

AFRICA RISK CONSULTING

Côte d'Ivoire Briefing March 2019

Côte d'Ivoire Summary 15 March 2019

Amadou Soumahoro is elected as president of the Assemblée Nationale (national assembly), succeeding Guillaume Soro amid speculation over Soro's political future and possible candidacy in Cote d'Ivoire's 2020 presidential elections. The World Bank projects a positive outlook for Cote d'Ivoire with an average GDP growth of 7% until 2020 but calls on government to improve urban infrastructure development and foster inclusive economic growth. Prime minister Amadou Gon Coulibaly announces that the government will invest \$1.4 billion in the port of Abidjan by 2020. Cote d'Ivoire is set to invest \$5.5 billion in the tourism sector aiming to make it a top-five tourist destination in Africa by 2025.

Speculation mounts over Soro's ambitions

Cote d'Ivoire's **Assemblée Nationale** (national assembly) elected **Amadou Soumahoro** as its president on 7 March, ending weeks of speculation over the replacement of former national assembly leader **Guillaume Soro**.¹ Soumahoro was interim secretary general of President **Alassane Ouattara's** (2010-present) political party, the **Rassemblement des Republicains (RDR)**, from 2011.² Soumahoro was also named RDR vice president in 2017 and appointed as minister at the presidency in-charge of political affairs in April 2018.³ Soumahoro is regarded as a close ally of President Ouattara.⁴

Soro resigned as **Assemblée Nationale** president on 8 February.⁵ His resignation came as no surprise as he had not pledged allegiance to the newly formed presidential party, **Rassemblement des Houphouétistes pour la Démocratie et la Paix (RHDP)**, since its formation in July.⁶ Soro cited President Ouattara's "unfulfilled promises" as a reason for his lukewarm stance towards the RHDP.⁷

Soro's absence from the RHDP congress in January appeared to confirm his decision to leave the ruling coalition (see *ARC Briefing Cote d'Ivoire February 2019*).⁸ In his resignation speech, Soro said he had met President Ouattara several times in January to clarify his ideological position in relation to the RHDP.⁹ Ouattara had reportedly insisted on Soro's departure in August,¹⁰ but prime minister **Amadou Gon Coulibaly** and special adviser **Birahima Ouattara** convinced him to change his stance.¹¹ In an interview with **France**-based radio

¹ Jeune Afrique, 7 Mar 2019

² Abidjan.net, 4 May 2018

³ Abidjan.net, 4 May 2018

⁴ Jeune Afrique, 7 Mar 2019

⁵ Jeune Afrique, 8 Feb 2019

⁶ Jeune Afrique, 8 Feb 2019

⁷ Jeune Afrique, 4 Feb 2019

⁸ Jeune Afrique, 8 Feb 2019

⁹ Jeune Afrique, 8 Feb 2019

¹⁰ Jeune Afrique, 8 Feb 2019

¹¹ Jeune Afrique, 4 Feb 2019

station **Radio France Internationale (RFI)** on 11 February, Ouattara justified Soro's resignation on the basis that Ouattara's RDR is a party founded on liberal ideologies while Soro considers himself a Marxist.¹² Soro responded that he is a democrat and was not aware of Marxists in the RDR.¹³

Soro's resignation raises speculation that he may run for the presidency in 2020. Soro himself has not made any declarations to substantiate rumours of presidential aspirations, and is currently undertaking his doctoral studies at **Harvard University (United States)**.¹⁴ Nonetheless, his recent actions indicate he will continue to play an active role in the Ivorian political scene in the lead-up to the presidential elections. Soro announced the creation on 15 February of a committee to reflect on issues of national interest.¹⁵ These would include proposing instruments and frameworks for the promotion of democracy, consolidation of the rule of law and strengthening republican values.¹⁶ Soro has also joined the ranks of civil society movement **Rassemblement pour la Côte d'Ivoire (RACI)**, which on 16 February declared itself a new political party,¹⁷ but has not responded to the plea of RACI president **Kangui Soro** (no relation) to stand as the party's candidate in the 2020 elections.¹⁸

Soro also paid a 48-hour visit to former president **Henri Konan Bedié** (1993-1999) on 25 February.¹⁹ Bedié is head of the opposition **Parti Démocratique de Côte d'Ivoire (PDCI)** which officially left the RHDP in October. Soro and Bedié have previously expressed their desire to establish a new opposition alliance and it appears this meeting was intended to strengthen their partnership.²⁰ Following his visit to Bedié, Soro met with former prime minister and opposition **Front Populaire Ivoirien (FPI)** president **Pascal Affi N'Guessan**²¹ who has stated his desire to establish a political alliance with Bedié and Soro.

