

AFRICA RISK CONSULTING Côte d'Ivoire Briefing June 2016

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The ruling coalition Rassemblement des Houphouëtistes pour la Démocratie et la Paix (RHDP) admits the Parti Ivoirien des Travailleurs (PIT) (Ivorian workers' party) as an observer member. The PIT's membership of the RHDP gives rise to the possibility of a single party system. A United States (US)-based Deloitte Touche Tohmatsu Ltd (Deloitte) audit reportedly reveals malpractice at the Conseil du Coton et de l'Anacarde (CCA) (cotton and cashew council), including directly awarding projects rather than through public tendering. The government suspends CCA director general Malamine Sanogo and deputy director general Mamadou Berté to allow for further investigation of the contracts. Ouattara announces a constitutional referendum to take place between September and October.

RHDP coalition admits opposition Parti Ivoirien des Travailleurs as partial member

The ruling **Rassemblement des Houphouëtistes pour la Démocratie et la Paix (RHDP)** coalition¹ has admitted the opposition **Parti Ivoirien des Travailleurs (PIT)** (Ivorian workers' party) as a coalition member with observer status.² The PIT has opted to join the incumbent majority coalition only a few months before a constitutional referendum to be held later in 2016 (see below), and legislative elections in early 2017. Party president **Joseph Séka Séka** claims that the decision is due to its "concern to be a part of the reconstruction process of the country".³

*"The PIT has always subscribed to seeking peace and consensus. And by allying ourselves with the RHDP, we do not betray our political values. There is nothing strategic in this as it is only a political formation that has prioritised peace."*⁴

The PIT made a formal request in April to former president **Henri Konan Bédié** (1993-1999), current president of the **Parti Démocratique de Côte d'Ivoire (PDCI)**. Bédié accepted the PIT as an observer at the RHDP conference on 23 May. Commentators view the PIT's request to join the coalition as a renunciation of the party's principles:

*"This is political solicitation. The PIT was reduced to begging its entrance into the RHDP to the detriment of its own principles. The PIT is of left obedience whilst the RHDP and its members are [neo]liberal and ultra[neo]liberal which means that such an alliance is against nature. The PIT has no place in the RHDP because they do not share the same political values. But it's not surprising – the PIT supported the RHDP at the last presidential elections in 2010. They were until now the only opposition party. This was somewhat predictable."*⁵

The PIT's move is a puzzling strategy for a party in a vulnerable political position and with political values opposed to those of the RHDP. The PIT received less than 1% of votes in the 2010 elections, causing PIT founder **Francis Wodié** to leave the party.⁶

"It's worth pointing out that there is no strategy in this move – it's no more no less than beggary. The party is hoping for a few ministerial roles or other within the government, especially seats

¹ The coalition comprises the **Parti Démocratique de Côte d'Ivoire (PDCI)**, the **Rassemblement des**

² L'infodrome, 23 May 2016

³ Source, PIT president, Abidjan

⁴ Source, PIT president, Abidjan

⁵ Source, journalist, Abidjan

⁶ Source, journalist, Abidjan

within parliament which will follow the RHDP. The PIT knows that as an entity it is worth very little on the Ivoirian political scene. This party was already in the process of disappearing so why not ally itself with the majority. At least this way it can benefit from some privileges from being in the governing majority. The PIT has delivered a blow to Côte d'Ivoire's democracy – this could mean the return to a single governing party.”⁷

The inclusion of the PIT solidifies the RHDP's position in parliament. The RHDP won 83.6% of seats in 2015 while the former ruling party, **Laurent Gbagbo's** (2000-2011) **Front Populaire Ivoirien (FPI)**, presently has no seats in parliament and appears to be fracturing.⁸

Séka Séka has reportedly long sought to be closer to the presidential majority.⁹ The PIT supported Ouattara's candidacy in both the 2010 and 2015 elections:

*“In all of our parties' history, there are alliances that were made. In 1995, the FPI allied itself with the **Rassemblement des Républicains (RDR)** [Ouattara's party] in order to boycott the elections. The then president Henri Konan Bédié was the candidate during those elections. Therefore, there is nothing scandalous in this choice to be a part of the RHDP.”¹⁰*

PIT founder Francis Wodié rejected President **Alassane Ouattara's** (2011-present) constitutional reform proposal in May (see *ARC Briefing Côte d'Ivoire May 2016*). Wodié formed the PIT in 1990 and the left-wing party has consistently formed part of the opposition.¹¹ The PIT is the only opposition party within the coalition.

