MOODY'S INVESTORS SERVICE

CREDIT ANALYSIS

Rate this Research

Côte d'Ivoire, Government of

RATINGS

Côte d'Ivoire

	Foreign Currency	Local Currency
Gov. Bond Rating	B1/POS	B1/POS
Country Ceiling	Baa3	Baa3
Bank Deposit Ceiling	Baa3	Baa3

Table of Contents:

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This Credit Analysis provides an in-depth discussion of credit rating(s) for Côte d'Ivoire, Government of and should be read in conjunction with Moody's most recent Credit Opinion and rating information available on Moody's website.

Overview and Outlook

Côte d'Ivoire's B1 rating is primarily supported by the economy's growing diversification and high growth prospects, which are underpinned by structural reforms and public investment in infrastructure. Moreover, the sovereign has relatively strong fiscal fundamentals and sustainable debt levels, supported by substantial donor support and debt forgiveness over the last few years. Additional credit support comes from the country's participation in the West African Economic and Monetary Union (WAEMU), and its relatively developed regional financial sector which has been able to absorb an increasing share of government debt.

Côte d'Ivoire's major credit constraint is its weak institutional strength. Like many of its Sub-Saharan African peers, it still scores low on the World Bank's World Governance Indicators. However, these have and should continue to improve steadily following the implementation of major institutional reforms. Côte d'Ivoire is also exposed to a moderate susceptibility to event risk, which is driven primarily by political risks. Deep political divisions within the country led to a brief civil war in 2011 that required international intervention, though efforts at national reconciliation have diminished the associated risks. Successful presidential elections in October 2015 will provide another five-year mandate to further reduce those risks.

The positive outlook assigned to the rating reflects Côte d'Ivoire's prospects for accelerating economic growth and structural reforms, which are likely to be supported by political stability, as well as IMF and donor support.

Upward credit pressure could develop as a result of (1) continued structural reforms, accelerating public and private investment; (2) further reduction in the country's public debt burden; and (3) improvements in governance, supported by a consolidation of political stability. Downward pressure would be exerted on the rating in the event of (1) a reversal of recent structural reforms; (2) an inability to keep the fiscal deficit at a moderate level; or (3) the re-emergence of significant political and social tensions that would in turn hinder the country's medium-term growth prospects.

This Credit Analysis elaborates on Côte d'Ivoire's credit profile in terms of Economic Strength, Institutional Strength, Fiscal Strength and Susceptibility to Event Risk, which are the four main analytic factors in Moody's Sovereign Bond Rating Methodology.

Rating Rationale

Our determination of a sovereign's government bond rating is based on the consideration of four rating factors: Economic Strength, Institutional Strength, Fiscal Strength and Susceptibility to Event Risk. When a direct and imminent threat becomes a constraint, that can only lower the preliminary rating range. For more information please see our Sovereign Bond Rating Methodology.

Economic Strength: Low

Economy has been reinvigorated by the return of political stability and infrastructure investment

Factor 1

Scale	VH+	VH	VH-	H+	H	H-	M+	M	M-	L+	L	L-	VL+	VL	VL-
+											■				-

Economic strength evaluates the economic structure, primarily reflected in economic growth, the scale of the economy and wealth, as well as in structural factors that point to a country's long-term economic robustness and shock-absorption capacity. Economic strength is adjusted in case excessive credit growth is present and the risks of a boom-bust cycle are building. This 'Credit Boom' adjustment factor can only lower the overall score of economic strength.

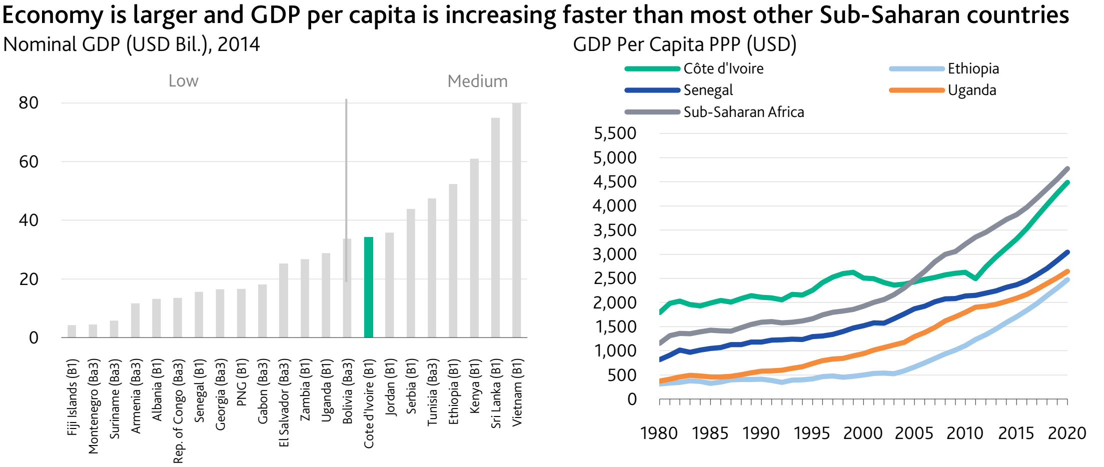
Moody's scores Côte d'Ivoire's economic strength as Low, a ranking shared by sovereigns such as Zambia (B1 negative), Mozambique (B2 negative) or, outside Africa, Armenia (Ba3 negative), Fiji (B1 stable), Honduras (B3 stable), Serbia (B1 stable).

A poor but medium-sized country, with rapidly increasing per capita income

Côte d'Ivoire is a medium-sized country, with a GDP of $34.3 billion at the end of 2014 and a fast growing population (2.6% per year) estimated at 22.7 million. Per capita GDP is only $3,130 in terms of purchasing power parity, placing it among the average for Sub-Saharan African countries and ahead of Uganda (B1 stable) Ethiopia (B1 stable) and Zambia (B1 stable) as illustrated by Exhibit 1.

EXHIBIT 1

Economy is larger and GDP per capita is increasing faster than most other Sub-Saharan countries



Sources: IMF, Moody's

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moodys.com for the most updated credit rating action information and rating history.

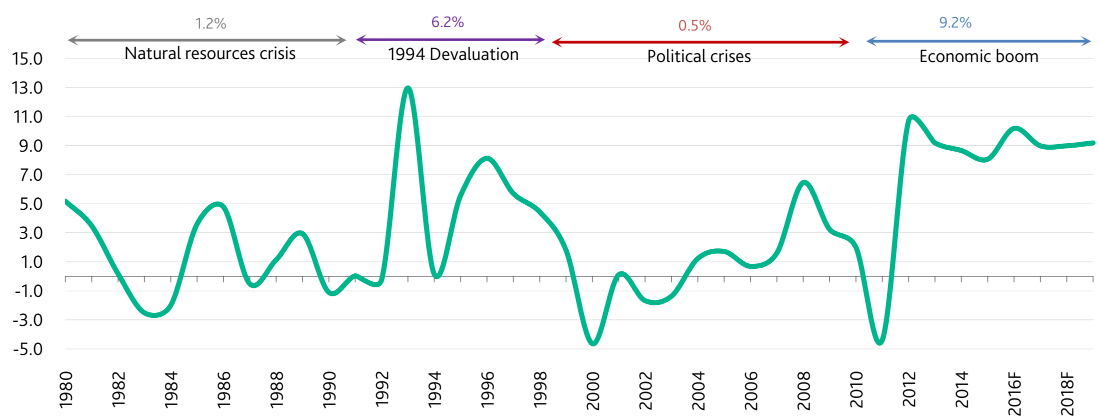
After 12 years of political crisis that severely damaged the economy, growth rebounded in 2011

From the 1999 coup to the second civil war at the beginning of 2011, average real growth rate was a very low 0.3% while the country experienced successive political crises. In fact, between 1980 till 2011, Cote d'Ivoire experienced thirty years of low growth (averaging 1.7%). This led to a very sharp deterioration in social indicators when combined with both the population increases and the lack of investment.

However, the return to political stability after President Ouattara took office in 2011 has supported a quantitative and qualitative acceleration in growth over the past four years, particularly in the manufacturing sector, construction and service sectors. After GDP contracted 4.4% in 2011 – the year of the post electoral conflict – growth jumped to 10.7% in 2012, 9.2% in 2013, 8.7% in 2014, and is forecasted at 8.1% in 2015. We project that Côte d'Ivoire's medium-term growth outlook is approximately 9% (slightly above IMF forecasts around 8%), higher than the average for Sub-Saharan countries and the above-mentioned B-rated countries.

EXHIBIT 2

Successive crises have led to two lost decades for Cote d'Ivoire, but growth is recovering strongly



Sources: IMF, Moody's

The country's strategic development guidelines are set out in detail in its 2012-2015 and 2016-2020 National Development Plans (NDPs; see Institutional Strength for more information). In particular, the authorities would like to echo the period that is commonly known as the "Ivorian economic miracle" via the NDP 2016-2020. During this period of prosperity (1960-78), robust growth (8% annually) and investment rates (20% of GDP) were driven by the agricultural sector, which provided the country with basic infrastructure.

Economy driven by a competitive and export-oriented agricultural sector, which still has very high potential for development

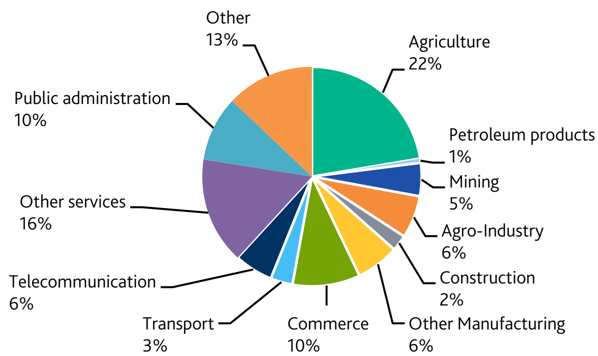
Unlike most other countries in the region where subsistence agriculture dominates, Côte d'Ivoire's sector is mechanized and export oriented, reflecting President Houphouët-Boigny's decision to base the country's development on agriculture post-independence. As illustrated in Exhibit 4, although Côte d'Ivoire's economy is relatively diversified, agriculture remains its largest component. The sector contributes around a quarter of GDP and is the largest share of export revenue – 40% of which is related to cocoa. It also provides income for two thirds of the population.

In particular, Côte d'Ivoire is the leading world producer of cocoa (37% of global production) and cola nuts; the second largest global producer and leading global exporter of cashew nuts; the leading African producer of dry rubber, bananas; the second largest African producer of palm oil; and the third largest African producer of cotton and coffee. Accordingly, the economy and largest share of exports will likely stay agriculture based and therefore subject to commodity price volatility.

EXHIBIT 3

Cote d'Ivoire's GDP is relatively diversified

Composition of Nominal GDP, by sector, 2014



Sources: National Authorities

The predominance of the sector explains large projects like the 2012 National Agricultural Investment Plan (NAIP) and why over CFA2,000 billion ($3.3 billion) has been earmarked to support this sector under the NDP, with the support of external financial partners. The latter has four clear objectives spanning over five years: (1) food security with agricultural growth of around 9% and the creation of over 2 million jobs, which will reduce the poverty rate in a significant way; (2) sustainable development of cash and export crops; (3) at least 60% private sector involvement; and (4) enhanced governance of the agricultural sector.

As of the plan's mid-term, almost all objectives are in line with targets except private sector participation, which is expected to grow faster towards the tail-end of the project. To export sustainably, Côte-d'Ivoire has decided together with the NAIP to create regional wholesale markets, improve rural roads, rehabilitate agricultural irrigation, and assist in mechanisation and the installation of processing equipment. This investment will have an almost immediate impact. For example, 30 to 40% of some local commodities are lost due to an inadequate road or transport network.

The coffee and cocoa commodity chain remains the most advanced in terms of value and volume. Despite past crises, the country has remained the largest cocoa exporter as the beans are amongst the best quality available on the market. From 1.5 million tonnes in 2012/14, cocoa production reached an exceptional 1.7 million tonnes in 2013/14. It is targeted to reach 2 million tonnes in 2020, with 50% to be processed domestically against 31%[1] in 2013/14. Cocoa related exports exceeded CFA2,400 billion ($4.9 billion) in 2014. Although coffee production has been hovering around 100,000 tonnes per year, the objective is to reach 200,000 tonnes by 2020 with a transformation rate of 35%.

Cashew nut production is expected to reach 625,000 tonnes in 2015 (2020 objective is 850,000 tonnes). Between 2013 and 2015, exports revenue increased by 68% to CFA 337 billion. Apart from increasing productivity, the objective is also to raise the processing rate to 100% (currently below 10%) because this work is labour-intensive and so can help lower unemployment. Cotton production has been rapidly growing at a rate of 26% over the last few years and reached 450,000 tonnes in 2014. Production of rice has been very successful. From a low at 550,000 tonnes in 2011, production reached 1,343,000 tonnes in 2014 with an objective of 2.4 million tonnes in 2018. Cultivation of hevea trees for latex is expanding rapidly, with over 100,000 hectares planted. The objective is 600,000 tonnes annually, compared to 290,000 in 2014. Oil palm trees cover 200,000 hectares and annual palm oil production totals 450,000 tonnes. A total of 70% comes from village planters. The objective is 600,000 tonnes in 2020. Ambitious targets have also been set for sugar cane, bananas, pineapples and mangos.

[1] Côte d'Ivoire has been making progress in transforming coca beans and is now the leader in grounding cocoa beans overtaking the Netherlands in 2014.

The Agricultural Orientation Law seeks to establish a marketing board to improve competitiveness and the allocation of revenue to planters. For example, the authorities ensure that 60% of the revenue is allocated to planters in the coffee and cocoa commodity chain. The implications for poverty reduction are significant as agriculture is diversifying and developing. To safeguard domestic or foreign investors, the implementation of the Rural Land Law[2] will allow for the emergence of a real rural real estate market.

