The growth performance (one of the highest among Fitch-rated sovereigns) reflects catch-up since 2012, after more than a decade of stagnation, rather than overheating. Inflation has accelerated since the start of 2015 to 2.1% yoy at October 2015 (against an average 0.4% in 2014), but remains below the regional convergence ceiling of 3%. Although the BCEAO's monetary policy remains accommodative, this recent moderate increase largely reflects a rise in food prices, due to the weakness of monetary policy transmission channels in the region.

The main risk to the growth outlook stems from potential adverse weather that could affect crops (particularly cocoa), although the country's diversity of agricultural commodities mitigates this. In addition, with the growth outlook also largely dependent on public investment (see below), any financing constraint on the government would affect growth potential.

Figure 5

**Public Spending**

2012-2015f

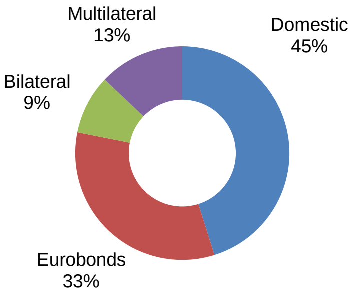



Source: Authorities, IMF, Fitch

Figure 6

**Breakdown of Public Debt**

June 2015

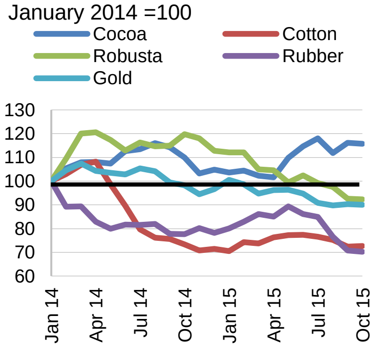



Source: Authorities, Fitch

Figure 7

**Export Prices**

January 2014 =100

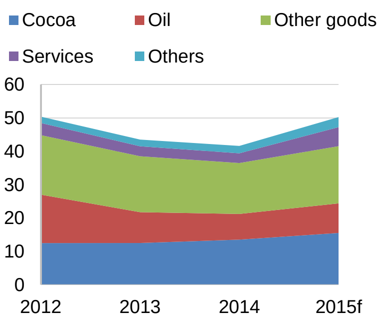



Source: BCEAO, Fitch

Figure 8

**Export Base**

% of GDP




Source: IMF, Banque de France, Fitch

## Moderate Deficit Widening Due to High Public Investment

Budget execution was in line with the initial budget at September 2015, which is likely to lead to a widening of the deficit to 3.6% of GDP for 2015, above the WAEMU ceiling of 3% and the 2012-2014 average of 2.5%. Although revenues are rising and likely to exceed 20% of GDP at end-2015, they will not balance the expected 14% and 37% rises in the wage bill and capital spending, respectively.

In 2016-2017, we expect the deficit to remain between 3% and 4% of GDP. Improvement in public finance management, a long-standing weakness in Cote d'Ivoire, could help reduce the deficit (including better tax collection, and the end of the arrears and off-spending cleaning process[1]); but the large wage bill (35% of total revenues in 2015) represents rigid spending and capital expenditure targets are very ambitious (the government intends to increase public investment to 14.5% of GDP by 2020 from around 7% in 2015).

Fitch therefore expects public debt to increase to 41.3% of GDP in 2015 (47.4% including Contrat de Désendettement et de Développement[2]), up from 38% in 2014, and roughly stabilise thereafter because of strong nominal GDP growth. Low-interest-rate official debt accounted for 40% of total public debt at June 2015 following the HIPC/MDRI debt cancellation; Fitch expects this share to reduce despite significant multilateral commitments, as recourse to commercial debt will be necessary to finance the large investment spending.

The government intends to increase its recourse to the regional bond market in coming years after significant use of external borrowing in 2015 (including a USD1bn Eurobond issued in February 2015). However, the market's limited depth so far may be an obstacle and result in crowding out of credit to the private sector.

