

AFRICA RISK CONSULTING**Côte d'Ivoire Briefing May 2018**

Côte d'Ivoire Summary 13 May 2018

Le Rassemblement des Républicains (RDR), the largest member of the ruling Rassemblement des Houphouëtistes pour la Démocratie et la Paix (RHDP) coalition, holds its 4th Party Congress and confirms its support for the newly formed unified RHDP party. Government spokesperson Bruno Kone announces the retirement of 2,168 Forces Armées de Côte d'Ivoire (FACI) soldiers amidst rumours of a possible army mutiny. Energy minister Thierry Tanoh announces that Côte d'Ivoire doubled its gas production to 216 million cubic metres in 2017. South Africa-based mining company Randgold Resources announces a loss of \$22m during the first six months of activity at the Tongon gold mine. The Direction Générale des Douanes (Ivorian customs directorate) uncovers a network of fraudulent vehicle registration.

RDR confirms support for plans to establish single political party

The **Rassemblement des Républicains (RDR)** confirmed its support for the newly formed **Rassemblement des Houphouëtistes pour la Démocratie et la Paix (RHDP)** party at its 4th Extraordinary Congress held in **Abidjan** on 5 May. The RDR is the most important political party in the ruling **Rassemblement des Houphouëtistes pour la Démocratie et la Paix (RHDP)** coalition, which consists of five political parties. The RDR is also the party of President **Alassane Ouattara** (2010-present). The extraordinary congress was the first RDR assembly since the 3rd Ordinary Congress held in September 2017¹ and follows the political agreement signed in April to merge all parties that belong to the RHDP (see *ARC Briefing Cote d'Ivoire April 2018*).

The main purpose of the meeting was for party members to ratify the texts that would confirm the RDR's membership of the new unified RHDP party. RDR president **Henriette Dagri Diabaté** thanked party members for believing in the notion of the unified party.² Diabaté promised the RDR would not disappear and would continue to pursue political activity within the newly formed party.³ RDR secretary general **Kandia Kamissoko Camara** and prime minister **Amadou Gon Coulibaly**, who is also the RDR's first vice-president, both echoed the intention to maintain the structure of the RDR within the newly formed RHDP.⁴ RDR honorary president Alassane Ouattara said the creation of the merged party aligned with the goal of improving governance, development and national unity, ideals that former president **Félix Houphouët-Boigny** (1960-1993) embraced while in power.⁵ Ouattara encouraged the other parties to formalise their adherence to the RHDP. He intends to form a government made up of representatives from the coalition as well as host a constituent

¹ Pole Afrique, 5 May 2018

² Pole Afrique, 5 May 2018

³ Koaci.com, 5 May 2018

⁴ Koaci.com, 5 May 2018

⁵ Fratmat.info, 6 May 2018

congress of RHDP members later this year.⁶ Ouattara alluded to the 2020 presidential race, stating that the candidate selection will be a democratic process. Each party in the present RHDP coalition will present a candidate, from which the most suitable will be selected.⁷ This suggests that the RHDP would hold a primary election to decide who its presidential candidate for 2020 race will be.⁸

The **Parti Démocratique de Côte d'Ivoire (PDCI)** was also present at the RDR congress. The PDCI is led by former president **Henri Konan Bédié** (1993-1999) and is the second largest party in the presidential ruling coalition. There is noteworthy tension between the PDCI and RDR with respect to the creation of the merged party (see *ARC Briefing Cote d'Ivoire April 2018*). The signing of the political agreement on 17 April has not quelled these tensions, as Bédié announced on 20 April that the PDCI would present a candidate for the 2020. Political bureau member **Patrick Achi** officially represented Bédié at the congress.⁹ Achi, who is also minister in charge of relations with institutions, is viewed as someone who wants to reinforce the relations between the PDCI and the RDR.¹⁰ Achi said the PDCI would “do its part” with respect to the constitution of the new party.¹¹ However, the PDCI has yet to ratify the texts pertaining to the new unified party and is yet to hold or fix a date for a party congress, unlike the other RHDP coalition members. However, Ouattara’s intention to accelerate the party merger process by creating an RHDP government may pressure the PDCI to ratify the texts soon.

