

## AFRICA RISK CONSULTING

### Côte d'Ivoire Briefing September 2018

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#### Côte d'Ivoire Summary 12 September 2018

*President Alassane Ouattara (2010-present) states that municipal and regional elections slated for 13 October will not be postponed despite calls from civil society and opposition groups to delay them. The Commission Electorale Indépendante (CEI) begins the electoral candidate registration process. President Ouattara announces the signing of loan agreements worth \$3.4 billion with China. Cote d'Ivoire's fourth largest cocoa exporter, SAF Cacao, faces liquidation.*

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#### Ouattara refuses to cancel elections, delays CEI reform till 2020 elections

President **Alassane Ouattara** (2010-present) confirmed on 5 September that the municipal and regional elections scheduled for 13 October will take place as scheduled on that date.<sup>1</sup> Ouattara said **Parti Démocratique de Côte d'Ivoire (PDCI)** leader and former president **Henri Konan Bédié** (1993-1999) had suggested postponing the elections during their meeting on 8 August to enable a full-scale reform of the **Commission Electorale Indépendante (CEI)** (independent electoral commission).<sup>2</sup> Reform of the CEI has been a longstanding issue that has motivated the opposition boycott of elections since 2013 (see *ARC Briefing Cote d'Ivoire March 2018*). Ouattara has not heeded Bédié's suggestion in his decision to go ahead with the municipal and regional elections on 13 October.

Ouattara said on 6 August that he would re-examine the composition of the CEI in line with the November 2016 judgement of the **African Court on Human and People's Rights (AfCHPR)**.<sup>3</sup> The AfCHPR ruled that the CEI does not have the necessary independence and impartiality to conduct free and fair elections.<sup>4</sup> Currently, the CEI is made up of 17 members: four from the presidential coalition, four from the opposition, four representing civil society and five individuals from state institutions including the presidency.<sup>5</sup> The CEI is headed by **Youssouf Bakayoko**, whose mandate expired in February 2016.<sup>6</sup> Bakayoko was in charge of the CEI during the post-electoral crisis of December 2010-April 2011.<sup>7</sup>

Ouattara has claimed he intends to pursue the reforms so that the "next elections" will be inclusive and free of violence.<sup>8</sup> However, he appears to be referring to the 2020 presidential elections, rather than the municipal and regional elections.<sup>9</sup> This has created a trust divide between the government and RHDP against the opposition as Ouattara had initially created the impression that he would undertake the CEI reform before the October elections.

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<sup>1</sup> FratMat.info, 5 Sep 2018

<sup>2</sup> FratMat.info, 5 Sep 2018

<sup>3</sup> Jeune Afrique, 17 Aug 2018

<sup>4</sup> IJRC, 7 Dec 2016

<sup>5</sup> Jeune Afrique, 17 Aug 2018

<sup>6</sup> Jeune Afrique, 17 Aug 2018

<sup>7</sup> Jeune Afrique, 17 Aug 2018

<sup>8</sup> Jeune Afrique, 17 Aug 2018

<sup>9</sup> Koaci.com, 5 Sep 2018

Although civil society and opposition groups have applauded Ouattara's commitment to reform the CEI, major political parties have called for the postponement of municipal and regional elections. Opposition **Front Populaire Ivoirien (FPI)** leader **Pascal Affi Nguessan** has said the elections should be cancelled to allow all relevant stakeholders to take part in the CEI reform process.<sup>10</sup> The FPI's "*Gbagbo or nothing*" faction leader, **Aboudramane Sangare**, claims that reorganisation of the CEI is important, but comprehensive electoral reform is even more important.<sup>11</sup>

Civil society platform **Groupe de Plaidoyer d'Actions pour une Transparence Electorale (GPATE)** (advocacy for electoral transparency action group) echoed the view of the major political parties, calling on 30 August for municipal and regional elections to be postponed.<sup>12</sup> GPATE said the implementation of reforms for the 2018 elections would have been a test for the 2020 presidential elections.<sup>13</sup> GPATE suggested the government hold an inclusive dialogue involving all relevant parties to reach consensus on the desired CEI reform.<sup>14</sup>

The FPI is already contemplating whether to boycott the October elections.<sup>15</sup> Bedié and the two PDCI vice-presidents, **Charles Konan Banny** and **Emile Constant Bombet**, favour an election boycott until the CEI and electoral law reform are implemented.<sup>16</sup> This is despite the fact the PDCI has already submitted its list of candidates for the upcoming elections.<sup>17</sup> The non-participation of the two main opposition parties in Côte d'Ivoire would reduce the credibility of October election results and possibly increase socio-political tensions. Moreover, it would further discredit Ouattara, who is still dealing with the aftermath of the PDCI's withdrawal from the **Rassemblement des Houphouëtistes pour la Démocratie et la Paix (RHDP)** and an increasingly united opposition (see *ARC Briefing Cote d'Ivoire August 2018*).

