S&P Global
Ratings

RatingsDirect®

Research Update:

Oman Upgraded To 'BB+' From 'BB' On Firmer Macroeconomic Fundamentals; Outlook Stable

September 29, 2023

PRIMARY CREDIT ANALYST

Trevor Cullinan
Dubai
+ (971)43727113
trevor.cullinan
@spglobal.com

SECONDARY CONTACT

Juili Pargaonkar
Dubai
+971-4-372-7167
juili.pargaonkar
@spglobal.com

RESEARCH CONTRIBUTOR

Vishakha Bhagwat
CRISIL Global Analytical Center, an S&P affiliate, Mumbai

ADDITIONAL CONTACT

Sovereign and IPF EMEA
SOVIPF
@spglobal.com

Overview

- We expect favorable oil sector dynamics coupled with higher non-hydrocarbon sector output to sustain real economic growth in Oman over 2023-2026.
- High hydrocarbon prices should continue to support fiscal surpluses and the government's balance sheet deleveraging. Important government reforms such as the reorganization of government-related entities (GREs) are also beginning to bear fruit, achieving operational efficiencies and stronger financial profiles for the individual companies.
- We therefore raised our long-term ratings on Oman to 'BB+' from 'BB' and assigned a stable outlook.

Rating Action

On Sept. 29, 2023, S&P Global Ratings raised its long-term foreign and local currency sovereign credit ratings on Oman to 'BB+' from 'BB'. We affirmed the short-term ratings at 'B'. The outlook on the long-term ratings is stable. We also revised upward our transfer and convertibility assessment to 'BBB-'.

Outlook

The stable outlook over the next 12 months balances the potential benefits of the government's fiscal and economic reform program against the economy's structural susceptibility to adverse oil price shocks.

Downside scenario

We could lower the ratings if Oman's fiscal or external balances were to deteriorate sharply, perhaps due to government measures being insufficient to mitigate a sustained period of less favorable terms of trade.

Upside scenario

We could raise the ratings if the government continues to repay external debt, resulting in further declines in external financing needs or a further material decline in government debt servicing costs. Faster-than-expected deleveraging in the state-owned enterprise sector could also support the ratings.

Rationale

The upgrade reflects the improved resilience of the Omani economy to external shocks on the back of continued supportive oil sector prospects along with sovereign balance sheet deleveraging and broader structural reforms.

Despite a slowdown in real GDP growth this year due to voluntary oil production cuts, we expect growth to average about 2% over 2023-2026. Oman achieved a fiscal surplus of 1.8% of GDP in 2022, following eight years of sometimes substantial deficits. We expect ongoing fiscal surpluses to be maintained and average 1.4% over the period to 2024, supported by growth in government revenues and expenditure averaging about 3% and 4% respectively. S&P Global Ratings expects Brent oil to average $83 per barrel (/bbl) in 2023 and $85/bbl in 2024 and beyond (see "S&P Global Ratings' Oil And Gas Price Assumptions Are Unchanged," published Sept. 20, 2023). This will underpin the government's efforts to continue utilizing ongoing fiscal surpluses to repay debt. We estimate government debt will fall to 38% of GDP in 2023, from close to 40% in 2022.

Like other Gulf Cooperation Council (GCC) countries, Oman has reorganized its GRE sector as part of a broader structural reform program (see "GCC Asset Sales Will Increase Transparency, Broaden Funding Sources, And Support Capital Market Development," March 21, 2022). Most entities are now under the auspices of the Oman Investment Authority (OIA), while the largest oil and gas field is under Energy Development Oman (EDO) and the newly established Integrated Gas Company (IGC) oversees the gas industry.

The public sector has significant influence on the Omani economy and reducing the government's footprint via asset sales should help the development of the non-hydrocarbon sector. We view the reorganization of the GRE sector as increasing government oversight, while enabling conditions to be imposed on the individual companies to enhance efficiency and improve their financial positions. The GRE sector has started to make modest inroads into delevering in nominal terms. Some companies have already been considered sufficiently strong to be brought to market. Oman has monetized GRE assets, particularly in the oil and gas sector, in 2023.

Institutional and economic profile: Economic growth will be supported by higher hydrocarbon production in 2024 and 2025

- We expect the government's fiscal and economic reform momentum will continue over 2023-2026.
- We forecast that real GDP will expand by about 2% a year on average over 2023-2026.
- Oman's foreign policy is likely to remain broadly neutral, with limited spillover effects on the country in the event of regional geopolitical conflicts.