Suspected misappropriation in government cashew and cotton agency

According to press reports on 24 May, a leaked **United States (US)**-based **Deloitte Touche Tohmatsu Limited (Deloitte)** audit alleges that the **Conseil du Coton et de l'Anacarde (CCA)** (cashew and cotton council) misappropriated funds from contracts secured between January 2014 and November 2015.¹² Côte d'Ivoire is the world's largest exporter of cashew nuts, exporting around 625,000 tonnes worth approximately \$570m in 2015.¹³ Anonymous CCA employees petitioned the **Haute Autorité pour la Bonne Gouvernance (HABG)** (High authority for good governance) to investigate several of the company's contracts.¹⁴ The HABG, created in 2013 as a government-led initiative to combat corruption in state bodies, requested the audit as part of an investigation into the CCA.¹⁵

“The report denounced a certain favouritism that the CCA employed, concerning 22 suppliers, whose services amounted to over \$5.58m. This included excessively high billing from these companies, which won without tender or contract. According to the report, of the 22 suppliers evaluated during the period investigated, it found only six contracts, which account for 236 transactions in cash with suppliers, for a total of \$1.4m.”¹⁶

Deloitte noted that the CCA was unable to provide evidence of the contracts signed with the various suppliers.¹⁷ This may indicate more than simple mismanagement in the CCA's accounting. This has reportedly led to the suspension of both the company's director general, **Malamine Sanogo**, and its deputy director general, **Mamadou Berté**, two weeks after the initial press coverage.¹⁸

⁷ Source, constitutionalist, Abidjan

⁸ Source, journalist, Abidjan

⁹ Source, PIT president, Abidjan

¹⁰ Source, PIT president, Abidjan

¹¹ L'infodrome, 23 May 2016.

¹² Le Monde, 24 May 2016.

¹³ Le Monde, 24 May 2016.

¹⁴ Le Monde, 24 May 2016.

¹⁵ Le Monde, 24 May 2016.

¹⁶ Source, journalist, Abidjan

¹⁷ Le Monde, 24 May 2016.

¹⁸ Abidjan.net, 11 Jun 2016.

The report indicates close to \$4.18m of unaccounted funds with unknown suppliers, raising significant concerns of misappropriation. However, the **Inspection Générale de l'État (IGE)** (general state inspection agency) concludes that there are no anomalies, contradicting the HABG's claims.¹⁹ A local source operating in the sector claims that the IGE solved the discrepancy, as the unidentified contracts were made with jute export bag suppliers, which the CCA is obliged to provide to exporters:

"The irregularities are at the level of export bags. Synergie Export A3 supplies the jute bags to export cashew nuts. The Association des Exportateurs de la Noix de Cajou en Côte d'Ivoire (AECCI) (Cote d'Ivoire cashew export association) had already questioned this company for a \$338,000 invoice in April 2015, which at that time warned the HABG. But the IGE dismissed the AECCI's claims after it audited bags produced by [Synergie Export A3]. All leads to the question: who manages the payment of export bags and to what end? The payment of export bags is derived as a fee of \$0.02 levied on the price of each kilo of cashew – this is a public fund. So there can be incongruences in the management of these, but if this is the case, why does the AECCI insist in managing these funds whilst it has no legal status to do so?"²⁰

The fund for jute export bags comprises a compulsory tax levied on each kilo of cashew sold.²¹ The AECCI has demanded that the CCA renounce its responsibilities as the manager of the fund.²² As a total of 2015's total production, this tax would amount to \$12.5m, which the CCA oversaw directly in order to provide the jute bags to exporters, according to Article 3 of the presidential decree no. 2013-808:

"In the cotton and cashew sector, exporters pay taxes, levies and fees before shipping anything for export. The CCA collects these fees and taxes... and it takes all measures necessary to make jute bags available to exporters and manage their provision."²³

It would therefore appear that the misappropriated funds derived from contracts (which the CCA was unable to provide to Deloitte for audit) with jute export bag suppliers. The HABG claims that it will continue to investigate the matter in more depth in order to lay the foundations for a deeper investigation into the initial suspicions of corruption.²⁴ The Deloitte audit, as well as the press' secondary viewing of the audit – which ARC was unable to obtain – reveal further suspicious activity with various bank transfers, which anonymous exporter sources claim comprised cash withdrawals, a warning sign of potential misappropriation.²⁵