## Resilient External Sector

Cote d'Ivoire has managed to maintain its trade surplus and to contain the current account deficit (projected at 1.2% in 2015) despite the rise in capital goods imports. Volumes of agricultural commodities exported have grown in line with the rise in production, and the country's export destinations are more diversified than regional peers'. The external sector has benefited from the depreciation of the euro against the dollar and the decline in global oil prices as Cote d'Ivoire is a slight net importer of oil. However, evolution in export prices has been mixed, with rising cocoa prices (cocoa accounts for around a third of goods exports) balancing the fall in prices of a number of other exports over the past two years, including gold, rubber and cotton.

Dependence of export earnings on cocoa exports (33% of current account receipts in 2014) represents a weakness in Cote d'Ivoire's external accounts, due to the volatility of international prices and exposure to weather conditions. This is mitigated by the diversity of other exports, and the expected rise in global demand for chocolate in coming years.

Devaluation risk for the CFA franc appears very limited in the foreseeable future. The IMF considers the real effective exchange rate to be broadly in line with fundamentals. The WAEMU's international reserves, which are pooled at the BCEAO and available for all countries of the region, rose by 14% in 1H15, covering more than four months of imports, reflecting dynamic exports and debt inflows (including Cote d'Ivoire's Eurobond issuance early 2015). The coverage of the monetary base therefore increased to 89% at June end-2015 (2014: 84%), against the 20% threshold considered a warning level under the franc zone arrangement with France.

[1] The government intends to clean arrears to suppliers and state-owned enterprises by end-2015.

[2] Contrat de Désendettement et de Développement is a development support mechanism by which Cote d'Ivoire repays bilateral debt owed to France. The funds are then returned to Cote d'Ivoire in the form of grants to finance development projects. It will account for around 6% of GDP by end-2015. Fitch has decided to exclude it from Cote d'Ivoire public debt stock.

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.

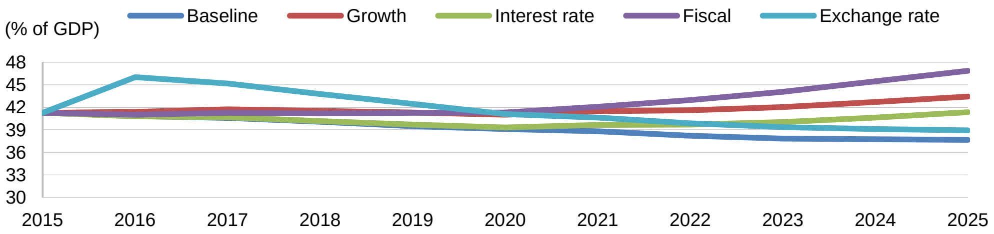
## Public Debt Dynamics

Fitch expects limited risks to public debt sustainability under our baseline scenario, with public debt to debt declining very gradually over the forecast horizon. In the short term, devaluation in the CFA franc appears the main risk to public debt sustainability, although it is remote. Over the medium term, fiscal slippage would penalise public debt dynamics most.

### Debt Dynamics – Fitch's Baseline Assumptions

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2025 |
|---|---|---|---|---|---|---|---|
| Gross general government debt (% GDP) | 41.3 | 40.8 | 40.6 | 40.1 | 39.5 | 39.1 | 37.7 |
| Primary balance (% of GDP) | -2.2 | -1.7 | -1.4 | -1.2 | -1.0 | -1.0 | -0.5 |
| Real GDP growth (%) | 8.4 | 8.5 | 8.0 | 7.5 | 7.5 | 7.3 | 6.0 |
| Avg. nominal effective interest rate (%) | 4.2 | 4.8 | 5.2 | 5.5 | 5.8 | 6.1 | 7.0 |
| Local currency/USD (annual avg.) | 592 | 645 | 645 | 645 | 645 | 645 | 645 |
| GDP deflator (%) | 1.9 | 2.0 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 |

