

AFRICA RISK CONSULTING**Côte d'Ivoire Briefing September 2019****Côte d'Ivoire Summary 12 September 2019**

President Alassane Ouattara (2010-present) reshuffles the cabinet, removing one minister from government and increasing the number of ministers from 36 to 41. United States-based Cargill Cocoa and Chocolate is set to invest 78 billion FCFA (\$131.3m) in expanding the Micao cocoa grinding plant. The Ivorian government signs an agreement with Japan-based automotive and industrial group Toyota to build a vehicle assembly plant in Cote d'Ivoire.

President Ouattara reshuffles the cabinet

Secretary general at the presidency **Patrick Achi** announced on 4 September that President **Alassane Ouattara** (2010-present) had reshuffled the cabinet on the same date, removing one minister from government and increasing the number of ministers from 36 to 41.¹ According to the presidency, the objective of the new government is to improve the livelihood of citizens, mainly through the implementation of a national social programme.² From all indications, it is also likely to be the cabinet that President Ouattara will rely on to campaign for the ruling **Rassemblement des Houphouëtistes pour la Démocratie et la Paix (RHDP)** in the 2020 presidential elections. President Ouattara had announced in July during a cabinet meeting that he would reshuffle the cabinet, indicating that no ministers would lose their positions.³ Ouattara, alongside prime minister **Amadou Gon Coulibaly**, met with various members of government from 2-3 September in a cabinet consultation process.⁴

Ouattara made few significant changes. He retained Gon Coulibaly as prime minister, a position he has held since January 2017. **Hamed Bakayoko** remained as defence minister while **Marcel Amon-Tanoh** maintained his position as foreign affairs minister.⁵ **Union pour la Démocratie et la Paix en Cote d'Ivoire (UDPCI)** president **Mabri Toikeusse** was named minister of higher education, an appointment seen as compensation for the UDPCI's adhesion to the ruling coalition in 2018.⁶

The major surprise, however, was the removal of **Adama Kone** as minister of economy and finance.⁷ Kone will now serve as Cote d'Ivoire's administrator at the **African Development Bank (AfDB)**.⁸ The new economy and finance minister is President Ouattara's former director of cabinet, **Adama Coulibaly**.⁹ The only minister who was removed from

¹ Jeune Afrique, 4 Sep 2019

² Jeune Afrique, 6 Sep 2019

³ Jeune Afrique, 22 Jul 2019

⁴ Jeune Afrique, 9 Sep 2019

⁵ Jeune Afrique, 4 Sep 2019

⁶ Jeune Afrique, 6 Sep 2019

⁷ Jeune Afrique, 4 Sep 2019

⁸ Jeune Afrique, 9 Sep 2019

⁹ Jeune Afrique, 4 Sep 2019

government was agriculture and rural development minister **Mamadou Sangafowa**.¹⁰ Sangafowa is speculated to have been dismissed from government as a result of his close relations with former **Assemblée Nationale** (national assembly) president and **Rassemblement des Republicains (RDR)** vice president **Guillaume Soro**.¹¹

Other notable appointments were the selection of **Parti Démocratique de Côte d'Ivoire (PDCI)** members **Kobenan Adjoumani** (agriculture and rural development) and **Alain Richard Donwahi** (forestry and water) to positions of responsibility.¹² The interior ministry has been divided into the ministries of security and civil protection and territorial administration.¹³ The security and civil protection ministry is now headed by **General Diomande Vagondo**, president Ouattara's former chief of staff, while the ministry of territorial administration sees the appointment of **Sidiki Konate**, former minister of the interior.¹⁴

The large size of cabinet has led to criticism from various members of the opposition.¹⁵ In addition to the 41 ministers, there are seven secretaries of state.¹⁶ Soro's director of communications, **Moussa Toure**, has referred to the cabinet as a political team that is geared towards serving President Ouattara rather than promoting efficiency.¹⁷ President Ouattara's inclusion of members of the PDCI and the RHDP in this government indicates that he will use this cabinet to coordinate the pre-electoral campaign in the build-up to the December 2020 presidential elections.

Cargill to invest \$131.3m in Micao cocoa grinding plant

United States-based cocoa and chocolate supplier **Cargill Cocoa and Chocolate (Cargill)** is set to invest 78 billion FCFA (\$131.3m) in the expansion of the **Micao** cocoa grinding plant.¹⁸ This development will enable cote d'Ivoire to increase its ability to transform cocoa and potentially attract investors to this sector. The Micao transformation facility is located in the **Yopougon** industrial zone of **Abidjan** and specialises in the manufacturing of cocoa powder and butter. The project will be pursued in two phases, with the first stage set for completion in April 2020 and the second in April 2021.¹⁹ Construction at the plant began on 29 August.²⁰

The investment aims to increase the plant's production capacity from the current 110,000 tonnes per year to between 160,000 and 170,000 tonnes annually by 2022.²¹ The expansion programme will enable Cargill to increase its annual turnover by 130 billion FCFA (\$219m).²² In 2018, Cargill generated turnover of 506.4 billion FCFA (\$853.2m).²³