Constitutional referendum will take place in September/October

President Ouattara announced on 7 June that the constitutional referendum confirmed in May to take place before the end of 2016, would be held between September and October.²⁶ During the three months leading up to the vote there will be logistical preparation, consultation and elaboration of the specific reforms with relevant party representatives and community leaders (and ostensibly also with the disavowed FPI).²⁷

Several sources had criticised Ouattara's moves in previous months for constitutional reform as a way of passing more radical reform in parliament where he benefits from a clear majority (see *ARC Briefing Côte d'Ivoire May 2016*). In particular, sources claimed that Ouattara may be seeking to change the constitution to allow for older presidents, as Ouattara would exceed the maximum age for a president within his current mandate (see *ARC Briefing Côte d'Ivoire May 2016*).

¹⁹ Source, journalist, Abidjan

²⁰ Source, business owner, Abidjan

²¹ Source, business owner, Abidjan

²² Abidjan.net, 10 Jun 2016.

²³ Abidjan.net, 10 Jun 2016.

²⁴ Le Monde, 24 May 2016.

²⁵ Le Monde, 24 May 2016.

²⁶ BBC Afrique, 7 Jun 2016.

²⁷ BBC Afrique, 7 Jun 2016.

As a statement of intent, Ouattara consulted with several traditional leaders, tribal kings and religious guides on 8 June concerning the referendum.²⁸ President of the chamber of kings and traditional leaders **Nanan Amon Tanoé Désiré** claimed that there is a real need for revision of nationality (domestically referred to as *ivoirité*) in the interest of peaceful progress.²⁹ The leaders called for an extension of the presidential term limit (currently two) in order to make Ouattara eligible for a third term.³⁰ However, other civil society representatives, including the youth demographic – 77% of the Ivoirian population is under the age of 35, believe the referendum should reflect their desires more accurately.³¹ Current FPI leader **Pascal Affi N’Guessan** claimed that Ouattara’s referendum process lacks transparency:

“I don’t think that this is a way that Côte d’Ivoire should obtain a consensual constitution, which will pave a new beginning. One should not think that we will tolerate that the government will impose a constitution tailor-made to suit certain political parties.”³²

President of parliament, **Guillaume Soro**, who would currently replace Ouattara if he failed to fulfil his mandate, claimed that the constitutional reform may see him lose his position as constitutional successor to the president.³³ Soro believes that constitutional reform would allow for the president to choose his interim, especially if Ouattara were to introduce the role of vice president, as many have speculated he will.³⁴

Implications

The PIT’s adherence to the ruling RHDP majority reveals a party in crisis, with little sway in parliament and desperately clinging on to the power it has achieved through support of Ouattara’s candidacy. For the PIT, remaining within the RHDP is a means of survival. It means visibly supporting a coalition that ideologically opposes the PIT, in the name of peace. The more worrying implication is that the RHDP now has even more dominance within parliament in order to effectively dictate national politics – which could potentially lead to the formation of a single party – at least until the FPI resolves its internal turmoil.

The Deloitte audit may reveal a certain number of irregularities in CCA’s accounts, and if proven, could have serious implications for the operation of an increasingly lucrative sector, as Côte d’Ivoire seeks to consolidate its position as world leader in cashew production. The apparent suspension of both director general and deputy director general of the CCA would reveal the government’s discontent, at least, with the company’s inability to provide contracts for several agreements that the company entered into over the last two years. The mismanagement, and potential misappropriation of the tax funds used for provision of jute export bags, may explain the unaccounted funds within the audit – only the HABG’s investigation will reveal to what extent the suspicions of corruption are justified.

Ouattara’s announcement for the date of the constitutional referendum could indicate a willingness to hasten the consultation process, as opposition parties have pointed out. The implications for the current political landscape could be profound, but until the government releases the proposed changes, it is difficult to evaluate how radical the reform could be.

²⁸ RFI, 8 Jun 2016.

²⁹ RFI, 8 Jun 2016.

³⁰ RFI, 8 Jun 2016.

³¹ RFI, 8 Jun 2016.

³² RFI, 6 Jun 2016.

³³ Jeune Afrique, 21 Jun 2016.

³⁴ Jeune Afrique, 21 Jun 2016.

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