### Sensitivity Analysis
Gross general government debt




Source: Fitch

### Debt Sensitivity Analysis: Fitch's Scenario Assumptions

| | |
|---|---|
| Growth | GDP growth 1% lower (half standard deviation lower) |
| Interest rate | Marginal interest rate 100bp higher |
| Fiscal | No change in primary balance from 2015 level |
| Exchange rate | 30% devaluation at end-2016 |

## Forecast Summary

| | 2011 | 2012 | 2013 | 2014 | 2015f | 2016f | 2017f |
|---|---|---|---|---|---|---|---|
| **Macroeconomic indicators and policy** | | | | | | | |
| Real GDP growth (%) | -4.4 | 10.7 | 9.2 | 8.5 | 8.4 | 8.5 | 8.0 |
| Unemployment (%) | - | 9.4 | 9.0 | 8.5 | 8.5 | 8.0 | 8.0 |
| Consumer prices (annual average % change) | 4.9 | 1.3 | 2.6 | 0.4 | 1.9 | 2.0 | 2.5 |
| Short-term interest rate (bank policy annual avg.) (%) | 3.3 | 3.0 | 2.5 | 2.5 | 2.5 | 3.0 | 3.5 |
| General government balance (% of GDP) | -4.1 | -3.1 | -2.2 | -2.2 | -3.6 | -3.6 | -3.5 |
| General government debt (% of GDP) | 69.9 | 33.9 | 34.0 | 38.0 | 41.3 | 40.8 | 40.6 |
| XOF per USD (annual average) | 471.87 | 510.53 | 494.04 | 494.42 | 592.23 | 644.90 | 645.62 |
| Real effective exchange rate (2000 = 100) | 117.5 | 112.7 | 117.8 | 118.9 | 117.7 | 117.7 | 117.7 |
| Real private sector credit growth (%) | -4.2 | 10.8 | 19.8 | 21.2 | 14.8 | 15.2 | 12.7 |
| **External finance** | | | | | | | |
| Current account balance (% of GDP) | 10.5 | -1.2 | -2.0 | -0.7 | -1.2 | -1.7 | -2.3 |
| Current account balance plus net FDI (% of GDP) | 11.6 | 0.0 | -0.7 | 0.6 | 0.8 | 0.8 | 0.5 |
| Net external debt (% of GDP) | 1.5 | -29.0 | -23.4 | -18.5 | -18.8 | -17.4 | -18.5 |
| Net external debt (% of CXR) | 2.7 | -57.6 | -53.7 | -44.4 | -37.4 | -32.3 | -34.5 |
| Official international reserves including gold (USDmn) | 4,316.0 | 3,928.1 | 4,242.7 | 4,478.5 | 6,345.1 | 7,005.8 | 7,893.3 |
| Official international reserves (months of CXP cover) | 4.5 | 3.4 | 3.6 | 3.7 | 4.7 | 4.7 | 4.8 |
| External interest service (% of CXR) | 4.4 | 4.4 | 3.7 | 2.3 | 2.7 | 2.7 | 2.5 |
| Gross external financing requirement (% int. reserves) | -50.9 | 27.5 | 30.8 | 24.9 | 25.8 | 21.1 | 23.2 |
| **Real GDP growth (%)** | | | | | | | |
| US | 1.6 | 2.2 | 1.5 | 2.4 | 2.5 | 2.5 | 2.3 |
| China | 9.5 | 7.7 | 7.7 | 7.3 | 6.8 | 6.3 | 6.0 |
| Eurozone | 1.7 | -0.8 | -0.3 | 0.9 | 1.5 | 1.7 | 1.7 |
| World | 3.4 | 2.5 | 2.4 | 2.5 | 2.3 | 2.6 | 2.7 |
| **Oil** (USD/barrel) | 111.0 | 112.0 | 108.8 | 98.9 | 55.0 | 55.0 | 65.0 |