### CEI begins candidate registration for October municipal and regional elections

Candidate registration for the municipal and regional elections created confusion when some candidates' names appeared on the lists of two parties. The CEI had declared on 14 August that candidate registration would run from 14-29 August.<sup>18</sup> PDCI head Henri Konan Bédié published a list on 22 August of 126 candidates to represent the PDCI.<sup>19</sup> The RHDP released its list of candidates on 27 August.<sup>20</sup> However, the RHDP list included 18 individuals who appeared on the PDCI candidates' list, including some cabinet ministers.<sup>21</sup> These include water and forestry minister **Alain Richard Donwahi**, secretary general at the presidency **Patrick Achi**, public health minister **Eugene Aka Aouele** and petroleum, energy and renewable energy minister **Thierry Tanoh**. Bédié summoned the 18 PDCI members to meet him on 28 August at his **Abidjan** residence to provide an explanation of the events.<sup>22</sup>

<sup>10</sup> Jeune Afrique, 17 Aug 2018

<sup>11</sup> Jeune Afrique, 17 Aug 2018

<sup>12</sup> Koaci.com, 30 Aug 2018

<sup>13</sup> Koaci.com, 30 Aug 2018

<sup>14</sup> Koaci.com, 30 Aug 2018

<sup>15</sup> RFI, 11 Sep 2018

<sup>16</sup> Jeune Afrique, 11 Sep 2018

<sup>17</sup> Koaci.com, 22 Aug 2018

<sup>18</sup> FratMat.info, 14 Aug 2018

<sup>19</sup> Koaci.com, 22 Aug 2018

<sup>20</sup> FratMat.info, 28 Aug 2018

<sup>21</sup> FratMat.info, 28 Aug 2018

<sup>22</sup> RFI, 28 Aug 2018

Donwahi confirmed that he is a PDCI member “and will continue to be one”.<sup>23</sup> PDCI secretary general **Maurice Kakou Guikahue** blamed the situation on the RHDP and accused them of trying to create confusion in the candidate registration process.<sup>24</sup> However, according to the **Rassemblement des Républicains (RDR)**, the majority party in the RHDP platform, everyone on the RHDP list was included with their consent.<sup>25</sup>

The scenario is another indication of the fallout between the PDCI and the RHDP. In a communiqué released on 17 August, RHDP members expressed their disappointment at the withdrawal of the PDCI from the coalition.<sup>26</sup> They also expressed surprise at the possibility of a PDCI-FPI alliance and appealed to Ouattara to continue the process of establishing the RHDP.<sup>27</sup> The RHDP communiqué said PDCI members who favour the idea of the unified party should be invited to be members.<sup>28</sup> The ruling coalition appears to believe it can still attract PDCI members. The inclusion of candidates on both lists shows the parties were not prepared for the fallout, despite the tensions that had been brewing for months (see *ARC Briefing Cote d’Ivoire April – July 2018*).

### Ouattara nets \$3.4 billion in loan agreements with China

Cote d’Ivoire has secured \$3.4 billion in loan agreements with **China** following the third summit meeting of the **Forum on China-Africa Cooperation (FOCAC)** in **Beijing** on 28 August.<sup>29</sup> Ouattara said 18 cooperation agreements worth \$3.4 billion were signed between the two nations.<sup>30</sup> These include a loan convention worth \$813m to construct the **Tiebissou-Boauke** highway as well as stadiums at **Korhogo** and **San Pedro**.<sup>31</sup> The Chinese have also pledged to construct the **Centre Hospitalier et Universitaire d’Abobo** (Abidjan) (university teaching hospital) and assist in water provision.<sup>32</sup> Ouattara called for greater involvement of Chinese private sector actors in the Ivorian economy saying this would facilitate technology sharing and economic diversification.<sup>33</sup> Ouattara also asked the Chinese to help improve the transformation of primary products, notably, cocoa and cashew nut.<sup>34</sup> Cote d’Ivoire is the largest global producer of these two products.