The decision to carry out the investment follows an agreement signed between Cargill and the Ivorian government in April 2017, in terms of which Cargill would increase its local

¹⁰ Jeune Afrique, 4 Sep 2019

¹¹ Jeune Afrique, 4 Sep 2019

¹² Jeune Afrique, 6 Sep 2019

¹³ Jeune Afrique, 6 Sep 2019

¹⁴ Jeune Afrique, 4 Sep 2019

¹⁵ Jeune Afrique, 6 Sep 2019

¹⁶ Jeune Afrique, 4 Sep 2019

¹⁷ Jeune Afrique, 6 Sep 2019

¹⁸ Jeune Afrique, 3 Sep 2019

¹⁹ Koaci.com, 30 Aug 2019

²⁰ Jeune Afrique, 3 Sep 2019

²¹ Jeune Afrique, 3 Sep 2019

²² Koaci.com, 30 Aug 2019

²³ Jeune Afrique, 3 Sep 2019

processing capacity over a five-year period.²⁴ The agreement was in line with the Ivorian government's desire to transform 50% of cocoa production and thus increase its cocoa transformation capacity to 942,246 tonnes by 2022.²⁵ Cote d'Ivoire's cocoa grinding capacity stands at 746,000 tonnes, with 580,000 tonnes of cocoa bars processed in 2018.²⁶ This makes Cote d'Ivoire the second largest cocoa transformer after **The Netherlands**.²⁷ According to commerce, industry and small and medium enterprises minister **Souleymane Diarrassouba**, the Micao plant will become the largest cocoa grinding factory in the world, upon the termination of the expansion activities.²⁸ Cargill's activities are significant to the government, as the firm paid 59.1 billion FCFA (\$99.3m) in taxes to the state in 2018.²⁹ In 2017, cocoa and cocoa by-products accounted for 53% of Ivorian exports, generating more than \$6 billion in export revenue.³⁰

Cargill's investment in the Micao transformation plant was preceded by the decision of **Switzerland**-based **Barry Callebaut** in May 2018 to invest \$53.8m to improve its cocoa transformation in Cote d'Ivoire.³¹ This was done through its local branch, **Société Africaine de Cacao (SACO)**, which has a grinding capacity of 200,000 tonnes from its industrial units at Abidjan and **San Pedro**.³²

Cote d'Ivoire is taking major steps towards adding more value to the cocoa sector, including moves to integrate the supply chain infrastructure to enable farmers to benefit fully from the revenue that the industry generates. To date, Cote d'Ivoire's cocoa industry has not been able to increase its share of profits in the chocolate value chain, which have oscillated between 5% and 7%.³³ Up to 80% of cocoa revenue is obtained from processing and distribution, areas in which Cote d'Ivoire does not have significant involvement or expertise.³⁴ This has contributed to pervasive poverty amongst cocoa farmers and threatens the future of cocoa farming.³⁵ According to a 2015 household survey, 54.9% of cocoa farmers in Cote d'Ivoire live below the poverty line.³⁶ Despite the positive news of Cargill's investment in the Ivorian cocoa sector, **Kenya**-headquartered international NGO **Oxfam International** has accused the company of not doing enough to curb child labour practices and deforestation in the local cocoa sector.³⁷

Toyota to establish vehicle assembly plant in Cote d'Ivoire

The office of prime minister Amadou Gon Coulibaly announced on 29 August that the Ivorian government has signed an agreement with **Japan**-based automotive and industrial group **Toyota** to build a vehicle assembly plant in Cote d'Ivoire.³⁸ This will be the second automobile assembly plant established in the country and indicates growing interest by

²⁴ Jeune Afrique, 3 Sep 2019

²⁵ Jeune Afrique, 3 Sep 2019

²⁶ Jeune Afrique, 3 Sep 2019

²⁷ Sika Finance, 30 Aug 2019

²⁸ Jeune Afrique, 3 Sep 2019

²⁹ Jeune Afrique, 3 Sep 2019

³⁰ OEC.world

³¹ Jeune Afrique, 3 Sep 2019

³² Jeune Afrique, 3 Sep 2019

³³ World Bank, 11 Jul 2019

³⁴ Jeune Afrique, 17 Jul 2019

³⁵ Reuters, 3 Jul 2019

³⁶ World Bank, 11 Jul 2019

³⁷ Jeune Afrique, 3 Sep 2019

³⁸ Reuters, 29 Aug 2019

investors in this domain.³⁹ The agreement was signed on the sidelines of the **Tokyo International Conference on African Development (TICAD)**, which took place in **Yokohama** (Japan) from 28-30 August.⁴⁰ Transport minister **Amadou Kone** signed the accord on behalf of the Ivorian government, while **Ichiro Kashilani**, CEO of **Toyota Tshuso**, a branch of Toyota, signed on behalf of the corporation.⁴¹ The Ivorian delegation, led by Coulibaly, expressed the government's desire for automobiles to be entirely manufactured in the country in the long term.⁴² Although Kashilani said construction of the production line will be launched before the end of the year, details have yet to emerge about the type of vehicles that will be produced at the factory.⁴³

Coulibaly noted that Cote d'Ivoire's impressive economic growth trajectory over the last decade is a reason for more Japanese companies to come to Cote d'Ivoire.⁴⁴