Côte d'Ivoire still exhibits outstanding agro-industrial potential since 80% of the production is unprocessed. Also, improvements in productivity (yield/ha and infrastructure) could triple agricultural production, on average. Although a large transformation industry already exists in Côte d'Ivoire, the authorities want to achieve a processing rate of at least 50% for agricultural products in 2020, which would increase the domestic value added. There are also 3,500 co-operatives, mainly involved in the coffee and cocoa chain. Another 120 co-operative unions and four federations are involved in cotton, cashew nuts, palm oil and hevea. Once fully organized, the Ivoirian agricultural sector will be more efficient and resilient.

Mining sector shows high growth potential over the medium term despite the current commodity price downturn

Rapid developments in the mining sector are relatively recent for Côte d'Ivoire, though it is likely to record accelerated growth in the next few years following its reorganization. Côte d'Ivoire obtained the status as a Extractive Industries Transparency Initiative (EITI) Compliant Country in May 2013, and it introduced a new mining code in March 2014. This new code clarifies taxation of mining projects to attract new foreign investors.[3] Finally, the embargo on diamonds exports – implemented under the Kimberley Process – was lifted in 2014. While the sector accounted for only 1% of GDP in 2001, it already represented approximately 5% of the economy in 2014. Almost all of the sector is concentrated in gold but there are other minerals mainly manganese, bauxite, copper, nickel and diamond.

Gold production is concentrated at five sites, the most important of which are Tongon, Ity, Bonikro, Angovia and Agbaou. Production reached 18.6 tonnes in 2014, compared to only 12.4 tonnes in 2011. Five other mines will go into operation by the end of 2015 and 170 exploration permits were granted (120 in 2013 alone), evidence of the sector's promising outlook. The authorities' objective of 30 tonnes by 2020 seems achievable. However, the scale of mineral operations is still low, if we consider the fact that Côte d'Ivoire possesses one third of West Africa's Birimian greenstone belt. By way of comparison, Ghana, the region's leading gold producer with production above 90 tonnes/year, holds about 20% only of this belt. Over time, the mining sector is certain to play a major role in the country's economic development due to its structuring and the ripple effects on other economic sectors.

Côte d'Ivoire has reserves estimated at 4 billion tonnes of iron ore, 1.2 billion tonnes of bauxite and several hundred million tonnes of nickel. Mining of these reserves are likely to be delayed by the current downturn on commodity prices. Manganese has developed strongly over the past few years. Production rose from 120,000 tonnes in 2012 to 308,000 tonnes in 2014, and the authorities expect it to more than double over the next two years due to the opening of several mines. Low international prices could dampen the pace of this anticipated rapid growth. Diamond mining remains small scale, but the industrial potential is large.

Hydrocarbon production has still strong potential

Although under-developed (less than 1% of GDP), the oil and gas sector offers some growth potential following the adoption in April 2012 of a new more attractive petroleum code. PETROCI, the national oil company, works in partnerships with foreign oil operators. A total of 4 blocks are in production and 23 in exploration. In 2015, Exxon (Aaa stable) has acquired two exploration licenses in two different blocks. Today, proven offshore reserves total approximately 206 million barrels (excluding new discoveries), with probable reserves of over one billion barrels. Gross extraction cost averages approximately $28 per barrel. Côte d'Ivoire also has 262 million barrels – in terms of oil equivalent -- of gas reserves and 1.2 billion barrels of

[2] Only the national government, local and regional authorities as well as individuals can own land. To protect the operators' rights and facilitate the establishment of leases recognised by law, the Rural Land Law provides for a 10-year period to establish customary rights.

[3] At the 2014 Mines and Money conference in London, the prize for the most improved country in terms of mining reform was awarded to Côte d'Ivoire.

probable reserves. Current production which declined to 18,000 barrels per day of crude (against 25,000 in 2013) is expected to rebound to 30,000 bpd in 2015 while gas production remained stable around 39,000 barrels - in terms of oil equivalent.[4] This is mainly due to the completion in 2015 of new investment phases in already exploited blocks (namely Marlin CI-27, Espoir (CI-26), et Baobab CI-40).

It should also be mentioned that a maritime border dispute with Ghana is being judged at the International Tribunal for the Law of the Sea with a likely outcome in 2017.[5] It concerns the sovereignty over the Tweneboa-Enyenra Ntomme (TEN) oil field which is operated by a consortium led by Tullow Oil plc (B1 negative) which is for now Ghana's second-largest oil field. It is more than 55% complete and is scheduled to start production in mid-2016 with capacity to reach 80,000 barrels per day. An ultimate ruling in favour of granting partial or full ownership of the disputed area to Cote d'Ivoire would likely require the division of past and future revenues from the field between the two governments. This could result in a much higher level of oil production for Cote d'Ivoire.

Increased electricity production and basic infrastructure will support growth

Electricity production is particularly advanced and well oriented. Côte d'Ivoire even exports 10% of its production to Burkina Faso and Liberia. Electricity is mainly produced with domestic natural gas. Private electric utilities use 45%[6], while Compagnie Ivoirienne d'Electricité (CIE)[7] uses 40% of domestic gas. Prices for Côte d'Ivoire natural gas, which was previously burned, are low, assuring a relatively low electricity price when compared to the sub-region (CFA francs 74 per kW/h compared to more than CFA francs 150 in Senegal, for example). The private producers' margin is included in the final price. This situation explains the viability of the private investments announced for the sector, which will strengthen Côte d'Ivoire's role as a regional energy hub and its ability to supply domestic demand. The latter will be driven in part by the development of the manufacturing (agri-food) industry and mining. However, without this subsidy from the state (in the form of free gas and or a substitute heavy vacuum oil, HVO) the sector would be largely in deficit. This explains the recent decision to incrementally increase the final price of electricity to strengthen the sector and allow it to pursue its developments.

Production capacity increased from 1,391 MW in 2011 to 1,632 MW in 2015 and is currently mainly split between hydraulic (one third) and thermic (two thirds). The goal is to reach 4,000 MW in 2020, with over 20% exported by 2020 in order to match the increase in demand estimated around 150 MW per year and allow development of agribusiness and mining operations. If the objective of at least 2,000 MW by 2018 seems reachable taking into account the various projects being completed (most notably the Soubre dam which will add 275MW in 2017), 4,000 MW take into account the commissioning of two 700-MW coal power plants in the San Pedro region which have not been yet ordered. Moreover, while the network is being upgraded (more than 40,000 km of low and medium-voltage lines and 4,650 km of high voltage lines), the network losses are still estimated to be around 23%.

The government's strategy is geared to the recovery of private investment, creating sustainable jobs, supported by growing public investment in infrastructure and structural reforms. At the same time, it will seek to improve the economy's attractiveness to investors and strengthen its institutions. Energy, water, road networks and ports are being rehabilitated and developed, so that the agriculture, agro-industry and mining sectors develop further. The coherence of this strategy and the results already obtained over the past three years support expectations that close to real double-digit growth is expected from 2016 and at least up to 2020.

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4 This means about 20 years of proven reserves at the current pace of production.

5 See Moody's issuer comment called :"Ruling on Ghana's Maritime Border Dispute with Cote d'Ivoire Is Credit Positive for Ghana".

6 For example, the country's two leading private producers, Ciprel and Azito, have opted for the combined cycle technology, which means the addition of a steam turbine to an existing gas turbine. This technology will generate electricity without additional gas by using the heat lost from the gas cycle. Their production will increase by 111 MW and 130 MW respectively for investments of over CFA 200 billion in each case.

7 CIE has also been privatised. It holds the usufruct to the production facilities and networks inherited from the state-owned company. It ensures their operation and maintenance, while major work is covered by the government if necessary. It also proceeds with collections.

Institutional Strength: Very Low (+)

Return to political stability has spearheaded institutional improvements, but legacy of conflict weighs on development

Factor 2

Scale	VH+	VH	VH-	H+	H	H-	M+	M	M-	L+	L	L-	VL+	VL	VL-

+ … -

Institutional strength evaluates whether the country's institutional features are conducive to supporting a country's ability and willingness to repay its debt. A related aspect of institutional strength is the capacity of the government to conduct sound economic policies that foster economic growth and prosperity. Institutional strength is adjusted for the track record of default. This adjustment can only lower the overall score of institutional strength.

We score the institutional strength of the Côte d'Ivoire in the Very Low (+) category, a ranking shared by countries such as Bangladesh (Ba3 stable), Paraguay (Ba1 stable), Republic of the Congo (Ba3 stable), and Ethiopia (B1 stable). The country continues to rank among the lowest decile of our rated universe with respect to four of the six World Bank governance indicators. Our assessment of Cote d'Ivoire's Institutional Strength is supported by membership of WAEMU, reform momentum and peer comparison analysis.

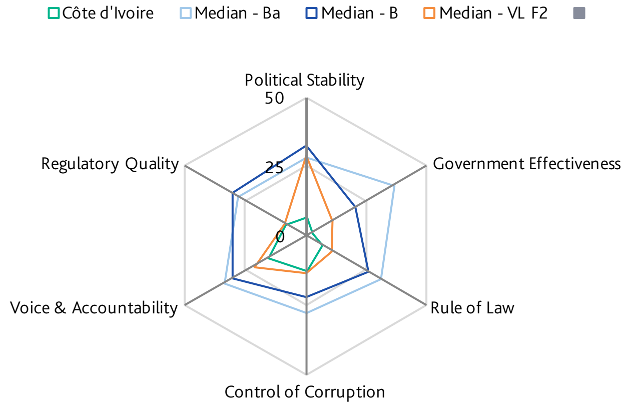
Ongoing reforms are markedly improving governance following over fifteen years of political instability

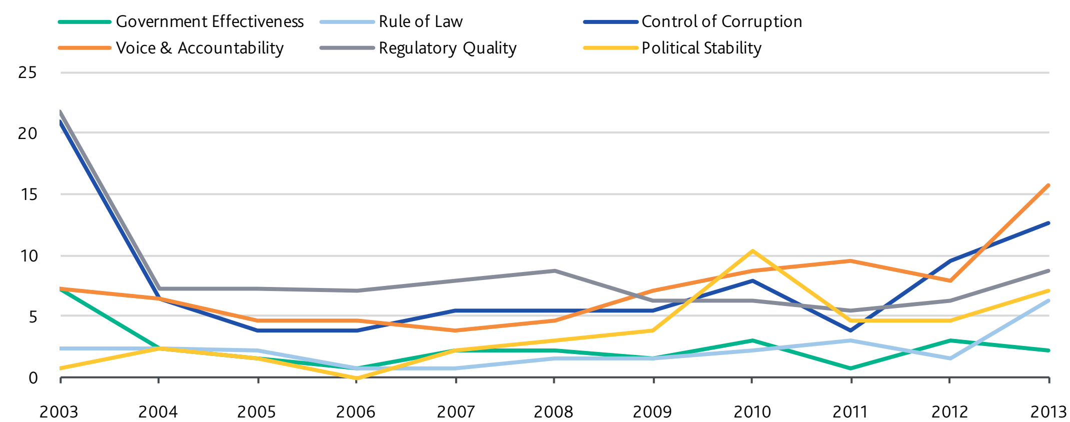
Since the return to political stability in 2011, when President Ouattara was sworn into office, Côte d'Ivoire has broken from the last 10 years of political crisis and reform stagnation and has embarked on determined path of reform. Although the spill-over effects of the 2011 conflict gradually faded as the security situation significantly improved, the harm caused to the country's institutions has taken time to heal. Even though all governance indicators tell of an improvement from 2011 onwards, with the exception of government effectiveness (see Exhibit 4), we think that current indicators lag – and thus understate – the actual progress made by the government in institutional reform. To illustrate this point, Côte d'Ivoire has ranked two years in a row among the ten best reformers in the Doing Business Report by the World Bank Group. Its rank has improved by 30 places, from 177 to 147, over 2013-15. This rapid progress also reinforces the resolve of the reform-minded staff within the current administration.

Côte d'Ivoire also receives support from the IMF through an Extended Credit Facility (ECF) approved in October 2011 for a period of three years and extended in 2015 following the fifth review. This program is geared towards strengthening public policy-making institutions through specific performance criteria. The government has also reiterated its willingness to expedite the reform of the Ivorian economy's governance framework. Relations with internationals institutions are excellent and it is very likely that another program with the IMF will be signed after the presidential election during the first semester of 2016. The new program will be comprehensive and will extend from 2016-20 to match the National Development Plan.

EXHIBIT 4

World Bank governance indicators are lower than countries scored "Very Low" for Institutional Strength, but there has been a strong institutional "takeoff" since 2011





Sources: World Bank, based on Moody's-rated countries

The National Development Plan outlines the government's strategy for a second "Ivorian miracle"

In 2011, the government outlined a National Development Plan (NDP 2012-2015) with the goal of making Côte d'Ivoire an emerging country by 2020. The NDP also aims to achieve an increase in foreign direct investment to 11% of GDP and double-digit growth from 2015 by creating one of the most competitive business environments in Africa through a series of structural reforms. As part of the regulation, the Côte d'Ivoire Investment Promotion Centre (CEPICI) was established to act as a center for investment in the country and coordinates and streamlines all government actions in this area.

