

AFRICA RISK CONSULTING

Côte d'Ivoire Briefing December 2017

Côte d'Ivoire Summary 15 December 2017

The fifth African Union (AU)-European Union (EU) summit takes place in Cocody (Abidjan), with a thematic focus on youth. Abidjan also hosts the concurrent EU-Africa Business Forum, at the Palais de la Culture in Treichville (Abidjan). The Ivorian and Burkinabé transport ministers, Amadou Koné and Souleymane Soulama, inaugurate the beginning of €400m (\$470m) worth of rehabilitation work on the Abidjan-Ouagadougou railway line. Government spokesperson Bruno Nabagné Koné announces that 991 voluntary retirements in the Forces Républicaine de Côte d'Ivoire (FRCI) (Ivorian armed forces) will take place from 31 December.

Abidjan hosts the AU-EU summit

Côte d'Ivoire hosted the fifth **African Union (AU)-European Union (EU)** summit in **Cocody (Abidjan)** between 29-30 November, with a thematic focus on youth.¹ The previous AU-EU summit took place in **Brussels (Belgium)** in April 2014.² The objective of the summit was to strengthen cooperation between the two political unions.³ A total of 5,302 participants attended, including 83 heads of state from the EU's 28 and the AU's 55 member countries.⁴ The summit constituted a major promotional event for Côte d'Ivoire and President **Alassane Dramane Ouattara's** (2011-present) government. Political commentators view Ouattara as the "*master of expedient public relations*"⁵, having reversed a Côte d'Ivoire reputation of political instability and clan politics, into one of a regional post-crisis economic success story. Ouattara, according to a local journalist, appeared to be closest to **German** chancellor **Angela Merkel** (2005-present) and **Moroccan King Mohammed VI** (1999-present),

*"We saw him with all the heads of state. Nonetheless, from my observations, he spent a little more time with the Moroccan king and Merkel. This has an explanation. The first has invested a lot in [Côte d'Ivoire] and the second is the most influential politician in Europe."*⁶

Commentators believe that Ouattara is less focused on its former colonial ruler, **France**, in contrast to prior Ivorian presidents:

*"We are used to seeing presidents of former French colonies running to receive their French counterparts. But in this summit, Ouattara personally received **Rwandan** President **Paul Kagamé** (2000-present) and **South African** President **Jacob Zuma** (2009-present) and the majority of the presidents and their delegations, but did not go to the airport to receive French President **Emmanuel Macron** (2017-present). His vice-president, **Daniel Kablan Duncan**, did it. This is a way of showing that he is very free, and is not a valet for France."*⁷

Some foreign politicians attempted to use the event to push a sensitive political agenda, such as **Gabonese** opposition leader **Jean Ping**, who failed to persuade the AU to support a motion that

¹ www.consilium.europa.eu

² www.consilium.europa.eu

³ www.consilium.europa.eu

⁴ www.consilium.europa.eu

⁵ Source, investigator, Abidjan

⁶ Source, journalist, Abidjan

⁷ Source, political analyst, Abidjan

recognises that President **Ali Ben Bongo Ondimba** (2009-present) was not legitimately elected in August 2016 (see *ARC Briefing Gabon December 2017*).

The summit focused on four priority areas during its roundtables and speeches: economic opportunities for youth, peace and security, mobility and migration, and cooperation on governance.⁸ Mobility and migration were the foremost of these issues, due to the persisting humanitarian crisis between **Northern African** countries and Southern **European** countries in the **Mediterranean**. This issue became more topical after the release of a viral **CNN** video on 15 November allegedly showing evidence of modern slavery in **Libya**.⁹ This became known as “*the situation in Libya*” during the conference, referring to mistreatment of migrants and refugees rather than the ongoing civil war.¹⁰ Local press sources who attended the conference confirm this:

“In effect, even if the subject of youth was at the heart of the summit, this was relegated to the background... Not only were certain subjects avoided, but throughout the summit the problem with EU-AU relations was clear. We came to speak about a subject that wasn’t central to the debate.”¹¹

European Council president **Donald Tusk**, who also attended the summit, said that migration was significant in its impact,

“Migration has a significant impact on both of our continents. So we have a joint responsibility to acknowledge it as an important part of our relationship, which requires that we act together. This is especially true when it comes to the situation in Libya with the most cynical abuse of human beings.”¹²

However, a member of an Ivorian opposition political party said too much focus was given to the migrant crisis,

