

## AFRICA RISK CONSULTING

### Côte d'Ivoire Briefing April 2017

#### Côte d'Ivoire Summary 26 April 2017

*The Assemblée Nationale (lower chamber of parliament) reveals its new parliamentary blocs, with the Rassemblement des Républicains (RDR) and Parti Démocratique de Côte d'Ivoire (PDCI) holding 85.5% of legislative voting power. However, their Rassemblement des Houphouëtistes pour la Démocratie et la Paix (RHDP) coalition appears to fracture, with a potential split ahead of 2020 presidential elections. The Conseil Café-Cacao (CCC) (coffee and cocoa board) announces a 36% decrease in farmgate cocoa prices. The government petitions for additional budgetary support from the International Monetary Fund (IMF) to offset the negative effects of the cocoa price slump. The Syndicat National Agricole pour le Progrès en Côte d'Ivoire (SYNAP-CI) seeks legal action against the CCC, for allegedly opaque management. The CCC and the Ghana Cocoa Board (Cocobod) sign the 'Abidjan Accord', aimed at improving preventive measures against illegal cocoa smuggling. The International Cocoa Organization (ICCO) inaugurates its new world headquarters in Abidjan.*

#### New parliamentary blocs swing power dynamics

The **Assemblée Nationale** (lower chamber of parliament) on 5 April revealed the new division of **Côte d'Ivoire's** parliamentary blocs.<sup>1</sup> The new division appears to blow open prior alliances ahead of 2020 presidential elections. Following the legislative elections of December 2016, it was unclear how parties would align once parliament resumed in early April. Even though the dominant force in Ivorian politics – the **Rassemblement des Houphouëtistes pour la Démocratie et la Paix (RHDP)** coalition – was largely uncontested in the legislative elections, many of RHDP's members ran as independents. The RHDP's member parties, the **Rassemblement des Républicains (RDR)** and **Parti Démocratique de Côte d'Ivoire (PDCI)**, appeared fractured, rejecting the RHDP banner.<sup>2</sup> The independent candidates were expected to return to their historic party affiliations in parliament (largely RDR and PDCI). However, the independents have refused to unite under a single parliamentary group, which has impaired the unity of the RHDP.

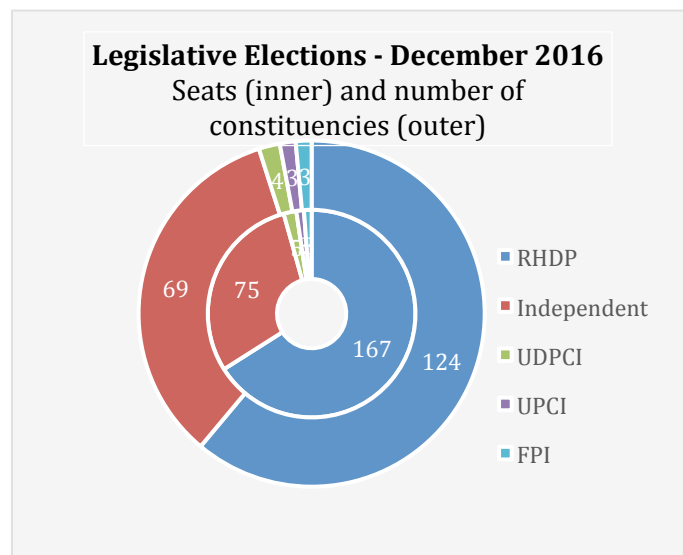


Table 1: [www.cei-ci.org](http://www.cei-ci.org)

<sup>1</sup> Jeune Afrique, 6 Apr 2017.

