

AFRICA RISK CONSULTING**Côte d'Ivoire Briefing December 2020**

Côte d'Ivoire Summary 22 December 2020

President Alassane Ouattara (2010-present) is sworn-in for a third term and promises to promote dialogue and reconciliation. Civil society organisations (CSOs) and opposition political parties resume dialogue with the government after suspending talks in November. Parti Démocratique de Côte d'Ivoire (PDCI) leader and former president Henri Konan Bédié (1993-1999) calls on the government to organise an inclusive national dialogue. United States-based credit ratings agency Fitch Ratings affirms Côte d'Ivoire's long-term foreign currency issuer default rating (IDR) at B+ with a positive outlook.

Ouattara pledges reconciliation in his third term ...

President **Alassane Ouattara** (2010-present) was sworn in for a third presidential term on 14 December at the presidential place in **Abidjan**.¹ The event saw the attendance of 11 **African** heads of state and 300 other invitees. In a 30-minute speech Ouattara outlined his priorities for the next five years, with education, training and youth employment the pillars of his presidency.² He pledged to significantly increase the number of professional training centres and take more concrete steps to support female employment, poverty reduction, private sector development and the emergence of a middle class, and to fight corruption. Ouattara promised that universal healthcare will become a reality and that **Ivorians** would have access to the **Covid-19** vaccine from April.³

Ouattara condemned the “*intolerable*” violence that plagued the presidential elections, underlining the need to respect human rights, promote dialogue and foster reconciliation. Ouattara said prime minister **Hamed Bakayoko** would lead Côte d'Ivoire's dialogue efforts.⁴ Ouattara appointed presidential runner-up **Kouadio Konan Bertin** (popularly known as KKB) as minister of reconciliation on 15 December.⁵ Konan Bertin, an opposition **Parti Démocratique de Côte d'Ivoire (PDCI)** dissident and independent presidential candidate, was the only opposition member who actively participated in the elections, obtaining 1.99% of the vote.⁶

The level of violence during the election period damaged Ouattara's legitimacy and credibility at domestic, regional and international levels.⁷ Ouattara was reportedly particularly displeased with his cabinet ministers for not correctly assessing the level of discontent in the areas where violence was prevalent.⁸ While there is evidence that local politicians and community leaders aligned to the opposition played a role in the violence, the ruling **Rassemblement des Houphouëtistes pour la Démocratie et la Paix (RHDP)** has also been guilty of using provocative language and fuelling tensions.⁹

¹ Jeune Afrique, 14 Dec 2020

² Jeune Afrique, 14 Dec 2020

³ Jeune Afrique, 14 Dec 2020

⁴ Jeune Afrique, 14 Dec 2020

⁵ Jeune Afrique, 15 Dec 2020

⁶ Jeune Afrique, 15 Dec 2020

⁷ Abidjan-based CREFDI researcher

⁸ Abidjan-based CREFDI researcher

⁹ Abidjan-based CREFDI researcher

The continued imprisonment of opposition and **Conseil National de Transition (CNT)** (national transition council) members (see below) appears to be a government strategy to quell any dissent,¹⁰ a claim supported by **United States (US)**-based NGO **Human Rights Watch (HRW)**.¹¹ Ivorian weekly publication **Ivoir'Hebdo** claims 396 people remained imprisoned in relation to election-related activity, while many others have gone into to exile.¹² Amongst these are opposition **Front Populaire Ivoirien (FPI)** president and former prime minister **Pascal Affi N'Guessan** and PDCI leader and former president **Henri Konan Bédié's** (1993-1999) chief of cabinet, **Narcisse N'Dri**.¹³ PDCI executive secretary **Maurice Guikahué** was in detention until his medical evacuation to **France** on 19 December.¹⁴

Ouattara has also had to address the return of political exiles. In October, he declared it was time for former President **Laurent Gbagbo** (2000-2010) to return to Côte d'Ivoire following his January 2019 acquittal for crimes against humanity by the **International Criminal Court (ICC)** (see *ARC Briefing Côte d'Ivoire November 2020*).¹⁵ As a sign of good faith, Gbagbo received his two Ivorian passports (diplomatic and ordinary) in **Brussels (Belgium)** on 4 December.¹⁶ Gbagbo has called on Ivorian authorities to facilitate his return, but it is unclear how soon, or if, he will be able to return to Côte d'Ivoire anytime soon.¹⁷ Konan Bertin has expressed support for Gbagbo's return as well as that of former minister Gbagbo cabinet minister **Charles Blé Goudé**.¹⁸

... as opposition and government resume dialogue

Ivorian civil society organisations (CSOs) and opposition political parties have resumed dialogue with the government after suspending talks in November.¹⁹ The dialogue aims to formulate solutions to end the socio-political crisis resulting from President Ouattara's re-election to a contested third presidential term, including violence that has claimed 87 lives. While tensions have significantly eased and the resumption of discussions is a positive sign, it is unclear whether these efforts will successfully end the crisis.