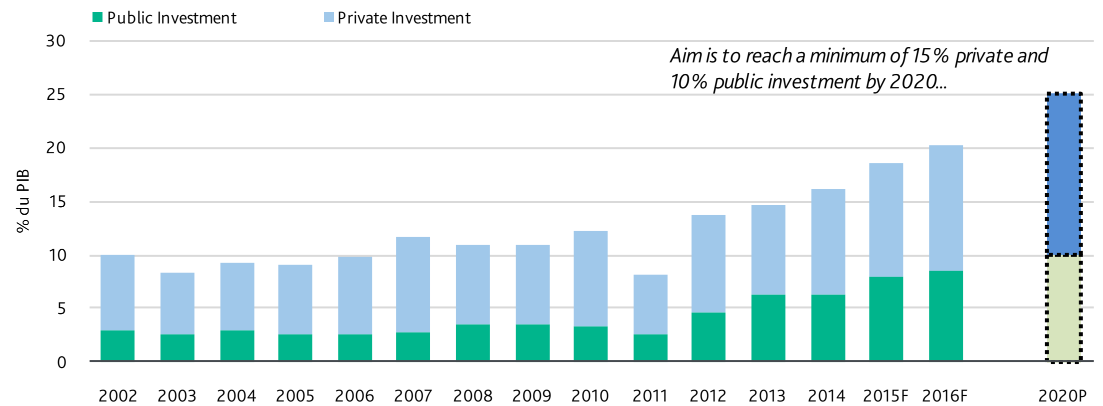
Although the 2020 goal to reach emerging status seems ambitious, it has clearly focused officials on improving the business climate and generating results. The plan has received strong backing from the international community, with roughly $22 billion pledged during meetings of the consultative group in Paris to help implement the NDP. In total, 40% of the NDP will be funded by the public sector and 60% by the private sector, making the latter the guarantor of a sustainable increase in investment in the Ivorian economy in the long term.

A new investment code was also introduced in 2012, and in addition to a range of incentives that ensure, for example, government assistance to businesses affected by social disruption as well as access to developed industrial zones. Thus far, results have been encouraging. Growth in private investment has outpaced a strong rise in public investment over the past three years (see Exhibit 5). Public investment geared towards heavy infrastructure such as roads, or social infrastructure such as school construction, rose from 2.5% of

GDP in 2011 to an expected 7.9% in 2015, while private investment increased from 5.6% to an expected 10.7% over the same period. While the average investment rate registered by Sub-Saharan African economies is 20.4% of GDP, Côte d'Ivoire's strongly improving trend of investment has brought its overall investment ratio to 18.6%, bringing it closer to the SSA average.[8] The government's goal is to reach a minimum of 25% investment to GDP by 2020, of which private investment will represent a minimum of 15%. In a similar vein, foreign direct investment has more than tripled to nearly 3% of GDP in 2015.

EXHIBIT 5

Private investment has more than doubled recently



Sources: National authorities

In addition, significant progress on social indicators is being achieved. The poverty headcount ratio, which was nearly 50% just after the 2011 civil war is clearly falling. However, poverty is still high and its reduction remains one of the new government's priorities. Spending in favor of the poor (including foreign financing) increased by 65% between 2012 and 2014 to CFA 1,622 billion ($3.3 billion) last year.

Efforts to improve government effectiveness resulted in improvements in the supply of electricity to cities and villages, with an increase of 200 localities per year. With 33% of households connected to the power grid in 2010, the objective of 50% by 2015 is attainable given monthly average connection rate. In particular, between 2011 and 2015, 889 villages have been connected to the grid. Access to water is another major project, with complete coverage of Abidjan accomplished in 2015. Previously, the city reported a deficit of 200,000 m^3 per day. Concerning the roads, between 2011 and 2014, the government successfully laid 1,930km of paved road (roughly one third of the total), and 7,500 km of dirt road (10% of the total). However, the authorities are aware that only a consolidation of roads after the upgrade will prevent another rapid deterioration in the road network. Public sector investment is essential for unlocking agricultural output and securing more private investment.

Structural reforms are being implemented across all sectors of the economy to boost its attractiveness

Economic liberalism and trade openness have been integral components of the Côte d'Ivoire's economic policy since the country's independence (e.g., 24% of the population is made up of non-nationals according to the 2014 census). As a result, the private sector is traditionally the major driver of economic growth. The country is one of the few where a local sponsor is not needed for a foreign investor. In fact, government intervention in the economy slowed sharply after the crisis in the early eighties, when commodity prices (including agricultural) collapsed, and the economy currently has one of the lowest rates of state ownership compared to other countries in Sub-Saharan Africa.

8 World Economic Outlook, 2015.

This liberalism is best exemplified by the electricity sector, which was privatized in the 1990s. As a result, it is one of the few countries to boast a small surplus of electricity production that is exported to the countries of the Sub-Saharan region. Private sector power producers already account for more than half of electricity production and invite further investment through public-private partnerships (PPPs) in this strategic industry. The telecoms industry has also been privatized and the government has announced its intention to divest its minority stake in Côte d'Ivoire Telecom. While the cocoa and coffee sectors are regulated by the Coffee and Cocoa Board, agriculture has essentially developed based on private stakes in the economy, with small-scale producers composing the vast majority of farmers. Unlike many countries in the Sub-Saharan region, Côte d'Ivoire has eliminated all fuel subsidies, with fuel prices now regulated by the market. In addition, the government also implemented a scheme to support small and medium-sized enterprises (SMEs), so as to increase their contribution to the country's GDP. The goal is to reach a 40% contribution to GDP by 2020 from 18% in 2013. To achieve this, an action plan has been developed to enhance access to finance and to markets, to reduce the proportion of informal exchanges and to create new industrial zones. By 2014 alone, the contribution of manufacturing to GDP stood at 23%. Industrialization is likely to come mainly from agribusiness and light manufacturing. Elsewhere, minimum capital requirements and capital duties for firm creation were also abolished, while a single one-stop shop was implemented for opening a business and paying taxes, which should enable Côte d'Ivoire to continue to make rapid headway in various international rankings.

Recent major reforms aim at accelerating the implementation of public and private investments, and include the establishment of a commercial court in August 2012, which already yielded highly satisfactory results. Since its set-up, timelines for litigation procedures have already been cut to an average of three months from several years. The creation of a court of appeal to complement this new judicial tool is also being considered. In addition, a new public procurement code, which incorporates the Western African Economic and Monetary Union's (WAEMU) guidelines and enforced by the set-up of a regulatory authority, was introduced in 2009 that reduced public procurement timelines to 88 days from 322, with the opportunity to appeal in the event that limits are exceeded. Still, there remain areas of improvement, for example public procurement contracts awarded as a result of non-competitive procedures still accounted for the 31% of the total at the end of June 2015.

With the strong increase in foreign investment in Côte d'Ivoire, the authorities decided to create a High Authority for Good Governance to prevent corruption. Created in April 2015, this institution is directly under the president to guarantee its independence and autonomy. In each province, it will have select judges and police officers to carry out its decisions. Although it is too early to assess its effectiveness, its establishment points to the government's resolve to reduce corruption.

Budget and public finance reforms have been paramount in supporting the government's strategy

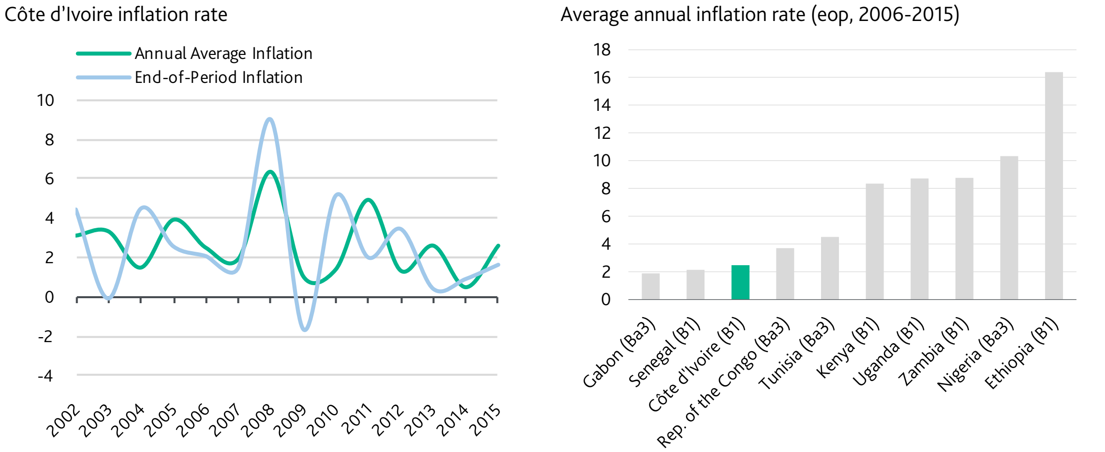
In order to boost the level of investment in the economy – especially by the private sector – the authorities needed to increase capital spending to revive basic infrastructure (electricity, energy, roads, water and sanitation). As spending increased, it became increasingly necessary to secure further public resources. There have been two main axes to increase the efficiency of public finance management: first, to rationalize resource mobilizing; second, to better regulate the execution of the budget. As an example of the former, the government was able to raise the recovery rate of checks paid at customs offices from 71% to 100%. To achieve this, checks are now scanned and sent to the tax office for immediate monitoring. If the check is not backed by sufficient funds, the exporter (which is now identified by a unique ID number for tax purposes) will have its license to export suspended if the funds are not provided within ten days. This system has been in place for most of 2015 and revenue at the customs are much higher at mid-June than budgeted. Another example is the fact that the government was able to reduce in eight months the delay to reimburse VAT owed to economic actors from 13.2 months to less than 48 hours, as long as all documents are provided. Modifying the law on VAT so that 10% of VAT receipts were put aside as a buffer for reimbursement. These two examples underscore the improved coordination across departments involved in public finance management, ultimately resulting in more predictable revenue collection (and less corruption) and better budget execution.

The Western African Economic and Monetary Union has been highly beneficial for monetary stability and institutional anchoring

The WAEMU is comprised of eight countries and 95 million people sharing a common currency, the CFA franc (see Annex for further information on the CFA zone framework). As a result, it provides a rigid framework for monetary and foreign-exchange policies enforced by the Central Bank of West African States (BCEAO). The latter pursues an inflation target, which has enabled its member countries to maintain outstanding price stability over time (see Exhibit 6). In fact, among its peers, Côte d'Ivoire, Senegal (B1), and Gabon (Ba3) have the lowest level of inflation.

EXHIBIT 6

Inflation still moderate given Côte d'Ivoire's WAEMU membership



Sources: IMF, Ivorian authorities

Moreover, WAEMU membership tapers fiscal policy since the BCEAO may not act as a lender of last resort and cannot therefore finance government deficits. The BCEAO also guarantees the banking regulator's independence. Finally, the WAEMU acts as a catalyst for structural reforms, encouraging member states to adopt specific common regulations in order to foster economic integration among themselves. There are also various institutions which help member countries monitor and exert pressure pressures on those not on track with targets.

Côte d'Ivoire plays a crucial role in this community, as it accounts for 40% of the WAEMU's GDP and has historically acted as a driver of regional integration. We highlight that the renewed growth and reform momentum in Côte d'Ivoire is likely to trigger a revitalization of economic integration initiatives and activity in the WAEMU.

Fiscal Strength: Moderate (+)

Debt relief obtained in 2012 and maintenance of moderate budget deficits reduce public finance risks

Factor 3

Scale	VH+	VH	VH-	H+	H	H-	M+	M	M-	L+	L	L-	VL+	VL	VL-
+															-

Fiscal strength captures the overall health of government finances, incorporating the assessment of relative debt burdens and debt affordability as well as the structure of government debt. Some governments have a greater ability to carry a higher debt burden at affordable rates than others. Fiscal strength is adjusted for the debt trend, the share of foreign currency debt in government debt, other public sector debt and for cases in which public sector financial assets or sovereign wealth funds are present. Depending on the adjustment factor the overall score of fiscal strength can be lowered or increased.

Moody's scores government financial strength as "Moderate (+)", the same as other similarly rated sovereigns as Bulgaria (Baa2 stable), Georgia (Ba3 positive), Nicaragua (B2 stable), Republic of the Congo (Ba3 stable), Gabon (Ba3 stable), and Ethiopia (B1 stable).

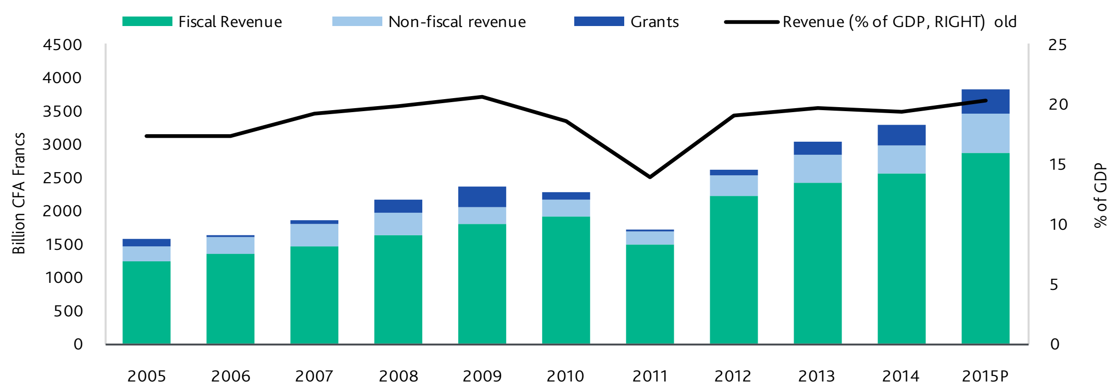
Relatively strong budget revenues still capable of robust growth

Government revenues have fluctuated around 20% of GDP, despite double-digit nominal growth over the past four years. Like most of its peers, tax revenue is mainly dependent on large corporates, which contribute 80% of revenue. These are defined as companies with revenues exceeding CFA 1 billion ($2 million). Such revenue are relatively diversified, reflecting the diversity of the economy, and relatively resilient: they only declined by approximately 25% in 2011 when the country was gripped by civil war.

