

BEST'S COUNTRY RISK REPORT

Côte d'Ivoire CRT-5

August 22, 2018

Region: Sub-Saharan Africa

[Country Risk Criteria Procedures](#)

[Guide to Best's Country Risk Tiers](#)

- The Country Risk Tier (CRT) reflects A.M. Best's assessment of three categories of risk: Economic, Political, and Financial System Risk.
- Côte d'Ivoire, a CRT-5 country, has a high level of economic risk and very high levels of political and financial system risk.
- The economy is driven largely by agriculture, particularly crops such as cocoa and coffee, and is vulnerable to changes in climate and volatility in commodity markets. GDP growth was 7.8% for 2017, and is expected to range from 7.0% to 7.5% over the medium term.
- The political situation can be highly volatile and has been persistently unstable due to ethnic, religious, and regional divides. Despite some improvement, political tensions remain elevated.
- The majority of countries in Sub-Saharan Africa are categorized as CRT-5, the exceptions being Mauritius at CRT-3 and South Africa at a CRT-4.



- Country Risk Tier 1 (CRT-1)** Very Low Level of Country Risk
- Country Risk Tier 2 (CRT-2)** Low Level of Country Risk
- Country Risk Tier 3 (CRT-3)** Moderate Level of Country Risk
- Country Risk Tier 4 (CRT-4)** High Level of Country Risk
- Country Risk Tier 5 (CRT-5)** Very High Level of Country Risk

Regional Summary: Sub-Saharan Africa

- Africa's growth prospects are expected to improve slightly on rising domestic demand, stronger global growth, a recovery in agricultural production, and modestly increasing commodity prices. However, economic growth continues to lag population growth, making any significant progress towards human development goals difficult.
- The region faces several headwinds that limit potential, including political uncertainty, challenging business environments that erode investor confidence, fiscal pressures, high debt, poverty, growing numbers of refugees, corruption, inadequate infrastructure, and an unstable security environment.
- The IMF estimates that about 40% of the region's low-income countries have a high risk of debt distress or are already in debt distress. A large share of the region's sovereign debt is denominated in foreign currency, and an appreciating dollar/euro would lead to larger debt burdens.
- Inflationary pressures have subsided owing to monetary policy, increasing foreign exchange reserves, and growing exchange rate flexibility.

Vital Statistics 2017		
Nominal GDP	USD bn	40.36
Population	mil	25.0
GDP Per Capita	USD	1,617
Real GDP Growth	%	7.8
Inflation Rate	%	0.8

United Nations Estimates		
Literacy Rate	%	43.1
Urbanization	%	55.5
Dependency Ratio	%	83.8
Life Expectancy	Years	59.0
Median Age	Years	20.9

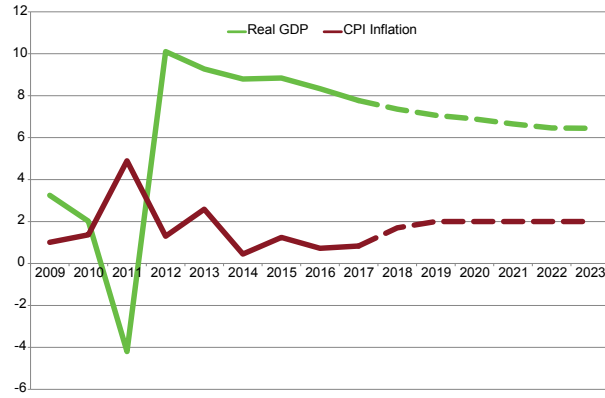
Insurance Statistics - As of 2016		
Insurance Regulator	Conférence Inter africaine des Marchés d'Assurances (CIMA)	
Premiums Written (Life)	USD mil	224
Premiums Written (Non-Life)	USD mil	290
Premiums Growth (2015 - 2016)	%	8.9

Regional Comparison	
	Country Risk Tier
Cote d'Ivoire	CRT-5
Nigeria	CRT-5
Ghana	CRT-5
Kenya	CRT-5
Morocco	CRT-4