<sup>2</sup> [www.cei-ci.org](http://www.cei-ci.org)

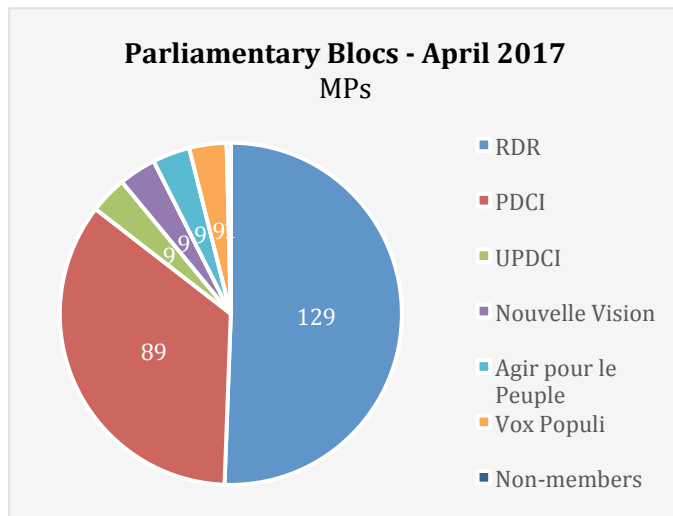


Table 2: [www.assnat.ci](http://www.assnat.ci)

Between the two parties, the RDR and PDCI today hold 85.5% of legislative voting power.<sup>3</sup> However, it is said that the relationship between president **Alassane Dramane Ouattara** (2011-present) and former president **Henri Konan Bédié** (1993-1999), respective presidents of the RDR and PDCI, is the only close link between the two parties.<sup>4</sup> The new division of power in parliament consolidates these early signs of division between the RDR and PDCI. The RHDP will now operate two separate blocs in parliament, with little or no guarantee of cooperative politics in the chamber.<sup>5</sup> The RDR is the single largest party in parliament, with 129 MPs in its parliamentary bloc – 50.6%, thereby holding an absolute

majority.<sup>6</sup> The RDR's relative increase in seats means it can contemplate ruling without the PDCI. The PDCI is the second largest parliamentary bloc, with 89 MPs (34.9%).<sup>7</sup> The remaining 35 MPs are divided equally between four other blocs (nine MPs each, or 3.5%): the **Union pour la Démocratie en Côte d'Ivoire (UPDCI)**, **Nouvelle Vision**, **Agir pour le Peuple** and **Vox Populi**.<sup>8</sup> The UPDCI represents the party of the same name.<sup>9</sup> The other blocs contain a mixture of defectors from main parties, including the historic opposition **Front Populaire Ivoirien (FPI)** party, as well as independent MPs.<sup>10</sup> It appears unlikely that these blocs will affiliate themselves to the RDR and PDCI. Current leader of the FPI **Pascal Affi N'Guessan** has no parliamentary bloc affiliation – the only such case in parliament.<sup>11</sup> The RDR will have five parliamentary vice president positions, the PDCI will have four, the UPDCI one, and the Nouvelle Vision one.<sup>12</sup>

The RHDP formed out of convenience and necessity during the political and military crisis of 2002-2007, rather than as a result of electoral or ideological affinities.<sup>13</sup> The party had initially pledged to unify into a single party by September 2016.<sup>14</sup> Although Bédié and Ouattara appeared to present a unified party in February 2016, with a symbolic meeting in **Daoukro**<sup>15</sup> (**Iffou Region**), its supporters did not reconcile in practice, as demonstrated in the legislative election result (see *ARC Briefing Côte d'Ivoire February 2016*). Local commentators believed that this would act only as a symbolic meeting, especially considering the lack of meaningful language or legal procedure to formally register both as a unified party.<sup>16</sup> The legislative elections in December and current parliamentary blocs only strengthen the suggestion that the RHDP's constituents were not serious about unification. Although the agreement between the RDR and PDCI to support Ouattara ahead of the 2015 presidential elections enabled a political changeover, it appears that the RDR has abandoned its part of the

<sup>3</sup> [www.assnat.ci](http://www.assnat.ci)

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

<sup>5</sup> Jeune Afrique, 6 Apr 2017.

<sup>6</sup> [www.assnat.ci](http://www.assnat.ci)

<sup>7</sup> [www.assnat.ci](http://www.assnat.ci)

<sup>8</sup> [www.assnat.ci](http://www.assnat.ci)

<sup>9</sup> [www.assnat.ci](http://www.assnat.ci)

<sup>10</sup> [www.assnat.ci](http://www.assnat.ci)

<sup>11</sup> [www.assnat.ci](http://www.assnat.ci)

<sup>12</sup> Jeune Afrique, 6 Apr 2017.