From 2012-2016, Chinese investment in Cote d’Ivoire stood at \$2.6 billion.<sup>35</sup> China is seeking to increase its investment significantly. In July, prime minister **Amadou Gon Coulibaly** launched the **Projet de développement et de rehabilitation du reseau électrique de Cote d’Ivoire (PRODECI)** (project to develop and rehabilitate Cote d’Ivoire’s electricity network) (see *ARC Briefing Cote d’Ivoire July 2018*). The project aims to rehabilitate and construct electricity infrastructure and will cost \$825m of which China will cover 95% of the costs.<sup>36</sup> Furthermore, the **Plan d’Investissements dans les Infrastructures** (infrastructure investment plan), which was launched in March and allocates \$7 billion towards transport

<sup>23</sup> FratMat.info, 27 Aug 2018

<sup>24</sup> RFI, 28 Aug 2018

<sup>25</sup> RFI, 28 Aug 2018

<sup>26</sup> Koaci.com, 17 Aug 2018

<sup>27</sup> Koaci.com, 17 Aug 2018

<sup>28</sup> Koaci.com, 17 Aug 2018

<sup>29</sup> FratMat.info, 5 Sep 2018

<sup>30</sup> FratMat.info, 5 Sep 2018

<sup>31</sup> Jeune Afrique, 10 Sep 2018

<sup>32</sup> FratMat.info, 5 Sep 2018

<sup>33</sup> Koaci.com, 4 Sep 2018

<sup>34</sup> Anadolu Agency, 5 Sep 2018

<sup>35</sup> Anadolu Agency, 5 Sep 2018

<sup>36</sup> Agence Ecofin, 9 Jul 2018

infrastructure over five years, is also likely to attract Chinese investors (see *ARC Briefing Cote d'Ivoire March 2018*). The World Bank forecast 7% growth in Cote d'Ivoire's GDP from 2018-2021 in July.<sup>37</sup>

Increasing Chinese involvement in the Ivorian economy has put it in direct competition with France, which has historically been a significant foreign investor in Cote d'Ivoire. Cote d'Ivoire remains France's biggest export market in the **Franc Zone**, and its third largest export market in **sub-Saharan Africa**, after **Nigeria** and **South Africa**.<sup>38</sup> The French continue to be heavily involved in the Ivorian economy with French firms managing strategic sectors such as the **Port Autonome d'Abidjan**. In addition, a consortium of French firms will undertake the **Abidjan Metro** construction, and the **Chambre de Commerce et Industrie France-Cote d'Ivoire (CCIFCI)** (France-Cote d'Ivoire chamber of commerce and industry) remains a powerful organisation through which bilateral business ties are pursued. However, since 2016, China has surpassed France as the largest source of imports to Cote d'Ivoire.<sup>39</sup> In 2017, Chinese imports amounted to \$1.7 billion<sup>40</sup> while French imports reached \$1.2 billion.<sup>41</sup>

Chinese incursion into this market will continue. During this decade, the Chinese have financed and had their firms carry out projects such as the **Soubre Hydroelectric** dam, **Abidjan-Bassam** highway and the extension of the Port Autonome d'Abidjan.<sup>42</sup> **China State Construction Engineering Corporation** will carry out the construction of the 4<sup>th</sup> Abidjan bridge.<sup>43</sup> With the recent commitments China made at FOCAC, French firms may see a further reduction of their involvement in Ivorian economic activities.

### SAF Cocoa faces liquidation

The fate of Cote d'Ivoire's fourth largest cocoa producer is still hanging in the balance. The **Tribunal de Sassandra** ordered the liquidation of **SAF Cacao** on 18 July after the **Conseil Café-Cacao (CCC)** (coffee and cocoa council) claimed SAF Cacao owed it \$127m.<sup>44</sup> However, a consortium of 12 banks that represent SAF Cacao's creditors appealed the decision at the **Tribunal de Première Instance de Daloa** (Court of First Instance at Daloa), which will be judged in October.<sup>45</sup> SAF Cacao made a public offer in August of its group shares as a solution to pay off its debts.<sup>46</sup> SAF Cacao's creditors support this initiative, as they believe the company recommencing activity is the best way to resolve the crisis.<sup>47</sup> SAF Cacao was started in 2004 by Ivorian-**Lebanese** businessman **Ali-Lakiss**, and has two branches, **Choco Ivoire** and **Cipexi**.<sup>48</sup>