As illustrated in Exhibit 7, fiscal revenues have been relatively dynamic, with customs revenue representing nearly half of overall fiscal revenues. In particular, taxes on the export of coffee and cocoa still accounted for approximately 15% of revenue at the end of 2014. The risks for prices for these commodities are generally hedged through forward sales contracts one year in advance, thereby limiting the impact of any significant unexpected price volatility. However, a drop in the price of cocoa will severely affect the revenue of millions of farmers and their families, who get 60% of the sale price. In such a scenario, the second-round effect on the economy would be material. Separately, oil and gas revenues account for 7% to 8% of tax revenues. Output stood around 18,000 barrels a day in 2014. Mining revenues are still low at around CFA 10 billion in 2014, despite its large potential.

EXHIBIT 7

Composition of government revenue



Sources: Finance Ministry

The government's objective is to free up more resources so that it can finance investment associated with its ambitious NDP. Though successful until now, a key question is whether the government will be able to raise tax collection even further throughout the 2016-20 period.

The government's strategy also targets an increase in the tax base to also allow a reduction in the tax level to make the country more attractive for investors. The first part of this effort is to reduce the informal economy, which is estimated at 40% of GDP. The government has initiated many reforms in this area. For example, it has simplified procedures as well as reduced costs and delays in the establishment of a business. With a wait of less than 24 hours and a cost of CFA 15,000 ($30 US) for registration, the authorities have largely reduced potential barriers to the development of the formal economy.

The second part of this effort is to improve tax collection capacity and efficiency. In order to better identify companies capable of paying taxes, the government created a tax identification and collection centre for mid-sized companies with revenues between CFA 400 million and CFA 3 billion. Improvement in VAT collection and reimbursement is also part of this effort.

Furthermore, zero tolerance for fraud is also being strictly enforced, with the customs department already collecting penalties. The systematic rotation of controllers is mandatory. Export scanners are being installed in the ports and at borders to check the contents of containers and to ensure better customs control.

To achieve the revenue growth needed to fund the government's 2016-20 NDP, more efforts are likely to be needed. In particular, over the last four years, the economy has benefitted from favorable agricultural commodity prices[9] and strong agricultural outputs, as political stability allowed the economy to catch up. A less favorable environment over the next five years would underscore the need for further reform.

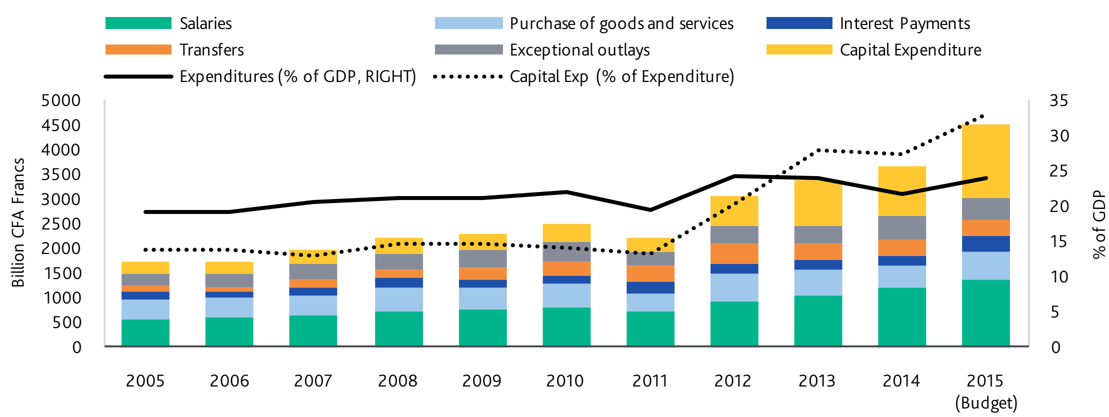
Rapidly growing expenditures, mainly to finance the country's infrastructure

Firstly, it is important to note that, with the exception of 2011, current expenditures are completely covered by tax revenues. As a result, the fiscal deficit, which remains relatively limited (2.5% of GDP on average between 2012 and 2014), only serves to finance capital expenditure.

Capital spending averaged 3% of GDP between 2005-11, which was equivalent to 14% of total expenditure, on average. The current administration has managed to increase public investment to an estimated 7.9% of GDP in 2015, equivalent to 33% of total spending. This upward trend (see the dotted line in Exhibit 8) is likely to continue, as the impact of the government's NDP grows.

EXHIBIT 8

Composition of government expenditures



Sources: Finance Ministry

9 Between May 2012 and July 2015, the price of coco beans increased by close to 57% from $2,113 a tonne to $3,326 a tonne.

Public-sector salaries are still the largest portion of current expenditures. Between 2000 and 2013, the public payroll increased by 120%. The authorities have been implementing catch-up increases for delayed statutory salary rises in 2014 and 2015. Salaries, as a percentage of tax revenue (i.e., excluding non-tax revenue and aid), should peak at 47% in 2015, up from 43% in 2013. By way of comparison, the ratio for Ghana (B3 negative) was 55% and that for Senegal (B1 positive) was 53% in 2014. The 2016-2020 objective is to return to the WAEMU community target of 35% of tax revenue. The authorities have also increased the retirement age from 60 to 65 and the pension contribution rate from 18% to 25%. It is important to note that this last measure strengthened those pension funds that were already in balance.

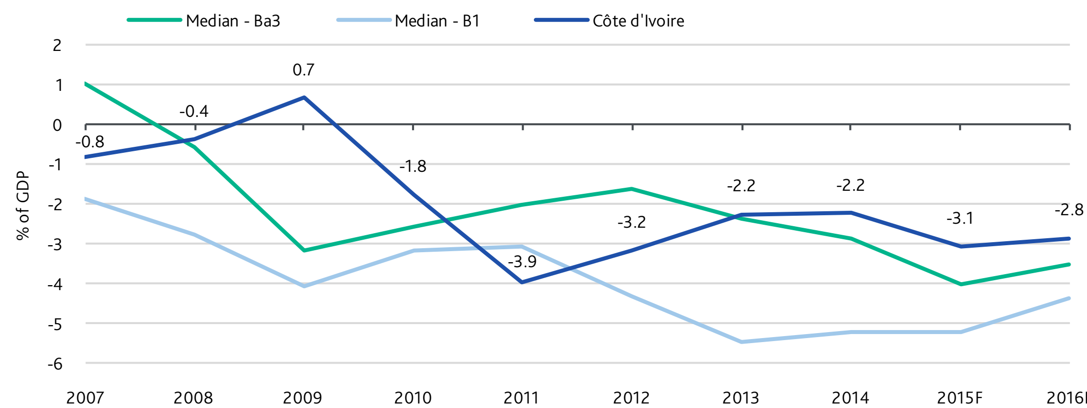
Concerning subsidies, electricity is subsidized indirectly by the government, which undertook to supply the necessary gas to private producers when the sector was privatized. The government collects no compensation on gas provided as it was previously burned by the petroleum companies. When there is not enough gas, it is replaced with a costly substitute – heavy vacuum oil, HVO – at the government's expense. Total electricity subsidies are expected to cost CFA 77 billion in 2015.

The expansion of gas production should brought down this amount lower in the next years. The total for subsidies and transfers, including electricity subsidies, transfers to national public institutions[10] (NPI), transfers to different government corporations in the public sector, and subsides for education and health, account for another 2% of GDP, or 8.3% of total expenditures, in 2014.

Budget deficit remains under control despite expenditure growth

Despite rise in public investment, deficits have remained under control between 2012 and 2014 (see Exhibit 9). In fact, the 2014 outcome was slightly better than budgeted, owing in particular to a much larger cocoa bean yield. The deficit for 2015, as an election year, is forecasted to be slightly higher than last year's deficit. In our view, the authorities are committed to a relatively low deficit (also lower than rated peers), despite the costs involved in their plan, supporting the positive outlook on the rating. Any anticipated fiscal slippage could potentially be avoided by delaying a few projects.

EXHIBIT 9
Cote d'Ivoire's fiscal deficit relative to peers



Sources: Ministère des Finances, Moody's

Debt forgiveness under the HIPC initiative has considerably improved public-debt ratios

Côte d'Ivoire benefitted from the debt relief provided under the Heavily Indebted Poor Countries (HIPC) initiative. After the country reached its completion point in June 2012, the key lenders of the Paris Club – which includes the leading industrialized countries – granted Côte d'Ivoire relief on its external debt. The total considered for relief was $12.6 billion at the end of 2008, including slightly over $6.9 billion owed to

[10] There are 91 national public institutions (NPIs). They should receive CFA 72 billion subsidies in 2014. They operate with CFA 180 billion if only their allocated revenues are added. A reform is in progress to reduce their number by at least 15 NPIs.

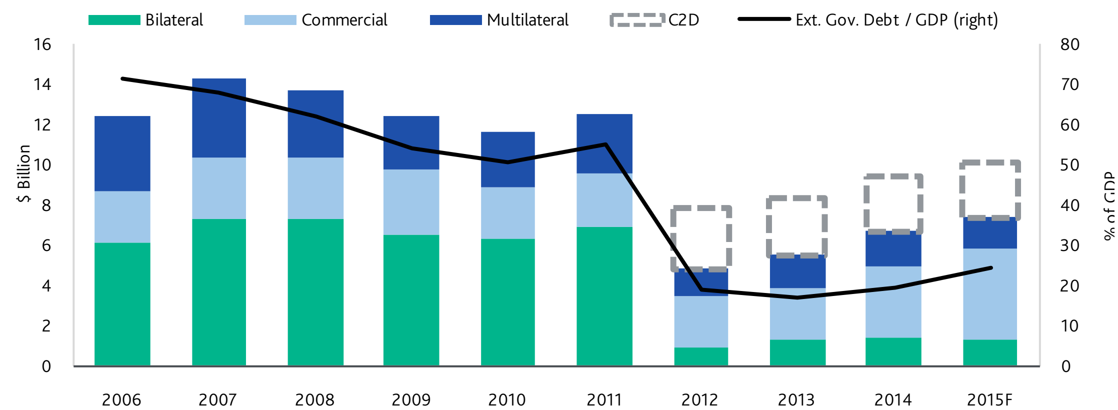
the Paris Club. Nearly $3.1 billion was cancelled immediately under the HIPC initiative, and $1.3 billion cancelled under the Multilateral Debt Relief Initiative (MDRI).

The Côte d'Ivoire government's external debt equaled only 21.7% of GDP at the end of 2012 (or approximately CFA 2,400 billion), compared to 58.1% of GDP (approximately CFA 6,300 billion) in 2011. Exhibit 11 illustrates the country's external debt trends over the past 10 years.

Concerning Côte d'Ivoire's default in 2011, and the restructuring of the 2013 Eurobond, a detailed analysis can be found in Annex 2 at the end of this report.

EXHIBIT 10

Composition of external debt, by creditor



Sources: Finance Ministry
We consider the C2D assistance granted by France as aid spread over time and not as a debt.

Like all the other countries that benefited from debt cancellation by the Paris Club, Côte d'Ivoire undertook not to grant a more favorable agreement to any other creditor, whether a bank, a supplier, or a bondholder, etc. Since the treatment of the old arrears within the context of the Paris Club (November 2012), Côte d'Ivoire has not shown new arrears on its external debt. Similarly, arrears on the public domestic debt were fully repaid. From a stock of CFA 350 billion ($730 million) at the end of 2013, CFA 153 billion were recognized following an audit covering the 2000-2010 period.

External debt – as presented by the authorities and the IMF – includes a large proportion of Debt Reduction and Development Contracts (C2D), which we do not consider as debt (this is why it is represented with dotted lines in Exhibit 10). C2D is a debt relief initiative granted by France under the HIPC initiative. C2D is implemented by the Agence Française de Développement and is effective from the completion point of the HIPC initiative and adds to the debt cancellations granted under the Paris Club. In this situation, the debtor country continues to honour servicing of the debt cancelled, but as soon as repayment is recognized, France pays back a subsidy for an equivalent amount into a special account with the BCEAO (operating on the shared signature of the Côte d'Ivoire government and the Director of the AFD in Côte d'Ivoire) to fund poverty-reduction programs selected with the beneficiary country.

While C2D is only recognized by the parties once the money is transferred by the French Treasury, it is nonetheless a debt forgiveness mechanism. We consider the C2D assistance granted by France as aid spread over time and not as a debt. In 2012, France granted Côte d'Ivoire debt reduction of €3.76 billion (approximately 20% of GDP), including €913 million in commercial debt forgiveness and €2.89 billion as C2D. The first tranche of C2D between July 2012 and December 2015 pertains to €630 million. The Côte d'Ivoire government today has more flexibility to decide for which projects C2D will apply in budget discussions. With two tranches of €112.5 million disbursed per year, C2D is a fully bilateral agreement, for which the amounts and maturities can evolve over time by mutual agreement. At its current pace, it will take 10 years to complete the program. A second tranche worth €1.12 billion of debt forgiveness covering 2015-20 has been again granted to the country under the C2D programme.[11]

The average interest rate on Côte d'Ivoire's public debt is 3%. Over 2015-16, gross financing needs are estimated on average at 6.6% of GDP. These needs are expected to be financed through external loans up to 60% on average, primarily through semi-concessional financing up to 41%, concessional financing up to 24% and issuances on the international market up to 35%. The remaining 40% are expected be financed through internal resources, 15% of which are expected to be financed through short-term instruments, 45% through medium term instruments, and the remaining 40% through long-term instruments, according to the authorities' debt management strategy.

Cote d'Ivoire's public debt burden, though rising, remains in-line with peers

The debt burden is moderate: without C2D, Côte d'Ivoire's public debt was 38% of GDP in 2014. Of the total, 51% was external debt and 41% was foreign currency-denominated debt. The average maturity of the overall debt at the end of 2014 was 6 years: 8 years for external debt and three years for domestic debt. There is virtually no short-term debt (1%).