Soro's resignation and courting of opposition figures have once again thrown the Ivorian political scene into disarray. Ouattara still appears to be toying with the idea of running for a third term despite initially ruling out such a scenario, while the possible return of former president **Laurent Gbagbo** (2000-2010) to Cote d'Ivoire's political arena could add to uncertainty in the lead-up to the 2020 presidential elections. The various political leaders are likely to clarify their positions in relation to the upcoming elections over the next few months.

World Bank projects positive outlook for Cote d'Ivoire

The **World Bank's 8th Economic Update on Cote d'Ivoire**, released on 21 February, predicts a positive outlook for Cote d'Ivoire.²² The World Bank forecasts that gross domestic product (GDP) will grow by 7.4% in 2018, confirming economic growth above 7% for the seventh consecutive year.²³ The World Bank expects Cote d'Ivoire's growth to average 7%

¹² RFI, 11 Feb, 2019

¹³ RFI, 11 Feb, 2019

¹⁴ Jeune Afrique, 8 Feb 2019

¹⁵ RFI, 15 Feb 2019

¹⁶ Jeune Afrique, 8 Feb 2019

¹⁷ RFI, 17 Feb 2019

¹⁸ RFI, 17 Feb 2019

¹⁹ Jeune Afrique, 25 Feb 2019

²⁰ Jeune Afrique, 25 Feb 2019

²¹ RFI, 1 Mar 2019

²² World Bank, 21 Feb 2019

²³ World Bank, 21 Feb 2019

beyond 2020.²⁴ Maintaining this growth trajectory could enable Cote d'Ivoire to attain the status of a middle-income nation in 15 years.²⁵

Cote d'Ivoire GDP growth rate ²⁶								
2012	2013	2014	2015	2016	2017	2018	2019	2020
10.1%	9.2%	8.8%	8.8%	7.9%	7.7%	7.4%	7.2%	7%

The decline in growth over the past few years stems from an unfavourable external agriculture market, characterised by unstable global prices and a slowdown in traditionally buoyant sectors such as energy, finance, mining and telecommunications.²⁷ However, the construction and finance sectors registered strong gains in 2018.²⁸

The World Bank noted that public and private sector contribution to growth was uneven throughout 2018.²⁹ A World Bank report published in July 2018 shows that private sector contribution to GDP growth has decreased since 2015 (see *ARC Briefing Cote d'Ivoire August 2018*).³⁰ The decline in private sector contribution contradicts expectations raised by Cote d'Ivoire's improving business climate. Cote d'Ivoire improved its position in the **World Bank's Doing Business** rankings from 139 in 2018 to 122 in 2019 and was cited as the eighth best business climate reformer globally.³¹

Cote d'Ivoire Private Sector GDP Growth Contribution ³²		
2015	2016	2017
10.5%	9.3%	2.3%

Cote d'Ivoire still has one of the highest growth rates in the **West African Monetary and Economic Union (WAEMU)**.³³ Its GDP has increased by 80% since 2012 and GDP per capita has also risen by 32% during the same period.³⁴ However, the World Bank notes that Cote d'Ivoire's economic growth is not inclusive. The poverty rate fell from 51% in 2011 to 46% in 2015 during the period of strong GDP growth.³⁵ The World Bank has called on Ivorian authorities to take greater steps towards generating inclusive growth, recommending an improvement in public sector management.³⁶ Tax revenue mobilisation currently contributes

