

## AFRICA RISK CONSULTING Côte d'Ivoire Briefing April 2016

### Cote d'Ivoire Summary 21 April 2016

*A United Nations (UN) report alleges that Guillaume Soro, current president of the Assemblée Nationale (parliament), illegally acquired almost 300 tonnes of weapons following the 2011 post-election crisis, violating the arms embargo. The Agence de Regulation des Télécommunications de Côte d'Ivoire (ARTCI) retracts Comium (Koz), Green Network, Café Mobile and Warid's operating licences, reducing the number of operators from seven to three. Intercommunity violence in Bouna (Zanzan District) between Peul and Lobi ethnic groups leads to the death of 33 people, as the government sends security forces to curb the tension.*

### UN report accuses Guillaume Soro of illegal acquisition of arms

A United Nations (UN) report published on 4 April alleges that **Guillaume Soro**, president of the **Assemblée Nationale** (parliament) and former prime minister and general secretary of the rebellion **Forces Nouvelles (FN)** (operational from 2002-2007) controlling northern **Côte d'Ivoire**, acquired almost 300 tonnes of arms following the end of the 2010-2011 post-election crisis.<sup>1</sup> The UN's **Group of Experts on Côte d'Ivoire** alleges that Soro personally acquired the arms and organised their transport to the cities of **Bouaké (Vallée du Bandama District)** and **Korhogo (Savanes District)**, and their distribution amongst FN militants.<sup>2</sup>

*"The military equipment entered Ivoirian soil, in direct violation of the arms embargo, and is today not totally controlled by the Ivoirian state. It today represents 30% of the Ivoirian government's arsenal."<sup>3</sup>*

The two cities of Bouaké and Korhogo were both under FN control during the politico-military crisis of 2002-2010.<sup>4</sup>

*"In Bouaké, the material was under guard of the prime minister's [Guillaume Soro] protection unit. In Korhogo, it was under the supervision of the **Fansara 1102**, the unit under lieutenant-colonel **Martin Kouakou Fofié** – a commander that the UN has sought since 2006 due to violation of sanctions."<sup>5</sup>*

In January a **Burkina Faso** court issued an international arrest warrant against Soro. Burkinabe authorities want to question him about 300 bulletproof vests and several grenades found at his residence in **Ouagadougou**, and a round trip that a Burkinabe army helicopter completed between Ouagadougou and the border town of **Niangoloko** (Burkina Faso) on 19 September 2015 (see *ARC Briefing Cote d'Ivoire January 2016*). According to UN experts, these arms may be amongst those that Soro acquired following the post-electoral crisis.<sup>6</sup> Burkina Faso was a rear base for the FN rebellion during former president **Laurent Gbagbo's** (2000-2011) regime.<sup>7</sup>

<sup>1</sup> www.un.org

<sup>2</sup> www.un.org

<sup>3</sup> www.un.org

<sup>4</sup> Source, journalist, Abidjan

<sup>5</sup> www.un.org

<sup>6</sup> www.un.org

<sup>7</sup> Source, journalist, Abidjan

*“Between April and August 2011, Burkina Faso imported significant quantities of arms from **Albania** and **Bulgaria** for a sum of \$3.5m. In Korhogo the group observed Albanian and Bulgarian arms corresponding to the quantities delivered to Burkina Faso. Moreover, the serial and lot numbers of the material are identical to those Bulgaria delivered.”<sup>8</sup>*

A source in Bouaké says that the arms were likely transported by plane, as road networks were less secure due to the presence of UN forces.

*“No one sees this type of transfer. It’s so sensitive that the authorities take all measures to maintain confidentiality. 300 tonnes is a lot but who says that this is only arms? In the kits there are uniforms, compasses, shoes, belts and gourds amongst other things. This means an important package. 300 tonnes isn’t necessarily transported by land. Bouaké has a military airport.”<sup>9</sup>*

*“We recently intercepted a bus coming from Burkina Faso. In this bus, one individual detained weapons, two **Kalashnikov** rifles and several grenades. I don’t know if the UN report is correct but I can confirm one thing – that during the post-electoral crisis and until very recently, all buses from Burkina Faso were under seal. We were not allowed to inspect the buses – this was an order from the hierarchy. I don’t know exactly but the vehicles came from Burkina Faso, and at one stage these were neither controlled by border customs and control, nor the military.”<sup>10</sup>*

If Soro did import arms to Côte d’Ivoire during the post-election crisis in 2010-2011, this would be a direct violation of the **UN Security Council** arms embargo. **Resolution 1572**, passed in 2004, prevented all states from direct or indirect supply, sale or transfer of arms or any related material to Côte d’Ivoire.<sup>11</sup> This embargo was extended several times, with varying, more wide-ranging revisions.<sup>12</sup> From 2014, **Resolution 2153** made several exceptions which would allow supply of non-lethal equipment to security forces, without the need of notification to the UN Security Council.<sup>13</sup> The latest **Resolution 2219** (2015) is an extension of Resolution 2153, and lasts until 30 April 2016.<sup>14</sup> In any case, if the allegations are true, the current government may be involved.