The stance of the other members of the RHDP is clearer. The **Parti Ivoirien des Travailleurs (PIT)**, which has no government or legislative representation, unanimously ratified the texts to join the RHDP on 29 April.¹² **Le Mouvement des Forces d'Avenir (MFA)** has also declared its intention to ratify the framework for the merged party, despite the MFA’s ongoing leadership squabble that has seen three people claim the party’s presidency.¹³ **L’Union pour la Démocratie et pour la Paix en Côte d'Ivoire (UDPCI)**, founded by former president **Robert Guéï** (1999-2000) and with six of the **Assemblée Nationale**’s 355 members, confirmed its adherence to the RHDP at its congress on 12 May.¹⁴ However, 94.87% of the members of **l’Union pour la Côte d'Ivoire (UPCI)** voted against joining the RHDP at the UPCI congress on 28 April.¹⁵ This went against the wishes of UPCI president **Brahima Soro**, who had campaigned for a yes vote but nonetheless acknowledged the frustration of his party members.¹⁶ President Ouattara confirmed the non-adherence of the UPCI to the new RHDP party at the RDR conference.¹⁷ The new RHDP government that Ouattara has pledged to form will reflect the constituent parties’ actions. Ouattara may also reward the more loyal parties in his nomination of 33 senators to Cote d’Ivoire’s new senate.

The interaction between the RDR and PDCI will be strategic and intense over the coming months. The PDCI believes it should be able to present the ruling coalition’s candidate for the

⁶ Fratmat.info, 6 May 2018

⁷ Koaci.com, 6 May 2018

⁸ Jeune Afrique, 6 May 2018

⁹ Fratmat.info, 6 May 2018

¹⁰ Jeune Afrique, 7 May 2018

¹¹ Fratmat.info, 6 May 2018

¹² Fratmat.info, 30 Apr 2018

¹³ Jeune Afrique, 30 Apr 2018

¹⁴ Jeune Afrique, 30 Apr 2018, Afrique-sur7.fr, 13 May 2018

¹⁵ RFI, 1 May 2018

¹⁶ RFI, 1 May 2018

¹⁷ Koaci.info, 5 May 2018

2020 presidential elections because it supported the RDR in 2010 and 2015. Ouattara is ineligible to run in the 2020 election, but there are rumours that RDR heavyweights such as national assembly president **Guillaume Soro**, interior minister **Hamed Bakayoko**, and prime minister Amadou Gon Coulibaly all harbour presidential ambitions. However, Ouattara is known to consult Bédié on all critical political matters and it is unlikely that he will make any important decisions unilaterally, without Bédié's input.

Government retires 2,168 soldiers in the wake of army mutiny rumours

Government spokesperson **Bruno Kone** announced on 2 May the retirement of 2,168 **Forces Armées de Côte d'Ivoire (FACI)** soldiers who have voluntarily accepted to leave the army.¹⁸ This forms part of a plan to reduce defence spending and professionalise the army, which has had a history of army mutinies since Ouattara came to power, with the most recent taking place in May 2017 (see *ARC Briefing Cote d'Ivoire January, May 2017*).¹⁹ The FACI undertook a similar exercise in 2017, when it retired over 1,000 soldiers.²⁰

The current announcement came after a 1 May army circular summoned police, soldiers and gendarmes to mobilise on 2 May at the ministry of defence, amidst rumours that a group of 600 soldiers would protest over unpaid army bonuses.²¹ These soldiers form part of a contingent trained by the **UN Operation in Côte d'Ivoire (UNOCI)** mission, and claim they were not paid the 12 million FCFA (\$21,584) bonus that 8,400 soldiers received in May 2017 following a series of mutinies.²² The army central command stated the precautionary measures would last until 18 May. Meanwhile, chief of staff **Sekou Toure** summoned seven soldiers based in **Bouake**, Côte d'Ivoire's second largest city, who were alleged to be the leaders of the suspected protest.²³ From 2002-2010, Bouake was effectively the capital of northern Côte d'Ivoire, and the headquarters of the **Forces Nouvelles**, the rebel group led by Guillaume Soro, who is allegedly implicated in the mutinies.

Ivorian authorities have been unable to stop the trend of army mutinies since the end of the 2011 electoral crisis. In addition to the proliferation of arms in the country, the possibility of army mutiny is likely to create a volatile situation heading into the 2020 elections.

