

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

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*Constituent parties of the ruling **Rassemblement des Houphouëtistes pour la Démocratie et la Paix (RHDP)** are preparing groundwork to strike up alliances with minority coalition and opposition parties in the lead-up to the 2020 presidential elections. A 'courtesy' meeting between the **Parti Démocratique de Côte d'Ivoire (PDCI)** and the **Front Populaire Ivoirien (FPI)** leads analysts to speculate about the possibility of an alliance between the two parties. Prime minister **Amadou Gon Coulibaly** announces a partial reversal of proposed tax reforms as part of the 2018 budget, after businesses and employers' associations conduct an aggressive lobby. The **Commission Electorale Indépendante (CEI)** (electoral commission) makes several announcements in relation to events in the electoral calendar in 2018. Senate elections are scheduled for 24 March; municipal and regional election dates will be announced soon.*

Ruling coalition parties cosy up to minority parties ahead of presidential elections

Member parties of the ruling **Rassemblement des Houphouëtistes pour la Démocratie et la Paix (RHDP)** coalition appear to be striking up alliances with minority coalition members and opposition parties ahead of the 2020 presidential elections. The developments highlight a longer-term split between the RHDP's main members, the **Rassemblement des Républicains (RDR)** and the **Parti Démocratique de Côte d'Ivoire (PDCI)**. There have also been rumours that parliamentary president **Guillaume Soro** may move away from the RDR, which would threaten the re-election prospects of President **Alassane Dramane Ouattara** (2011-present), also the founder of the RDR.¹ The increasing likelihood of municipal, regional and senate elections taking place in 2018 (see below), may hasten political parties to finalise their alliances.

The RDR and PDCI have dominated the Ivorian political scene since the end of the post-electoral crisis of 2011. However, the two parties chose to form separate parliamentary blocs even with the prospect of an 85.8% majority in the **Assemblée Nationale** (lower parliamentary chamber) after the December 2016 legislative elections, as the RDR would retain an absolute majority (see *ARC Briefing Côte d'Ivoire April 2017*). There were reportedly too many divisions between the PDCI and the RDR's supporters, after the PDCI perceived the RDR as reneging on a promise to put forward a PDCI candidate for the 2020 presidential elections (see *ARC Briefing Côte d'Ivoire April 2017*). The ethnic and religious differences now appear to be too great to appease the RHDP coalition's supporters, who are putting pressure on its leaders to separate, despite the leaders' repeated attempts to reconcile (see *ARC Briefing Côte d'Ivoire February 2016 & April 2017*).

Political analysts say that the only bond keeping the coalition together is PDCI leader and former President **Henri Konan Bédié** (1993-1999).² However, even Bédié's commitment to the RHDP is questionable after Bédié and a PDCI delegation held a highly publicised meeting with the party of former President **Laurent Gbagbo** (2000-2011), the **Front Populaire Ivoirien (FPI)**, on 25 January.³ Although both parties initially referred to the meeting as a 'courtesy meeting', it has political significance.⁴ Current FPI president **Pascal Affi N'Guessan** described the meeting with the PDCI as

¹ Source, analyst, United Kingdom.

² Source, political analyst, Abidjan.

³ Jeune Afrique, 25 Jan 2018.

⁴ Jeune Afrique, 25 Jan 2018.

an “opportunity to make Côte d’Ivoire go forward”.⁵ In a press interview on 19 February, Affi N’Guessan said that the FPI may even consider a joint candidate list with the PDCI for the upcoming municipal, regional and senatorial elections,

“We are ready for this possibility. There is no doubt that unions will be created locally, at a level where their concerns are less political but where the priority is to develop a municipality or region. We told our members, they must be ready, where necessary, to align with the PDCI or with independent candidates.”⁶

There are several practical obstacles to an alliance between the PDCI and FPI. Firstly, the PDCI would not be able to challenge the RDR in parliament, as the FPI boycotted the December 2016 legislative elections and has only three seats in parliament (see *ARC Briefing Côte d’Ivoire April 2017*). There are also ideological differences between the PDCI and FPI – the PDCI is a centre-right liberal party, while the FPI is a socialist party. PDCI and FPI members and supporters may not accept an alliance:

“The PDCI is with open arms before the FPI to send a strong message to its ally, the RDR, that refuses to respect its commitment of supporting a PDCI presidential candidate in 2020... There is no such thing as an unnatural alliance. Yes, an alliance between the FPI and PDCI is possible. But the downside is that its supporters have not yet reconciled their differences on an ideological and political level. The FPI is trying to divide the RHDP. The PDCI, conscious of this, plays along. It’s a way for them to put pressure on the RDR, which in turn is starting to be afraid of certain scenarios. The RDR’s leaders will do their all to stop this manoeuvre.”⁷

If the PDCI allies with the FPI, it may see the RDR seeking to strengthen its ties with RHDP coalition minority member, **l’Union pour la Démocratie en Côte d’Ivoire (UPDCI)**. Although the UPDCI has limited electoral reach, it has several stronghold constituencies in **Tonkpi Region, Lôh-Djiboua Region, N’Zi Region** and **Abidjan** (the economic capital).⁸ There are also rumours that the RDR is seeking to establish a party with several minor parties, including the UPDCI, the **Union pour la Côte d’Ivoire (UPCI)**, and the **Mouvement des Forces d’Avenir (MFA)**, with the aim of isolating Bédié.⁹ However, for now the RDR has publicly called on its MPs to participate in the upcoming local and senatorial elections under the RHDP banner (see below).¹⁰

The increasing tensions at the heart of the RHDP coalition appear to confirm previous speculation that its failure is almost certain. There is at present no confirmation of any new alliances between the PDCI and the RDR with minor opposition parties. However, it is clear that both parties are preparing contingencies in the event that the other decides to act.

Coulibaly announces partial U-turn on 2018 budget tax reform

Prime minister **Amadou Gon Coulibaly** on 14 February announced a partial reversal of proposed tax reforms as part of the 2018 budget.¹¹ It appears that the policy U-turn is the result of lobbying efforts from the private sector and small and medium-sized enterprises (SMEs). Parliament approved the introduction of a tax annex with mixed reforms after a vote on 27 December. These include:¹²

- A value-added tax (VAT) exemption for bonded stores and warehouses;
- Removal of VAT exemptions for seeds and grains; and equipment and materials required for the production, conservation, packaging and transformation of agricultural foodstuff;

⁵ Jeune Afrique, 19 Feb 2018.

⁶ Jeune Afrique, 19 Feb 2018.

⁷ Source, political analyst, Abidjan.

⁸ www.assnat.ci

⁹ La Lettre du Continent, 7 Feb 2018.

¹⁰ Koaci, 25 Jan 2018.

¹¹ Jeune Afrique, 15 Feb 2018.

¹² www.dci.gouv.ci

- An increase in excise duties for alcoholic and non-alcoholic beverages: 15 percentage points for champagne; 10 percentage points for wine, beer and cider; 8 percentage points for energy drinks and other non-alcoholic beverages;
- A 3 percentage point increase in excise duties on tobacco, to 38%;
- The introduction of a 0.5% tax on all mobile banking transfers (operated by telecommunications companies);
- The introduction of a 7.5% withholding tax on gross commercial and industrial profits from factories or exporters derived from pay to cashew nut producers.

According to the tax annex document passed in parliament, the government would be able to increase tax revenues by at least 150 billion francs (FCFA) (\$281.1m).¹³ However, after significant backlash from the private sector, Ouattara reportedly asked his government to engage with employers in order to discuss and review its implications.¹⁴ The **Confédération Générale des Entreprises de Côte d'Ivoire (CGECI)** (Ivorian employers' association) on 17 January issued a statement calling for government to relax some of the proposed tax reforms,

*"The application of some articles of this tax annex will without doubt cause significant prejudices to some sectors of the economy and in particular SMEs. While we wait for the outcome of this consultation [with government], the CGECI suggests that the tax annex and the 2018 budget be suspended. This suspension would have a positive effect in appeasing objections, in great number, from private sector businesses."*¹⁵

As a result of the CGECI's statement, the government reversed its initial commitment to introduce the annex.¹⁶ The tax annex amendment released on 14 February removed several articles from the initial proposal:¹⁷

- A reduction in the increase in excise duties on beer from 10 percentage points (to a total 25%) to two percentage points (total 17%);
- A reduction in the increase in excise duties on energy drinks and non-alcoholic drinks from 8 percentage points (to a total 20%) to 2 percentage points (to a total 14%);
- A reduction in the increased in excise duties on tobacco from 3 percentage points (to a total 38%) to 1 percentage point (to a total 36%);
- The introduction of a 10% single exit tax on cashew nut exports (unclear if this affects previous withholding tax (see above)).¹⁸

