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Ivory Coast

ENERGY - OIL & GAS

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This country-specific Q&A provides an overview of energy - oil & gas laws and regulations applicable in Ivory Coast.

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IVORY COAST ENERGY - OIL & GAS



1. Does your jurisdiction have an established upstream oil and gas industry? What are the current production levels and what are the oil and gas reserve levels?

Yes, Ivory Coast has an upstream oil and gas industry, with fifty-one (51) oil identified fields/blocks to day, including four (4) production blocks and twenty-eight (28) exploration blocks.

According to the 2021's edition of the report of the General Directorate of Hydrocarbons, production for the year 2020 is estimated at 29,078 Barrels of Oil Per Day (BOPD) and the production of natural gas is estimated at 215,047 Million Standard Cubic Feet (MMSCF) per day.

As for reserve levels, please note that the rates are not officially made available to the public as they are considered as sensitive information by the authorities.

However, please note that the Government announced in 2021 a major discovery in block CI-101 offshore Ivory Coast. The potential of the discovery can be preliminarily estimated at between 1.5 and 2.0 billion barrels of oil in place and between 1.8 and 2.4 trillion cubic feet (TCF) of associated gas.

2. How are rights to explore and exploit oil and gas resources granted? Please provide a brief overview of the structure of the regulatory regime for upstream oil and gas. Is the regime the same for both onshore and offshore?

First of all, it is to be noted that the State exclusively owns all the deposits and natural accumulations of hydrocarbons in the soil and subsoil of Ivory Coast, its territorial sea, its exclusive economic zone and its continental shelf, whether discovered or not discovered (Article 2 of the Petroleum Code^[1]). No person, including the owner of the surface, may undertake any operation unless such person has been previously authorized in accordance with the provisions of the Petroleum Code

(Article 4 of the Petroleum Code).

In this respect, the State supervises and participates in the oil and gas industry through the national company, Petroci Holding (a wholly state-owned company) and its three (2) subsidiaries: Petroci Exploration-Production, responsible for upstream hydrocarbon activities; Petroci-Gaz, responsible for development of the gas sector; and Petroci Industries-Services, responsible for all other related services.

Oil and gas operations (onshore and offshore) are therefore undertaken directly by the State itself, through Petroci or by companies or joint ventures that have entered into a contract with the State for this purpose.

This being said, to carry out oil and gas activities, contractors require authorisation from the State, the terms of which are included within a Petroleum contract between the contractor and the State. In this respect, it is to be noted that the Government has a discretionary power to grant oil and gas authorizations and contracts.

As for foreign operators, they must justify a permanent establishment, through a local subsidiary for the whole duration of the Petroleum Contract or through a branch. It should be noted, however, that OHADA Company Act^[2] requires that branches be transferred to a local entity within two (2) years of registration. Eligible companies must also be able to demonstrate sufficient technical, financial and legal capacity to undertake oil and gas operations.

Please refer to the question 3 for further details on the licenses, authorizations and Petroleum contracts in Ivory Coast.

Footnote

1. The main legislation relating to petroleum activities is Law no. 96-669 dated 29 August 1996, as amended by Ordinance no. 2012-369 dated 18 April 2012, and implementing decree no. 96-733 dated 19 September 1996 ("**Petroleum Code**").

2. OHADA refers to *Organisation pour l'Harmonisation en Afrique du Droit des Affaires*, of which Ivory Coast is a Member State, apply to companies carrying out oil and gas activities in Ivory Coast, mainly the OHADA Companies Act.

Both are granted for a maximum period of twenty five (25) years with one (1) renewal period of up to ten (10) years as set out in the relevant contract.

3. What are the key features of the licence/production sharing contract/concession/other pursuant to which oil and gas companies undertake oil and gas exploration and exploitation?

Key features of the relevant licences/authorizations relevant to oil and gas exploration and exploitation:

1. **Hydrocarbons prospecting authorization** (*autorisation de reconnaissance d'hydrocarbures*):

Such authorization gives its holder the right to conduct preliminary surface prospecting works on a non-exclusive basis. The prospecting period is fixed at a maximum of one (1) year, renewable once, for a period not exceeding one (1) year. It is to be noted that no preferential right to a Petroleum Contract is granted by such authorization.

2. **Exploration authorisation** (exploration permits under concession contracts) (*permis de recherche d'hydrocarbures*) **and exclusive exploration authorizations** under production sharing contracts (*autorisation exclusive d'exploration*):

Both are initially granted for a maximum period of three (3) years renewable twice, as determined in the respective concession or production sharing contract, while noting that it may not exceed seven (7) years (or nine (9) years in deepwater zones).