Côte d'Ivoire doubles natural gas production in 2017

Petroleum, energy and renewable energy development minister **Thierry Tanoh** announced on 7 May that Côte d'Ivoire has doubled its gas production from 100 million cubic metres per day in 2016 to 216 million cubic metres in 2017.²⁴ The increase is in line with the government's initiative, established in 2016, to invest \$9 billion over a period of five years.²⁵ Natural gas production supplies the country's three main thermal plants – **Azito** (440 MW), **Ciprel** (556 MW) and **Aggreko** (210 MW), which together represent 80% of the country's electricity production capacity, estimated at around 2,000 MW.²⁶ Tanoh states the government granted operating licences for 14 exploration blocs in 2017 and is currently negotiating with **France**-based firm **Foxtrot** to increase its natural gas production output.

¹⁸ Reuters, 3 May 2018

¹⁹ Jeune Afrique, 26 May 2017

²⁰ Reuters, 3 May 2018

²¹ RFI, 5 May 2018

²² Koaci.com, 2 May 2018

²³ Jeune Afrique, 7 May 2018

²⁴ Jeune Afrique, 11 May 2018

²⁵ Agence Ecofin, 16 Jun 2017

²⁶ Jeune Afrique, 11 May 2018; African Economic Outlook, 2017

Currently, gas production comes from four production blocs operated by **Canada**-based **Canadian Natural Resources (CNRL)**, Foxtrot, and state-run **Petroci**.²⁷ Construction of a \$200m floating gas terminal at the port of **Abidjan** is set to commence by the middle of the year. The project will be undertaken by a consortium of companies led by France-based **Total**.²⁸ The increase in gas production will not only improve energy provision in Côte d'Ivoire but will also present an investment opportunity for local and foreign investors.

Randgold announces major losses despite promising Ivorian mining sector outlook

South Africa-based mining company **Randgold Resources** announced on 3 May that it lost 22 billion FCFA (\$22m) during the first six months of activity at the **Tongon** gold mine.²⁹ The Tongon mine produced 58,155 ounces of gold in the first six months, which represents a 25% drop from the previous six months.³⁰ As a result, Randgold has cut its annual production target from 300,000 to 290,000 ounces for 2018.³¹ Randgold Resources CEO **Mark Bristow** attributes the revenue and production shortfall to work stoppages, which have totalled 40 days since the start of the year.³²

Despite the recent downturn, Randgold intends to invest €10m (\$11,969,670) in mineral exploration at Tongon in 2018.³³ Since the Tongon mine went into service in 2010, Randgold has mined 2.7 million ounces of gold.³⁴ Tongon is Côte d'Ivoire's largest gold mine, but according to a Randgold feasibility report, it will cease to be operational in five years.³⁵ The work stoppages relate to employees' concerns surrounding their future in the event of a mine closure.³⁶ Employees and their representatives were demanding a 500,000 FCFA (\$950) bonus payment.³⁷ Acting mines and industry minister **Souleymane Diarrassouba** established a mediation committee, following which the various parties reached an agreement to pay 729 site employees a 400,000 FCFA (\$732) performance bonus.³⁸

The Ivorian mining sector, which contributes 2% of the country's GDP, has expanded significantly over the last few years. Côte d'Ivoire experienced an 11% increase in mining revenue from \$907m in 2016 to \$1 billion in 2017.³⁹ This rise in revenue was largely attributed to the 146% increase in manganese production as well as the start of nickel exploitation.⁴⁰ The establishment of a mining code in 2014 facilitated the entry of more investors, with the number of mining licences increasing from 110 in 2014 to 160 in 2016.⁴¹ Political instability and insufficient investments have historically prevented Ivorian mining sector players from prospering to the same extent as regional counterparts in **Burkina Faso**, **Ghana** and **Mali**.⁴² However, recent large-scale investments and acquisitions by **Australia**-

²⁷ Jeune Afrique, 11 May 2018

²⁸ Jeune Afrique, 11 May 2018

²⁹ Cotedivoire-economie.com, 3 May 2018

³⁰ Jeune Afrique, 10 May 2018

³¹ Cotedivoire-economie.com, 3 May 2018

³² Jeune Afrique, 10 May 2018

³³ Jeune Afrique, 10 May 2018

³⁴ Cotedivoire-economie.com, 3 May 2018

³⁵ Jeune Afrique, 10 May 2018

³⁶ Jeune Afrique, 10 May 2018

³⁷ Jeune Afrique, 10 May 2018

³⁸ Jeune Afrique, 10 May 2018

³⁹ Cotedivoire-economie.com, 20 Apr 2018

⁴⁰ Cotedivoire-economie.com, 20 Apr 2018

⁴¹ Cotedivoire-economie.com, 20 Apr 2018

⁴² Cotedivoire-economie.com, 20 Apr 2018

based **Perseus Mining** and Canada-based **Volcanic Gold Mining** indicate there is room for more players in Côte d'Ivoire's mining sector.⁴³