Prime minister Hamed Bakayoko presided over a meeting on 21 December attended by 30 groups, including 16 CSOs and 14 political parties.²⁰ Representatives from leading opposition parties such as the PDCI and the FPI as well as the ruling RHDP were present.²¹ The main point of discussion was reform of the **Commission Electorale Indépendante (CEI)** (independent electoral commission), based on suggestions made by the **Economic Community of West African States (ECOWAS)** before the 31 October presidential elections.²² The government hopes that consensus can be reached in order to facilitate organisation of legislative elections scheduled for March 2021.²³

The meeting took place just over a month after PDCI leader and former president Henri Konan Bédié declared on 20 November that he had suspended the dialogue he had initiated with the government following his meeting with Ouattara on 11 November²⁴ in the wake of election-related and inter-communal violence, mainly in the Centre-East, Centre-South and Southwest regions of the country.²⁵ In its civil disobedience campaign the opposition had called on supporters to boycott the 31 October

¹⁰ Abidjan-based CREFDI researcher

¹¹ DW, 14 Dec 2020

¹² DW, 14 Dec 2020

¹³ Abidjan-based CREFDI researcher

¹⁴ Jeune Afrique, 21 Dec 2020

¹⁵ RFI, 27 Oct 2020

¹⁶ Jeune Afrique, 4 Dec 2020

¹⁷ Jeune Afrique, 4 Dec 2020

¹⁸ Koaci.com, 17 Dec 2020

¹⁹ Koaci.com, 21 Dec 2020

²⁰ Koaci.com, 21 Dec 2020

²¹ Koaci.com, 21 Dec 2020

²² Koaci.com, 21 Dec 2020

²³ Abidjan-based CREFDI researcher

²⁴ Koaci.com, 20 Nov 2020

²⁵ Abidjan-based CREFDI researcher

presidential elections to oppose Ouattara's pursuit of a third term, which it deemed illegal (see *ARC Briefing Côte d'Ivoire November 2020*). Despite Ouattara's victory, in which he obtained 94.27% of the vote, violence persisted and led to the deaths of 87 individuals and over 500 injured.²⁶ Following Bédié's creation of the CNT,²⁷ arrest warrants were issued against CNT members on charges of inciting violence and challenging state authority.²⁸ Key opposition figures such as FPI Pascal Affi N'Guessan and PDCI executive secretary Maurice Guikahué have been detained.²⁹ **Union pour la Démocratie et la Paix en Côte d'Ivoire (UDPCI)** president **Abdallah Albert Mabri Toikeusse** has been evading arrest since a warrant was issued against him, and has reportedly escaped to **Ghana**.³⁰ Several other opposition members were placed under surveillance and security forces were deployed outside their residences.³¹

The November meeting between Bédié and Ouattara was expected to ease tensions, as some opposition members were released and security forces removed from outside their homes. However, in suspending dialogue Bédié cited the continued imprisonment of opposition and CSO leaders, making resumption of dialogue conditional on their release and the return of political exiles to Côte d'Ivoire.³² Bédié said on 25 November that he would resume talks but called on the government to demonstrate "*acts of sincerity*".³³ Bédié announced the dissolution of the CNT on 9 December and repeated his wish to pursue dialogue with the government, suggesting the organisation of a national dialogue by a neutral body such as the **United Nations (UN)** to facilitate inclusive dialogue with all societal stakeholders.³⁴

Côte d'Ivoire raises €1 billion through Eurobond issue

Côte d'Ivoire on 24 November became the first **sub-Saharan African** country to launch a **Eurobond** issue since the start of the Covid-19 pandemic and only the third in 2020, after Ghana and **Gabon** carried out similar ventures earlier in the year.³⁵ The bond issue enabled Côte d'Ivoire to raise its target amount of €1 billion (\$1.2 billion), at an interest rate of 5% for a maturity period of 12 years.³⁶ Côte d'Ivoire's ability to raise such a large amount and obtain an historically low interest rate, in the context of its current post-electoral crisis and amidst concern over the increasing public debt of African countries, indicates investors' confidence in the country.³⁷