²⁴ World Bank, 21 Feb 2019

²⁵ Jeune Afrique, 21 Feb 2019

²⁶ World Bank, 21 Feb 2019

²⁷ Jeune Afrique, 21 Feb 2019

²⁸ Jeune Afrique, 21 Feb 2019

²⁹ Jeune Afrique, 21 Feb 2019

³⁰ World Bank, 12 Jul 2018

³¹ World Bank, 31 Oct 2018

³² World Bank, 12 Jul 2018

³³ World Bank, 21 Feb 2019

³⁴ Jeune Afrique, 21 Feb 2019

³⁵ Jeune Afrique, 21 Feb 2019

³⁶ Jeune Afrique, 21 Feb 2019

16.5% to GDP, which is low in comparison with countries that have similar levels of economic development.³⁷

The World Bank notes that improving urban mobility through the construction of public transport infrastructure will help to generate inclusive growth.³⁸ Urbanisation has risen from 17.7% in 1960 to 50% in 2018, and by 2050, two-thirds of Ivoirians will be living in urban centres.³⁹ **Abidjan**, which generates 80% of Cote d'Ivoire's economic activity, currently has a population of 5 million and is expected to reach 10 million by 2050.⁴⁰ Lack of urban infrastructure reduces mobility and costs Abidjan €6m (\$6.7m) daily, mainly due to lack of maintenance, poor road distribution, insufficient public transport, and the occupation of public spaces.⁴¹ According to World Bank Cote d'Ivoire programme leader **Jacques Morisset**,

“Urbanisation once well planned and managed, can help a country's business become more productive and improve households living conditions ... by offering them jobs, schools for their children and better healthcare than in rural areas.”⁴²

Two recent developments have given a boost to developing Cote d'Ivoire's infrastructure. The **Japan International Cooperation Agency (JICA)** on 27 February committed to providing a \$145m loan to the Ivorian government for the construction of three highways in Abidjan.⁴³ The Ivorian government and the **African Development Bank (AfDB)** reached an agreement on 4 March in terms of which the AfDB will fund five infrastructure projects amounting to €419m (\$479m).⁴⁴ The bulk of the financing (\$372m) will go towards the construction of the fifth Abidjan bridge and four motorways.⁴⁵ Economy and finance minister **Adama Kone** said the loan will enable the government to implement key infrastructure projects outlined in the **Plan National du Developpement (PND)** (national development plan).⁴⁶ AfDB programme manager **Robert Eguida Kossi** said that 64% of AfDB financial commitments to Cote d'Ivoire go towards transport infrastructure.⁴⁷

The upcoming elections and increasing political tensions present a potential threat to further support for urban transport development initiatives.⁴⁸ In addition to the increasing possibility of politically motivated violence, government fiscal policy and investment choices may be negatively affected in the lead-up to the 2020 presidential elections.⁴⁹

Abidjan Port to receive \$1.4 billion upgrade ...

In a further boost to infrastructure, prime minister Amadou Gon Coulibaly announced on 28 February that the government will allocate \$1.4 billion towards the extension, development and modernisation of the **Port Autonome d'Abidjan** (Abidjan autonomous port) by 2020.⁵⁰ This investment will enable larger ships to dock and reduce waiting time at the port, which

³⁷ Jeune Afrique, 21 Feb 2019

³⁸ World Bank, 21 Feb 2019

³⁹ World Bank, 21 Feb 2019

⁴⁰ World Bank, 21 Feb 2019

⁴¹ World Bank, 21 Feb 2019

⁴² World Bank, 21 Feb 2019

⁴³ Agence Ecofin, 28 Feb 2019

⁴⁴ Jeune Afrique, 4 Mar 2019

⁴⁵ Jeune Afrique, 4 Mar 2019

⁴⁶ Jeune Afrique, 4 Mar 2019

⁴⁷ Jeune Afrique, 21 Feb 2019

⁴⁸ Jeune Afrique, 21 Feb 2019

⁴⁹ Jeune Afrique, 21 Feb 2019

⁵⁰ Agence Ecofin, 28 Feb 2019

accounts for 85% of Cote d'Ivoire's foreign trade and 75% of customs revenue, as well as improve the port's overall attractiveness.⁵¹