<sup>13</sup> Jeune Afrique, 6 Apr 2017.

<sup>14</sup> Jeune Afrique, 27 Mar 2017.

<sup>15</sup> Daoukro is Bédié's historic electoral stronghold. It is where Bédié made the famed "appel de Daoukro" (call of Daoukro) in September 2014, announcing his own withdrawal and his support for Ouattara's presidential re-election.

<sup>16</sup> Source, journalist, Abidjan

agreement by refusing to support a PDCI candidate in 2020, as initially agreed.<sup>17</sup> At present, the RHDP ‘unification’ is void.

*“The RHDP has been dead for a while. The solidity of the coalition holds because Bédié is still alive. If Bédié were no more, the RHDP would fly to pieces in the hours that follow.... Bédié manages his party. He manages his supporters. Everyone know it – the RDR has betrayed him.”<sup>18</sup>*

The PDCI and RDR, in the two weeks subsequent to the resumption of parliamentary activity, held seminars, meetings and congresses with its supporters. The RDR openly stated that it is seeking to gain re-election in 2020 presidential elections.<sup>19</sup> Part of the reason behind the RDR’s open contestation to the PDCI is that the PDCI has struggled to foster a viable presidential candidate for 2020, other than current vice president **Daniel Kablan Duncan**. As one RDR member says,

*“The RDR is a force. The north will never relinquish power. The PDCI ruled this country for 40 years... We all said that we needed a unified party and that the best profile would be an RHDP candidate. But we are conscious that at the PDCI’s level, there is no such candidate. Duncan is the only presidentially worthy candidate there. But, he is not of **Baoulé** ethnicity<sup>20</sup> – the baoulés are the leaders of the party and would never put him in a position to run for president, despite his loyalty to Bédié. This is how it is. The RDR would be betraying the North’s<sup>21</sup> will if it gave back power.”<sup>22</sup>*

The PDCI, on the other hand, has openly called for ‘alternation’ of power in 2020.<sup>23</sup> They claim that the RDR has betrayed the coalition, and could even foresee new coalitions,

*“You know, the RDR has betrayed. Alternation, to the benefit of the PDCI, was planned for 2020. But today, the RDR doesn’t want it anymore. And we knew this even before the 2015 elections... We wonder what sort of deal Bédié and Ouattara struck. However, with the recent legislative elections, the party has decided to take matters into its own hands. All alliances are possible. There are no alliances that are unnatural in politics. I think the PDCI will return to power in 2020, despite the stammering from the party’s leaders. The PDCI will not vote for any candidate other than its own, and there will be a PDCI candidate.”<sup>24</sup>*

Commentators also believe that parliamentary president **Guillaume Soro** is preparing a presidential bid, aiming to take voters away from the RDR and PDCI.<sup>25</sup> Although Soro has no political party, he reportedly has an increasing support base, including former **Forces Nouvelles (FN)** militants.<sup>26</sup> Local sources believe that Soro is buying support for his presidential bid,

*“If you talk to supporters of Soro, they are adamant that they are not RDR. Many of them would follow him if he decided to launch his own party. I hear that he is buying iPads and using other sorts of incentives to buy an electorate loyal to him.”<sup>27</sup>*

Furthermore, both the PDCI and the RDR recognise the threat from Soro as real,

*“Our current problem is not the PDCI; it is rather Soro.”<sup>28</sup>*

According to a second source,

<sup>17</sup> Source, journalist, Abidjan

<sup>18</sup> Source, political observer, Abidjan

<sup>19</sup> Koaci, 24 Apr 2017.

<sup>20</sup> The Baoulé are largely present in central and southern Côte d’Ivoire, of the larger **Akan** ethnic group.

<sup>21</sup> Referring to the north/south divide between supporters of the RDR and PDCI.

<sup>22</sup> Source, RDR member, Abidjan

<sup>23</sup> Koaci, 24 Apr 2017.