Cote d'Ivoire GDP growth rate ⁴⁵								
2012	2013	2014	2015	2016	2017	2018	2019 (projected)	2020 (projected)
10.1%	9.2%	8.8%	8.8%	7.9%	7.7%	7.4%	7.2%	7%

Coulibaly also noted that Cote d'Ivoire has an increasingly attractive business environment.⁴⁶ In the 2019 **World Bank Doing Business** rankings, Cote d'Ivoire improved 17 places from 139 to 122, becoming one of the top ten global business climate reformers.⁴⁷ Cote d'Ivoire attained this distinction in 2014/15 as well.⁴⁸ Kashilani echoed this sentiment, stating that "*Cote d'Ivoire's economic progress has reassured Toyota to choose to settle in Cote d'Ivoire.*"⁴⁹

Toyota's decision is in line with the company's desire to expand into an under-exploited **African** market. Toyota already has assembly plants in **Egypt, Kenya** and **South Africa**.⁵⁰ In 2016, it strengthened its presence on the continent with the acquisition of **France**-based retailer and industrial group **Compagnie Française de l'Afrique Occidentale (CFAO)**, which had operations in 35 African countries.⁵¹ Toyota's interest in Cote d'Ivoire has also been guided by the Japanese government's intention to encourage its businesses to operate in Africa.⁵² Japan's foreign minister, **Kono Tari**, said "*Africa is a promising investment destination for Japanese businesses.*"⁵³

The Toyota assembly plant is good news for the Ivorian economy in general and the automobile industry in particular. On 3 August, **Italy**-based **IVECO** and **Société des**

³⁹ Reuters, 29 Aug 2019

⁴⁰ La Tribune Afrique, 29 Aug 2019

⁴¹ Reuters, 29 Aug 2019

⁴² La Tribune Afrique, 29 Aug 2019

⁴³ Reuters, 29 Aug 2019

⁴⁴ FratMat.info, 29 Aug 2019

⁴⁵ World Bank, 21 Feb 2019

⁴⁶ FratMat.info, 29 Aug 2019

⁴⁷ World Bank, 31 Oct 2018

⁴⁸ FratMat.info, 31 Oct 2018

⁴⁹ Reuters, 29 Aug 2019

⁵⁰ La Tribune Afrique, 29 Aug 2019

⁵¹ Reuters, 29 Aug 2019

⁵² La Tribune Afrique, 29 Aug 2019

⁵³ La Tribune Afrique, 29 Aug 2019

Transports Abidjanais (SOTRA) launched the construction of Cote d'Ivoire's first car assembly plant.⁵⁴ The unit has an initial planned output of 500 vehicles per year and will create 500 direct jobs.⁵⁵ This followed an agreement signed between the two entities in **Paris** (France) in January 2018. Cote d'Ivoire's industrial sector contributes to 28.9% of its GDP.⁵⁶ However, industrial sector employment stands at a mere 5.6% with significant room for improvement if the government can attract more investment in this domain.⁵⁷

Planner

2019 (TBA) **Abidjan (Cote d'Ivoire) Parti Démocratique de Côte d'Ivoire (PDCI)** Ordinary Congress;

9-10 Mar 2020 **Abidjan (Cote d'Ivoire) Jeune Afrique. African CEO Forum;**

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

Chronology

4 Sep 2019 **Abidjan (Cote d'Ivoire) Jeune Afrique**. President **Alassane Ouattara** forms a 41-member cabinet and retains **Amadou Gon Coulibaly** as prime minister;

3 Sep 2019 **Abidjan (Cote d'Ivoire) Jeune Afrique**. **United States**-based cocoa and chocolate supplier **Cargill Cocoa and Chocolate** will invest \$121.3m in the expansion of its cocoa transformation plant at **Yopougon, Abidjan**;

29 Aug 2019 **Yokohama (Japan) Reuters**. **Japan**-based automotive and industrial group **Toyota** signs an agreement with Ivorian government to build a vehicle assembly plant in Cote d'Ivoire;

28 Aug 2019 **Abidjan (Cote d'Ivoire) RFI**. The **Parti Démocratique de Côte d'Ivoire (PDCI)** and **Front Populaire Ivoirien (FPI)** opposition parties refuse to participate as members of the **Commission Electorale Indépendante (CEI)** (independent electoral commission);

23 Aug 2019 **Abidjan (Cote d'Ivoire) Jeune Afrique**. **United Kingdom (UK)**-based **AgDevCo** invests \$9.6m in UK-based **Dekel Oil**, which has oil palm operations in Cote d'Ivoire;

18 Aug 2019 **Abidjan (Cote d'Ivoire) RFI**. **Charles Blé Goudé** is elected as president of the opposition **Congrès des Jeunes Patriotes (COJEP)** party at its first congress;

⁵⁴ La Tribune Afrique, 4 Aug 2019

⁵⁵ La Tribune Afrique, 4 August 2019

⁵⁶ West African Regional Economic Outlook, Apr 2019

⁵⁷ West African Regional Economic Outlook, Apr 2019

About Africa Risk Consulting:

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