3. **Exclusive appraisal authorization** (*autorisation exclusive d'évaluation*) :

Such authorization is granted to a contractor in the event a discovery is made. The duration of the exclusive appraisal authorisation is determined in the production sharing contract.

4. **Production authorisations** (Production concessions under concession contracts) (*concession d'exploitation*) **and exclusive production authorisations** under production sharing contracts (*autorisation exclusive d'exploitation*):

Key features of the relevant Petroleum Contracts:

Three (3) types of Petroleum Contracts for upstream activities are provided for under the Petroleum Code (Articles 13 and subsequent of the Petroleum Code):

Concession contract (*contrat de concession attachés à l'octroi de titres miniers d'hydrocarbures constitués par des permis de recherche et les concessions d'exploitation*) is entered into prior to the grant of an exploration permit and confers rights and obligations during exploration and, in case of a discovery, during production. The concession contract holder assumes financial and operating risks and may dispose of the production in accordance with the contract.

Production sharing contract (*contrat de partage de production*) which are generally the most common tool used by investors in Ivory Coast and under which the State grants an exclusive exploration right and, in case of a discovery, an exclusive right of production. The contractor assumes financial and operating risks. Production is shared with the State in accordance with the contract.

Production is shared between the State and the contractor to compensate the latter for the services and costs it has incurred. The contract defines the portion of the "Cost Oil", i.e. the portion of the total production that can be allocated to reimburse the costs incurred, as well as the portion of the "Profit Oil", i.e. the balance of the total production after deduction of the Cost Oil, respectively allocated to the State and the holder. This sharing may vary depending on whether the production is crude oil or natural gas, as well as on the impact of the water depth of the deepwater fields.

Service contract (*Contrat de services à risques*) under which the contractor has no entitlement to any portion of the production but is remunerated in cash for its services and reimbursed its petroleum costs.

In addition to the above, Petroleum Contracts must, among others, address the following points: the research perimeter, the duration of the contract and the Petroleum Titles concerned as well as the terms and conditions of their renewal, the participation of the State, stability, force majeure and dispute resolution, obligations relating to the environment, health, safety and rehabilitation of the sites, the terms and conditions of assignment, local employment, as well as work and

investment commitments, the tax and customs regime. They also define the terms and conditions relating to the portion of production to be sold on the local market.

Petroleum Contracts contain all dispositions applicable to the relevant exploration and/or production phase, including, *inter alia*, exploration area, duration of the contract and the relevant authorisations or permits including renewal periods and relinquished areas, work and investment commitments and relevant securities, transportation rights, production ownership and sharing, state participation, tax and customs regime, transfer and assignment, environment, health and safety and rehabilitation of sites, local preference and local training commitments, abandonment obligations including abandonment deposit, and stability, force majeure, applicable law and dispute resolution clause. A model contract may be provided by the Ministry of Mines, Petroleum and Energy to serve as a basis for negotiations.

Finally, contracts are negotiated with the Government under the authority of the President of the Republic and are thereafter be signed by the President or its duly authorised representative.

4. Are there any unconventional hydrocarbon resources (such as shale gas) being exploited and is there a separate regulatory regime for unconventional?

To date, no unconventional hydrocarbon resources are being exploited in Ivory Coast.

5. Who are the key regulators for the upstream oil and gas industry?

The key regulators for the upstream oil and gas industry are:

- The Ministry of Mines, Petroleum and Energy (*Ministère Du Pétrole et de L'énergie*);
- The General Directorate of Hydrocarbons (*Direction Générale des Hydrocarbures or 'DGH'*) acting under the supervision, which is the government authority primarily responsible for the development and regulation of the oil and gas industry in Ivory Coast;
- The Interdepartmental Petroleum Commission (*Commission Interministerielle Pétrolière or 'CIP'*) in charge of the technical review of applications for petroleum authorisations and Petroleum Contracts;

6. Is the government directly involved in the upstream oil and gas industry? Is there a government-owned oil and gas company?

As previously elaborated, the State supervises and participates in the oil and gas industry through its national company, Petroci Holding and its three subsidiaries: Petroci Exploration-Production, Petroci-Gaz and Petroci Industries-Services, responsible for all other related services.

The Petroleum Code reserves to the State the right to acquire an interest, directly or through State entities, in petroleum operations carried out under a Petroleum Contract, subject to the terms and conditions of the Petroleum Contract. No further details or thresholds or minimum rates are provided for in the Petroleum Code, but the State's participation, through the State entity Petroci, is generally set between ten (10) and fifteen (15) percent (%).