At the start of Sultan Haitham bin Tariq's reign, in early 2020, Oman faced significant structural challenges--including high fiscal and external deficits, subdued economic growth, and relatively high youth unemployment--all exacerbated by the pandemic and the related sharp drop in oil prices.

Since then, the government has introduced measures to address governance and public finances issues. Along with the introduction of value-added tax (VAT), these include gradual cuts to electricity and water subsidies and a tighter rein on capital and current spending. The authorities have made strides in improving transparency and data disclosure, including by publishing quarterly real GDP data and a yearly international investment position.

GREs have also been reorganized:

- OIA was established in 2020 to better manage the government's financial assets and public enterprises. Most of Oman's GREs are now managed by OIA including OQ (formerly Oman Oil Company) and NAMA Holding (responsible for electricity, water, and wastewater services) among many others. The assets of the State General Reserve Fund (SGRF) and Oman Investment Fund (OIF) were merged under the OIA. OIA aims to leverage the management expertise within SGRF and OIF and to enhance the governance and financial efficiency of the GRE sector.
- EDO was established in December 2020 to help realize efficiencies and pursue new growth opportunities in Oman's energy sector. The government transferred its ownership of Petroleum Development of Oman (PDO) and its 60% stake in the Block 6 oil concession to EDO in 2021. Block 6 is the country's largest oil and gas field.
- In December 2022 the government established IGC to oversee the gas industry in a similar way to how EDO oversees the oil sector.

With the establishment of EDO and IGC, oil and gas revenues now show on the government's budget net of related spending items, which aligns with practices followed in other countries in the Gulf region.

We expect the government to broadly continue with its fiscal reform program. As oil prices are still high, however, it has moderated some measures to support economic activity and reduce the effects of past austerity on the population. For example, electricity subsidies will be cut more gradually, over 10 years, instead of the initially-planned five. To limit the impact of food price inflation, the authorities expanded the list of VAT exemptions to 488 items from 93. They also reduced work visa fees for expatriates to encourage private sector activity and lowered or canceled several municipality and services fees while also streamlining them.

Oman's economy depends on the oil sector, which accounts for about 30% of GDP, 60% of goods exports, and 70% of government fiscal receipts. This dependence weighs on our assessment of its fiscal and external resilience, and we reflect this in the rating.

We expect OPEC+ related oil production cuts to slow economic growth to about 1% in 2023. Oman is a voluntary adherent to the OPEC+ agreement. We expect hydrocarbon sector output to be broadly flat, with the decline in oil production mitigated by an increase in condensate and gas production. We forecast the non-hydrocarbon economy to grow by about 2%. A likely increase in hydrocarbon production should spur growth in 2024 and 2025.

We understand that entities under the OIA and EDO will undertake most large investment projects in Oman in the coming years. We expect the related funding to be deployed over several years without undermining the entities' credit standings. Indeed, notwithstanding OIA companies' investments, on a consolidated basis we expect the parent company to continue to delever.

The $7 billion refinery and oil storage project in Duqm, OQ8, a joint venture between OQ and Kuwait Petroleum International, should be completed in 2023. OQ8 is expected to process around 230,000 barrels of crude oil per day, making it an important contributor to Oman's economy and reducing its dependence on refined petroleum product imports. Diesel, jet fuel, naphtha, and LPG are to be its primary products. The largest investment projects currently undertaken by other OIA companies are in the energy sector expanding downstream, renewables, and electricity transmission and generation capacity.

In 2022, Oman announced a net zero emissions target date of 2050 (see "GCC Sustainability Targets Are Unlikely To Shake Up Local Energy Markets," April 11, 2022). The development of hydrogen production, and its replacement of gas in electricity generation, is expected to contribute to this goal and could lead to significant investment. Powered by renewable electricity, hydrogen will be extracted from desalinated sea water. Oman has the potential to develop low-cost solar and wind energy, but renewables currently represent a very small share of power generation in the country (see "Gulf Nations Invest To Accelerate Deployment Of Renewable Energy," Feb. 27, 2023). In 2023 OQ completed a project in Salalah with production capacity of 1,000 metric tonnes per day of liquid ammonia. The ammonia is expected to be exported but could also be used in the production of green hydrogen.

Although GDP per capita is comparatively high at $21,600 in 2023, Oman's real GDP per capita growth has consistently underperformed that of similarly wealthy countries. Historically, population growth has been high due to migrant inflows. The population expanded by 9% in 2022, driven by an influx of expatriates returning after the pandemic. We expect more to return and the population to grow 2% per year on average in 2023-2026. The government recently lowered the wage threshold required for expatriates to bring their families to Oman.