The government planned to launch the Eurobond during the second semester of 2020, but postponed it due to the Covid-19 crisis.³⁸ The prime minister's office, economy and finance ministry and the treasury directorate sought to launch the bond issue in a bid to capitalise on low interests rates, which have plunged since the start of the pandemic.³⁹ The emission rate was 6.5% at the end of October, but this dropped to 5.4% by 20 November.⁴⁰ Western financial institutions are currently experiencing high liquidity due in large part to Covid-19 economic stimulus programmes initiated by Western governments.⁴¹

²⁶ Jeune Afrique, 14 Dec 2020

²⁷ Abidjan.net, 2 Nov 2020

²⁸ Abidjan.net, 9 Nov 2020

²⁹ Abidjan.net, 9 Nov 2020

³⁰ Abidjan-based CREFDI researcher

³¹ Abidjan.net, 9 Nov 2020

³² Koaci.com, 20 Nov 2020

³³ Koaci.com, 25 Nov 2020

³⁴ RFI, 9 Dec 2020

³⁵ Reuters, 24 Nov 2020

³⁶ Gouv.ci, 25 Nov 2020

³⁷ ARC Côte d'Ivoire analyst

³⁸ Jeune Afrique, 7 Dec 2020

³⁹ Jeune Afrique, 7 Dec 2020

⁴⁰ La Tribune Afrique, 4 Dec 2020

⁴¹ Sika Finance, 24 Nov 2020

The government appointed the trio of France-based **BNP Paribas**, **United Kingdom (UK)**-based **Standard Chartered** and US-based **JP Morgan Securities** to coordinate the operation⁴² while Côte d'Ivoire-based legal advisory firms **KSK** and **Fadiga-Kaciuté** advised the government on the transaction.⁴³ Government spokesperson and communication minister **Sidi Tiémoko Touré** announced on 25 November that Côte d'Ivoire had successfully raised €5.1 billion (\$6.2 billion) from investors during the bond issue but decided to retain €1 billion (\$1.2 billion).⁴⁴

Economy and finance minister **Adama Coulibaly** said the success of the bond issue demonstrates the confidence that investors have in Côte d'Ivoire and is a testament to President Ouattara's efforts, which have made Côte d'Ivoire one of Africa's most attractive economies over the last decade and one of the most resilient throughout the pandemic.⁴⁵ According to the **World Bank**, Côte d'Ivoire averaged 7% economic growth from 2012-2019.⁴⁶ Côte d'Ivoire-based hedge fund manager **Obara Capital** CEO **Bernard Ayitee** described Côte d'Ivoire's ability to raise such a large amount in the current global economic context as a "*mini-feat*".⁴⁷

Coulibaly said the government will use €228m (\$279m) of the Eurobond issue to finance priority investment projects included in the revised 2020 budget, which saw a €538m (\$658.3m) increase due to the adoption of Covid-19 support measures.⁴⁸ The remaining funds will refinance Côte d'Ivoire's three previous Eurobond issues.⁴⁹

The latest Eurobond issue is in line with the country's medium to long-term debt management strategy concluded with the **International Monetary Fund (IMF)**.⁵⁰ Strategy objectives include reducing the risk of refinancing as well as short and medium-term peaks in maturity.⁵¹ The government included the extension of the average maturity of public debts and reduction of the proportion of public debt as its debt management objectives.⁵² The Eurobond issue also aims to reduce pressure on the **West African Economic and Monetary Union (WAEMU)** regional financial market. Côte d'Ivoire has been the largest borrower on the regional market in 2020.⁵³

Côte d'Ivoire's ability to regularly raise funds from regional and international financial markets demonstrates the trust investors have in the viability of its economy. From 1 November to 21 December, Côte d'Ivoire borrowed 1,512.3 billion FCFA (\$2.8 billion) from regional and international financial markets despite its continuing political crisis.⁵⁴ Côte d'Ivoire's ability to obtain such the low interest rate of 5% is also noteworthy. Its March 2018 Eurobond issue (EB2030) carried a 5.25% emission rate while the October 2019 Eurobond issue (EB2031) saw Côte d'Ivoire obtain a 5.875% emission rate.⁵⁵ **Cameroon**, **Egypt**, Gabon, Ghana and **Kenya** have all issued Eurobonds at interest rates of 6% and upwards.⁵⁶