Source: IMF, UN, Swiss Re, Axco and A.M. Best



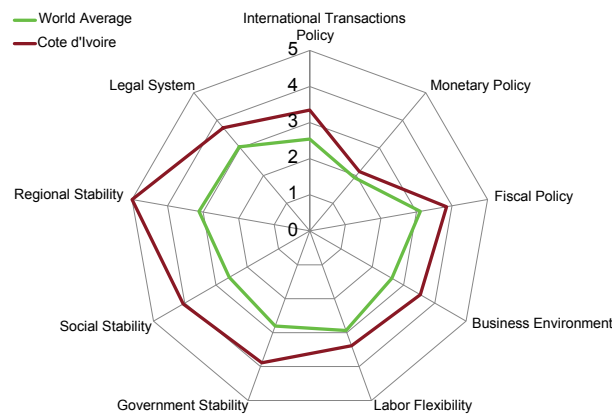
Economic Growth (%)



Source: IMF World Economic Outlook and A.M. Best

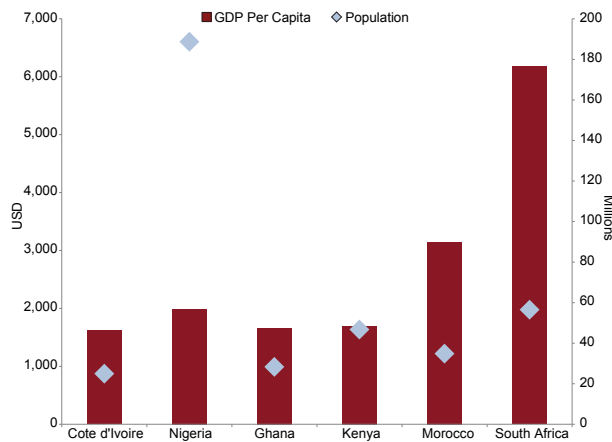
Political Risk Summary

Score 1 (best) to 5 (worst)



Source: A.M. Best

GDP Per Capita and Population



Source: IMF and A.M. Best

Economic Risk: High

- Under the IMF's assistance, the country has adopted a number of economic reforms that include measures to reduce poverty and foster inclusive growth.
- Economic growth has been supported by state spending, particularly on infrastructure, and the government's plan to implement pro-business reforms to attract foreign direct investment in mining and agriculture.
- In 2016, Côte d'Ivoire entered into a USD918 million, three-year, extended credit facility with the IMF.

Political Risk: Very High

- Alassane Ouattara has been the president of Côte d'Ivoire since 2010, when his election sparked a brief civil war. Previously, Ouattara had said he would step down as president following the 2020 election due to term limits, but has more recently said that the new constitution passed in November 2016 would allow him to run for an additional two terms.
- The government has prioritized overhauling regulation of the cocoa industry following the 2017 cocoa price crash. The government also hopes to expand opportunities in the mining sector.
- Côte d'Ivoire has low levels of human development as measured by the United Nations. In the most recent Human Development Report, Côte d'Ivoire ranked 171 out of 188 countries. Development indicators remain below average for sub-Saharan Africa.
- The government is facing heightened levels of terror risk, as well a growing probability of more social protests.
- In 2017, the UN ended its peacekeeping mission in Côte d'Ivoire after being there for thirteen years. The country has had a history of uprising against the government by rebel soldiers (an estimated 8,400 soldiers out of an army of 24,000), which have the potential to cause major disruptions in the economy.

Financial System Risk: Very High

- Insurance regulation is set by the Insurance Department at the Ministry of Economy and Finance. Côte d'Ivoire is also part of CIMA (Inter-African Conference of Insurance Market), a regional insurance body that issues regulations.
- Côte d'Ivoire is part of the West African Economic Monetary Union (WAEMU). The organization's primary goals are to establish common accounting practices, a regional stock exchange, and the legal and regulatory framework for a regional banking system.
- The country has been able to access the international capital markets. In 2017, it issued a eurobond, one of the first in euros in the frontier markets.
- According to the IMF, insurance companies account for approximately 20% of total financial assets. The country has the largest insurance market in WAEMU.