There appears to have been a strong lobby from the investor community, leading to a significant reduction of the proposed increase in excise duties on beer and tobacco in particular,

*"Investors were furious that the government had introduced these measures without any sort of consultation. Many of these investors felt that they had commitments from government to not change conditions that could affect the sale price of their products, at least for the remainder of Ouattara's current term. I even heard that some investors went directly to the relevant government officials to complain about it."*¹⁹

The CGECI in a statement on 15 February said that the new tax annex would cover the relevant concerns that businesses had expressed to government since the middle of January.²⁰ However, the CGECI said it could not guarantee the exact contents of the reformed tax annex, meaning that some members of the employers' association may not be entirely satisfied with the amended annex, which

¹³ Jeune Afrique, 17 Jan 2018.

¹⁴ Jeune Afrique, 17 Jan 2018.

¹⁵ www.cgeci.com

¹⁶ Jeune Afrique, 15 Feb 2018.

¹⁷ Presidential decree No. 2018-145, 14 Feb 2018.

¹⁸ Presidential decree No. 2018-145, 14 Feb 2018.

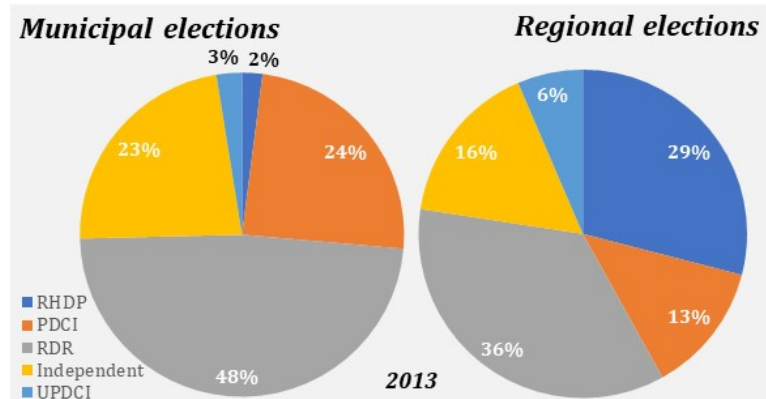
¹⁹ Source, business analyst, Abidjan.

²⁰ www.cgeci.com

by the time it was released, was already passed into law. The lack of reform on the introduction of a tax on mobile banking transfers is curious, as one would expect there to have been similar backlash from telecommunications operators, which currently do not charge for transactions to mobile banking account holders. It may be that the introduction of a tax on mobile banking could lead the telecommunications firms to view this as an opportunity to monetise this service.

Electoral commission to schedule local and senate elections

The **Commission Electorale Indépendante (CEI)** (electoral commission) has made several announcements in relation to events in the electoral calendar in 2018. On 24 January, the CEI



announced that municipal and regional elections (or local elections), previously scheduled for the end of 2018, will be combined.²¹ The CEI did not indicate an exact date for local elections, but announced that it will revise and publish the electoral list at the latest three months before the election date.²²

The FPI has called for political dialogue to take place before the CEI schedules the elections.²³ Although the RDR has

called on its members to run under the RHDP banner in both municipal and regional elections (see above), it is not clear how each party will run until the announcement of the full candidates list. After the 2013 municipal and regional elections, the RDR and PDCI, either for their own parties or under the RHDP banner, won approximately 75% of all votes.²⁴ Interestingly, however, there were almost no candidates running under the RHDP banner in the 2013 municipal elections, compared to 29% in the 2013 regional elections.²⁵ It is unclear whether the two parties will continue to be as dominant, especially if the FPI decides to engage more actively in the electoral process (in contrast to boycotts it had carried out in the past).