Fitch hands Côte d'Ivoire B+ credit rating with a positive outlook

US-based credit ratings agency **Fitch Ratings** has affirmed Côte d'Ivoire's long-term foreign currency issuer default rating (IDR) at B+ and attributed Côte d'Ivoire a positive outlook.⁵⁷ Despite the country's ongoing political crisis, Fitch's assessment is a further sign that markets have confidence in

⁴² Reuters, 24 Nov 2020

⁴³ Jeune Afrique, 7 Dec 2020

⁴⁴ Gouv.ci, 25 Nov 2020

⁴⁵ Agence Ecofin, 4 Dec 2020

⁴⁶ La Tribune Afrique, 4 Dec 2020

⁴⁷ La Tribune Afrique, 4 Dec 2020

⁴⁸ Financial Afrik, 25 Nov 2020

⁴⁹ La Tribune Afrique, 4 Dec 2020

⁵⁰ La Tribune Afrique, 4 Dec 2020

⁵¹ La Tribune Afrique, 4 Dec 2020

⁵² La Tribune Afrique, 4 Dec 2020

⁵³ Agence Ecofin, 4 Dec 2020

⁵⁴ Sika Finance, 21 Dec 2020

⁵⁵ La Tribune Afrique, 4 Dec 2020

⁵⁶ Reuters, 24 Nov 2020

⁵⁷ Fitch Ratings, 17 Dec 2020

Côte d'Ivoire's economic potential and ability to honour debt payments.⁵⁸ Fitch noted in its 17 December decision that Côte d'Ivoire has established a balance between strong economic growth prospects and relatively low fiscal and external deficits and debt ration against enduring political risks, low development indicators and comparatively high commodity dependence.⁵⁹ Fitch based its positive outlook on its opinion that Ivorian authorities will be fiscally prudent and implement reforms to stabilise government expenditure.⁶⁰ Côte d'Ivoire is expected to adopt a new IMF credit support programme by late 2021 to succeed the programme that ran from 2016-2020.⁶¹ Fitch acknowledges that the Covid-19 pandemic has not affected Côte d'Ivoire's economy as negatively as that of most of its continental counterparts, due in large part to its non-reliance on tourism revenue and remittances from abroad.⁶² Stable cocoa prices have also benefitted the economy. Côte d'Ivoire is the world's largest producer of cocoa, which accounts for 40% of its exports.⁶³ Fitch estimates economic growth will reach 1.5% in 2020 and that growth will average 6.3% from 2021-2022.⁶⁴

Fitch's outlook for Côte d'Ivoire mirrors the evaluation made by US-based credit ratings agency **Moody's** in August (see *ARC Briefing Côte d'Ivoire August 2020*). Moody's gave Côte d'Ivoire a "stable" economic outlook, highlighting that it would generate sustained growth in the medium term and develop sectors that will produce value-added exports, thereby improving income and budget flexibility.⁶⁵ Moody's also maintained Côte d'Ivoire's Ba3 credit rating at an "investment grade" category, due to the likelihood that there will not be an extension of Côte d'Ivoire's **Debt Service Suspension Initiative (DSSI)** beyond 2020.⁶⁶ While both credit rating agencies have noted the risks of political instability, each expressed faith in the country's economy to overcome these challenges.

Planner

Mar 2021 (**Côte d'Ivoire**) *Jeune Afrique*. Legislative elections;

Chronology

22 Dec 2020 **Abidjan (Côte d'Ivoire)** *Sika Finance*. **Canada**-based mining firm **Roxgold** says it will start production at the **Séguéla** gold mine in north-west Côte d'Ivoire in 2022;

22 Dec 2020 **Abidjan (Côte d'Ivoire)** *Sika Finance*. **Australia**-based **Perseus Mining** reports it will start commercial exploitation at **Yaouré** gold mine by March 2021;

21 Dec 2020 **Abidjan (Côte d'Ivoire)** *Abidjan.net*. Prime minister **Hamed Bakayoko** presides over the recommencement of dialogue between the government and opposition and civil society organisations;

18 Dec 2020 **Abidjan (Côte d'Ivoire)** *Sika Finance*. Côte d'Ivoire set to simultaneously launch two bond loan issues on the **West African Economic and Monetary Union (WAEMU)** regional financial market, where it intends to raise 120 billion FCFA (\$224.28m)