The country's external debt is 46% held by bilateral and multilateral lenders, with long maturities and low interest rates. The rest is held by international banks and Eurobond investors. Its domestic debt is mainly held by non-banking organizations, which is temporary. Indeed, the banking sector's share is increasing, representing 46% of total domestic debt at end-2014, and the authorities forecast that more than half the country's domestic debt will be held by banks by 2015. The government was able to issue a 10-year domestic bond at under 6% twice in 2014-15. The domestic banks are ready to absorb a greater share of public debt instruments on their balance sheets (see section factor on banking system), even though the regional market is increasingly limited for Côte d'Ivoire's borrowing needs.

The public sector has 81 companies in its portfolio, including 43 public enterprises (majority held by government). In 2013, it posted a positive net result of CFA 159 billion, 28% lower than in 2012. The decrease was mainly due to mining, transport, and energy. A total of 15 companies have been identified for privatization, but the amounts raised will be modest as state ownership in the economy is already low.

The aggregate for public-sector debt excluding the central government is low, roughly CFA 500 billion, or a little under $1 billion at the end of 2014 (2.8% of GDP). The debt guaranteed by the government was CFA 138 billion (0.8% of GDP). The risk of a crystallisation of contingent liabilities therefore remains low.

Whether in terms of trending ratios, such as debt-to-GDP or government debt-to-revenue, Côte-d'Ivoire either outperforms or is in-line with rated peers, as illustrated by Exhibits 11-13. We anticipate the debt to remain below or close to 40% of GDP over the next few years which appear sustainable for Côte d'Ivoire.

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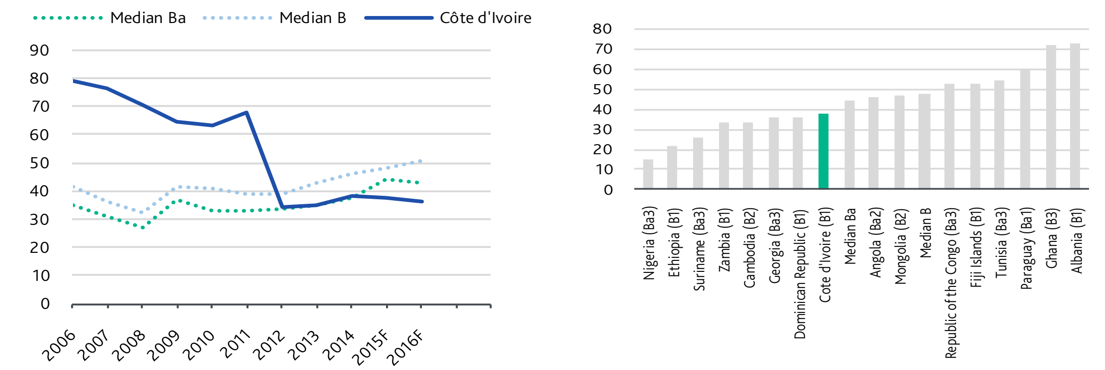
11 See Moody's issuer comments called: "Côte D'Ivoire Receives Further Debt Relief from France, a Credit Positive" published in December 2014.

EXHIBIT 11

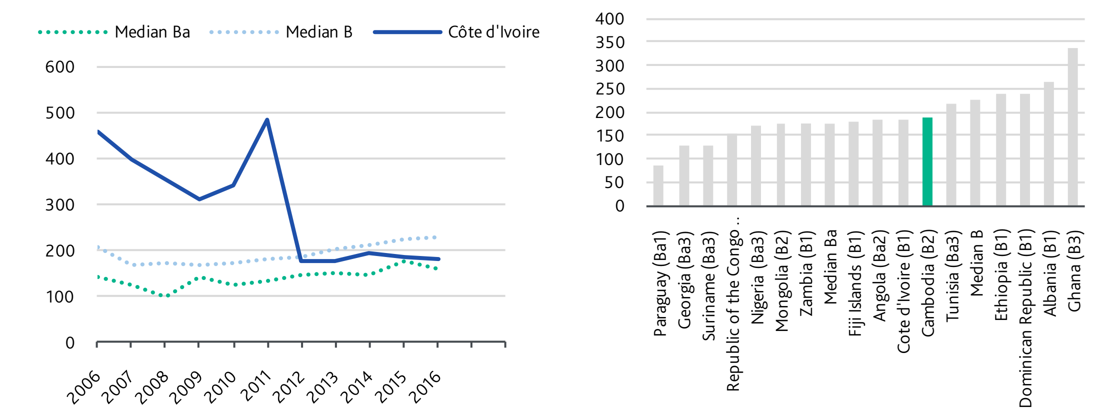
General Government Debt / GDP, 2015 (%)



Sources: Finance Ministry, Moody's

EXHIBIT 12

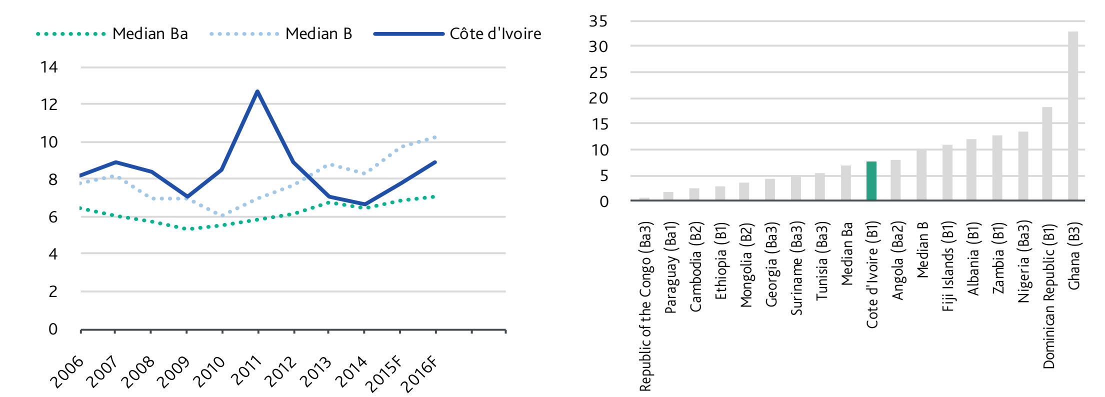
General Government Debt / Revenue, 2015 (%)



Sources: Finance Ministry, Moody's

EXHIBIT 13

Gen. Gov. Interest Payments / Gen. Gov. Revenue, 2015 (%)



Sources: Finance Ministry, Moody's

Susceptibility to Event Risk: Moderate

Factor 4

Scale	VL-	VL	VL+	L-	L	L+	M-	M	M+	H-	H	H+	VH-	VH	VH+

\+  -

Susceptibility to Event Risk evaluates a country's vulnerability to the risk that sudden events may severely strain public finances, thus increasing the country's probability of default. Such risks include political, government liquidity, banking sector and external vulnerability risks. Susceptibility of Event Risk is a constraint which can only lower the preliminary rating range as given by combining the first three factors.

Political Risk: Moderate

Moody's scores government political risk as "Moderate", the same as other similarly rated sovereigns as Angola (Ba2 negative), Kenya (B1 stable), Nigeria (Ba3 stable), Republic of the Congo (Ba3 stable), and Gabon (Ba3 stable)

The political situation has been stable following the end of civil war in 2011

Since the short 2011 civil war (see annex 3 at the end of this report for more details) and President Ouattara's accession to power, the Ivorian political situation has stabilized, spurred on by the new government and the support of the international community. Despite a few destabilization attempts against the new administration in 2011 and in 2012, which resulted in arrests and a few skirmishes on the border with Liberia, the Ivorian government has significantly strengthened its base and control throughout the territory.[12]

Many strides have been made towards national reconciliation. In particular, the Commission for Dialogue, Truth, and Reconciliation (Commission Dialogue, Vérité et Réconciliation or CDVR) chaired by Mr. Charles Konan Banny[13] was created to shed light on past events. The Commission submitted its report to the President of the Republic in September 2014 and a compensation fund for the victims was created with to start CFA 10 billion earmarked in 2015. The Commission Nationale pour la Reconciliation et l'Indemnisation des Victimes (CONARIV) has now succeeded to the CDVR. An estimated 500,000 victims will potentially be compensated, though it will take years to process.

2015 October presidential elections are unlikely to trigger instability

The decision of the International Criminal Court (ICC) to charge former President Gbagbo for crimes against humanity in June 2014 rules out his return for at least five years, when he would be 74 years old. This decision had far-reaching consequences for the Front Populaire Ivoirien (FPI). Though some radicals will likely continue to boycott elections as they did for legislative elections in 2012 and municipal elections in 2013, it will not prevent the elections from taking place. Efforts by the authorities to encourage the participation of opposition parties included the establishment of an Independent Electoral Commission (IEC) in charge of organizing the 2015 elections, unfreezing a number of bank accounts and released hundreds of political detainees as a gesture of confidence in restored stability.

Nevertheless, incumbent president Alassane Ouattara who has secured the backing of his party "le Rassemblement des Républicains" and its coalition partner "le Parti Démocratique de Côte d'Ivoire" to run for a second term is likely to win as a result. Not only has the current administration achieved solid economic growth and formed a robust alliance, but the opposition is divided and has been unable to

12 The Ivorian HSI (Human Security Index), which was at 3.8 at the end of the crisis, is currently estimated to be 1.2. For comparison purposes, the UN HSI stands at 2.

13 Former Prime Minister (December 2005-March 2007) and former Governor of the WAEMU (December 1994-December 2005).

organize itself effectively for elections. Though we expect some political noise during the electoral cycle, the 2015 election is unlikely to trigger instability.

The main threats to political stability mainly relate to the succession of current President Alassane Ouattara. Regional and ethnic tensions are likely to be revived should there be a succession struggle or should the current administration be perceived as discriminatory towards some segments of the population. This issue is bound to arise as we approach 2020, especially if the administration is re-elected in 2015 which is the most likely scenario at present.

Political stability is also strengthened by the good relationship that the government has with the international community and France in particular, which maintains a military presence in the country and has, on several occasions, acted as a mediator in major political conflicts. A new Defense Treaty "Partenariat" was ratified by both countries, and includes a French military base that will host more than 1,000 combat troops overtime and an academy for the whole sub region. The French military action in Mali has also ensured that the latter does not trigger instability in neighbouring Côte d'Ivoire. We also note that stability is further supported by Côte d'Ivoire's regional leadership, which explains why as soon as President Ouattara took office, he was elected Chair of the Economic Community of West African States[14] (ECOWAS) for a year and then re-elected by his peers.

Government liquidity risks: Very Low

The government's exposure to liquidity risks is low with borrowing needs below 7% of GDP. First, the Ivorian government continues to receive strong support from bilateral and multilateral donors. It also diversified its sources of funding as it gained access to global markets by issuing two Eurobonds over the last 12 months. Following the July 2014 issuance of a $750 million, 10-year sovereign bond, the government issued a $1 billion, 12-year Eurobond in February 2015. Reflecting its longer maturity and also adverse market movements, the 12-year bond's coupon came out a bit higher at 6.625%, compared with the 5.375% of the 10-year issue, although it attracted nearly $4 billion in bids. Those bonds have performed well on the secondary markets with yields lower than other Sub-Saharan issuers, bar South Africa. The authorities are also working with the Islamic Corporation for Development of the Private Sector (Aa3 stable) to issue $600 million of sukuks over the next few years to tap the growing Islamic pool of savings.

Moreover, the regional market remains available as an alternative. The regulatory changes introduced by the BCEAO to the transformation rate (to 50% from 70%) and reform of the sovereign bond repurchase market have enabled the highly liquid banking sector to support the government securities market. At present, the local market, particularly banks which can more easily refinance securities with the BCEAO, demonstrate a strong appetite for public debt instruments. Côte d'Ivoire has been the largest issuer in WAEMU for years being the largest economy of the Union. Also, Importantly, the debt-reduction and development contracts (C2D) may provide additional leeway whenever required.

Banking system risks are also limited

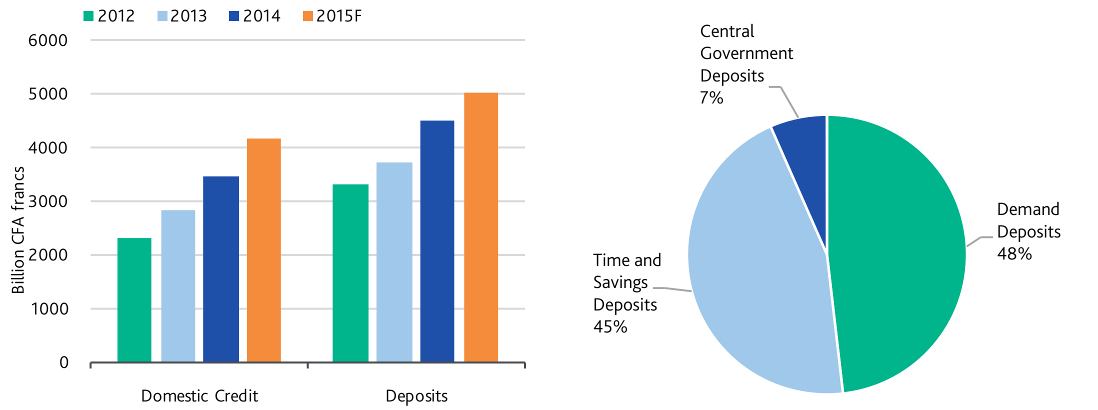
The Ivorian banking system is relatively small, with assets reaching $12.4 billion at the end of 2014. 28 Banks account for slightly more than 80% of the financial services market, with the remainder comprised of insurance companies, pension funds and micro-finance institutions. Most banks are foreign-owned (20), whilst the three major banks are subsidiaries of foreign banking groups. Banking branches are mainly located in Abidjan, where more than 40% of the country's economic activity is concentrated. As a result, the penetration rate of banking services is weak at 14.61% in 2013 (20.45% including the micro-finance sector). Market shares are very unevenly distributed as foreign bank subsidiaries dominate the sector, accounting for about 60% of assets. However, they generally have the most robust balance sheets and comply with all prudential requirements.