Government spokesperson and ICT minister **Bruno Nabagné Koné** announced on 21 February that senate elections will take place on 24 March.²⁶ This will be the first senate election in Côte d'Ivoire since Ivorians voted in favour of a constitutional reform bill in October 2016, reintroducing the senate (upper parliamentary chamber) which had been removed in the 2000 constitution (see *ARC Briefing Côte d'Ivoire November 2016*). The senators will be voted in for a period of five years, and must all be over the age of 35 years, and have held Ivorian nationality for at least 10 years.²⁷ The 2016 constitution provides that the president (in this case Ouattara) names 40 senators directly, while MPs, regional and municipal council members vote for the remaining 80.²⁸ However, this election will concern just 66 senators, two for each region and autonomous district (Abidjan and **Yamoussoukro**),²⁹ or 55% of the total number of senators. This appears to give the ruling government a significant advantage in voting power within the senate. Although Côte d'Ivoire's constitution is largely based on its **French** counterpart, this provision allows the incumbent to undermine an opposition effort against his leadership in parliament. Opposition members criticised

²¹ Jeune Afrique, 24 Jan 2018.

²² www.cei-ci.org

²³ Jeune Afrique, 24 Jan 2018.

²⁴ www.cei-ci.org

²⁵ www.cei-ci.org

²⁶ Jeune Afrique, 21 Feb 2018.

²⁷ www.cei-ci.org

²⁸ Connection Ivoirienne, 27 Feb 2018.

²⁹ Jeune Afrique, 21 Feb 2018.

the 2016 constitution in the lead-up to the referendum for its introduction, calling it “*monarchical*”³⁰ and a “*constitutional coup d’état*”.³¹ One of the main criticisms was that the new constitution would strengthen presidential powers by creating near seamless passing of legislation through parliament’s two chambers.

There is likely to be a significant political shift in Côte d’Ivoire by the end of 2018, not least as parties reposition and forge new alliances ahead of the 2020 presidential elections, but also due to a refreshing of local administrations. At the time of writing, there is no evidence to suggest that the power of the RDR and PDCI will be challenged, but their alliance looks frail.

Planner

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

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

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

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

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;

24 Mar 2018 (**Côte d’Ivoire**) *RFI* Senate elections to take place.

Chronology

21 Feb 2018 **Abidjan (Côte d’Ivoire)** *RFI*. Government spokesperson **Bruno Nabagné Koné** announces that senatorial elections will take place on 24 March;

15 Feb 2018 **Abidjan (Côte d’Ivoire)** *Jeune Afrique*. Prime minister **Amadou Gon Coulibaly** confirms retracting certain proposed fiscal measures, including a 0.5% tax of money transfers and an increase in excise duties on beer of 10% (now 2%);

15 Feb 2018 **Abidjan (Côte d’Ivoire)** *Jeune Afrique*. The opposition **Front Populaire Ivoirien** call for a national political dialogue ahead of municipal and regional elections, expected in 2018;

31 Jan 2018 (**Côte d’Ivoire**) *APA*. Oil sector workers begin a three-day strike;

27 Jan 2018 **Abidjan (Côte d’Ivoire)** *BBC*. The **Tribunal Correctionnel d’Abidjan** (Abidjan criminal court) sentences **Michel Gbagbo**, son of former President **Laurent Gbagbo**, to six months in prison for complicity in the dissemination of false information;

25 Jan 2018 **Abidjan (Côte d’Ivoire)** *Jeune Afrique*. Head of the **Parti Démocratique de Côte d’Ivoire**, former President **Henri Konan Bédié**, and head of the opposition **Front Populaire Ivoirien**, **Pascal Affi N’Guessan**, meet in Abidjan for a “*courtesy meeting*” to which analysts assign symbolic importance due to similarities in the parties’ electoral bases;

24 Jan 2018 **Abidjan (Côte d’Ivoire)** *RFI*. The **Commission Electorale Indépendante** (electoral commission) announces that municipal and regional elections will be paired together in 2018,

³⁰ AFP, 22 Feb 2018.

³¹ Source, LIDER member, Abidjan.

previously estimated to be held around July/August;

18 Jan 2018 **Abidjan (Côte d'Ivoire)** *RFI*. The **Cour d'Assises d'Abidjan** (Abidjan court of assizes) sentences former President **Laurent Gbagbo**, former prime minister **Gilbert Aké N'Gbo**, former finance minister **Désiré Dalo** and former government spokesperson **Justin Koné Katinan** to 20 years in prison for allegedly stealing funds from the **Banque Centrale des Etats de l'Afrique de l'Ouest** (West African central bank);

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Getting in touch

Please contact us by email info@africariskconsulting.com or call + 44 (0) 20 7078 4080

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