We expect Oman will maintain good relations with neighbors, preserving its traditional role as a neutral player and mediator in the region. We no longer factor potential support from neighboring GCC countries into the rating. In our view, Oman's improving creditworthiness makes it less likely this support would be required.

Flexibility and performance profile: We forecast general government fiscal surpluses to average about 1% of GDP over 2023-2026

- Government reform efforts and favorable oil prices should support fiscal surpluses.
- Despite favorable terms of trade over 2023-2026, usable reserves will remain largely unchanged, partly due to government debt repayments.
- We expect Oman will maintain its currency peg, supported by its accumulated government external assets of about 35% of GDP.

Oman achieved a fiscal surplus of 1.7% of GDP in 2022, following eight years of sometimes substantial deficits.

The Omani authorities' fiscal reforms continue, with ongoing cuts to electricity, water, and waste management subsidies; public wage reforms; rationalization of capital spending; and a potential new personal income tax on high wage earners. The latter would be a first for the GCC region. As a result, we expect it will be introduced gradually and be relatively low. Nevertheless, we believe it is still possible that additional measures and continued rationalization of expenditure could face domestic resistance; rare for Oman, public protests broke out in May 2021 following the introduction of consolidation measures.

While revenue will remain concentrated on oil and gas receipts, the Omani government has continued to reduce the budget's reliance on them in line with its medium-term fiscal plan, currently being updated. We expect the government will focus on improving corporate tax administration and collection to strengthen non-hydrocarbon receipts. It is less likely that government fees or the VAT rate will be raised over our forecast period to 2026. We also do not expect personal income tax on high earners to be introduced before 2024 at the earliest.

We forecast Oman will be in a small net general government asset position on average over 2023-2026. The average includes a reduction in gross government debt to 34% of GDP in 2026, from 39% of GDP in 2023, alongside our estimate of Omani government liquid assets being maintained at 36% of GDP on average over the period. Our estimate of liquid assets includes government deposits in the banking system and liquid assets in the OIA and the Petroleum Reserve Fund (PRF). Oman has more liquid assets than most similarly rated peers.

We have amended our estimate of Oman's fiscal balance in 2022, and historically, to bring it more in line with GCC peers. This has no impact on our key fiscal criteria metric of net general government debt but does slightly increase our government interest-to-revenues ratio. We have removed investment income on sovereign wealth fund assets from government revenues. We have also standardized our treatment of transfers to the PRF across the central and general government balances.

Thanks to supportive oil prices, we project current account surpluses of 4% of GDP on average over 2023-2026. Oman usually runs deficits on its transfer, income, and services balances, mitigated by a surplus on trade in goods, which largely depends on developments in the hydrocarbons sector. Like the fiscal balance, the current account posted deficits, sometimes in the double digits, in the previous seven years when oil prices were lower. China is Oman's main export market for oil at about 45% of exports, followed by India at just under 10%.

High oil receipts in 2021 led to a significant nearly $5 billion increase in gross foreign currency reserves to about $20 billion. Despite even higher oil receipts in 2022, gross reserves declined to about $18 billion, mainly because of lower government foreign currency debt issuance and external debt repayments. We expect reserves to remain around $18 billion over 2023-2026.

In our view, Oman's monetary policy flexibility is limited because the rial is pegged to the U.S. dollar. That said, the peg has served as an anchor for inflation expectations, particularly because contracts for oil are typically priced in dollars. We expect the peg to continue to be supported by Oman's relatively high foreign currency reserves and government external assets. Inflation rose to 2.8% in 2022 from 1.5% in 2021 and negative 0.9% in 2020 following the implementation of VAT and cuts in utility subsidies. We expect inflation will moderate to 1.0% in 2023.

We anticipate that the Central Bank of Oman (CBO) will follow the interest rate policy of the U.S. Federal Reserve, given the currency peg. The pandemic had a limited effect on the asset quality of the Omani banking system. Banks restructured some of their stressed exposures as required by the CBO, which led to a modest increase in the nonperforming loan (NPL) ratio to 4.4% at the end of 2022 from 4.1% in 2021 and 2020. We project NPLs will stay above 4% in 2023 and cost of risk will decrease to around 65 basis point (bps) in 2023. The real estate and construction sectors, mainly the commercial real estate sector, will likely contribute to NPL formation due to oversupply and relatively tepid demand in the Omani market. Nevertheless, the banking system remains well capitalized. We classify Oman's banking sector in group '7' under our Banking Industry Country Risk Assessment methodology, under which group '1' indicates the lowest risk and '10' the highest (see "Banking Industry Country Risk Assessment: Oman," published Aug. 22, 2022).