17 Dec 2020 **New York (United States)** *Fitch Ratings*. **United States**-based credit ratings agency **Fitch Ratings** affirms Côte d'Ivoire's long-term foreign currency issuer default rating (IDR) at B+ with a positive outlook;

17 Dec 2020 **Abidjan (Côte d'Ivoire)** *Koaci.com*. Reconciliation minister **Kouadio Konan Bertin** declares his support for the return to Côte d'Ivoire from exile of former President **Laurent Gbagbo**

⁵⁸ Fitch Ratings, 17 Dec 2020

⁵⁹ Fitch Ratings, 17 Dec 2020

⁶⁰ Fitch Ratings, 17 Dec 2020

⁶¹ Fitch Ratings, 17 Dec 2020

⁶² Fitch Ratings, 17 Dec 2020

⁶³ Fitch Ratings, 17 Dec 2020

⁶⁴ Fitch Ratings, 17 Dec 2020

⁶⁵ Sika Finance, 10 Aug 2020

⁶⁶ Sika Finance, 10 Aug 2020

and former minister **Charles Blé Goudé**;

16 Dec 2020 **Abidjan (Côte d'Ivoire)** *Financial Afrik*. **Switzerland**-based hotel group **Mövenpick Hotels** will open its first hotel in Côte d'Ivoire in the economic capital, Abidjan, on 28 December;

15 Dec 2020 **Abidjan (Côte d'Ivoire)** *Abidjan.net*. President **Alassane Ouattara** appoints Gen. **Diomandé Vagondo** as territorial administration and **Kouadio Konan Bertin** as reconciliation minister;

14 Dec 2020 **Abidjan (Côte d'Ivoire)** *Abidjan.net*. President **Alassane Ouattara** is sworn in for a third presidential term and promises to promote dialogue and reconciliation in the wake of the ongoing electoral crisis;

10 Dec **Abidjan (Côte d'Ivoire)** *Agence Ecofin*. The government announces it will distribute the **Covid-19** vaccine to residents from April 2021;

9 Dec 2020 **Abidjan (Côte d'Ivoire)** *RFI*. **Parti Démocratique de Côte d'Ivoire (PDCI)** leader and former president **Henri Konan Bédié** announces the dissolution of the **Conseil National de Transition (CNT)** (national transition council) and calls for an inclusive national dialogue to be organised;

9 Dec 2020 **Washington D.C (United States)** *IMF*. The **International Monetary Fund (IMF)** has disbursed a \$278.2m loan to Côte d'Ivoire following the completion of its seventh and eighth reviews under the **Extended Credit Facility (ECF)** and **Extended Fund Facility (EFF)** arrangements;

5 Dec 2020 **Abidjan (Côte d'Ivoire)** *France24*. The Ivorian **Conseil Café Cacao (CCC)** (cocoa and coffee council) has lifted sanctions against **United States**-based chocolate maker **Hersheys**, following Hershey's initial refusal to pay the **Living Income Differential (LID)**;

4 Dec 2020 **Abidjan (Côte d'Ivoire)** *Jeune Afrique*. Former President **Laurent Gbagbo** has reportedly received his two Ivorian passports;

30 Nov 2020 **Abidjan (Côte d'Ivoire)** *Bloomberg*. The Ivorian and **Ghanaian** governments accuse **United States**-based chocolate makers **Hershey's** and **Mars** of not paying the **Living Income Differential (LID)** to local cocoa farmers;

25 Nov 2020 **Abidjan (Côte d'Ivoire)** *Gouv.ci*. Government spokesperson and communication minister **Sidi Tiémoko Touré** announces Côte d'Ivoire had successfully raised €5.1 billion (\$6.2 billion) from investors during a Eurobond issue and decided to retain €1 billion (\$1.2 billion) ;

25 Nov 2020 **Abidjan (Côte d'Ivoire)** *Koaci.com*. **Parti Démocratique de Côte d'Ivoire (PDCI)** leader and former president **Henri Konan Bédié** expresses desire to recommence dialogue with the government if it demonstrates "*signs of sincerity*";

20 Nov 2020 **Abidjan (Côte d'Ivoire)** *Koaci.com*. **Parti Démocratique de Côte d'Ivoire (PDCI)** leader and former president **Henri Konan Bédié** announces the suspension of dialogue with the government due to the continued imprisonment of opposition and civil society members;

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