[14] The ECOWAS comprises fifteen West African countries, notably the eight member countries of WAEMU plus Nigeria.

Strong growth in domestic lending from banks (21% annually) over the last three years essentially reflects the economy's catch-up effect and confidence in the private sector. Net domestic asset rose by 11.2% in 2012 and almost 17% both in 2013 and 2014 , respectively. Deposits grew less rapidly than credit to the economy 14% on average over the last three years, but the ratio of banking intermediation (Domestic claims as a percentage of customer deposits) stood at 63% in 2014. 85% of bank deposits are made up of private deposits, which demonstrates the crucial role played by the private sector in the functioning of the banking system (see Exhibit 14).

EXHIBIT 14

Domestic credit is increasing rapidly, but remains substantially lower than deposits



Sources: IMF, Central Bank of West African States

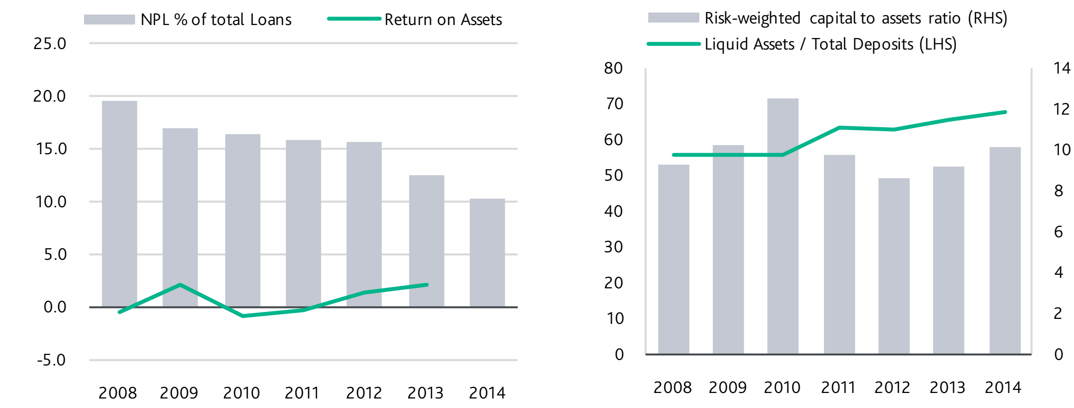
Contingent risks to public finances posed by the banking system are limited despite the adverse effects of the political and security crisis in 2011. A number of smaller banks (who are also the weakest) still fail to comply with some prudential ratios as they struggle with the legacy of the widespread deterioration in portfolio quality recorded in 2011 (during the clashes in 2011, the BCEAO forced Ivorian banks to suspend operations for about three months while the clearing system was shut down). However, the banking system has proven resilient, with no bank failing despite the turmoil.

However, despite some improvement, the overall quality of bank portfolios remains weak, especially amongst state-owned banks. In 2014, outstanding non-performing loans (NPLs) accounted for 10.3% of gross lending (16.3% in 2011). NPLs mainly arose from SMEs which had incurred domestic arrears accumulated by the government over the same period. However, most have been cleared, and the set-up of an office dedicated to SMEs, as well as the reform of the land property and judicial systems should encourage banks to redevelop their lending operations to SMEs. At present, Ivorian banks' prudential ratios in line with the average prudential ratios of other sub-Saharan African countries (see Exhibit 15).

Concerning the five banks with a majority stake held by the government and which account for less than 10% of the country's banking assets, a restructuring is taking place. The bank for the financing of agriculture (banque pour le financement de l'agriculture) had its licensed revoked in September 2014 and is being liquidated. The authorities have approved the privatization of Versus Bank and the Banque of Habitat Côte d'Ivoire (BHCI). As for the remaining two state-owned banks (Banque National d'Investissement and the Caisse National des Caisses d'Epargne de Côte d'Ivoire), the government plans to restructure them and establish a public banking hub to support the government's sectoral policies.

EXHIBIT 15

Prudential ratios have significantly improved since 2011



Sources: IMF, Central Bank of West African States

Côte d'Ivoire benefits from currency stability and robust external accounts

Côte d'Ivoire's external vulnerability is very low (-). A balance of payments crisis is extremely unlikely due to its membership in WAEMU[15], in which the CFA franc's convertibility is guaranteed by the French Treasury based on fixed exchange rate with the euro. In addition, Côte d'Ivoire has almost always recorded a trade surplus and a current account with, on average, a slight surplus over the long term (+1.5% of GDP between 1999 and 2014). The country export market is well diversified with no destination accounting for more than 105 of the exports. Moreover, its external debt stands at a relatively low 23.7 % of GDP (2014) and debt-service costs have also been reduced following debt cancellation in 2012.

Local banks display positive external positions, with foreign assets totaling $2.35 billion with a net positive position of $0.5 billion. However, this surplus position is partly the result of a number of banks failing to comply with the BCEAO rule requiring them to repatriate at least 80% of export proceeds. Bank repatriations totaled a mere CFA 277 billion ($560 million), or 14.6% in 2013. Repatriations reached CFA 656 billion in 2014 and CFA 900 billion already by end of June 2015. The BCEAO plans to continue to tighten this scheme and could impose fines to encourage compliance, which should continue to rapidly generate a significant structural increase in Ivorian foreign-currency reserves and benefit the wider balance of payments (which has actually been in surplus since 2011). A three-fold increase in the repatriation rate to 50% using 2013 number would imply a more than $1 billion (or 25%) rise in foreign-exchange reserves compared to end-of-year levels. As a result of all of these factors, the External Vulnerability Indicator (i.e., external short-term debt plus maturing long-term external debt divided by foreign-exchange reserves) is also very low, projected to reach only 9.7% by the year 2015.

The risk of a CFA franc devaluation remains very low

The main financial risk for Côte d'Ivoire would be a devaluation of the CFA franc, which would instantly increase debt relative to public revenue, given that about half of public debt is denominated in foreign currency. A devaluation would also significantly increase the cost of servicing this debt during the entire term of the loan. We cannot rule out this risk given the ongoing large aggregated current account deficit in the WAEMU zone (-6.7% of the WAEMU GDP in 2013), albeit it is offset by capital transactions. The projections are still pointing towards an increased in official reserves for the zone over the medium term.

In 1994, there was a 50% devaluation of the CFA franc relative to the French franc. However at present, we view this risk of such a depreciation being repeated as remote. The last devaluation was spurred on by a fall in the BCEAO reserve ratio (bank notes issued and deposits with the central bank) to below 17% in 1993; whenever reserves fall below 20% of the monetary base, the BCEAO is mandated to take measures to

[15] The UEMOA includes eight countries: Benin, Burkina Faso, the Côte d'Ivoire, Guinea Bissau, Mali, Niger, Senegal and Togo.

contract the monetary base. This scheme is similar to those operated in currency board arrangements. When reserves reach zero, the central bank then implements new measures. This occurred once in 1991, though the French treasury was able to keep the exchange rate intact during this period. Although it failed to generate the desired level of growth, the 1994 devaluation brought the coverage ratio up to 84%. It has exceeded 100% between 1999 and 2012 and stood at 90% at the end of 2013.

Over the past decade, this 69-year monetary arrangement has been tested by a series of crises in the two monetary sub-regions of the CFA zone and has remained intact in all instances. In addition, we note that devaluation would need to be agreed by all the countries in the CFA zone (western and central Africa) and by the French Treasury. As a result, it would be extremely unlikely to take place without a prolonged public debate. In light of the announced structural increase in foreign-currency reserves in both monetary zones of West Africa and Central Africa, an agreement to devalue the currency is very remote.

Annex 1:

The CFA Zone

Côte d'Ivoire is part of the WAEMU, whose currency (the CFA franc) has been linked to the euro through an agreement between participating countries and the French Treasury for over 69 years. Participation in the CFA franc zone has the following features:

» WAEMU members do not have their own central bank, monetary policy, currency or exchange-rate regime. There is one central bank for the union, the BCEAO, located in Dakar. The central bank sets monetary policy for the monetary union. The exchange-rate regime, in particular the level of the peg to the euro, is reached by a multilateral unanimous decision between the French Treasury and all the countries participating in the CFA zone.

» The currency reserves of the participating countries are pooled at the central bank. In turn, at least 50% of the reserves are deposited on a current account held by the French Treasury at the Banque de France. In addition, they earn an interest rate of EONIA +100 bps.

» The French Treasury acts as guarantor of the exchange-rate regime and ensures unlimited convertibility of the CFA franc with the euro. In practice, this support takes the form of an unlimited overdraft facility granted to the Western African central bank on its account at the Banque de France with the French Treasury. Note that the convertibility is not backed by a monetary arrangement (ECB support) but by an international agreement, with support from the French government.

» There are no capital transactions within the CFA zone, but there are capital controls between the zone and the rest of the world. In particular, the central bank reserves the right to compel private and public institutions within the area to redeem their foreign-currency holdings in return for CFA francs. Export revenue, for example, have to be repatriated and converted to CFA francs.

» Participation in the CFA zone greatly reduces the risk that exchange-rate depreciation raises the cost of servicing foreign-currency debt. It does not eliminate this risk, however, because (1) not all foreign-currency debt is euro-denominated; and (2) the possibility of al devaluation of the CFA franc relative to the euro exists: in 1994, the CFA franc was devalued by 50%.

» The WAEMU is also an economic union with an integrated financial system and unified customs, in which the free movement of persons and of capital is assured. The WAEMU Treaty establishes the harmonization of tax systems through common tax bases and brackets and has enabled the establishment of common external tariffs.

Annex 2:

The 2011 default on the 2032 Eurobond

After reaching the decision point of the HIPC initiative in March 2009, Côte d'Ivoire in April 2010 issued a $2.3 billion euro-bond maturing in 2032, repayable over a 23-year period, including a six-year grace period. This bond replaced the Brady bonds issued after the London Club restructuring in March 1998. After honouring the first coupon in June 2010, the authorities missed the coupon payments for December 2010, June 2011 and December 2011. The total involved $98.4 million.

Payments resumed in June 2012.[16] In November 2012, an agreement was reached with lenders for Côte d'Ivoire to clear its arrears. The lenders agreed to cancel late penalties on arrears.

Shortly afterwards, the authorities reopened the 2032 Eurobond issue and issued $187 million, bringing the total to $2.5 billion. The balance for the arrears was extended after the Paris Club's parallel private-debt renegotiations.

The electoral crisis that began in December 2010 resulted in the deterioration in diplomatic relations with President Gbagbo's government, which was considered illegitimate by many in the international community.

This break in relations extended to the country's main lenders and to other WAEMU members. Before the civil war, the economy was pressured by economic sanctions directed against the Gbagbo administration, which was still on control of the southern part of the country and Abidjan.

The BCEAO also withdrew recognition and refused access to the WAEMU currency pool in Dakar. It recognised access only for elected President Ouattara and his new administration installed at the Hôtel du Golf. President Gbagbo's supporters then moved quickly to seize the cash reserves held by the central bank in Abidjan.

The Ouattara administration was never able to take possession of the premises of BCEAO's local subsidiary in Abidjan, which held the systems to order payments and details of the recipients of these payments. This is why Cote d'Ivoire was unable to honour the coupon payments on its 2032 Eurobond.

Ouattara's triumph in March 2011 was followed the restoration of relations between Abidjan and the BCEAO and the gradual normalization of repayments on government debt. In the case of Côte d'Ivoire, default was unrelated to any unwillingness or any inability by its legitimate government to repay its debt because reserves were available at the central bank. Instead, payment was impeded by the new administration's inability to take control of the central bank, a subsidiary of the BCEAO.

The default was directly due to the political situation and the international community's rejection of the legitimacy of the Gbagbo government. Given the stabilisation of Côte d'Ivoire's political situation since 2011 and the encouraging outlook for reconciliation beyond 2015, we consider that the risk of a second default, similar to that of 2011, as low. Moreover, to mitigate the risk that a new political crisis, even fleeting, would trigger a default by a member country of the CFA Zone, WAEMU, concerned about its reputation, created a Financial Stability Fund (FSF) in May 2012 (Decision CN/UMOA/007/05/2012). Once operational with an endowment of CFA 383 billion ($795 million), this emergency fund is intended to cover the debt service of states in exceptional circumstances, as determined by its members. The beneficiary member state is then bound to repay the funds applied within five years. Once it is fully funded, the FSF will be able to prevent a default on government bonds in circumstances similar to 2011, because it will take over debt servicing costs. A confrontation between one government and other WAEMU members will pose a risk to a member state's signature only if the crisis becomes prolonged.

[16] See Moody's comment called: "Côte d'Ivoire's Efforts to Redress Missed Payments Support Sovereign Creditworthiness" published in October 2012

Annex 3:

The 2011 short civil war

The civil war that erupted following the election of President Alassane Ouattara in 2010 was responsible for the death of an estimated 3,000 people and was highly disruptive for the entire country. It led to the displacement of over 700,000 refugees within the country and more than 250,000 refugees in wider Sub-Saharan region. Almost all have returned, while 38,000 remain abroad, mainly in Liberia. The authorities are working in concert with the UN High Commissioner for Refugees (UNHCR) and the Liberian authorities in order to facilitate their return which was delayed because of the Ebola's outbreak. The conflict reflected deep political divisions within the country that date back to the early nineties when multiparty politics were introduced at the end of President Houphouet-Boigny's reign and when the country had been celebrated as a model for economic development in Sub-Saharan Africa. This was the result of a drawn-out political crisis.