Key Statistics

Table 1

Oman Selected Indicators

Mil. OMR	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Economic indicators (%)										
Nominal GDP (bil. LC)	31	35	34	29	34	44	42	44	45	45
Nominal GDP (bil. $)	81	92	88	76	88	115	109	114	116	118
GDP per capita (000s $)	17.7	19.9	18.9	17.0	19.5	23.2	21.6	21.9	22.1	22.1
Real GDP growth	0.3	1.3	(1.1)	(3.4)	3.1	4.3	1.4	2.2	2.3	1.6
Real GDP per capita growth	(2.9)	0.4	(2.5)	0.8	1.8	(4.3)	(1.1)	(0.1)	0.8	0.1
Real investment growth	(3.5)	0.5	(10.4)	1.8	(1.5)	4.0	1.0	1.0	1.0	1.0
Investment/GDP	33.8	31.7	26.9	27.6	22.4	20.0	20.1	19.7	19.6	19.6
Savings/GDP	20.4	27.1	22.3	11.5	17.0	26.4	24.3	24.1	23.4	22.8
Exports/GDP	45.7	50.6	49.5	47.1	52.5	60.5	60.5	60.2	59.7	59.4
Real exports growth	(0.8)	2.8	1.9	(14.6)	14.2	18.0	2.0	1.5	1.5	1.0
Unemployment rate	3.1	1.8	2.8	2.5	1.9	3.3	2.4	2.4	2.4	2.4
External indicators (%)										
Current account balance/GDP	(13.4)	(4.6)	(4.6)	(16.2)	(5.4)	5.0	4.2	4.4	3.8	3.2
Current account balance/CARs	(28.7)	(8.9)	(9.0)	(33.5)	(9.9)	8.2	6.7	7.1	6.1	5.2
CARs/GDP	46.8	51.9	51.0	48.2	54.7	61.4	62.2	62.0	61.6	61.3
Trade balance/GDP	10.8	19.8	20.7	10.6	18.5	27.3	25.0	24.9	24.2	23.6
Net FDI/GDP	0.7	6.0	2.9	3.6	8.6	4.0	2.5	2.5	2.5	2.5
Net portfolio equity inflow/GDP	0.7	(2.4)	0.3	(1.0)	(1.5)	1.2	(0.6)	(0.6)	(0.6)	(0.6)
Gross external financing needs/CARs plus usable reserves	142.1	129.4	127.0	158.7	135.1	109.6	105.2	108.8	109.3	109.8
Narrow net external debt/CARs	18.2	25.0	34.0	65.4	57.3	28.1	24.9	23.1	20.1	17.1
Narrow net external debt/CAPs	14.1	23.0	31.2	49.0	52.1	30.6	26.7	24.9	21.4	18.0
Net external liabilities/CARs	17.9	27.0	34.4	70.6	66.2	36.8	32.1	26.1	21.6	17.2
Net external liabilities/CAPs	13.9	24.8	31.6	52.8	60.2	41.1	34.4	28.1	23.0	18.1
Short-term external debt by remaining maturity/CARs	38.9	36.3	40.6	53.5	42.6	34.2	27.1	28.6	28.2	27.9
Usable reserves/CAPs (months)	1.7	1.3	2.0	1.6	1.4	2.0	1.8	1.5	1.5	1.5
Usable reserves (mil. $)	5,776	7,969	6,510	6,216	10,527	9,765	8,193	8,344	8,493	8,634
Fiscal indicators (general government; %)										
Balance/GDP	(12.1)	(7.5)	(8.3)	(16.8)	(5.6)	1.7	1.5	1.5	1.7	1.1
Change in net debt/GDP	14.1	5.8	4.6	13.1	2.9	(8.7)	(3.9)	(1.5)	(1.7)	(1.1)
Primary balance/GDP	(10.9)	(5.8)	(6.3)	(13.7)	(2.5)	4.2	4.3	3.9	3.8	3.1

Table 1

Oman Selected Indicators (cont.)