*“Soro has great ambitions which disturb the barons of the ruling **Rassemblement des Houphoëtistes pour la Démocratie et la Paix (RHDP)**. At the same time, however, Soro is the legitimate right hand man of president **Alassane Ouattara** (2010-present), at least insofar as the military is concerned. I would be very surprised if it were solely Soro that had instigated such a convoy. 300 tonnes of arms need transporting and stocking, as well as protective measures in a city such as Bouaké, where there is UN and police and former rebel presence. Such an operation cannot be engaged without help from the ruling power.”<sup>15</sup>*

Soro himself, on the other hand, denies all the accusations,

*“They [the investigators] are mediocre jokers... all that’s left is for them to accuse us of having weapons of mass destruction.”<sup>16</sup>*

<sup>8</sup> Source, journalist, Abidjan

<sup>9</sup> Source, military officer, Bouaké

<sup>10</sup> Source, journalist, Bouaké

<sup>11</sup> www.sipri.org

<sup>12</sup> www.sipri.org

<sup>13</sup> www.sipri.org

<sup>14</sup> www.un.org

<sup>15</sup> Source, journalist, Bouaké

<sup>16</sup> Reuters, 4 Apr 2016.

## ARTCI retracts four mobile licences

The **Agence de Regulation des Télécommunications de Côte d'Ivoire (ARTCI)** (Cote d'Ivoire Telecoms Regulation Agency) on 31 March withdrew operating licences of four mobile telephone operators – **Comium (Koz), Green Network, Warid and Café Mobile**.<sup>17</sup> ARTCI criticised the operators for not fulfilling coverage specifications, saying that it had warned them it would withdraw their licences if they did not comply with renewed domestic standards.<sup>18</sup> ARTCI said that each of the companies would have 30 days to inform its clients before all activity is terminated on 31 April.<sup>19</sup>

*“By acting this way, the Ivoirian government has clearly stated its will to leave space for small players in the sector. And these are companies that heavily contributed to the telecoms sector’s initial growth... While the government claims to be combatting unemployment, this act means redundancy for many families.”*<sup>20</sup>

ARTCI’s decision leaves only **Orange, MTN and Moov** (subsidiary of **United Arab Emirates**-based **Etisalat**) as operators; with 10.7 million, 8.1 million and 5.4 million subscribers respectively.<sup>21</sup> This in total represents 95.8% of the market – the remaining 4.2% until now belonging to Green Network and Comium, while Warid and Café Mobile had already suspended operations.<sup>22</sup> Since Warid’s launch in 2008, it had never provided services.<sup>23</sup> This will leave a 4.2% gap in the market, which the remaining operators will look to claim, though mobile penetration rates are already at 109%.<sup>24</sup> Moov and Orange in particular have seen significant increases in market share in the last year, with 23% and 50% subscriber growth rates respectively.<sup>25</sup> Meanwhile, MTN has focused heavily on the **Mobile Money** market (mobile transfer technology), gaining 158% over the same period.<sup>26</sup>

ARTCI revealed that the four suspended operators had joint accumulated debt of up to \$137m, and were struggling to compete with the market leaders’ more advanced 4G network coverage – barely providing 3G services to its customers.<sup>27</sup> The focus of still operating Comium and Green Network was on low-cost basic service provision – its 2G network comprised 50% of its operating frequencies.<sup>28</sup> Telecoms minister **Bruno Koné** (former Orange Côte d'Ivoire CEO) said he felt that this lack of quality of service, and insufficient capacity of frequency bands for seven operators, was a clear obstacle to the development of the sector,

*“The major constraint is the availability of frequency bands, which are already in limited quantity, and the division of which between seven operators curbs the quality of service more generally. If you have seven operators, each gets less. And the less you give them, the more you limit their capacity... These operators did not have enough frequency bands in order to meet the standards of service we today ask of them.”*<sup>29</sup>

ARTCI’s decision has led to the termination of over 700 employment contracts.<sup>30</sup> Furthermore, 5,000 indirect jobs are also threatened when taking into account distribution networks, franchises and other complementary service providers.<sup>31</sup> On 10 April, Comium’s executive leadership left the

<sup>17</sup> L’Essentiel, 4 Apr 2016.