7. Are there any special requirements for or restrictions on participation in the upstream oil and gas industry by foreign oil and gas companies?

In principle, there are no restrictions or limitations on foreign investment established by the Petroleum Code or the Investment Code^[3].

Nevertheless, foreign companies must justify throughout the duration of the petroleum contract of a permanent establishment in Ivory Coast registered in the trade register, which may be a company under Ivorian law or a branch office, while taking into consideration that branches shall be transferred to a local entity after two (2) years of registration.

Also, foreign direct investments must be declared to the Ministry of Economy and Finances in order to allow dividends and other income from the investment to be expatriated.

On another note, contractors and their subcontractors are usually required to:

- give preference to local Ivorian companies for construction, supply and service contracts, provided that they offer equivalent conditions of quality, price, quantity and time.
- give priority to hiring local employees with the skills required for their operations.
- At the start of oil operations, they are required to establish and fund a training program for local employees, as well as a

training program for public officials employed by the oil administration.

Finally, contractors may have obligations to supply the domestic market a defined portion of their production, the level of which will be defined in the Petroleum Contract.

Footnote

3. Ordinance No. 2012 – 487 of June 07, 2012 on the Investment Code in Ivory Coast

8. What are the key features of the environmental and health and safety regime that applies to upstream oil and gas activities?

What are the key features of the environmental^[4] and health and safety regime that applies to upstream oil and gas activities?

Environmental regime

In accordance with Article 39 of the Environmental Code and Annex I of the Decree N°96^[5], oil and gas projects are subject to an environmental impact assessment (hereinafter “**E.I.A**”) prior to their implementation, the content of which is set out in Article 40 of the Environmental Code and Article 12 of the Decree N°96-894.

The E.I.A is the responsibility of the operator. The E.I.A must be carried out by environmental study offices approved by order of the Minister in charge of the Environment (Article 10 of Ordinance N°00972-2007^[6]).

Falsification, failure to carry out an E.I.A, failure to comply with the specifications for the E.I.A or failure to use an approved environmental study office are punishable by criminal penalties (Article 92 of the Environmental Code and Articles 31 to 31 of Ordinance N°00972-2007).

National Environmental Agency (hereinafter “**ANDE**”) is the environmental authority responsible for supervising, validating and controlling all activities relating to E.I.A of development projects.

The operator pays ANDE a fee of 20,000,000 FCFA (Article 27 N°00972-2007).

The environmental impact assessment must be approved by the Minister of the Environment before the project is implemented.

The project is then subject to control and monitoring to verify the relevance of the forecasts and adopt the necessary corrective measures. Six months after the implementation and operation of the activities of a development project, the environmental monitoring following the EIA is completed by an environmental audit, without interrupting the course of this environmental monitoring (Article 18 of N°00972-2007).

Criminal sanctions are provided for in the Environmental Code.

Moreover, in accordance with Article 35 of the Environmental Code, the oil contract holder must, in the context of its activities, comply with the principle of (i) precaution, (ii) substitution (substituting any action presenting a risk for the environment with an action that presents a lesser risk), (iii) preservation of biological diversity, (iv) non-degradation of natural resources, (v) polluter pays, (vi) information and participation, and (v) cooperation.

Furthermore, the holder of the petroleum contract must perform all operations and work using the techniques in use in the international oil industry and ensure the conservation of natural resources, including hydrocarbon deposits, the protection of the essential characteristics of the environment, and take all measures to preserve and protect the natural environment and ecosystems (Article 49 of the Petroleum Code) and the exploitation and management of oil resources must take into account the protection of the environment as well as preserving the interests of future generations (new article 82 of the order no. 2012-369 of April 18th 2012 amending the Petroleum Code.)

On a final note, the Decree N° 2013-851 of 19 December 2013 establishing an exclusion and safety zone around oil and gas drilling, exploration and production equipment, and seismic survey vessels. Thus, in accordance with Article 65 of the Petroleum Code, a perimeter of one (1) nautical mile (1.845 KM) is declared an exclusion and safety zone for navigation and fishing around drilling, research and oil and gas production equipment and their related facilities, as well as around seismic survey vessels. This measure is intended to prevent accidents related to fishing activities around offshore oil facilities.

Health and Safety Regime

On a first hand, the holder of a petroleum contract must ensure that health and safety standards are applied in accordance with the applicable standards in the international oil industry, both on their own behalf and on behalf of their subcontractors, and any serious accident must be reported immediately to the

competent authorities (Article 54 of the Petroleum Code).