Mil. OMR	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Revenue/GDP	27.4	32.4	32.6	28.9	32.7	33.4	31.0	31.1	31.9	31.7
Expenditures/GDP	39.5	39.9	40.9	45.7	38.2	31.6	29.6	29.6	30.2	30.6
Interest/revenues	4.4	5.4	6.2	10.6	9.5	7.3	9.2	7.6	6.8	6.5
Debt/GDP	39.2	44.0	51.9	67.9	61.3	39.9	37.9	35.7	33.9	32.7
Debt/revenues	143.0	135.8	159.3	235.2	187.6	119.6	122.2	114.5	106.3	103.3
Net debt/GDP	(7.7)	(1.0)	3.6	17.2	17.7	4.9	1.2	(0.4)	(2.0)	(3.1)
Liquid assets/GDP	46.8	45.0	48.3	50.7	43.6	35.1	36.7	36.0	35.9	35.8
Monetary indicators (%)										
CPI growth	1.6	0.9	0.1	(0.9)	1.5	2.8	1.0	1.5	1.5	1.5
GDP deflator growth	7.3	11.7	(2.7)	(10.8)	12.7	24.6	(5.8)	1.5	(0.0)	(0.0)
Exchange rate, year-end (LC/$)	0.38	0.38	0.38	0.38	0.38	0.38	0.38	0.38	0.38	0.38
Banks' claims on resident non-gov't sector growth	7.3	5.8	2.8	2.7	4.3	3.8	6.0	6.0	6.0	6.0
Banks' claims on resident non-gov't sector/GDP	71.4	66.8	71.3	85.0	76.3	60.9	67.7	69.2	71.7	74.8
Foreign currency share of claims by banks on residents	15.9	16.9	17.6	19.1	21.4	17.7	14.0	14.0	14.0	14.0
Foreign currency share of residents' bank deposits	11.1	15.1	12.3	12.5	12.3	12.2	12.8	12.8	12.8	12.8
Real effective exchange rate growth	0.0	(2.7)	1.0	(2.6)	(3.4)	5.6	0.0	0.0	0.0	0.0

Sources: National Centre for Statistics Information, Ministry of Finance, and Central Bank of Oman (economic indicators); Central Bank of Oman (external indicators); Ministry of Finance and IMF (fiscal indicators); IMF, Central Bank of Oman, and Brugel (monetary indicators).
Adjustments: Usable reserves adjusted by subtracting monetary base and foreign assets placed by nonresidents at the Central Bank of Oman from reported international reserves. General government revenue adjusted by using gross hydrocarbon revenue (instead of net of tranfers to the Petroleum Reserve Fund [PRF]), and excluding privatization proceeds and estimated asset withdrawals from the Oman Investment Authority (OIA). Liquid assets include the liquid assets of the OIA, PRF, and public pension funds.
Definitions: Savings is defined as investment plus the current account surplus (deficit). Investment is defined as expenditure on capital goods, including plant, equipment, and housing, plus the change in inventories. Banks are other depository corporations other than the central bank, whose liabilities are included in the national definition of broad money. Gross external financing needs are defined as current account payments plus short-term external debt at the end of the prior year plus nonresident deposits at the end of the prior year plus long-term external debt maturing within the year. Narrow net external debt is defined as the stock of foreign and local currency public- and private- sector borrowings from nonresidents minus official reserves minus public-sector liquid claims on nonresidents minus financial-sector loans to, deposits with, or investments in nonresident entities. A negative number indicates net external lending. N/A--Not applicable. LC--Local currency. CARs--Current account receipts. FDI--Foreign direct investment. CAPs--Current account payments. The data and ratios above result from S&P Global Ratings' own calculations, drawing on national as well as international sources, reflecting S&P Global Ratings' independent view on the timeliness, coverage, accuracy, credibility, and usability of available information.