“The summit is a parody. The EU came to pass a message to Africans. They financed terrorist groups in Libya. On the eve of the summit, they publish in the media the slavery that is happening in Libya. The priority changes: the outcome is that the EU managed to inform African countries of their role in fighting against clandestine migration. The summit highlights the dominant position of power of the EU.”¹³

During peripheral meetings at the summit, the EU agreed to set up a ‘joint migration task force’, together with the AU and the **United Nations (UN)**.¹⁴ The EU said the task force would help save and protect the lives of migrants and refugees, “*particularly in Libya*”;¹⁵ accelerate assisted voluntary returns to countries of origin; and speed up the resettlement of those in need of international protection.¹⁶ The task force did not mention provisions for asylum, a sensitive issue in Europe, where refugee immigration has contributed to a rise in nationalist populist parties.

The summit hosted the concurrent **EU-Africa Business Forum** at the **Palais de la Culture in Treichville** (Abidjan) on 27 November.¹⁷ The business forum included the following notable speakers:¹⁸

⁸ www.consilium.europa.eu

⁹ CNN, 15 Nov 2017.

¹⁰ www.consilium.europa.eu

¹¹ Source, journalist, Abidjan

¹² www.consilium.europa.eu

¹³ Source, opposition party member, Abidjan

¹⁴ www.consilium.europa.eu

¹⁵ www.consilium.europa.eu

¹⁶ www.consilium.europa.eu

¹⁷ www.euafrica-businessforum.com

¹⁸ www.euafrica-businessforum.com

- President Ouattara;
- Vice-president Duncan;
- **Guinea** President **Alpha Condé** (2010-present);
- **European Commission** vice president **Andrus Ansip**;
- European Commission high representative for foreign affairs and security policy, **Federica Mogherini**;
- **World Bank** Vice President for Africa, **Makhtar Diop**;
- AU deputy chair, **Kwesi Quartey**;
- The **African Development Bank (AfDB)** president **Akinwumi Adesina**;
- Ivorian finance minister, **Adama Koné**;
- Ivorian ICT minister and government spokesperson, **Bruno Nabagné Koné**
- Ivorian agriculture minister, **Mamadou Sangafowa Coulibaly**;
- Director general of the **European Investment Bank (EIB)**, **Luca Lazzaroli**;
- Deputy CEO of the **Agence Française de Développement (AFD)** (French aid agency), **Jérémie Pellet**;
- CEO of **Algeria**-based industrial conglomerate **Cevital Group**, **Issad Rebrab**;
- Executive Vice President of **Italy**-based **ENI S.p.A.**, **Luca Consentino**; Executive director of the **International Cocoa Organization (ICCO)**, **Jean-Marc Anga**.

The high-level representation reflects the EU's status as the largest investor, trading partner, provider of aid, and security contributor to the African continent.¹⁹ EU companies invested €32 billion (\$37.6 billion) in Africa in 2015 while the EU provided €21 billion (\$24.7 billion) in aid in 2016.²⁰ The weight of the EU-AU summit has undoubtedly had a positive effect on Côte d'Ivoire's national profile, and strengthens its reputation for successful hosting of high-level conferences. However, some would argue that EU influence on regional African politics and economics is too great, and that the EU is able to dictate policy priorities at summits such as this.

Rehabilitation of Abidjan-Ouagadougou railway line begins

The Ivorian and **Burkinabé** transport ministers, **Amadou Koné** and **Souleymane Soulama**, on 4 December inaugurated the beginning of €400m (\$470m) worth of rehabilitation work on the **Abidjan-Ouagadougou** railway line.²¹ The railway could become Burkina Faso's main route for exports, as the **Port Autonome d'Abidjan (PAA)** (port of Abidjan) theoretically has the capacity, as the largest port in terms of traffic in West Africa, to meet a large share of Burkina Faso's export requirements. Burkina Faso, a landlocked country like its neighbours **Niger** and **Mali**, exports over 80% of its production via maritime means, split between Abidjan, **Cotonou (Benin)**, **Lomé (Togo)**, **Tema** and **Takoradi (Ghana)**.²² However, none of Abidjan's competitors has railway links to Burkina Faso.²³ The rehabilitation work will reportedly increase the speed of the journey from Abidjan to Ouagadougou and expand the level of trade on the route.²⁴ Currently, the 1,145km railway line carries 800,000 tonnes of goods per year, and transports 200,000 passengers.²⁵ After the rehabilitation, Bolloré claims the railway line will be able to transport 5 million tonnes of goods per year and 800,000 passengers, or a 525% increase in goods and a 300% increase in passengers.²⁶ Although the focus will be on trade, one Burkinabé researcher says that the importance of passenger transport on the line is not to be ignored,

"There are over 3 million Burkinabés living in Côte d'Ivoire. And like me, many of my compatriots travel between the two countries. The railway line is dillapidated today, meaning that most

¹⁹ www.consilium.europa.eu

²⁰ www.consilium.europa.eu

²¹ RFI, 4 Dec 2017.