On another hand, it must take all measures to preserve and protect the safety of persons and people and property (Article 49 of the Petroleum Code).

Footnotes

4. Law n° 96-766 of October 3, 1996 on the Environment Code.

5. Decree No. 96-894 of 8 November 1996 determining the rules of procedure applicable to studies on the environmental impact of development projects.

6. Order N°00972-2007 of 14 November 2007, relating to the application of Decree n°96-894 of 8 November 1996 determining the rules and procedures applicable to studies relating to the environmental impact of development projects

9. How does the government derive value from oil and gas resources (royalties/production sharing/taxes)? Are there any special tax deductions or incentives offered?

Shared Production with the State:

For the production sharing contracts, in case of hydrocarbon production, such production is shared between the State and the contractor in accordance with the provisions of such contract. It is to be noted that, such production, commonly referred to as "cost oil", cannot be higher than the percentage of the production fixed in the contract, which defines the recoverable oil costs and the terms and conditions for their recovery from production and specifies whether the sharing is carried out before or after tax on industrial and commercial profits (as explained hereinafter).

Taxation:

Contractors are subject to taxes and other contributions under the General Tax Code, the Petroleum Code as well as the relevant Petroleum Contract.

Indeed, taxation in the oil sector is both upstream and downstream. However, while downstream taxation is governed by common law, upstream taxation is governed by the Petroleum Code and production sharing contracts.

In the upstream oil sector, the main taxes and duties applicable to companies are:

a) tax on industrial and commercial profits (BIC)

It is the corporate income tax at the rate of 25% provided for in the General Tax Code (*Impôt sur les Bénéfices Industriels et Commerciaux (BIC)*).

In accordance with the Petroleum Code and the production sharing contract, the state's share of production includes the BIC tax payable by the oil and gas company

b) oil and gas exploitation taxes

- applications for the award, renewal, assignment, transfer or waiver of petroleum contracts and the authorizations deriving therefrom are subject to the payment of fixed entry fees and are payable at the conclusion of each award or transaction
- annual surface royalty, the amount and payment terms of which are set forth in the relevant Oil Contract and payable no later than the 10th day of the year.
- In addition, concession holders must pay a monthly production royalty in cash or in kind, the amount of which is also established in the underlying Concession and which is based on the total extracted production, it being specified that, in order to promote oil operations in Ivory Coast, exemptions from payment of the production royalty may be granted in exceptional cases.

Similarly, concession holders may be subject to an additional levy on profits from their oil operations in the relevant concession.

c) bonuses (signature and production bonuses)

Exemptions:

With regard to the upstream oil sector, oil and gas contract holders are mainly exempt from the payment of (i) any other tax on profits or dividends paid to shareholders, (ii) any other tax or contribution based on operations, activities, assets and profits derived therefrom, and (iii) VAT, the tax on the provision of services and advance payments introduced by Law No. 90-434 of May 29, 1990, in respect of the acquisition of goods and services directly and exclusively assigned to their oil activities, this last exemption also applying to subcontractors.

Finally, with respect to exchange controls, the Petroleum Code provides that oil contract holders are subject to the provisions of the general exchange control regime.

10. Are there any restrictions on export, local content obligations or domestic supply obligations?

There are no restrictions on export.

As for local obligations, it is to be noted that contractors and their subcontractors are usually required to;

- give preference to local Ivorian companies for construction, supply and service contracts, provided that they offer equivalent conditions of quality, price, quantity and time.
- give priority to hiring local employees with the skills required for their operations.
- At the start of oil operations, they are required to establish and fund a training program for local employees, as well as a training program for public officials employed by the oil administration.

Also, contractors may have obligations to supply the domestic market a defined portion of their production, the level of which will be defined in the Petroleum Contract (usually 10% of the oil and gas production).

11. Does the regulatory regime include any specific decommissioning obligations?

Upon expiry of the Exploitation Authorization, either at its standard term or in case of renunciation or withdrawal, the Holder must, unless otherwise agreed by the Government, undertake, at its own expense the abandonment operations prescribed by the regulations and the Petroleum Contract. To this end, the operator must set aside a decommissioning provision as per the terms and conditions set out in the Petroleum Contract (Article 37 of the Petroleum Code.)

The installations, equipment and land relating to the authorisation, which are necessary for the continuation of the exploitation, are, at the request of the Government, transferred to the State, without any compensation to the holder (Article 35 of the Petroleum Code). In practice, the Contractor is responsible for the dismantling and removal of facilities erected or constructed by it in the course of its Petroleum Operations and is solely responsible for all related financial costs. The latter shall also proceed with the restoration of the site, in accordance with the regulations in force and according to the standards of the national and/or international oil industry.