<sup>24</sup> Source, PDCI member, Abidjan

<sup>25</sup> Source, investigator, Abidjan

<sup>26</sup> Source, investigator, Abidjan

<sup>27</sup> Source, investigator, Abidjan

<sup>28</sup> Source, RDR member, Abidjan

*"Today the PDCI is sharpening its weapons. It knows that Soro will divide the RDR voter base."*<sup>29</sup>

Bédié and Ouattara are aging. Rumours of health problems for both men appear regularly in the press, and the unity of the RHDP, without their oversight, appears unlikely. The fear of an increase in insecurity, after this expected split of the RHDP, is not insignificant. Change in the Ivoirian political landscape appears inevitable, with outsiders such as Soro also aiming to peel away from the floundering RHDP coalition. The RDR, as an alternative to Ouattara, could present candidates such as prime minister **Amadou Gon Coulibaly**, or RDR heavyweights and advisers to Ouattara, **Ibrahima Cissé Baongo** and **Adama Bictogo**. The PDCI, on the other hand, would struggle to present a high-profile candidate beyond Duncan, which could be a potential coalition candidate were it not for ethnic limitations. The end of the coalition would complete a cycle of an effective single-party rule, which would create a more open political contest. However, the risk of insecurity and destabilisation increases with a more competitive political landscape. Bédié, Ouattara and Soro are the most influential political players at present, while the FPI suffers weak leadership and strategic direction.

### The CCC cuts farmgate cocoa price

The **Conseil Café-Cacao (CCC)** (coffee and cocoa board) on 31 March announced a 36% decrease in farmgate cocoa prices, from FCFA 1,100 (\$1.79) to FCFA 700 (\$1.14) per kilo.<sup>30</sup> The farmgate price is a mandatory minimum price paid to producers, the vast majority of whom are small-scale in Côte d'Ivoire. In reality, however, many merchant traders and exporters often do not respect the farmgate price. The CCC can change the price twice a year –at the beginning of the cocoa season in October, and in March/April, halfway through the season.<sup>31</sup> The current decrease is the largest since 2012, while cocoa prices are at a five-year low on both the **Intercontinental Exchange (ICE)** in **New York (United States)** and in **London (United Kingdom (UK))**.<sup>32</sup> Cocoa continues to represent over 15% of the national gross domestic product (GDP) and 50% of total exports.<sup>33</sup>

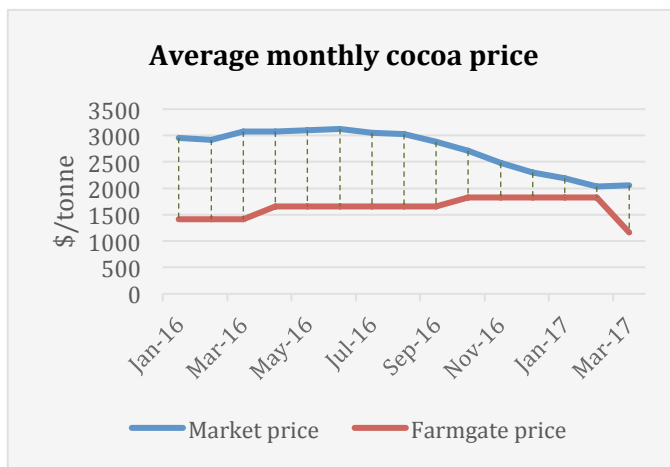


Table 3: [www.conseilcafecacao.ci](http://www.conseilcafecacao.ci); [www.icco.org](http://www.icco.org)

The CCC had claimed in February that it would not lower farmgate cocoa prices for the 2016/2017 season, even though market prices continued to decrease (see *ARC Briefing Côte d'Ivoire February 2017*). CCC managing director **Massandjé Touré-Litsé** claimed that rumours of a price increase were unfounded. Ultimately, however, the pressures on public finances and the CCC's reserve fund forced the decision. The CCC even increased farmgate prices in October 2016, after market prices had dropped since July, seeking to encourage a 10% increase in production over the 2016/2017 season.<sup>34</sup> Many commentators criticised this decision in view of prevailing market conditions, as a political move to boost

support for Ouattara in the constitutional referendum at the end of October 2016 and legislative elections in December 2016 (see *ARC Briefing Côte d'Ivoire February 2017*). Touré-Litsé's family political background supports these claims: she is the daughter of **Saliou Touré**, education minister under Bédié. Her personal political acumen, as a former adviser to Soro (see *ARC Briefing Côte d'Ivoire February 2017*), also adds support to these claims.

