

AFRICA RISK CONSULTING

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Guinea Summary 26 February 2024

The presidency confirms on 19 February that Colonel Mamady Doumbouya (2021-present) has dissolved the government that has been in place since July 2022. The dissolution is driven by tensions between prime minister Bernard Goumou and justice minister Alphonse Charles Wright. Australia-headquartered Rio Tinto's board approves the company's \$6.2 billion investment in the Simandou iron ore project. The government organises a successful donors round table on the Programme de Référence Intérimaire (PRI) (interim reference programme) 2022-2025 in Dubai (United Arab Emirates) on 15 and 16 February.

Government dissolved

The presidency's secretary general, General **Amara Camara**, announced on 19 February that Colonel **Mamady Doumbouya** (2021-present) had dissolved the government appointed in July 2022 and will appoint a new one, without specifying when. Chief of staff of the armed forces **Ibrahima Sory Bangoura** also confirmed via a communique that the ministers need to return their vehicles and passports as soon as possible, while confirming that their bodyguard service has ended and their bank accounts frozen.¹ The junta also ordered that borders shut until the ministries were fully handed over to the junta. The dissolution has raised concerns for the transition, with elections expected to take place by January 2025. At the time of writing, no new ministers have been appointed and directors of cabinet, secretary generals and deputy ministers remain in charge of their dockets.²

In January Doumbouya had expressed dissatisfaction with his cabinet and their performance. However, additional issue arose between prime minister **Bernard Goumou** and justice minister **Alphonse Charles Wright** in the weeks prior to the announcement.³ Goumou on 13 February had written to Wright expressing concern over Wright's recent action to open investigations into the financial management of public entities. Wright had initiated legal proceedings against approximately 30 executives, citing that they had started preparing accounting documents in a bid to justify expenses linked to their departments which amounted to forgery. Wright also issued travel bans for some of the executives.⁴

Goumou said there had been no prior consultation with him and expressed concern over the public nature of the investigation, claiming that it could harm the reputations of those involved.⁵ He requested a suspension of the investigation, to which Wright responded that it would not be possible. Wright also highlighted that he has the legal backing to initiate such investigations and that the executive should not be interfering in such issues, emphasising separation of powers.

It is not clear whether the investigations will continue in the wake of the dissolution of the government, but if not, it is possible that Doumbouya chose to dissolve the government instead of allowing the investigation to go ahead and potentially exposing issues. The timing of the dissolution has been heavily criticised by opposition leaders and civil society stakeholders, as with less than a year left in the transition – the junta agreed in October 2022 to a 24-month transition – there will be a high level of pressure on the incoming cabinet to not only address immediate issues facing citizens,

¹ AP News, 20 Feb 2024

² Reuters, 19 Feb 2024

³ APA News, 19 Feb 2024

⁴ Jeune Afrique, 20 Feb 2024

⁵ APA News, 20 Feb 2024

including a fuel shortage after the December fuel terminal explosion, but also to organise and ensure the transition stays on track.

Simandou drives ahead

Australia-headquartered **Rio Tinto**'s board on 20 February approved the company's \$6.2 billion investment in the \$20-billion **Simandou** iron ore project, with expectations that it will start production as early as 2025. The announcement of board approval came in the wake of the dissolution of the government (see above); however, Rio Tinto CEO **Jakob Stausholm** noted that the company has operated in Guinea for 50 years and safely continued operations throughout this time.⁶

The project has faced several years of delays and protracted negotiations, largely due to its complicated ownership structure. **Winning Consortium Simandou (WCS)**, a consortium of **Singapore-based Winning International Group** (45%), **China Hongqiao's** subsidiary **Weiqliao Aluminium** (35%), and local company **United Mining Suppliers International** (20%), is developing blocks 1 and 2 of the mine.

Rio Tinto holds the rights to blocks 3 and 4 through **Rio Tinto Simfer** – a joint-venture between **Simfer**, which is in turned 15% owned by the government and 85% by **Simfer Jersey**, Rio Tinto (53%) and China-headquartered **Chalco Iron Ore Holdings (CIOH)** (47%). CIOH is 20% owned by **China Baowu Steel Group (Baowu)** while **Aluminium Corporation of China (Chinalco)** owns 75%.⁷ **China Railway Construction Corporation** (2.5%) and **China Harbour Engineering Company** (2.5%) hold the remaining equity.

In March 2022, WCS, the government and Rio Tinto Simfer signed an agreement to incorporate **La Compagnie du TransGuinéen (CTG)**, the company that would be responsible for developing the infrastructure needed to export the mined iron ore from Simandou. The government has a 15% free carry equity stake in CTG.⁸ On 4 February, the **Conseil National de la Transition (CNT)** (national transitional council) finally approved the joint development deal between the government, Rio Tinto and WCS.⁹ CTG aims to have construction of the mining complex and **TransGuinean** transport corridor completed by the end of this year and with all the necessary approvals now in place, can continue to work towards this goal. Chinalco and Baowu are still awaiting final investment approval from the Chinese government, but Stausholm said he was "very confident" this will be granted soon.¹⁰

In another positive development for the project, Baowu, which in October 2023 signed an agreement with WCS to jointly development blocks 1 and 2, raised \$1.4 billion from a bond issue.¹¹ The company confirmed on 29 January that at least 70% of the capital raised will be used for Simandou.

The mine is expected to produce up to 100 million tonnes a year, with blocks 1 and 2 producing 60 million tonnes and blocks 3 and 4, 40 million tonnes. Despite its intricate ownership structure, it is clear that China holds the majority interests and will receive most of the iron ore to process. Total investment in the four blocks is expected to reach as much as \$25 billion, a historic achievement for Guinea and the **African** continent.