12. What is the regulatory regime that applies to the construction and operation of offshore and onshore oil and gas pipelines?

For the construction of pipelines and the transport of oil and gas within the perimeter of an exploitation authorization for the needs of the said perimeter, the holder of the petroleum contract remains free to construct and use the pipelines necessary for the transport of petroleum products, subject to compliance with the provisions of the petroleum contract.

Indeed, oil contract holders shall have the right, during the validity of the contract, to transport in their own installations, within the territory of Ivory Coast, its territorial sea, its exclusive economic zone and its continental shelf, or to have it transported, while retaining ownership, the products resulting from their exploitation activities to the points of collection, processing, storage, loading or bulk consumption.

On the other hand, as regards the construction and operation of pipelines that are excluded from the perimeter of an exploitation authorization and the needs of that perimeter, Title V of the Petroleum Code provides for the following regime:

Authorisation for the transport of hydrocarbons by pipeline shall be granted by decree. It includes the approval of the project for the construction of pipelines and installations attached to the application and declares the project of public utility.

The occupation of the land required for the pipelines and installations is carried out in accordance with the conditions laid down in the Petroleum Code.

The transport authorisation also includes the right for the holder to establish pipelines and installations on land that it does not own.

The transport permit also includes the right for the holder to establish pipelines and installations on land that it does not own.

The owners of the land subject to the right of way are required to refrain from any act likely to interfere with the proper functioning of the pipelines and installations. In the case of privately owned land, the easement entitles the owner to compensation set, in the absence of an amicable agreement, by the authority competent to determine the compensation for expropriation.

When the pipelines or installations hinder the normal use of the land and the owner so requests, the holder must

proceed to acquire the said land. In the absence of an amicable agreement, the value of the land is determined as in the case of expropriation, determined as in matters of expropriation.

If the holder or one of the holders of the authorisation for the transport of hydrocarbons by pipeline contravenes the legislative, regulatory or contractual provisions adopted for their application or relating to public safety or the protection of the environment, the Government shall send him, under the conditions laid down in the transport authorisation, a formal notice to comply with these provisions within a period of at least three months, except in the case where public safety or national defence would require immediate application of the said provisions.

If the interested party does not comply with these injunctions, the State may order, if necessary, for the sole share of the interested party in the association, the management of the operation at the expense and risk of the latter. If, within three months of the transfer, the person concerned has not complied with his obligations, the transport authorisation shall be withdrawn by decree and the rights of the person concerned shall be transferred to the State.

Except in cases of force majeure, the hydrocarbon transport authorisation shall lapse if the holder of the petroleum contract has not started or caused to be started the planned works one year after the approval of the project.

In both cases (construction and operation of pipelines within or outside the scope of the exploitation authorization), the following common provisions of title V of the Petroleum Code apply:

The route and characteristics of the pipelines and installations must be established in such a way as to ensure the collection, transport and disposal of the products extracted from the hydrocarbon deposits under the best technical, ecological and economic conditions. For the establishment of this route, the author of the project may have the right of temporary occupation.

With this regard, in the event of the discovery, in the same geographical region, of other deposits that can be exploited by third parties, the government may ask the holders of petroleum contracts to join forces with other operators with a view to the joint construction or use of pipelines and installations for the evacuation of all or part of the production from these deposits.

The rights granted to the holder of the exploitation authorization to construct and operate pipelines within the area of the exploitation authorization and to the

holder of the transport authorisation of hydrocarbons through pipelines may be transferred individually or jointly by the holders of a petroleum contract under the conditions laid down by the regulations and the contract. Any transfers to a third party are subject to prior authorisation, and granted by a government act.

The beneficiaries of the above-mentioned transfers must meet the conditions set by the law and its implementing regulations for the construction and operation of the pipelines and installations concerned.

Petroleum contract holders may join together to ensure the joint transport of products extracted from their exploitations. They may also associate with qualified third parties, including the State, either directly or through a public body or a State company, for the construction and operation of pipelines and installations.

All protocols, agreements or contracts concluded between the interested parties are subject to approval, and granted by an act of the government.

The company operating a hydrocarbon transport pipeline may, in the absence of an amicable agreement, be required by a government act to accept, within the limit and for the duration of its excess transport capacity, the passage of products from other operations than those which motivated the approval of the project.

These products may not be subject to any discrimination in the transport tariff, under comparable conditions of quality, regularity and throughput. The conditions and modalities for establishing transport tariffs shall be laid down in the texts implementing this law and the oil contracts.