Ratings Score Snapshot

Table 2

Ratings Score Snapshot

Key rating factors	Score	Explanation
Institutional assessment	4	Reduced predictability of policy responses and moderate risk of challenges to political institutions resulting from broadly centralized decision-making. Some shortcomings in data dissemination, in terms of public availability and timeliness.
Economic assessment	4	Based on GDP per capita (US$) and growth trends as per Selected Indicators in Table 1.
		Weighted-average real GDP per capita trend growth over a 10-year period is negative 0.7%, which is well below sovereigns in the same GDP category.
External assessment	4	Based on narrow net external debt and gross external financing needs/current account receipts plus usable reserves as per Selected Indicators in Table 1.
		The country is exposed to significant volatility in terms of trade, due to its dependence on hydrocarbons.
Fiscal assessment: flexibility and performance	1	Based on the change in net general government debt (% of GDP) as per Selected Indicators in Table 1.
		The government has large liquid financial assets. Based on liquid assets/GDP as per Selected Indicators in Table 1.
		The sovereign government has a volatile revenue base since oil and gas combined account for above 75% of revenue.
Fiscal assessment: debt burden	3	Based on net general government debt (% of GDP) and general government interest expenditures (% of general government revenues) as per Selected Indicators in Table 1.
		There is a moderate contingent liability risk emanating from nonfinancial public entities. Total state-owned entity debt is about 30% of GDP.
Monetary assessment	4	The exchange rate regime is a conventional pegged arrangement. Oman has limited monetary policy flexibility, given the Omani rial's peg to the U.S. dollar and the underdeveloped local currency domestic bond markets.
		Consumer price index as per Selected Indicators in Table 1. The central bank has the ability to act as a lender of last resort for the financial system
Indicative rating	bb+	
Notches of supplemental adjustments and flexibility	0	
Final rating		
Foreign currency	BB+	
Notches of uplift	0	Default risks do not apply differently to foreign-and local-currency debt.
Local currency	BB+	

S&P Global Ratings' analysis of sovereign creditworthiness rests on its assessment and scoring of five key rating factors: (i) institutional assessment; (ii) economic assessment; (iii) external assessment; (iv) the average of fiscal flexibility and performance, and debt burden; and (v) monetary assessment. Each of the factors is assessed on a continuum spanning from 1 (strongest) to 6 (weakest). S&P Global Ratings' "Sovereign Rating Methodology," published on Dec. 18, 2017, details how we derive and combine the scores and then derive the sovereign foreign currency rating. In accordance with S&P Global Ratings' sovereign ratings methodology, a change in score does not in all cases lead to a change in the rating, nor is a change in the rating necessarily predicated on changes in one or more of the scores. In determining the final rating the committee can make use of the flexibility afforded by §15 and §§126-128 of the rating methodology.

Related Criteria

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Governments | Sovereigns: Sovereign Rating Methodology, Dec. 18, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- General Criteria: Methodology: Criteria For Determining Transfer And Convertibility Assessments, May 18, 2009

Related Research

- Banks In Major GCC Economies Remain Resilient To Less Supportive Operating Conditions, Sept. 12, 2023
- Sovereign Ratings History, Sept. 12, 2023
- Sovereign Ratings List, Sept. 12, 2023
- Sovereign Ratings Score Snapshot, Sept. 6, 2023
- Sovereign Risk Indicators, July 10, 2023. An interactive version is available at http://www.spratings.com/sri
- 2022 Annual Global Sovereign Default And Rating Transition Study, April 28, 2023
- Energy Transition: Competitive Advantages Shield GCC Sovereigns, March 8, 2023
- Gulf Nations Invest To Accelerate Deployment Of Renewable Energy, Feb. 27, 2023
- GCC Sustainability Targets Are Unlikely To Shake Up Local Energy Markets, April 11, 2022
- GCC Asset Sales Will Increase Transparency, Broaden Funding Sources, And Support Capital Market Development, March 21, 2022

In accordance with our relevant policies and procedures, the Rating Committee was composed of analysts that are qualified to vote in the committee, with sufficient experience to convey the appropriate level of knowledge and understanding of the methodology applicable (see 'Related Criteria And Research'). At the onset of the committee, the chair confirmed that the information provided to the Rating Committee by the primary analyst had been distributed in a timely manner and was sufficient for Committee members to make an informed decision.

After the primary analyst gave opening remarks and explained the recommendation, the Committee discussed key rating factors and critical issues in accordance with the relevant criteria. Qualitative and quantitative risk factors were considered and discussed, looking at track-record and forecasts.

The committee's assessment of the key rating factors is reflected in the Ratings Score Snapshot above.

The chair ensured every voting member was given the opportunity to articulate his/her opinion. The chair or designee reviewed the draft report to ensure consistency with the Committee decision. The views and the decision of the rating committee are summarized in the above rationale and outlook. The weighting of all rating factors is described in the methodology used in this rating action (see 'Related Criteria And Research').

Ratings List

Ratings Affirmed		
Oman		
Short-Term Debt	B	
Upgraded		
	To	**From**
Oman		
Transfer & Convertibility Assessment	**BBB-**	**BB+**
Oman		
Senior Unsecured	BB+	BB
Upgraded; Outlook Action; Ratings Affirmed		
	To	**From**
Oman		
Sovereign Credit Rating	BB+/Stable/B	BB/Positive/B