²² Eco du Faso, 23 Mar 2016.

²³ Eco du Faso, 23 Mar 2016.

²⁴ RFI, 4 Dec 2017.

²⁵ RFI, 4 Dec 2017.

²⁶ Multiple sources: Jeune Afrique, 3 Aug 2016; www.bolloré-transport-logistics.com.

*people take the bus. I hope that after the rehabilitation there will be a drop in prices, in order to allow the large number of Burkinabé in Côte d'Ivoire to use the line."*²⁷

The trains currently travel at 40km per hour on average, meaning the 1,145km journey takes at least 28 hours. The rehabilitation will affect an 853km stretch of the line, which was built in the 1970s.²⁸ The rehabilitation will include renovation of 31 stations, and the construction and rehabilitation of bridges and level crossings.²⁹ It is currently unclear how much faster the rehabilitation operations will allow the trains to travel.

Sitarail SA, established in 1995³⁰, is the operator of the Abidjan-Ouagadougou railway line. France-based **Bolloré SA** subsidiary **Bolloré Transport & Logistics SA** is the majority shareholder of Sitarail, reportedly with a 65% stake, while the Ivorian and Burkinabé governments reportedly both hold 15% minority stakes.³¹ Bolloré has agreed to assume the costs of the rehabilitation, which will take until 2021 to complete.³² Bolloré is also the concessionary operator of **Abidjan Terminal SA** (formerly the **Société d'Exploitation du Terminal de Vridi SA (SETV)**), the container terminal at the PAA.³³ Bolloré has held the concession for Abidjan Terminal since October 2003, when the government privatised the terminal.³⁴ The development of the Abidjan-Ouagadougou railway line thus has extensive economic benefits for Bolloré through traffic on both the railway line and at the port terminal.

This is not the first time that Bolloré has promised to improve the railway line. The company announced rehabilitation of the Abidjan-Ouagadougou line on two previous occasions, but never began construction.³⁵ The Burkinabe and Ivorian governments, and Bolloré in July 2016 signed a revised concession agreement for the railway line, which gives Sitarail greater control over investment in the maintenance and rehabilitation of the network support infrastructure (see *ARC Briefing Côte d'Ivoire August 2016*). Reportedly, this was the most significant hurdle in securing Bolloré's commitment to invest, although the two governments renounced even more control of the line (see *ARC Briefing Côte d'Ivoire August 2016*). Sitarail had previously stipulated that it would not agree to signing a renewed agreement with the Ivorian and Burkinabé governments until **Romanian-Australian Frank Timiş**' South Africa-based mining conglomerate **Pan African Minerals (Pan African)** had signed a technical agreement for operations at its **Tambao mine in Oudalan Province**, in north-eastern Burkina Faso.³⁶ Pan African and Bolloré had signed a memorandum of understanding (MoU) with the Ivorian and Burkina Faso governments for development of a railway concession from Abidjan to the Tambao mine – via Ouagadougou – worth close to \$900m in August 2014.³⁷ However, the Burkinabe government suspended Pan African's licence to export manganese from its Tambao mine in March 2015.³⁸ The Burkina Faso government lifted the suspension on Pan African in December 2015.³⁹ The Tambao mine would seek to transport 3 million tonnes of manganese per year along the railway line, for export via Abidjan.⁴⁰

The Abidjan-Ouagadougou railway line rehabilitation has significant implications for Côte d'Ivoire's trade relations with hinterland countries, especially with mining output from Pan African's Tambao mine. Outside of this mine's output, there will still be 2 million tonnes of possible transport

²⁷ Source, researcher, Ouagadougou

²⁸ RFI, 4 Dec 2017.

²⁹ RFI, 4 Dec 2017.

³⁰ Abidjan.net, 5 Oct 2017.