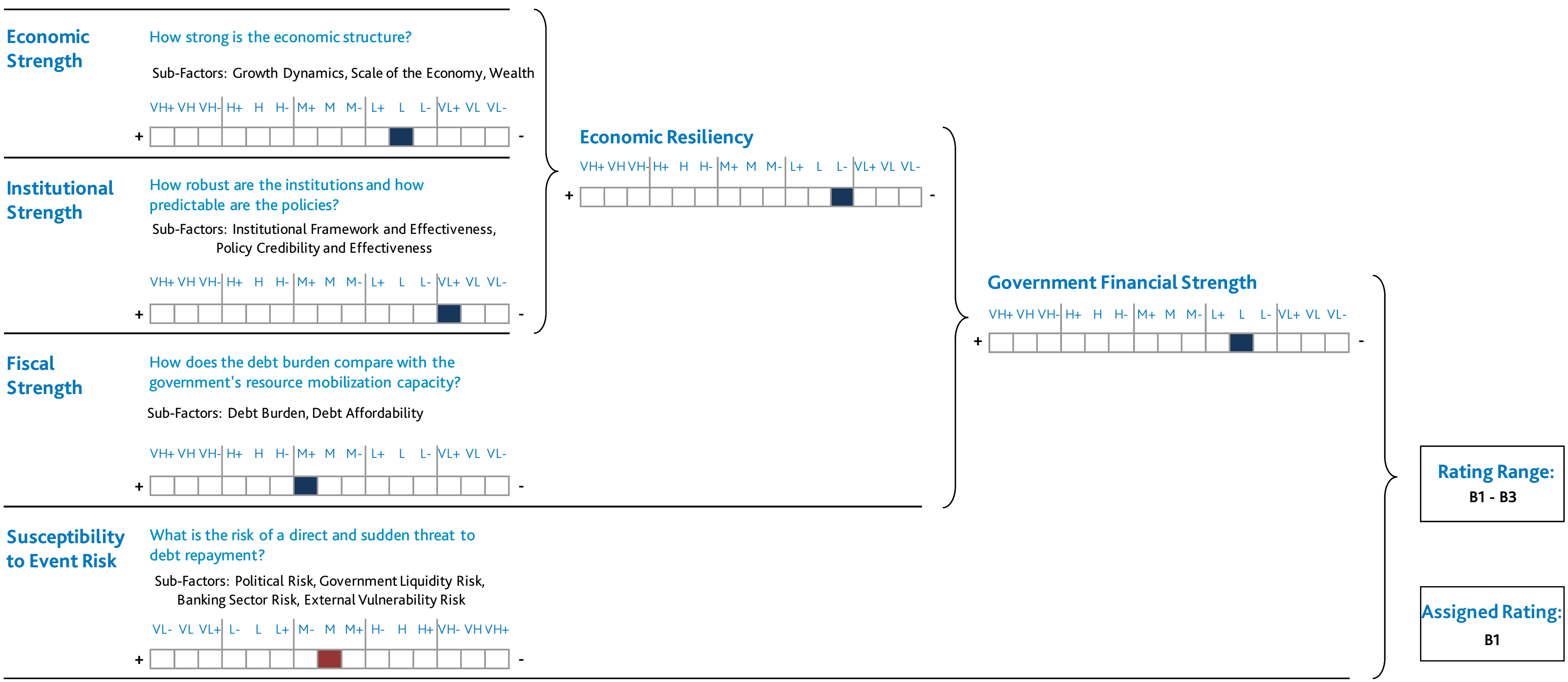
Events escalated with the 1999 coup of General Guei and the rejection by the Supreme Court of 14 of the 19 candidatures put forward in presidential elections in 2010. The electoral commission eventually announced the victory of Laurent Gbagbo after General Guei was ousted in the wake of mass social demonstrations. In September 2002, a movement formed by rebel soldiers gradually occupied the north of the country (about 60% of the territory) who eventually called themselves Mouvement des Forces Nouvelles. Although a peacekeeping force of French troops prevented clashes from escalating, the country was split in two. Peace talks started after a cease-fire was declared in October 2002 and resulted in the signing of the Linas-Marcoussis Agreement in France in 2003. A national unity government was formed amidst serious and recurring political tensions. In 2004, the UN Security Council authorized the deployment of the United Nations Operation in Côte d'Ivoire (UNOCI) with 10,000 UN peacekeepers, including 4,600 French soldiers. The Council continued to extend President Laurent Gbagbo's mandate regularly until the presidential elections of October 2010.

The protracted political crisis has also brought about increases in inequality, particularly between the north and south of the country. As a consequence, youth poverty and unemployment will be major challenges in the future.

Rating Range

Combining the scores for individual factors provides an indicative rating range. While the information used to determine the grid mapping is mainly historical, our ratings incorporate expectations around future metrics and risk developments that may differ from the ones implied by the rating range. Thus, the rating process is deliberative and not mechanical, meaning that it depends on peer comparisons and should leave room for exceptional risk factors to be taken into account that may result in an assigned rating outside the indicative rating range. For more information please see our Sovereign Bond Rating Methodology.

Sovereign Rating Metrics: Côte d'Ivoire



Comparatives

In terms of Economic Strength, Côte d'Ivoire ranks in-line with the B1 median of Moody's rated sovereigns. While its per-capita wealth is lower than the B1 median, its average real GDP growth generally ranks above rated peers. In terms of institutional strength, the country ranks below the B1 median, though there is good reason to believe that its metrics in this area understate the results the country has been able to achieve fairly rapidly to-date. Among its institutional strength is its membership in the CFA zone, which confers significant balance-of-payments stability, unlike most other Sub-Saharan African countries. As for its debt burden, Côte d'Ivoire generally compares better than rated peers. Its overall debt burden – both debt stock and interest payments relative to its economy and revenue – tend to be lower than B1 rated peers. This also reflects the fact that its fiscal balance has tended to be lower than the B1 median, as well. Côte d'Ivoire's Susceptibility to event Risk score is determined by domestic political risks. Its external metrics are strong relative to peers, with smaller current account deficits and a smaller External Vulnerability Indicator.

EXHIBIT 16

Côte d'Ivoire Key Peers

	Year	Cote d'Ivoire	Cambodia	Sri Lanka	Suriname	Bolivia	Senegal	B1 Median	Sub-Saharan Africa Median
Rating/Outlook		B1/POS	B2/STA	B1/STA	Ba3/STA	Ba3/STA	B1/POS	B1	B1
Rating Range		B1 - B3	B2 - Caa1	Ba3 - B2	Ba1 - Ba3	Ba2 - B1	Ba2 - B1	Ba3 - B2	Ba3 - B2
Factor 1		L	L-	M+	M-	M-	L+	M-	M-
Nominal GDP (US$ bn)	2014	34.3	16.7	74.9	5.8	33.8	15.6	35.4	28.8
GDP per Capita (PPP, US$)	2014	3,131	3,263	10,372	16,623	6,221	2,311	4,849	4,064
Avg. Real GDP (% change)	2010-2019	7.1	7.2	7.0	4.1	4.7	4.6	6.0	6.1
Volatility in Real GDP growth (ppts)	2005-2014	4.4	3.5	1.4	1.1	1.0	1.2	2.2	2.0
Global Competitiveness Index, percentile [1]	2014	8.7	21.9	36.8	12.2	14.9	10.5	20.6	11.4
Factor 2		**VL+**	**VL-**	**L+**	**L+**	**L-**	**L+**	**L**	**L-**
Government Effectiveness, percentile [1]	2013	3.1	6.2	32.5	44.9	26.3	21.7	20.9	18.6
Rule of Law, percentile [1]	2013	9.3	6.9	39.5	48.0	5.4	38.7	28.7	28.6
Control of Corruption, percentile [1]	2013	15.5	8.5	44.1	34.8	21.7	41.8	26.0	24.0
Avg. Inflation (% change)	2010-2019	2.3	3.2	5.3	4.9	5.4	1.7	5.3	5.5
Volatility in Inflation (ppts)	2005-2014	1.9	6.9	5.9	5.7	3.7	3.1	3.6	3.4
Factor 3		**M+**	**M-**	**VL-**	**H-**	**H-**	**L+**	**M-**	**M+**
Gen. Gov. Debt/GDP	2014	38.0	33.5	75.5	23.7	32.8	46.3	46.4	29.3
Gen. Gov. Debt/Revenues	2014	195.5	190.6	503.0	121.1	92.7	211.7	213.1	144.8
Gen. Gov. Interest Payments/Revenue	2014	6.7	2.4	29.7	4.2	1.8	6.9	10.5	6.0
Gen. Gov. Interest Payments/GDP	2014	1.2	0.4	4.5	0.8	0.6	1.7	2.4	1.2
Gen. Gov. Financial Balance/GDP	2014	-2.2	-2.4	-5.3	-5.0	-2.4	-5.1	-5.2	-3.8
Factor 4		**M**	**M-**	**M-**	**M+**	**M+**	**L+**	**M**	**M**
Current Account Balance/GDP	2014	-0.6	-11.1	-2.7	-6.7	2.0	-10.3	-5.6	-6.6
Gen. Gov. External Debt/Gen. Gov. Debt	2014	51.4	98.8	42.1	58.7	--	68.5	50.1	59.9
External Vulnerability Indicator	2016F	7.9	24.1	159.3	15.5	13.6	16.8	52.7	31.6

Notes:

[1] Moody's calculations. Percentiles based on our rated universe.

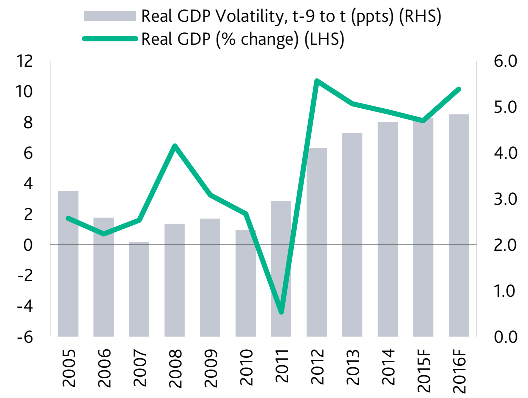
Source: Moody's

Appendices

Chart Pack

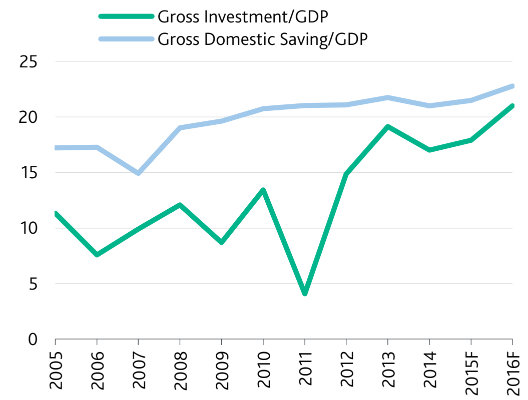
Côte d'Ivoire

EXHIBIT 17
Economic Growth



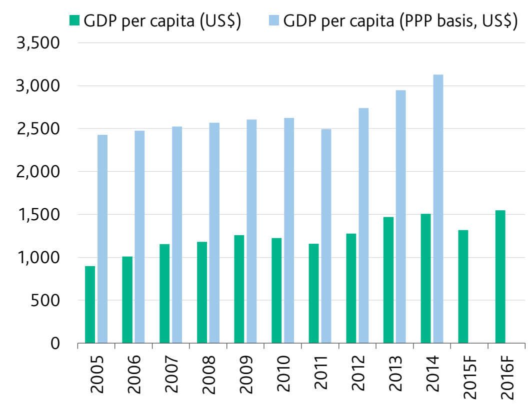
Source: Côte d'Ivoire authorities, Moody's

EXHIBIT 18
Investment and Saving



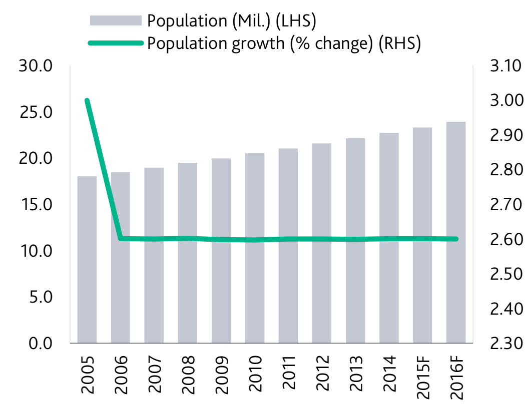
Source: Côte d'Ivoire authorities, Moody's

EXHIBIT 19
National Income



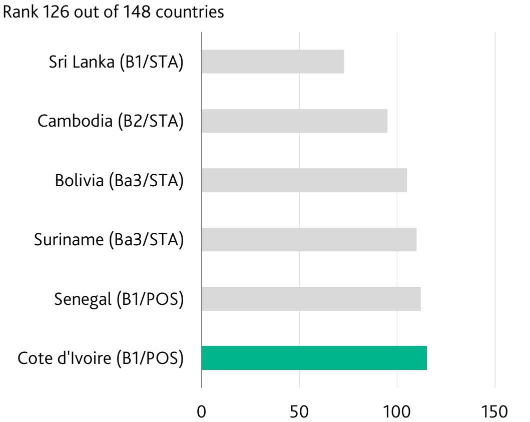
Source: Côte d'Ivoire authorities, Moody's

EXHIBIT 20
Population



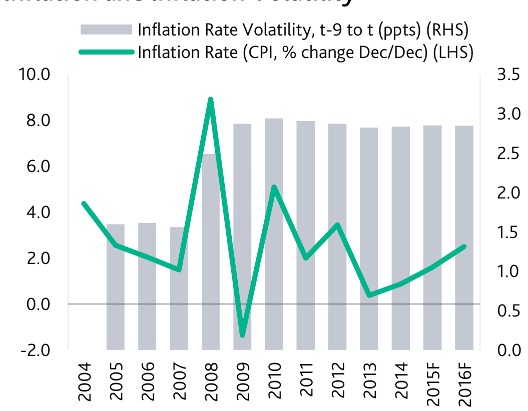
Source: Côte d'Ivoire authorities, Moody's