The proposed port improvements come in response to unfavourable comparison with regional competitors. **Netherlands**-based maritime analyst **Dynamar** has noted that the ports at **Tema (Ghana)** and **Lome (Togo)** are currently more attractive than Abidjan.⁵² **United Kingdom**-based **Price Waterhouse Coopers (PWC)** reported in March 2018 that the ports at Tema and **Lagos (Nigeria)** posed significant challenges to the emergence of the Abidjan port as a regional hub because of their superior operational performance.⁵³ The World Bank also recommended improvements to the Abidjan port in July.⁵⁴ Abidjan port was nonetheless able to generate 24m tonnes of traffic in 2018, second in **West Africa** behind Lagos.⁵⁵ Abidjan port is used as a transit point for goods by Cote d'Ivoire's landlocked neighbours **Burkina Faso**, **Mali** and **Niger**.⁵⁶ Port Autonome d'Abidjan CEO **Hien Yacouba Sié** believes Abidjan can become the main port along the **Atlantic** coast between **Cape Town (South Africa)** and **Tangier (Morocco)**.⁵⁷ **France**-based **Groupe Bolloré** is currently building a second port terminal at a cost of €1.5 billion (\$1.6 billion).⁵⁸

China-based **China Harbour and Engineering Company (CHEC)** completed rehabilitation of the **Vridi Canal** leading to the Abidjan port on 21 February.⁵⁹ The modernisation project to widen the canal from 200m to 350m and deepen it from 14m to 22m began in 2015. Prime minister Gon Coulibaly said the \$255m upgrade would stimulate economic development.

... while tourism and hotel sectors to get \$5.5 billion boost

Tourism minister **Siandou Fofana** signed a memorandum of understanding with South Africa-based **Investment Fund Africa** to raise \$5.5 billion to be invested in Cote d'Ivoire's tourism and hotel sector.⁶⁰ The agreement is in line with the government's ambition to make Cote d'Ivoire a top-five **African** tourist destination by 2025,⁶¹ as part of its 2018 strategic plan to revive the tourism industry.⁶² The initiative, dubbed '**Sublime Cote d'Ivoire**', aims to attract five million visitors by 2025 and generate 650,000 skilled jobs in the tourism sector.⁶³ The government targets tourism to become the third largest contributor to GDP.⁶⁴ Tourism made up 7.5% of GDP in 2016.⁶⁵

Fofana says the government has already mobilised \$2.5 billion through tourism-related projects that were earmarked in the PND and has committed to setting aside 6,500 hectares for land tourism and development.⁶⁶ The government will modernise beaches at **Bassam**,

⁵¹ Agence Ecofin, 28 Feb 2019

⁵² Agence Ecofin, 28 Feb 2019

⁵³ Jeune Afrique, 4 Apr 2018

⁵⁴ World Bank, 12 Jul 2018

⁵⁵ Agence Ecofin, 28 Feb 2019

⁵⁶ Jeune Afrique, 21 Feb 2019

⁵⁷ Agence Ecofin, 28 Feb 2019

⁵⁸ Jeune Afrique, 21 Feb 2019

⁵⁹ Jeune Afrique, 21 Feb 2019

⁶⁰ Jeune Afrique, 22 Feb 2019

⁶¹ Jeune Afrique, 5 Mar 2019

⁶² Jeune Afrique, 22 Feb 2019

⁶³ Jeune Afrique, 22 Feb 2019

⁶⁴ Jeune Afrique, 22 Feb 2019

⁶⁵ Jeune Afrique, 22 Feb 2019

⁶⁶ Jeune Afrique, 5 Mar 2019

Mondoukou, Assinie, Port Bouet and Jacqueline, with a theme park set for construction at Port Bouet.⁶⁷

Acting on the advice of US-based management consulting firm **McKinsey**, the Ivorian government will focus on promoting business and medical tourism, seeking to attract tourists from the US, **China** and African middle class.⁶⁸ Nigeria-based **W. Hospitality Group** ranked Abidjan ninth in 2018 with respect to hotel development in Africa, just behind **Dakar (Senegal)**.⁶⁹ Despite this capacity, there is room for improvement as urban centres such as **Bouake, San Pedro** and **Yamoussoukro** have a shortage of hotel rooms.⁷⁰ The government has also sought Moroccan expertise to help it achieve its tourism goals. It has enrolled Morocco-based **Attijariwafa Bank** as its technical partner to promote the industry while tourism sector professionals will receive training in Morocco.⁷¹

With a multitude of sub-sectors, the tourism sector has the potential to generate inclusive growth. The country expects a 5.4% annual increase in visitors until 2026. With Cote d'Ivoire set to host the **2023 African Nations Cup** football tournament, the lead-up to the event will see increasing investment opportunities in tourism.