³¹ Multiple sources: AFP, 4 Dec 2017; Jeune Afrique, 3 Aug 2016.

³² RFI, 4 Dec 2017.

³³ www.abidjan-terminal.com

³⁴ Abidjan.net, 8 Apr 2004.

³⁵ AFP, 4 Dec 2017.

³⁶ Multiple sources: The Africa Report, 23 Dec 2015; Jeune Afrique, 3 Aug 2016.

³⁷ Reuters, 1 Aug 2014.

³⁸ Multiple sources: The Africa Report, 23 Dec 2015; Jeune Afrique, 3 Aug 2016.

³⁹ Multiple sources: The Africa Report, 23 Dec 2015; Jeune Afrique, 3 Aug 2016.

⁴⁰ Jeune Afrique, 3 Aug 2016.

throughput on the line, or 150% more than current total capacity. It is unclear at this stage whether other miners from Burkina Faso will seek to latch onto the remaining transport capacity of the railway line, as it appears to be a significant improvement in quality of transport compared to habitually dilapidated road networks linking to ports in Ghana, Benin and Togo. Abidjan could potentially become Burkina Faso's preferred route for export, if it can ensure sufficient transport capacity for exporters.

Government announces 991 voluntary retirements in the armed forces

Government spokesperson Koné (see above) announced on 7 December, after the weekly council of ministers meeting, that close to 991 voluntary retirements in the **Forces Républicaines de Côte d'Ivoire (FRCI)** (Ivorian armed forces) would take place from 31 December.⁴¹ These retirements will have a significant impact on the risk of mutinous security threats within the army, following the tensions in January and May (see *ARC Briefing Côte d'Ivoire January & May 2017*). The FRCI remains a disorganised and factional institution, with many of its constituents acting along political affiliations loyal to former President **Laurent Gbagbo** (2000-2011), or the former **Forces Armées Nationales de Côte d'Ivoire (FANCI)** (former armed forces denomination), and those formerly loyal to Ouattara when in opposition, the former **Forces Armées des Forces Nouvelles (FAFN)**, linked to the **Forces Nouvelles (FN)** rebels that were integrated into the FRCI after the 2011 post-electoral crisis.⁴² Koné said that this move comprises the first of a planned retirement of 1,100 FRCI troops per year until 2020, or 4,400 in total.⁴³ Many commentators believe the FRCI is bloated in terms of its headcount, with 90% of its expenditure reportedly comprising salary payments.⁴⁴ This makes it more likely that the FRCI's financial health will be linked to strike action; in the past this has manifested as mutinies with armed capturing of FRCI and government buildings, as well as countrywide road blockades.

A military source quoted in French press claimed that the FRCI consists of 23,000 troops, of which 13,000, or 56.5%, are formerly from the FAFN.⁴⁵ If these figures are accurate, this would reduce the significance of the planned retirements between now and 2020. The planned retirements would affect 33.8% of the current total number of troops; even if these were all former FAFN troops, which would appear very unlikely, 22.7% of former FAFN troops would still be within the FRCI. This does not take into consideration the possible affiliations of new recruits entering the FRCI over the coming years, although they might be less likely to mutiny. Local sources believe that the retirements are Ouattara's attempt to regain control of the FRCI, but they claim FAFN will not be the priority,

*"Ouattara is forming his own army. The former [FAFN] rebels (formerly loyal to Ouattara) that integrated into the army will not ask for retirement. Ouattara is trying to get rid of those that were closer to Gbagbo. He is conscious that these are not integrated enough into the army. They often feel marginalised. As we cannot chase them out, they subtly make propositions to them. The majority of those that will ask for retirement will be a part of the pro-Gbagbo that feel frustrated."*⁴⁶

The risk of mutiny, according to sources, will not decrease significantly as a result of the retirements. However, it is very difficult to determine the allegiances of the 1,100 soldiers who will exit the FRCI each year from now until 2020. In the long term, it would appear more likely that political allegiances within the FRCI decrease, or at least shift. Investors should continue to follow developments within the FRCI's organisation closely, as it appears likely to continue to be factional in nature for the foreseeable future, and the risk for business operations is significant.

⁴¹ Jeune Afrique, 7 Dec 2017.

⁴² Jeune Afrique, 7 Dec 2017.

⁴³ Jeune Afrique, 7 Dec 2017.

⁴⁴ Jeune Afrique, 7 Dec 2017.