EXHIBIT 21
Global Competitiveness Index
Rank 126 out of 148 countries



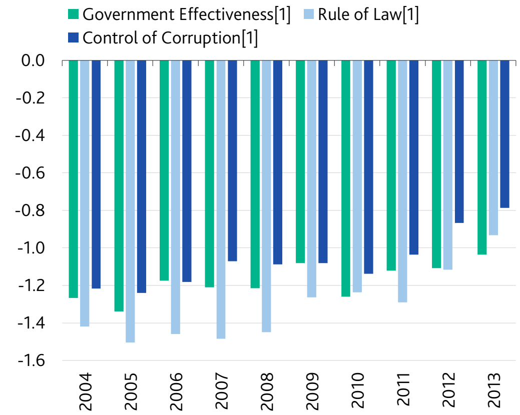
Source: World Economic Forum

EXHIBIT 22
Inflation and Inflation Volatility



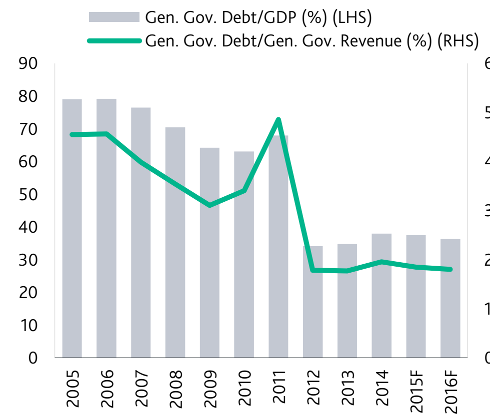
Source: Côte d'Ivoire authorities, Moody's

EXHIBIT 23
Institutional Framework and Effectiveness



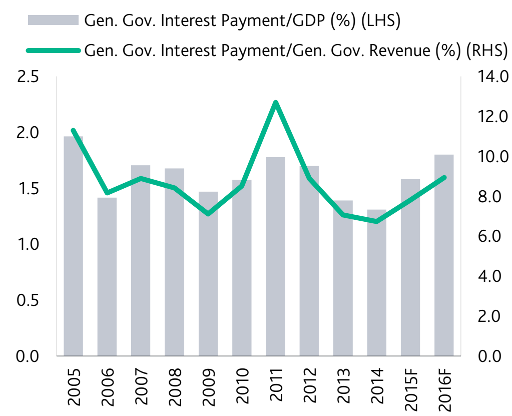
Notes: [1] Composite index with values from about -2.50 to 2.50: higher values correspond to better governance.
Source: World Bank Governance Indicators

EXHIBIT 24
Debt Burden



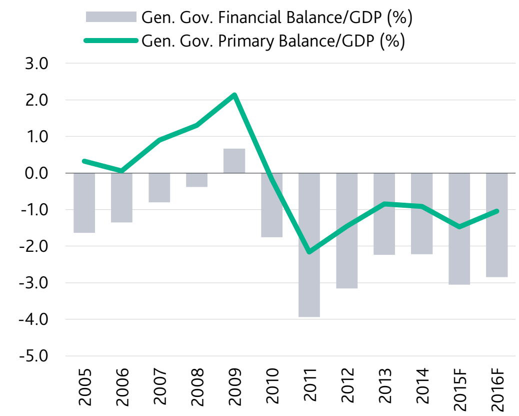
Source: Côte d'Ivoire authorities, Moody's

EXHIBIT 25
Debt Affordability



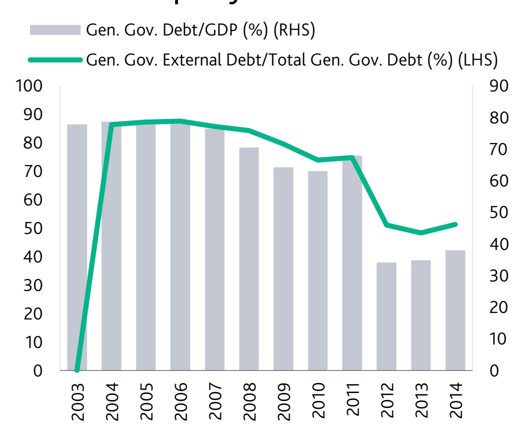
Source: Côte d'Ivoire authorities, Moody's

EXHIBIT 26
Financial Balance



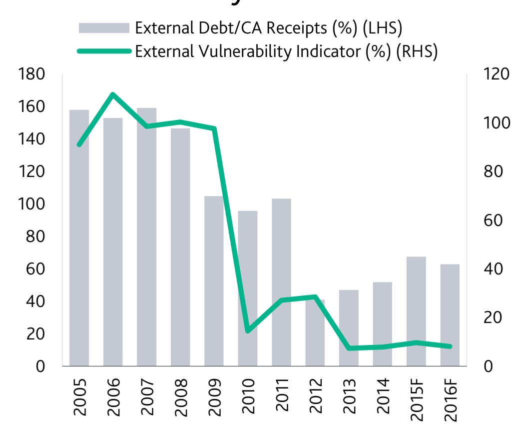
Source: Côte d'Ivoire authorities, Moody's

EXHIBIT 27
Government Liquidity Risk



Source: Côte d'Ivoire authorities, Moody's

EXHIBIT 28
External Vulnerability Risk



Source: Côte d'Ivoire authorities, Moody's

Rating History

Côte d'Ivoire

	Government Bonds			Foreign Currency Ceilings				
	Foreign Currency	Local Currency	Outlook	Bonds & Notes		Bank Deposit		Date
				Long-term	Short-term	Long-term	Short-term	
Rating Assigned	B1	B1	POS	Baa3	P-3	Baa3	P-3	July 2014

Annual Statistics

Côte d'Ivoire

	2007	2008	2009	2010	2011	2012	2013	2014E	2015F	2016F
Economic Structure and Performance										
Nominal GDP (US$ Bil.)	21.9	23.0	25.2	25.1	24.3	27.5	32.5	34.3	30.7	37.0
Population (Mil.)	19.0	19.5	20.0	20.5	21.0	21.6	22.1	22.7	23.3	23.9
GDP per capita (US$)	1152.8	1181.8	1260.0	1224.7	1156.6	1276.5	1467.9	1508.5	1318.9	1546.5
GDP per capita (PPP basis, US$)	2522.2	2570.3	2606.3	2623.1	2494.9	2739.6	2945.7	3130.8	--	--
Nominal GDP (% change, local currency)	4.7	11.3	5.7	7.5	0.1	11.0	12.9	9.5	11.3	11.9
Real GDP (% change)	1.6	6.5	3.3	2.0	-4.4	10.7	9.2	8.7	8.1	10.2
Inflation (CPI, % change Dec/Dec)	1.5	8.9	-1.4	5.1	2.0	3.4	0.4	0.9	1.6	2.5
Gross Investment/GDP	9.9	12.1	8.7	13.4	4.1	14.9	19.1	17.0	17.9	21.0
Gross Domestic Saving/GDP	14.9	19.0	19.6	20.7	21.0	21.1	21.7	21.0	21.5	22.8
Nominal Exports of G & S (% change, US$ basis)	3.1	18.8	8.2	2.1	8.4	-8.4	9.4	8.5	-11.8	5.5
Nominal Imports of G & S (% change, US$ basis)	13.0	13.3	-0.4	11.2	-14.4	17.5	18.7	4.8	-11.3	10.2
Openness of the Economy[1]	89.4	87.3	90.8	94.0	87.6	87.1	84.9	82.8	79.4	75.7
Government Effectiveness[2]	-1.2	-1.2	-1.1	-1.3	-1.1	-1.1	-1.0	--	--	--
Government Finance										
Gen. Gov. Revenue/GDP	19.2	19.9	20.7	18.5	14.0	19.1	19.7	19.4	20.3	20.1
Gen. Gov. Expenditures/GDP	20.0	20.3	20.0	20.3	17.9	22.3	21.9	21.7	23.3	23.0
Gen. Gov. Financial Balance/GDP	-0.8	-0.4	0.7	-1.8	-3.9	-3.2	-2.2	-2.2	-3.1	-2.8
Gen. Gov. Primary Balance/GDP	0.9	1.3	2.1	-0.2	-2.2	-1.5	-0.8	-0.9	-1.5	-1.0
Gen. Gov. Debt (US$ Bil.)	16.7	16.2	16.2	15.8	16.5	9.4	11.3	13.0	11.5	13.4
Gen. Gov. Debt/GDP	76.5	70.5	64.2	63.0	67.9	34.2	34.9	38.0	37.5	36.3
Gen. Gov. Debt/Gen. Gov. Revenue	398.6	353.9	310.9	340.4	485.4	178.5	177.3	195.5	184.6	180.2
Gen. Gov. Int. Pymt/Gen. Gov. Revenue	8.9	8.4	7.1	8.5	12.7	8.9	7.1	6.7	7.8	8.9
Gen. Gov. FC & FC-indexed Debt/GG Debt	83.1	81.4	75.0	69.4	70.1	42.1	38.2	41.1	51.6	48.4
External Payments and Debt										
Nominal Exchange Rate (local currency per US$, Dec)	445.6	471.3	455.3	490.9	507.0	497.2	475.6	494.2	613.0	570.4
Real Eff. Exchange Rate (% change)	1.9	4.7	-0.2	-5.7	2.0	-4.1	4.5	1.0	--	--
Current Account Balance (US$ Bil.)	-0.1	0.5	1.6	0.5	2.7	-0.3	-0.4	-0.2	-0.2	-0.3
Current Account Balance/GDP	-0.6	2.0	6.4	1.9	10.9	-1.2	-1.4	-0.6	-0.7	-0.9
External Debt (US$ Bil.)	17.6	17.0	14.1	13.1	14.4	6.0	7.0	8.1	9.4	10.2
Public External Debt/Total External Debt	81.5	80.4	88.4	89.0	87.6	80.6	78.0	78.6	78.7	80.8
Short-term External Debt/Total External Debt	10.4	10.2	0.5	2.9	6.7	1.9	1.8	1.8	1.8	1.8
External Debt/GDP	80.5	73.9	57.6	52.4	58.1	21.7	21.6	23.7	30.5	27.5
External Debt/CA Receipts[3]	159.1	146.4	104.8	95.7	103.1	41.0	47.0	51.7	67.3	62.9
Interest Paid on External Debt (US$ Bil.)	0.2	0.3	0.1	0.1	0.2	0.1	0.1	0.1	0.2	0.2
Amortization Paid on External Debt (US$ Bil.)	0.6	0.7	0.5	0.3	0.5	0.2	0.1	0.2	0.2	0.3
Net Foreign Direct Investment/GDP	2.1	1.8	1.6	1.3	1.0	1.2	1.1	2.8	2.9	3.1
Net International Investment Position/GDP	--	--	--	--	--	--	--	--	--	--
Official Forex Reserves (US$ Bil.)	2.5	2.3	2.8	3.2	3.9	3.5	3.8	4.1	5.2	6.0
Net Foreign Assets of Domestic Banks (US$ Bil.)	0.1	0.2	0.1	0.1	0.3	0.5	0.5	--	--	--

Côte d'Ivoire

	2007	2008	2009	2010	2011	2012	2013	2014E	2015F	2016F
Monetary, External Vulnerability and Liquidity Indicators										
M2 (% change Dec/Dec)	23.6	5.7	17.2	18.2	10.7	6.9	11.4	16.0	--	--
Monetary Policy Rate (% per annum, Dec 31)	4.3	4.8	4.3	4.3	4.3	4.0	3.5	3.5	--	--
Domestic Credit (% change Dec/Dec)	19.9	7.2	19.1	13.2	1.4	19.6	20.2	19.4	--	--
Domestic Credit/GDP	20.1	19.4	21.9	23.0	23.3	25.1	26.7	29.2	--	--
M2/Official Forex Reserves (X)	252.9	282.6	271.7	264.1	232.7	281.6	301.1	314.7	--	--
Total External Debt/Official Forex Reserves	699.8	755.9	496.1	408.5	368.9	170.3	183.8	198.9	180.3	169.6
Debt Service Ratio[4]	7.3	8.3	4.3	3.2	5.1	1.8	1.6	1.9	3.0	2.7
External Vulnerability Indicator[5]	98.5	100.2	97.5	14.4	27.0	28.4	7.3	7.9	9.7	8.1
Liquidity Ratio[6]	25.6	25.4	34.7	27.2	41.7	37.4	-11.3	-21.7	--	--
Total Liabilities due BIS Banks/Total Assets Held in BIS Banks	170.2	154.6	83.6	55.9	84.1	95.3	92.7	75.7	--	--
"Dollarization" Ratio[7]	9.3	8.9	9.1	8.9	7.1	9.8	9.0	--	--	--
"Dollarization" Vulnerability Indicator[8]	14.5	15.4	14.4	14.0	10.8	15.9	15.6	--	--	--

Notes:

[1] Sum of Exports and Imports of Goods and Services/GDP

[2] Composite index with values from about -2.50 to 2.50: higher values suggest greater maturity and responsiveness of government institutions

[3] Current Account Receipts

[4] (Interest + Current-Year Repayment of Principal)/Current Account Receipts

[5] (Short-Term External Debt + Currently Maturing Long-Term External Debt + Total Nonresident Deposits Over One Year)/Official Foreign Exchange Reserves

[6] Liabilities to BIS Banks Falling Due Within One Year/Total Assets Held in BIS Banks

[7] Total Foreign Currency Deposits in the Domestic Banking System/Total Deposits in the Domestic Banking System

[8] Total Foreign Currency Deposits in the Domestic Banking System/(Official Foreign Exchange Reserves + Foreign Assets of Domestic Banks)

Source: Côte d'Ivoire authorities, Moody's

Moody's Related Research

Rating Methodologies:

» Sovereign Bond Ratings, September 2013 (157547)

» Sovereign Default and Recovery Rates, April 2014 (166650)

Moody's Website Links:

» Sovereign Risk Group Webpage

» Sovereign Ratings List

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

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