Source: Fitch

Figure 9

## Fiscal Accounts Summary

| (% of GDP) | 2012 | 2013 | 2014 | 2015f | 2016f | 2017f |
|---|---|---|---|---|---|---|
| **Central government** | | | | | | |
| **Revenue** | **19.0** | **19.7** | **19.4** | **20.9** | **21.6** | **22.0** |
| **Expenditure** | **22.1** | **21.9** | **21.6** | **24.5** | **25.2** | **25.5** |
| O/w interest payments | 1.7 | 1.4 | 1.2 | 1.4 | 1.9 | 2.1 |
| | | | | | | |
| Primary balance | -1.4 | -0.8 | -0.9 | -2.2 | -1.7 | -1.4 |
| **Overall balance** | **-3.1** | **-2.2** | **-2.2** | **-3.6** | **-3.6** | **-3.5** |
| | | | | | | |
| **General government debt** | **33.9** | **34.0** | **38.0** | **41.3** | **40.8** | **40.6** |
| % of general government revenue | 178.5 | 173.0 | 195.5 | 197.7 | 189.1 | 185.0 |
| | | | | | | |
| Central government deposits | 2.8 | 2.6 | 3.4 | 6.4 | 5.9 | 5.8 |
| Net general government debt | 31.1 | 31.4 | 34.7 | 34.9 | 34.9 | 34.8 |
| | | | | | | |
| Central government debt | 33.9 | 34.0 | 38.0 | 41.3 | 40.8 | 40.6 |
| % of central government revenues | 19.0 | 173.0 | 195.5 | 197.7 | 189.1 | 185.0 |
| | 0.6 | | | | | |
| **Central government debt (XOFbn)** | **22.1** | **5,257.2** | **6,438.5** | **7,722.3** | **8,445.7** | **9,311.6** |
| By residency of holder | 17.6 | | | | | |
| Domestic | 1.7 | 2,651.0 | 3,129.0 | 3,069.0 | | |
| Foreign | 4.5 | 2,605.0 | 3,308.0 | 4,652.0 | | |
| By currency denomination | | | | | | |
| Local currency | 1.3 | 2,651.0 | 3,129.0 | 3,069.0 | | |
| Foreign currency | -1.4 | 2,605.0 | 3,308.0 | 4,652.0 | | |
| In USD equivalent (eop exchange rate) | -3.1 | 5.7 | 6.1 | 7.2 | | |
| Average maturity (years) | - | - | - | - | | |
| **Memo** | **33.9** | | | | | |
| Nominal GDP (XOFbn) | 178.5 | 15,459.7 | 16,935.7 | 18,707.1 | 20,703.1 | 22,918.3 |

