

Republic of Côte d'Ivoire

Successful bond debut highlights country's recovery

Case Study

The Client	The Republic of Côte d'Ivoire (CDI) is a West African country with a population of 23 million. CDI's 2013 GDP was \$31BN. The country's primary exports are cocoa, petroleum and coffee. CDI's credit ratings as of April 2015 from Moody's and Fitch are B1 and B respectively.
The Challenge	Côte d'Ivoire defaulted on its international non-concessional debt due to a prolonged political crisis in 2010 and 2011. Following resolution of the crisis, a newly elected administration worked with the IMF to strengthen its finances and engaged on a large national development plan requiring capital investment to rebuild the country's infrastructure, including, among others, roads, power, schools and hospitals. The CDI government sought to re-establish the country's reputation and relationship among international investors while also setting a goal of achieving emerging market status by 2020. In order to begin to address these goals, Côte d'Ivoire, in consultation with the IMF, decided to raise \$500 million in the bond market.
The Solution	<p>In 2014, Côte d'Ivoire appointed Citi as one of three banks to manage its bond market debut, with responsibility for rating advisory and marketing. As rating advisor, Citi worked with the government to prepare them for the ratings process and its interactions with ratings agencies as well as developing a narrative about Côte d'Ivoire's current situation and prospects.</p> <p>A \$500 million 10-year bond was subsequently marketed with an extensive roadshow, led by the Prime Minister of Côte d'Ivoire and other senior ministers. The deal was launched at a favourable time in the capital markets, and the roadshow fostered investors' enthusiasm about Côte d'Ivoire's recovery story that was further reinforced by the release of Moody's B1 and Fitch's B ratings (both with a positive outlook).</p>
The Result	A \$4.7 billion order book enabled Côte d'Ivoire to increase the deal size to \$750 million (following consultation with the IMF) and achieve a final coupon of 5.375% – the lowest for a sub-Saharan country excluding South Africa – to yield 5.625%. The transaction has helped to re-establish Côte d'Ivoire's presence in the international capital markets and the 10-year maturity has extended its debt profile. Bond proceeds have been used for critical infrastructure investment while the additional \$250 million raised was used to retire expensive domestic debt. From the start of the ratings advisory process to the completion of the transaction took just three months, demonstrating Citi's swift execution capabilities and our commitment to the success of the Republic's objectives.