Government organises fundraising round table in UAE

The government organised a donors round table on the **Programme de Référence Intérimaire (PRI)** (interim reference programme) 2022-2025 in **Dubai (United Arab Emirates)** on 15 and 16 February. The round table brought together development funds and investors that Guinea was seeking to tap in a bid to fund dozens of infrastructure and development projects under the PRI as

⁶ Engineering News, 22 Feb 2024

⁷ Mining Technology, 5 Jan 2023

⁸ www.riotinto.com

⁹ Reuters, 4 Feb 2024

¹⁰ Financial Times, 21 Feb 2024

¹¹ Mining Weekly, 30 Jan 2024

well as the transition.¹² The government was seeking \$4.3 billion in funding, and on 16 February, international cooperation minister **Rose Pola Pricemou** confirmed that the round table had mobilised \$7 billion from various **Gulf** states and other donors.¹³

The UAE has long had interest in Guinea's mining sector, mainly bauxite. UAE state-owned investment fund **Mubadala** signed a \$5 billion agreement with Guinea in 2013 to develop a bauxite mine and alumina refinery. The latter was never constructed, however, during the round table **Guinea Alumina Corporation (GAC)**, a subsidiary of **Emirates Global Aluminium (EGA)** that mines bauxite in Guinea, announced it would set up an alumina refinery in Guinea with an annual capacity of one million tonnes.¹⁴ EGA confirmed that GAC had secured \$750m from several investors for the project.

Planner

Mar 2024 **Guinea** draft constitution set to be published

2024 **Guinea** Constitutional referendum

Jan 2025 **Guinea** Presidential elections

31 Mar 2025 **Conakry (Guinea)** Start of exploitation at the **Simandou** iron ore project

Chronology

25 Feb 2024 **Conakry (Guinea)** *France24*. **Economic Community of West African States (ECOWAS)** announces it will lift sanctions on Guinea, **Mali** and **Niger**;

24 Feb 2024 **Conakry (Guinea)** *APA News*. Trade unions confirm they will embark on an indefinite general strike from 26 February;

23 Feb 2024 **Conakry (Guinea)** *AFP*. The junta lifts restrictions on internet access that it imposed over three months ago;

23 Feb 2024 **Conakry (Guinea)** *BBC*. The foreign ministry summons **Russia's** ambassador to Guinea, **Alexey Popov**, for a meeting to denounce his embassy's repeated warnings that the recent dissolution of government could lead to unrest and that citizens should be vigilant;

22 Feb 2024 **Conakry (Guinea)** *Africa Guinee*. **Front National pour la Défense de la Constitution (FNDC)** (national front for the defence of the constitution) invites Colonel **Mamady Doumbouya** to engage in dialogue following his decision to dissolve the government;

16 Feb 2024 **Conakry (Guinea)** *Reuters*. **Côte d'Ivoire's Coffee and Cocoa Council (CCC)** says it seized 100 tonnes of cocoa on the border with Guinea where cocoa is often sold for a higher price;

15 Feb 2024 **Conakry (Guinea)** *Bloomberg*. Prime minister **Bernard Goumou** says the government is looking at introducing a carbon tax on mining companies in a bid to defray the cost of emissions and removal of vegetation cover by mining companies;

15 Feb 2024 **Conakry (Guinea)** *Africa Guinee*. **Conseil National de la Transition (CNT)** (national transitional council) president Dr **Dansa Kourouma** says the first draft of the new constitution will be presented in March;

14 Feb 2024 **Conakry (Guinea)** *Vision Guinee*. **International Monetary Fund** concludes its **Article IV** consultation in Guinea, confirming that authorities have requested assistance in connection with the economic impacts of the **Kaloum** hydrocarbon terminal explosion;

¹² Vision Guinee, 2 Feb 2024

¹³ Africa Guinee, 16 Feb 2024

¹⁴ Zawya, 16 Feb 2024

12 Feb 2024 **Conakry (Guinea)** *APA News*. **Ahmed Sékou Touré International Airport** confirms it has regained control of its website after a hacking attack on 9 February claimed by “**Anonymouss224**”;

12 Feb 2024 **Conakry (Guinea)** *Reuters*. **United States**-based **HPX** says it has signed a letter of intent with **Guma Africa Group** and **Liberia’s** government to develop road and rail projects that would link it with Guinea;

6 Feb 2024 **Conakry (Guinea)** *APA News*. Guinea’s ranking on **Transparency International’s Corruption Perceptions Index (CPI)** climbs from 147th out of 180 countries in 2022 to 141st in 2023;

1 Feb 2024 **Conakry (Guinea)** *Media Guinee*. **Conseil Permanent de la Francophonie (CPF)** (permanent council of La Francophonie) says there has been progress in Guinea in achieving its transitional timetable and that it will continue its support for the country;

29 Jan 2024 **Conakry (Guinea)** *Africa Guinee*. **United States** assistant secretary of state for **West Africa, Michael Heath**, says in a meeting with posts, telecommunications and digital economic minister **Ousmane Gaoual Diallo** that the restrictions on internet access in 2023 cost the economy \$47.4m, and in a meeting with foreign affairs minister **Morissada Kouyaté** asks for a clear electoral calendar from the transitional government;

27 Jan 2024 **Conakry (Guinea)** *Africa Guinee*. **British** ambassador to Guinea, **John Marshall**, expresses disappointment that access to the internet and social networks has still not improved despite concerns from the international community;

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