<sup>18</sup> Jeune Afrique, 31 Mar 2016.

<sup>19</sup> Jeune Afrique, 31 Mar 2016.

<sup>20</sup> Source, journalist, Abidjan

<sup>21</sup> www.artci.ci

<sup>22</sup> www.artci.ci

<sup>23</sup> Source, journalist, Abidjan

<sup>24</sup> www.artci.ci

<sup>25</sup> www.artci.ci

<sup>26</sup> www.artci.ci

<sup>27</sup> Jeune Afrique, 19 Apr 2016.

<sup>28</sup> Jeune Afrique, 19 Apr 2016.

<sup>29</sup> Financial Afrik, 5 Apr 2016.

<sup>30</sup> Source, journalist, Abidjan

<sup>31</sup> Source, journalist, Abidjan

country, without indemnity for any of its 500 employees.<sup>32</sup> The Comium employees have demanded six months salary in compensation from the owners.<sup>33</sup> The employees protested at **Felix Houphouët Boigny International Airport in Abidjan** on 10 April, as the executive leadership boarded flights to leave.<sup>34</sup>

*“The government aided our directors’ departure. Despite this, the authorities know that our redundancy rights were not settled. Who will pay our indemnities now? They [the authorities] did it so that our directors could leave and they would then have the excuse that they had already left the country and could not help the situation. The government retracted the licence while this would still have been valid until 2026. I must add that Comium was never bankrupt. The state closed our company, it’s now their responsibility to pay our indemnities.”<sup>35</sup>*

From 10 April, Comium employees were unable to enter company offices, even though the licence is only due to expire on 30 April.<sup>36</sup> There are also rumours of a fourth operator entering the market and picking up the remnants of the ousted operators.

*“What upsets me is the manner in which we were treated and left on the sidelines by the government. This is a government which is supposed to protect us. The police prevented us from accessing our offices, and they confiscated all company materials. The government wishes to recover all of these materials to aid to establishment of a fourth mobile operator, without spending a penny.”<sup>37</sup>*

Koné had demanded the merger of Comium, Green Network, Café Mobile and Warid since June 2015, in order to improve quality of service to customers, threatening to withdraw licences if they did not meet the demand.<sup>38</sup> The operators were reportedly unable to reach an agreement on the merger, which Koné argues was a crucial factor in the final decision.<sup>39</sup>

### Intercommunity ethnic tension in Bouna leads to 33 deaths

Clashes between ethnic **Lobi** farmers and **Peul** stockbreeders near **Bouna (Zanzan District)** on 24 March led to the death of 33 people and over thirty injured.<sup>40</sup> The Lobi accuse the Peul of letting livestock destroy their crops.<sup>41</sup> The government sent 611 armed forces personnel on 28 March – four days after the clashes.<sup>42</sup> A further 400 **Opérations des Nations Unies en Côte d’Ivoire (ONUCI)** (United Nations Operations in Côte d’Ivoire) also deployed as reinforcements to patrol the affected zone.<sup>43</sup>

According to witnesses, the clashes started in the village of **Panzarami**, 15 kilometres from Bouna, on the road to **Doropo**.<sup>44</sup> Local Panzarami youths set fire to Peul huts, and demanded that they leave the community.<sup>45</sup> In the days following the initial violence, the Lobi repeated this in several villages in the vicinity, burning Lobi huts and other possessions.<sup>46</sup>

<sup>32</sup> Source, journalist, Abidjan

<sup>33</sup> Abidjan.net, 9 Apr 2016.

<sup>34</sup> Source, journalist, Abidjan

<sup>35</sup> Source, Comium employee, Abidjan

<sup>36</sup> Source, journalist, Abidjan

<sup>37</sup> Source, Comium business development manager, Abidjan

<sup>38</sup> Jeune Afrique, 26 Jun 2015.

<sup>39</sup> Source, journalist, Abidjan

<sup>40</sup> L’Essentiel, 6 Apr 2016.

<sup>41</sup> L’Essentiel, 6 Apr 2016.

<sup>42</sup> L’Essentiel, 6 Apr 2016.

<sup>43</sup> L’Essentiel, 6 Apr 2016.

<sup>44</sup> L’Essentiel, 6 Apr 2016.