The liquidation of SAF Cacao would have significant negative consequences. In 2016 SAF Cacao generated \$440m in revenue and accounted for 10% of Cote d'Ivoire's cocoa

<sup>37</sup> World Bank, 12 Jul 2018

<sup>38</sup> Tresor Direction Generale, 15 Feb 2018

<sup>39</sup> Tresor Direction Generale, 15 Feb 2018

<sup>40</sup> Koaci.com, 26 June 2018

<sup>41</sup> Tresor Direction Generale, 15 Feb 2018

<sup>42</sup> Intellivoire.net, 3 Mar 2018

<sup>43</sup> Jeune Afrique, 31 Jul 2018

<sup>44</sup> Jeune Afrique, 9 Sep 2018

<sup>45</sup> Jeune Afrique, 9 Sep 2018

<sup>46</sup> RFI, 6 Sep 2018

<sup>47</sup> RFI, 6 Sep 2018

<sup>48</sup> RFI, 6 Sep 2018

production.<sup>49</sup> SAF Cacao purchases upwards of 150-200,000 tonnes of cocoa per year and removing such a big player from the market would create a void that would not be easy to fill in the short run.<sup>50</sup> SAF Cacao presently has approximately 60,000 tonnes of cocoa worth \$132m in storage facilities.<sup>51</sup> The company employs 3,000 people and its liquidation would result in a significant loss of employment.<sup>52</sup>

Ivorian banks have reportedly been unable to recover \$360m in loans to cocoa exporters since the 2016/17 season.<sup>53</sup> This coincides with the global drop in cocoa prices. A failure to recover debts from firms like SAF Cacao will make banks reluctant to provide loans to the sector, which is the largest contributor to Cote d'Ivoire's economic output.<sup>54</sup>

### Planner

Oct 2018 (**Côte d'Ivoire**) *Abidjan.net*. The **Conseil Café-Cacao** (coffee and cocoa board) makes its pre-season cocoa farmgate price policy announcement;

9-11 Oct 2018 **Abidjan (Côte d'Ivoire)** *Jeune Afrique* 2<sup>nd</sup> **Ecovas Mining and Petroleum Forum**

13 Oct 2018 (**Côte d'Ivoire**) *Jeune Afrique* Scheduled municipal and regional elections

July 2019: **Ouagadougou (Burkina Faso) Traité d'Amitié et de Cooperation (TAC)** conference;

2020 (**Côte d'Ivoire**) *Abidjan.net*. Scheduled presidential elections

### Chronology

6 Sep 2018 **Abidjan (Côte d'Ivoire)** *RFI* Cote d'Ivoire's fourth largest cocoa exporter, **SAF Cacao**, faces liquidation over unpaid debts;

5 Sep 2018 **Abidjan (Côte d'Ivoire)** *FratMat.info* President **Alassane Ouattara** announces signing of conventional loan agreements worth \$3.4 billion with China;

5 Sep 2018 **Abidjan (Côte d'Ivoire)** *FratMat.info* President Alassane Ouattara declares elections will not be postponed despite calls from the opposition and civil society organisations;

24 Aug 2018 **Abidjan (Côte d'Ivoire)** *Agence Ecofin* Up to 20,000 tonnes of rubber is blocked at ports of Abidjan and **San Pedro** due to disagreements between producers and container owners;

14 Aug 2018 **Abidjan (Côte d'Ivoire)** *Jeune Afrique* King **Salman Ibn Abelaziz Al Saoud** invites President **Alassane Ouattara** to the **Kingdom of Saudi Arabia** from 18-22 August;

<sup>49</sup> RFI, 6 Sep 2018

<sup>50</sup> Reuters, 27 Jul 2018

<sup>51</sup> *Jeune Afrique*, 9 Sep 2018

<sup>52</sup> RFI, 6 Sep 2018

<sup>53</sup> Reuters, 27 Jul 2018

<sup>54</sup> *Jeune Afrique*, 9 Sep 2018

14 Aug 2018 **Abidjan (Côte d'Ivoire)** *FratMat.info* **Commission Electorale Indépendante (CEI)** announces the start of candidate registration exercise for October municipal and regional elections;

13 Aug 2018 **Abu Dhabi (United Arab Emirates)** *Gulf Times* **United Arab Emirates** to establish embassy in Cote d'Ivoire after a decree by President **Sheikh Khalifa bin Zayed Al Nahyan**;

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