<sup>29</sup> Source, political observer, Abidjan

<sup>30</sup> [www.conseilcafecacao.ci](http://www.conseilcafecacao.ci)

<sup>31</sup> [www.conseilcafecacao.ci](http://www.conseilcafecacao.ci)

<sup>32</sup> Multiple sources: [www.market.ft.com](http://www.market.ft.com); [www.nasdaq.com](http://www.nasdaq.com); [www.icco.org](http://www.icco.org); [www.theice.com](http://www.theice.com)

<sup>33</sup> [www.worldbank.org](http://www.worldbank.org)

<sup>34</sup> [Abidjan.net](http://Abidjan.net), 28 Sept 2016.

Losses on cancelled contracts in January and February could reportedly have totalled as much as 400,000 tonnes of cocoa, largely due to this artificially buttressed price.<sup>35</sup> These losses further pressured government to reconsider its farmgate price policy.<sup>36</sup> At the end of March, the government petitioned for additional budgetary support of \$658.9m from the **International Monetary Fund (IMF)**, under its three-year extended credit facility (ECF) and extended fund facility (EFF) arrangements signed in December 2016.<sup>37</sup> The government wants an extension to the programmes in order to bolster government finances.<sup>38</sup> The IMF on 6 April completed its first review mission, citing the threats from the drop in cocoa prices.<sup>39</sup> However, the IMF has not yet communicated on the request.

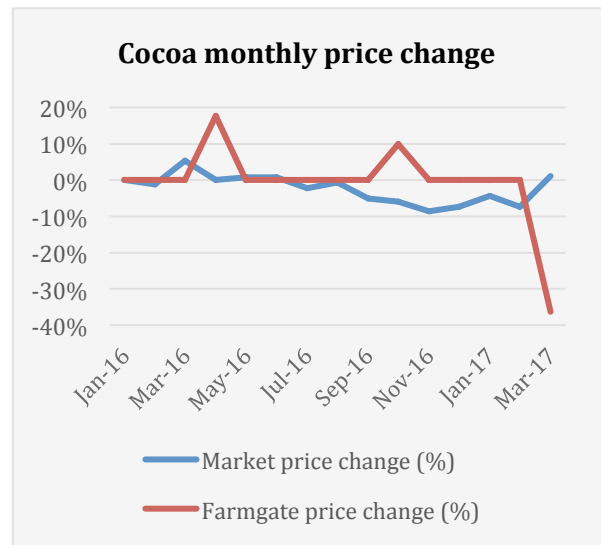


Table 4: [www.conseilcafecacao.ci](http://www.conseilcafecacao.ci); [www.icco.org](http://www.icco.org)

The drastic price cut has also led to increased tension with producer unions. The **Syndicat National Agricole pour le Progrès en Côte d'Ivoire (SYNAP-CI)** and **Coordination Nationale des Planteurs de Côte d'Ivoire (CNPCI)** began an indefinite strike on 15 February to seek compensation from government for cancelled contracts.<sup>40</sup> Even though the government agreed to reimburse producers, the SYNAP-CI on 6 April sought legal action against the CCC for “opaqueness in its management”<sup>41</sup> and to “protect the rights of its members”.<sup>42</sup> The SYNAP-CI claims that the CCC has not adequately managed the reserve funds, and should have acted to preserve the farmgate price.<sup>43</sup> The SYNAP-CI has called for an audit into the entire management chain of the CCC – including its budget allocations, subsidies, quality control, and investment and reserve fund management.<sup>44</sup> Local producers are critical of the CCC’s policy,

*“Ouattara betrayed the farmers. Why did we even create the CCC? So why steal from us? Well, there is an international price crisis, we agree. But where is our guarantee reserve fund? We must be refunded.”<sup>45</sup>*