<sup>45</sup> AIP, 24 Mar 2016.

<sup>46</sup> AIP, 24 Mar 2016.

As a result of the violence, close to 3,000 people have fled the region.<sup>47</sup> Amongst these, 1,000 have fled to neighbouring Burkina Faso forcing the Ivoirian government to temporarily close the border.<sup>48</sup> The crisis has led to a surge of displaced people in the Burkinabe border towns of **Boussoukoula, Fadjo, Kosso, Kpuéré** and **Batié** – the capital of **Noumbiel Province**.<sup>49</sup> A number of NGOs have provided food and sleeping materials in Batié and Kpuéré; while all displaced in Kosso, Fadjo and Boussoukoula will be transferred to the main sites within the next few weeks.<sup>50</sup>

*“Some have abandoned their herds in order to get away safely – others lost everything.”<sup>51</sup>*

*“The situation in Bouna appears to have come back to normal but thousands of families remain without shelter. The distrust between these two communities is still very strong. Several prefectural and ministerial delegations are touring the villages in the area in order to push for appeasement between the two communities.”<sup>52</sup>*

## Implications

The UN expert group considers the stockpiling of such a large quantity of illegal arms a threat to peace in Côte d’Ivoire, and it also risks creating an illegal arms market which could supply criminal gangs or political militia, especially if rumours are true that Soro does not have full control over the arms. The issue highlights the extent to which Soro may still wield significant military power in Côte d’Ivoire, despite his now political office.

The removal of the four mobile operators marks an important turning point for the telecoms sector in Côte d’Ivoire. The focus from now will be on modernity and quality of service, despite the possibility for collusion and price fixing whilst there is limited market competition. The decision increases the individual political leverage of each operator with government, as the voices of minor players are now eliminated. The current providers will bring a speedier transition to 4G technology, and as the government aims to expand coverage especially in rural areas, there is the potential for significant socioeconomic gains.

The ethnic tensions in Bouna weaken the strength of the peace process engaged since the end of the politico-military crisis of 2010-2011. If badly monitored, the violence could escalate. Until now, the issue has gained little attention in the media, therefore, part of the process for ensuring security is for the government to increase communication, as well as maintaining the presence of armed forces in the region. This will encourage refugees to return to their villages and normality to resume.

<sup>47</sup> Ivoirebusiness.net, 29 Mar 2016.

<sup>48</sup> Ivoirebusiness.net, 29 Mar 2016.

<sup>49</sup> Le Faso, 31 Mar 2016.

<sup>50</sup> Le Faso, 31 Mar 2016.

<sup>51</sup> Source, school teacher, Bouna

<sup>52</sup> Source, government administrator, Bouna

---

### About Africa Risk Consulting:

**Africa Risk Consulting (ARC)** is a pan-African consulting company that provides timely, relevant information and advice that enables its clients to take informed investment decisions and to safeguard their reputations.

**ARC's** core consulting services include integrity due diligence and corporate investigations, political advisory and country assessments, opportunity monitoring and reputation risk management. Most relevant to private equity firms is ARC's integrity due diligence and corporate investigations capability. Specifically, ARC offers pre-deal integrity checks to highlight red flags before negotiations start; full detailed multi-jurisdictional reputation due diligence; and supplier and senior hire vetting and repeat due diligence for compliance programmes. ARC is unique in that it offers a 10-day delivery for a routine integrity due diligence. ARC also offers a suite of corporate investigations services from immediate investigation, evidence gathering, e-discovery, forensic accounting and whistleblower support on one end to crisis media management and regular monitoring on the other.

[www.africariskconsulting.com](http://www.africariskconsulting.com)

### About ARC Briefing:

**ARC Briefing** is ARC's essential online business information service.

Companies at any stage in their Africa expansion, whether building or communicating an Africa strategy, investing directly, expanding current operations, financing other investors, doing the legal leg-work or researching the Africa growth trend, need ARC Briefing.

**ARC Briefing** is an online information service keeping you:

- Up to date with Country Chronologies of business-critical events
- In the know via Country Briefings on political, economic, business and operating trends. Written in-country, ARC experts analyse and comment
- Ahead with Country Planner which details future elections, budgets, regulatory changes etc.

[www.briefing.africariskconsulting.com](http://www.briefing.africariskconsulting.com)

### Getting in touch

Please contact us by email [info@africariskconsulting.com](mailto:info@africariskconsulting.com) or call + 44 (0) 20 7078 4080

Follow us on Twitter: [@ARCBriefing](https://twitter.com/ARCBriefing)