With regard to the fate of pipelines after the end of production, the Petroleum Code provides that they may be left to the Government taking in account the demobilisation and clearing operations stipulated in the Petroleum contract (article 37 of the Petroleum code).

13. What is the regulatory regime that applies to LNG liquefaction and LNG receiving terminals? Are there any such terminals in your jurisdiction?

Today, LNG is not available in Ivory Coast because of the difficulties of re-gasification, storing and transporting such gas.

However, it is to be noted that back in 2016, to cover and secure the natural gas needs of the electricity sector, the Government initiated a project to "Supply of Liquefied Natural Gas to Ivory Coast (PACI-GNL)". This

project aimed to ensure the supply of natural gas fuel to Ivory Coast and was intended to meet the demand of the electricity sector, particularly that of existing and future thermal power plants. The investment envisaged included the construction of infrastructure (mooring system, pipelines,) and the installation of a Floating Storage and Regasification Unit (FSRU). Initially scheduled to come on stream in 2017, the project was entrusted by the government to the CI-GNL consortium composed of Total, the operator with a 34% stake in the project, Azerbaijan's SOCAR (26%), Shell (13%), Petroci, the state oil company (11%), Golar (6%), CI Energies and Endeavour Energy, each with 5%. The project ended up cancelled since the government and the consortium were unable to agree on the cost of the project.

14. What is the regulatory regime that applies to gas storage (not LNG)? Are there any gas storage facilities in your jurisdiction?

In practice, 90% of the gas consumed in Ivory Coast is imported. Once imported, the gas is stored in private facilities with high capacities located on the national territory.

Distributors purchase from these facilities and then store the gas for sale in their own facilities.

However, according to the Petroleum Code, all petroleum operations for the exploitation, transport and commercialisation of hydrocarbons, including their storage, are subject to an authorization that must be applied for separately by the holders of petroleum contracts and are granted by decree.

Consequently, the opening of these storage facilities and their operation is subject to authorisation under the following conditions:

Also, a decree of 20 October 1926 on dangerous, unhealthy or inconvenient establishments regulates the opening and supervision of establishments deemed dangerous, such as gas storage facilities.

More specifically, Order No. 13 SEM CAB DH of 27 February 1974 regulating the creation, development or extension of oil depots and establishments and Circular No. 0225/MPEER/DGH/DARD/Gac of 28 February 2020 which specifies the provisions of the said Order provides that the development, the extension of a petroleum depot (establishment intended for the reception, storage or conditioning of hydrocarbons) are subject to prior authorisation by the competent authority. Furthermore, authorisations for new installations are nominative and

transfers are subject to new applications.

In order to be approved, the petroleum depot must comply with the technical and safety regulations in force.

And the commissioning of the petroleum depot after authorisation is subject to obtaining an operating authorisation issued after noting that the depot or establishment complies with the plan attached to the application and with the technical regulations in force (particularly with regard to fire safety).

In this respect, the violation of the technical and safety regulations relating to the handling and storage of petroleum products constitutes an infraction under Law no. 92-469 of 30 July 1992 on the repression of fraud involving petroleum products and violations of technical safety regulations.

Finally, several other decrees regulate the storage of gas, including regulations related to the construction and safety arrangements during operation of liquefied hydrocarbon deposits stored at a temperature above 0°C. There are also specific texts for equipment for the production, storage or use of compressed, liquefied or dissolved gases.

This being said, several approved private establishments with storage facilities exist on the Ivorian territory.

15. Is there a gas transmission and distribution system in your jurisdiction? How is gas distribution and transmission infrastructure owned and regulated? Is there a third party access regime?

Transportation of hydrocarbons:

In principle, hydrocarbons (crude oil and natural gas) and derivatives are transported by two main routes, taking into account the distance involved: by oil vessels/tankers (sea route) and/or pipelines (oil or gas pipelines) in the case of exports and imports of oil products and, for shorter or longer distances, by tanker trucks (land routes).

Transport by sea

In Ivory Coast, the traffic (import-export) of crude oil and gas occupies an important place in maritime transport, and is ensured by oil vessels/tankers.

Pipeline transport

Pipelines are used either to transport crude oil to

refineries or to transport refined products to intermediate depots from refineries.

For these reasons, the Ivorian oil industry has a network of pipelines currently in service, both for the transport of crude oil and finished products and for the transport of natural gas. These pipelines connect the various terminals for the products already processed, such as the pipelines that transport the finished products from the Société Ivoirienne de Raffinage (SIR)^[7] to the first-class depots.