Source: Ministry of Finance and Fitch estimates and forecasts

Figure 10

## External Debt and Assets

| (USDm) | 2010 | 2011 | 2012 | 2013 | 2014 | 2015f |
|---|---|---|---|---|---|---|
| **Gross external debt** | **13,713.0** | **14,142.5** | **5,973.5** | **7,025.4** | **8,352.4** | **10,751.4** |
| % of GDP | 55.1 | 55.7 | 22.1 | 22.5 | 24.4 | 33.5 |
| % of CXR | 103.5 | 99.5 | 43.9 | 51.6 | 58.6 | 66.6 |
| | | | | | | |
| **By maturity** | | | | | | |
| Medium- and long-term | 11,095.4 | 11,443.0 | 4,833.2 | 5,684.4 | 6,758.1 | 8,553.5 |
| Short -term | 2,617.6 | 2,699.6 | 1,140.2 | 1,341.0 | 1,594.3 | 2,017.9 |
| % of total debt | 19.1 | 19.1 | 19.1 | 19.1 | 19.1 | 19.1 |
| | | | | | | |
| **By debtor** | | | | | | |
| **Sovereign** | **11,710.0** | **12,356.4** | **4,813.3** | **5,477.7** | **6,447.5** | **8,564.4** |
| Monetary authorities | 1034.0 | 477.3 | 477.8 | 478.8 | 478.8 | 478.8 |
| General government | 10,676.0 | 11,879.1 | 4,335.5 | 4,998.9 | 5,968.7 | 8,085.6 |
| O/w central government | - | - | - | - | - | - |
| **Banks** | **601.9** | **503.1** | **769.1** | **815.8** | **1,031.9** | **1,114.0** |
| **Other sectors** | **1401.0** | **1283.0** | **391.0** | **732.0** | **873.0** | **893.0** |
| | | | | | | |
| **Gross external assets (non-equity)** | **12,896.8** | **13,752.2** | **13,821.0** | **14,184.9** | **14,528.3** | **16,510.2** |
| International reserves, incl. gold | 3,624.4 | 4,316.0 | 3,928.1 | 4,242.7 | 4,478.5 | 6,345.1 |
| Other sovereign assets nes | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Deposit money banks' foreign assets | 670.3 | 836.2 | 1,292.9 | 1,359.9 | 1,449.7 | 1,565.2 |
| Other sector foreign assets | 8,602.1 | 8,600.0 | 8,600.0 | 8,600.0 | 8,600.0 | 8,600.0 |
| | | | | | | |
| **Net external debt** | **816.2** | **390.3** | **-7,847.5** | **-7,159.5** | **-6,175.9** | **-5,938.8** |
| % of GDP | 3.3 | 1.5 | -29.0 | -23.4 | -18.5 | -18.8 |
| Net sovereign external debt | 8,085.7 | 8,040.4 | 885.2 | 1,252.6 | 1,969.0 | 2,219.3 |
| Net bank external debt | -68.3 | -333.1 | -523.7 | -544.1 | -417.9 | -451.1 |
| Net other external debt | -7,201.1 | -7,317.0 | -8,209.0 | -7,868.0 | -7,727.0 | -7,707.0 |
| | | | | | | |
| **Net international investment position** | **-8,246.3** | **-6,240.0** | **1,455.9** | **1,300.1** | **-1,882.4** | **-5,561.0** |
| % of GDP | -33.1 | -24.6 | 5.4 | 4.2 | -5.5 | -17.6 |
| | | | | | | |
| **Sovereign net foreign assets** | **-8,085.7** | **-8,040.4** | **-885.2** | **-1,252.6** | **-1,969.0** | **-2,371.5** |
| % of GDP | -32.5 | -31.7 | -3.3 | -4.0 | -5.7 | -7.5 |
| | | | | | | |
| **Debt service (principal & interest)** | **-** | **1446.9** | **1464.1** | **1083.1** | **1148.9** | **1193.6** |
| Debt service (% of CXR) | 0.0 | 10.2 | 10.7 | 8.0 | 8.1 | 7.5 |
| Interest (% of CXR) | 4.6 | 4.4 | 4.4 | 3.7 | 2.3 | 2.7 |
| | | | | | | |
| Liquidity ratio (%) | 232.2 | 105.7 | 123.7 | 234.8 | 225.0 | 212.6 |
| Net sovereign FX debt (% of GDP) | 32.5 | 31.7 | 3.3 | 3.9 | 5.7 | 7.5 |
| **Memo** | | | | | | |
| Nominal GDP | 24,884.5 | 25,381.6 | 27,040.6 | 31,292.6 | 34,254.0 | 31,587.4 |
| Inter-company loans | - | - | - | - | - | - |