Ivorian Customs Directorate uncovers fraudulent vehicle car registration network

The **Direction Générale des Douanes** (Ivorian customs directorate) has uncovered a network of fraudulent vehicle registration that enabled more than 1,000 new and second-hand imported cars to be registered without paying taxes.⁴⁴ Customs director **Alphonse Da Pierre** said the illegal activity was allegedly orchestrated by the **Guichet Unique Automobile**, the institution that handles vehicle registration.⁴⁵ According to state prosecutor **Richard Abou**, 18 people have been arrested and charged with crimes ranging from embezzlement of public funds, money laundering, fraud, and importing without customs declarations.⁴⁶ Abou said the state has lost \$3.5-4m as a result, while the Direction Générale des Douanes has put the sum at \$11-17m.⁴⁷

Côte d'Ivoire is currently ranked 139th globally and 17th regionally in the World Bank's **Doing Business** rankings.⁴⁸ This is lower than Ghana (120th) and **Cape Verde** (132nd), which were the highest performers amongst the **Economic Community of West African States (ECOWAS)** members.⁴⁹ The government's steps to improve infrastructure and the regulatory environment in several domains have attracted significant foreign investment. The government's initiatives to address issues pertaining to corruption, such as the customs fraud issue, will also sit well with potential investors.

⁴³ Cotedivoire-economie.com, 20 Apr 2018

⁴⁴ RFI, 30 Apr 2018

⁴⁵ RFI, 30 Apr 2018

⁴⁶ Fratmat.info, 4 May 2018

⁴⁷ Jeune Afrique, 4 May 2018

⁴⁸ World Bank, 2017

⁴⁹ World Bank, 2017

Planner

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

Dec 2018 **(Côte d'Ivoire)** *Jeune Afrique*. Scheduled municipal, regional and senatorial elections;

Oct 2018 **(Côte d'Ivoire)** *Jeune Afrique*. 2nd Ecowas Mining and Petroleum Forum

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

Chronology

12 May 2018 **(Côte d'Ivoire)** *Jeune Afrique* **L'Union pour la Démocratie et pour la Paix en Côte d'Ivoire (UDPCI)** confirms its adherence to the newly formed **Rassemblement des Houphouëtistes pour la Démocratie et la Paix (RHDP)** party at its congress;

7 May 2018 **(Côte d'Ivoire)** *Jeune Afrique* Energy minister **Thierry Tanoh** says Côte d'Ivoire doubled its gas production from 100 million cubic metres per day in 2016 to 216 million cubic metres in 2017;

5 May 2018 **Abidjan (Côte d'Ivoire)** *Jeune Afrique*. The ruling coalition member party, the **Rassemblement des Républicains (RDR)**, holds its party congress and confirms support for the newly formed **Rassemblement des Houphouëtistes pour la Démocratie et la Paix (RHDP)** party;

3 May 2018 **(Côte d'Ivoire)** *Reuters*. Côte d'Ivoire retires more than 2,000 troops from its army to cut costs and control the force that launched two mutinies last year;

3 May 2018 **(Côte d'Ivoire)** *Cote d'Ivoire Economie* **South Africa-based Randgold Resources** announces it lost 22 billion FCFA (\$22m) during the first six months of activity at the **Tongon** gold mine;

30 Apr 2018 **(Côte d'Ivoire)** *RFI* The **Direction Générale des Douanes** has uncovered a network of fraudulent vehicle registration that enabled over 1,000 new and second-hand imported cars to be registered without paying taxes;

30 Apr 2018 **(Côte d'Ivoire)** *Reuters*. Farmers warn that a caterpillar infestation threatens to damage their promising cocoa harvest;

29 Apr 2018 **(Côte d'Ivoire)** *Fratmat.info* The **Parti Ivoirien des Travailleurs (PIT)** unanimously ratifies the texts to join the RHDP;

28 Apr 2018 **(Côte d'Ivoire)** *RFI* 94.87% of the members of **l'Union pour la Côte d'Ivoire (UPCI)** vote against joining the RHDP at the UPCI congress;

27 Apr 2018 **(Côte d'Ivoire)** *Reuters*. Auditors **KPMG** urge Côte d'Ivoire to introduce a spot sales system for local cocoa exporters who were responsible for defaults on 148,000 tonnes of contracts in the past growing season;

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