Planner

April 5-7 2019 **Abidjan (Cote d'Ivoire)** *Mo Ibrahim Foundation 2019 Mo Ibrahim Governance* Weekend

April 2019 **Abidjan (Cote d'Ivoire)** *RFI. Rassemblement pour la Côte d'Ivoire (RACI)* first assembly

April 2019 **Abidjan (Cote d'Ivoire)** *Assemblée Nationale* (national assembly) session opens

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

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

Chronology

7 Mar 2019 **Abidjan (Côte d'Ivoire)** *Jeune Afrique*. **Amadou Soumahoro** is elected as president of the national assembly, succeeding **Guillaume Soro**;

7 Mar 2019 **Abidjan (Cote d'Ivoire)** *Agence Ecofin*. Côte d'Ivoire-based **Azito Energie SA** signs agreement with Ivorian government to increase production capacity of Azito electricity and gas power plant from 430 MW to 680 MW;

7 Mar 2019 **Abidjan (Cote d'Ivoire)** *RFI Africa*. Opposition groups threaten to boycott the vote to elect a new national assembly president;

⁶⁷ Jeune Afrique, 5 Mar 2019

⁶⁸ Jeune Afrique, 5 Mar 2019

⁶⁹ Jeune Afrique, 5 Mar 2019

⁷⁰ Jeune Afrique, 5 Mar 2019

⁷¹ Jeune Afrique, 5 Mar 2019

6 Mar 2019 **Abidjan (Cote d'Ivoire)** *Agence Ecofin*. Government adopts a law requiring minimum quota of 30% women out of the total number of candidates submitted for the election of deputies, senators, regional councillors, district councillors and municipal councillors;

4 Mar 2019 **Abidjan (Cote d'Ivoire)** *African Daily Voice*. The government issues a 75 billion CFA franc (\$129m) seven-year bond with a 5.75% coupon and a 50 billion CFA franc (\$86.3m) ten-year bond with a 6% coupon;

2 Mar 2019 **Abidjan (Cote d'Ivoire)** *Jeune Afrique*. Former pro- President **Alassane Ouattara** youth movement **Alliance pour le changement** launches a political party to support **Guillaume Soro** for the 2020 elections;

28 Feb 2019 **Abidjan (Côte d'Ivoire)** *Agence Ecofin*. Prime minister **Amadou Gon Coulibaly** says more than \$1.4 billion will be invested to extend and modernise the **Abidjan** port by 2020;

21 Feb 2019 **Abidjan (Côte d'Ivoire)** *Agence Ecofin*. Tourism minister **Siandou Fofana** says the government will invest \$5 billion in the tourism sector to become a top five tourism destination;

21 Feb 2019 **Abidjan (Côte d'Ivoire)** *World Bank* The **World Bank** forecasts the economy will grow at 7.4% in 2018;

15 Feb 2019 **Abidjan (Côte d'Ivoire)** *Mining Weekly* **United Kingdom**-based mining company **Centamin** announces a 100% increase in mineral resources at its **ABC** and **Doropo** projects in **Cote d'Ivoire**;

14 Feb 2019 **Abidjan (Cote d'Ivoire)** *Proactive Investors*. **United Kingdom**-based mining company **IronRidge Resources Ltd** secures access rights to the **Zaranou** gold mine;

13 Feb 2019 **Abidjan (Côte d'Ivoire)** *RFI*. Former sports minister **Alain Lobognon** is released from prison, weeks after receiving a one-year prison sentence for spreading false news and inciting hatred;

11 Feb 2019 **Abidjan (Cote d'Ivoire)** *Junior Mining Network*. **Canada**-based mining company **Roxgold Inc** acquires 11 exploration permits, including the **Seguela** gold project, from Australia-based **Newcrest West Africa Holdings Pty** for \$20m;

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