In addition to these pipelines, the oil industry has pipelines for the transport of raw products from the production platforms, namely to the port of Abidjan and/or the SIR. These pipes are used for import (crude and natural gas) and export (crude and finished products) traffic.

On another hand, there are also pipelines that connect directly to industries from offshore production fields for the use of raw products, namely the ones connecting the FOXTROT^[8] (having the largest network of gas pipelines) gas field and the thermal power plants for the supply of electricity in Ivory Coast.

Land transport of hydrocarbons

This type of transport is carried out by tanker trucks that ensure the traffic of petroleum products between the various Ivorian depots (Abidjan-Yamoussoukro-Bouaké), as well as the distribution of petroleum products to neighbouring countries such as Mali, Burkina Faso, Niger and Ghana.

Distribution of hydrocarbons:

The distribution of oil and gas products is done through the network of service stations and consumer depots. In order to monitor the activities of the facilities receiving petroleum products from this network, the administration in charge of hydrocarbons divided the national territory into hydrocarbon zones and zones of and areas of competence of the administration of hydrocarbons.

Thus, Ivory Coast has Six (06) Hydrocarbon Zones and Sixteen (16) Zones of competence of the administration of hydrocarbons.

It is to be highlighted those distributors/marketers (including multinationals) and their service stations must be approved by the government.

On a last note, that authorizations for the transportation and distribution of oil production by pipeline in Ivory Coast to collection, processing, storage, loading or bulk

consumption points must be submitted separately by contractors and are granted by decree.

Finally, the violation of the technical and safety regulations relating to transport of petroleum products constitutes an infraction under Law no. 92-469 of 30 July 1992 on the repression of fraud involving petroleum products and violations of technical safety regulations.

Footnote

7. The SIR, Société Ivoirienne de Raffinage, was created on October 03, 1962 by the Ivorian government and international oil groups. It ensures the refining of crude oil and the distribution of petroleum products in Ivory Coast and in the rest of the world.

8. FOXTROT International LDC (FOXTROT) is an offshore oil operator. FOXTROT is the main producer of natural gas in Ivory Coast from the country's two largest gas fields, Foxtrot and Mahi, and from the Marlin and Manta fields, which recently came on stream. FOXTROT supplies natural gas to the electricity sector for the production of electricity by the AZITO, CIPREL, CIE and AGGREKO thermoelectric plants, as well as to PETROCI and SIR for local consumption.

16. Is there a competitive and privatised downstream gas market or is gas supplied to end-customers by one or more incumbent/government-owned suppliers? Can customers choose their supplier?

There is a competitive and privatised downstream gas market, but gas is also supplied to end-customers by incumbent/government-owned suppliers. Customers can choose their suppliers.

It is to be noted that the Ministry of Mines, Petroleum Resources and Energy is responsible for implementing a legal and institutional framework to enhance the competitiveness and competition with a view to developing the mining, oil and energy sectors.

17. How is the downstream gas market regulated?

The import, export, processing, storage, transport and distribution of petroleum products are subject to prior authorisation (Article 2 of Law No. 92-469 of 30 July 1992 on the repression of fraud involving petroleum products and violations of technical safety requirements).

As stated in question 13 above, currently 90% of butane gas consumed in Ivory Coast is imported. PETROCI and

SIR are the only companies that are authorised to import such gas.

Gas is mainly distributed through petroleum depots and oil establishments. Order No. 13 SEM CAB DH of 27 February 1974 regulating the creation, development or extension of oil depots and establishments and Circular No. 0225/MPEER/DGH/DARD/Gac of 28 February 2020 which specifies the provisions of the said Order provides that the creation, development, the extension and the commissioning of a petroleum depot (establishment intended for the reception, storage or conditioning of hydrocarbons) or a petroleum establishment (installation intended for the processing of crude oil, its derivatives and residues or for the distribution of hydrocarbons) are subject to prior authorisation by the competent authority. Furthermore, authorisations for new installations are nominative and transfers are subject to new applications.

In addition, is an offence under Law no. 92-469 of 30 July 1992 on the repression of fraud involving petroleum products and violations of technical safety regulations:

- any manipulation that tends to modify or alter the chemical composition of petroleum products as defined by the technical regulations in force;
- any marketing or delivery of petroleum products intended for consumption by the public or by private companies outside of petroleum installations specially approved for this purpose;
- any sale or holding for commercial consumption of petroleum products whose origin is not regularly established or which have not been delivered by the concessionary companies or owners of approved petroleum storage facilities;
- the commissioning of an oil facility without prior authorisation;

Finally, it should be noted that the price of butane gas for distribution throughout Ivory Coast is regulated by decree and is applied according to the weight of the bottles sold. The government has also established by decree a levy in the price structure intended to regulate the transport tariffs of petroleum products subject to price standardisation. This mechanism, known as transport equalisation, makes it possible to standardise the price of butane gas throughout Ivory Coast.