⁴⁵ AFP, 6 Dec 2017.

⁴⁶ Source, political analyst, Abidjan

Planner

22 Apr 2018 (**Côte d'Ivoire**) *Abidjan.net*. The **World Cocoa Conference** begins in **Berlin (Germany)**;

Apr 2018 **Abidjan (Côte d'Ivoire)** *Jeune Afrique*. The ruling coalition member party, the **Parti Démocratique de Côte d'Ivoire**, holds its party congress;

Chronology

13 Dec 2017 **Abidjan (Côte d'Ivoire)** *APA*. The **Assemblée Nationale** (lower parliamentary chamber) votes to suspend the 2018 budget approval, and will continue its debate from 15 December;

11 Dec 2017 **Abidjan (Côte d'Ivoire)** *Jeune Afrique*. President **Alassane Ouattara** and parliamentary president and former **Forces Nouvelles** rebel leader **Guillaume Soro** reportedly meet in Abidjan for a third time in a month, after reportedly not meeting since June;

6 Dec 2017 **Abidjan (Côte d'Ivoire)** *Jeune Afrique*. Prime minister **Amadou Gon Coulibaly** appoints **Emmanuel Ahoutou** as his chief of staff, replacing **Philippe Serey-Eiffel**;

8 Dec 2017 **Abidjan (Côte d'Ivoire)** *Press Release*. The **International Monetary Fund** executive board completes its second review under the \$658.9m extended credit facility and extended fund facility arrangements, approving a \$136.5m disbursement;

7 Dec 2017 **Abidjan (Côte d'Ivoire)** *AFP*. Government spokesperson **Bruno Nabagné Koné** announces that close to 991 voluntary retirements in the **Forces Républicaine de Côte d'Ivoire** (Ivorian armed forces) will take place from 31 December;

5 Dec 2017 **Abidjan (Côte d'Ivoire)** *Abidjan.net*. The high-level committee of the ruling **RHDP** coalition holds a meeting in Abidjan, to discuss the modalities of the creation of a joint political party;

4 Dec 2017 (**Burkina Faso, Côte d'Ivoire**) *Abidjan.net*. The Ivorian African integration minister **Ally Coulibaly** announces the launch of FCFA 262.4 billion (\$473m) worth of rehabilitation work on the **Abidjan-Kaya** railway line;

30 Oct 2017 **Abidjan (Côte d'Ivoire)** *Jeune Afrique*. Ruling coalition member party, the **Parti Démocratique de Côte d'Ivoire**, will hold its congress in April 2018;

30 Nov 2017 **Abidjan (Côte d'Ivoire)** *Connection Ivoirienne*. The **European Union-African Union Summit** closes;

27 Nov 2017 (**Burkina Faso, Côte d'Ivoire, Ghana**) *France 24*. French President **Emmanuel Macron** begins a three-day state visit in **West Africa**;

27 Nov 2017 **Libreville (Gabon)** *RFI*. Opposition leader **Jean Ping** returns to **Libreville** from **Abidjan (Côte d'Ivoire)** after failing to obtain the **African Union**'s signature of a memorandum, and failing to meet with President **Alassane Ouattara**, and will not attend the **African Union-European Union Africa Summit**, held on 29-30 November;

23 Nov 2017 **Bouaké (Côte d'Ivoire)** *ICR*. **Morocco**-based **Ciments de l'Afrique** announces it will build a \$45.1m cement production plant, to be operational from 2019, and which will produce

500,000 metric tonnes per year;

21 Nov 2017 **Abidjan (Côte d'Ivoire)** *Koaci*. Former president and head of the **PDCI** party **Henri Konan Bédié** names four vice presidents to the PDCI – **Albert Amichia François** (current sports minister), **Ama Tehoua Marie** (former industry minister), **Assana Sangaré** and **Ahoua Touré**;

18 Nov 2017 **Abidjan (Côte d'Ivoire)** *APA*. Prime minister **Amadou Gon Coulibaly** inaugurates the beginning of a FCFA 42 billion (\$75.5m) rehabilitation of the **Félix Houphouët-Boigny International Airport** over the 2016-2019 period, which the airport's concessionaire, **AERIA** will carry out;

18 Nov 2017 **(Côte d'Ivoire, Zimbabwe)** *Fraternité Matin*. President **Alassane Ouattara** calls for President **Robert Mugabe** to step down "in dignity", condemning the military takeover;

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