### ... as CCC signs strategic partnership with the Ghana Cocoa Board

The CCC and the **Ghana Cocoa Board (Cocobod)** on 13 April signed the ‘**Abidjan Accord**’, aimed at improving measures against illegal cocoa smuggling.<sup>46</sup> The discrepancy between Ivorian and Ghanaian farmgate prices is leading to tension at the border, as Ivorian producers contemplate selling their production in Ghana. Cocobod CEO **Joseph Boaden Aidoo** said in early March that he feared smuggling and that Cocobod is encouraging the Ghanaian government to reinforce security measures at the Côte d’Ivoire border (see *ARC Briefing Ghana April 2017*). Cocoa trade between Côte d’Ivoire and Ghana is illegal, due to differences in both price and quality – Ghana’s cocoa is of a higher quality. Some Ivorian producers, however, openly threaten to smuggle their cocoa production to Ghana,

<sup>35</sup> Multiple sources: Le Monde, 16 Feb 2017; Reuters, 6 Feb 2017.

<sup>36</sup> Multiple sources: Le Monde, 16 Feb 2017; Reuters, 6 Feb 2017.

<sup>37</sup> Multiple sources: Jeune Afrique, 28 Mar 2017; [www.imf.org](http://www.imf.org).

<sup>38</sup> Jeune Afrique, 28 Mar 2017.

<sup>39</sup> [www.imf.org](http://www.imf.org)

<sup>40</sup> VOA, 17 Feb 2017.

<sup>41</sup> AFP, 6 Apr 2017.

<sup>42</sup> AFP, 6 Apr 2017.

<sup>43</sup> AFP, 6 Apr 2017.

<sup>44</sup> Connection Ivoirienne, 5 Apr 2017.

<sup>45</sup> Source, cocoa producer, Abidjan

<sup>46</sup> Notre Voie, 13 Apr 2017.

*“Seeing as we can’t sell our produce, we will start doing as my colleagues that live in the region. They can sell in Ghana where the price is far better than in Côte d’Ivoire.”<sup>47</sup>*

Ghana and Côte d’Ivoire often focus their policy on maximising production, rather than containing world prices. As recently as 7 April, the Ghanaian agriculture ministry cut the price of compound fertiliser by 47.8% for farmers (see *ARC Briefing Ghana April 2017*). One of the results of unaligned cocoa policy is that cocoa futures prices can be highly unpredictable, depending significantly on Ivorian and Ghanaian political conditions. This has considerable impact given the two countries produce over 60% of world production and have substantial sway on market prices.<sup>48</sup> As such, the CCC and Cocobod agreed to favour stability and collaborate to control market cocoa prices and prevent large gaps in Ivorian and Ghanaian farmgate prices.<sup>49</sup>

### **...and the ICCO inaugurates its new world headquarters**

The **International Cocoa Organization (ICCO)** inaugurated its new world headquarters on 25 April in the **Deux Plateaux** neighbourhood of **Abidjan**, after operating for 44 years from London.<sup>50</sup> Reportedly, the move will better position the organisation to influence CCC and Cocobod cocoa policy. ICCO vice president **Jean-Marc Anga** said that the move would improve the quality of its market information and transparency of the cocoa market.<sup>51</sup> Ivorian sources claim that the government lobbied the ICCO for the move,

*“The government wanted [the ICCO] to come here. They will both have greater influence as a result of this move.”<sup>52</sup>*

Tensions within the cocoa sector are significant. Various stakeholders are aiming to stabilise the situation, while the CCC receives significant criticism for alleged political behaviour (see above). The high farmgate price was unsustainable, as margins between international and farmgate prices reduced almost to zero at the end of February. If the IMF decides to increase the length and total amount of its ECF and EFF programme, one would expect it to call for more realistic farmgate prices. The repercussions of the harsh farmgate price cut are significant, and could lead to an increase in social tension, if the government responds inadequately. The apparent closer partnerships with both Cocobod and the ICCO will afford the Ivorian government greater influence and control of the cocoa market, although this will be coupled with greater oversight. This could also help stem cocoa smuggling into Ghana.

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<sup>47</sup> Source, cocoa producer, Abidjan

<sup>48</sup> [www.icco.org](http://www.icco.org)

<sup>49</sup> Reuters, 18 Apr 2017.

<sup>50</sup> RFI, 26 Apr 2017.

<sup>51</sup> RFI, 26 Apr 2017.

<sup>52</sup> Source, analyst, Abidjan

### About Africa Risk Consulting:

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