18. Have there been any significant recent changes in government policy and

regulation in relation to the oil and gas industry?

On 24 March 2021, the government adopted a draft law on local content in oil and gas activities.

The main reforms include:

- preference for Ivorian companies and employment/training of nationals;
- the classification of activities into 3 categories (category A reserved for Ivorian companies, category B reserved for Ivorian companies and partnerships between foreign and Ivorian companies, category C open to all companies);
- the use of national financial and insurance services.

Also, the Council of Ministers of 03 November 2021 adopted a bill authorising the President of the Republic to ratify the Protocol A/P4/1/03 of the Economic Community of West African States (ECOWAS) on Energy, signed on 31 January 2003 in Dakar, Senegal.

This protocol provides an incentive legal framework designated to increase investment in the energy sector and develop energy trade. The ratification of this protocol will enable to remove technical and administrative barriers to liberalise trade in electricity, gas and other energy production.

19. What key challenges have been identified by the government and/or industry in relation to your jurisdiction's oil and gas industry? In this context, has the Covid-19 pandemic had an impact on the oil and gas industry and if so, how has the government and/or industry responded to it?

Among the challenges identified by the government is the construction and installation of LNG regasification terminals to supply Ivory Coast with LNG.

In addition, harmonisation and clustering of the regulations applicable to the downstream oil and gas activities, which are currently very scattered, can also be identified as a key challenge for the government and the industry.

Covid-19 did not have a major impact. However, during 2020, no drilling was carried out, compared to three (03) drillings in 2019, due to the Covid-19 pandemic, one of the consequences of which was the postponement of

certain activities to 2021, in particular, the drilling campaigns scheduled for 2020.

20. Are there any policies or regulatory requirements relating to the oil and gas industry which reflect/implement the global trend towards the low-carbon energy transition? In particular, are there any (i) requirements for the oil and gas industry to reduce their carbon impact; and/or (ii) strategies or proposals relating to (a) the production of hydrogen; or (b) the development of carbon capture and storage facilities?

In its vision of sustainable development, Ivory Coast adopts sustainable modes of production and consumption which are part of strategies to reduce its carbon emission. In this sense, the Ivorian State has made various commitments, notably contained in the orientation law on sustainable development N°2014-390 of 20 June 20, 2014. This law, which applies to the energy sector, aims to integrate the principles of sustainable development into the activities of public and private actors. It includes general principles for implementing sustainable development including the “polluter pays” principle. In addition, this law provides that the State shall develop and implement tools to fight climate change, in particular the greenhouse gas inventory, and promote REDD¹⁹+ projects in order to value greenhouse gas emission reductions in a result-based compensation mechanism. Thus, the private sector is required to apply these principles and must periodically report on the implementation of its sustainable development plan.

In addition, the “contributions planned and determined at the national level of Ivory Coast” at the end of the

COP 21, as well as in the “National Action Plan for Renewable Energies (PANER) for the horizon 2016-2020/2030 ” of April 2016 provide for a reduction in carbon emissions, an increase in the contribution of renewable energies in the national energy mix to 42% by 2030.

For example, in the field of electrical energy, which is relying largely on the supply of natural gas, the development of the renewable sector is currently focused on three distinct sources: (i) the exploitation of the significant hydroelectricity potential, (ii) the use of the national biomass potential and (iii) the development of the country’s solar photovoltaic potential, with investments coming from both the state and the private sector.

Also, the Economic Community of West African States region has a series of regional initiatives underway in the area of renewable energy and committed in 2013 to put in place a regional renewable energy policy with the objective of contributing to access to sustainable energy services for all by 2030. This aims in particular to increase the penetration of renewable energy in the electricity mix, especially large hydroelectricity, to 48 by 2030.

Finally, there are financial incentives for investments in the renewable energy sector in Ivory Coast, such as the reduction of taxes on certain renewable energy equipment, including a reduction of the value added tax to 9% on solar equipment and materials, exemption from the tax on industrial and commercial profit or tax on non-commercial profit or tax on agricultural profit; exemption from the contribution of patents and licenses and the reduction of 50% of the amount of duties to be paid to the customs on equipment and materials.

Footnote

9. Reducing Emissions from Deforestation and Forest Degradation

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