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

Figure 11

## External Debt Service Schedule on Medium- and Long-Term Debt at End-2014

| (USDm) | 2015 | 2016 | 2017 | 2018 | 2019 | 2020+ |
|---|---|---|---|---|---|---|
| **Sovereign: Total debt service** | **727.4** | **760.4** | **829.0** | **857.9** | **881.9** | **7,198.4** |
| Amortisation | 470.3 | 497.1 | 571.9 | 610.6 | 645.1 | 5,710.2 |
| Official bilateral | 99.3 | 106.1 | 100.7 | 98.5 | 104.4 | 466.5 |
| Multilateral | 95.2 | 92.1 | 138.3 | 171.3 | 178.6 | 738.7 |
| O/w IMF | 48.1 | 52.7 | 98.2 | 127.5 | 131.7 | 444.8 |
| Other | 267.3 | 245.5 | 246 | 243.5 | 243.5 | 1,444.7 |
| Bonds placed in foreign markets | 8.4 | 53.5 | 86.9 | 97.3 | 118.6 | 3,060.3 |
| | | | | | | |
| Interest | 257.2 | 263.3 | 257.1 | 247.4 | 236.8 | 1,488.2 |
| | | | | | | |
| **Non-sovereign public sector** | **n.a.** | **n.a.** | **n.a.** | **n.a.** | **n.a.** | **n.a.** |

Source: Ministry of Finance, Central Bank and Fitch

Figure 12

## Balance of Payments

| (USDm) | 2012 | 2013 | 2014 | 2015f | 2016f | 2017f |
|---|---|---|---|---|---|---|
| **Current account balance** | **-320.5** | **-632.8** | **-240.5** | **-390.7** | **-554.0** | **-822.9** |
| % of GDP | -1.2 | -2.0 | -0.7 | -1.2 | -1.7 | -2.3 |
| % of CXR | -2.4 | -4.6 | -1.7 | -2.5 | -3.2 | -4.3 |
| | | | | | | |
| **Trade balance** | **3,066.8** | **2,994.1** | **3,234.3** | **2,794.3** | **2,891.0** | **3,037.1** |
| Exports, fob | 12123.5 | 12049.3 | 12491.5 | 13,116.1 | 14,296.6 | 15,583.2 |
| Imports, fob | 9056.7 | 9055.2 | 9257.2 | 10,321.8 | 11,405.6 | 12,546.1 |
| | | | | | | |
| **Services, net** | **-1,946.1** | **-2,286.4** | **-2,136.3** | **-2,000.0** | **-2,100.0** | **-2,300.0** |
| Services, credit | 984.8 | 935.0 | 1,000.0 | 1,800.0 | 2,000.0 | 2,200.0 |
| Services, debit | 2,930.9 | 3,221.5 | 3,136.3 | 3,800.0 | 4,100.0 | 4,500.0 |
| | | | | | | |
| **Income, net** | **-920.5** | **-901.0** | **-946.0** | **-1,160.0** | **-1,300.0** | **-1,480.0** |
| Income, credit | 207.7 | 207.2 | 250.0 | 280.0 | 300.0 | 320.0 |
| Income, debit | 1,128.2 | 1,108.2 | 1,196.0 | 1,440.0 | 1,600.0 | 1,800.0 |
| O/w: Interest payments | 596.1 | 505.4 | 334.1 | 428.9 | 473.5 | 474.0 |
| | | | | | | |
| **Current transfers, net** | **-520.7** | **-439.4** | **-392.6** | **-25.0** | **-45.0** | **-80.0** |
| | | | | | | |
| **Capital and financial accounts** | | | | | | |
| Non-debt-creating inflows (net) | 8,288.0 | 333.1 | 453.1 | 650.0 | 800.0 | 1,000.0 |
| O/w equity FDI | 148.1 | 140.4 | 453.1 | 650.0 | 800.0 | 1,000.0 |
| O/w portfolio equity | 28.4 | 0.9 | 0.0 | 0.0 | 0.0 | 0.0 |
| O/w other flows | 8,111.5 | 191.8 | 0.0 | 0.0 | 0.0 | 0.0 |
| Change in reserves | -452.9 | 132.3 | 244.7 | 1,866.6 | 660.7 | 887.5 |
| **Gross external financing requirement** | 1,188.5 | 1,210.4 | 1,055.3 | 1,155.3 | 1,337.2 | 1,624.0 |
| **Stock of international reserves, incl. gold** | 3,928.1 | 4,242.7 | 4,478.5 | 6,345.1 | 7,005.8 | 7,005.8 |

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.