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Tensions between the government and opposition parties increase as the political class focuses on the presidential election scheduled for December 2015. President Alpha Condé (2010 – present) concedes wage increases and fuel price reductions following a general strike. The concessions and worsening economic impacts of the Ebola outbreak constrain Condé's economic programme as Guinea enters a recession. BSG Resources (BSGR) and its founder Beny Steinmetz continue their litigious response to the government's cancellation of its Simandou North (blocks 1 and 2) iron ore concessions. The government accelerates the mining contract review process, with an eye on raising government revenue in election year. Condé also signs two significant financing agreements to improve electricity generation.

Unions hold general strike as election tensions emerge

A general strike to start the new year has increased pressure on President **Alpha Condé** (2010 – present) as government finances deteriorate due to the impacts of the Ebola crisis. On 5 January Guinea's leading umbrella trade union **Confédération Nationale des Travailleurs de Guinée (CNTG)** and five other unions started a general strike over demands for increased pay. The CNTG and other unions participating in the strike cover workers in several key sectors, including the civil service. The strike followed failed negotiations between the unions and the government over new salary scales and pensions.¹ The CNTG reportedly demanded a fourfold pay increase.² The CNTG rejected an offer from the government for a 30% pay increase effective from 1 July 2015 on the eve of the general strike. However, on 7 January unions accepted a 40% pay increase, starting with an initial 20% increase in April and a further 20% increase by October.³

During the strike CNTG secretary general **Amadou Diallo** said he did not condone street protests. *"The strike is not [synonymous with] violence in the street, that is why we ask workers to stay at home."*⁴ However, since the start of the strike the unions' demands have extended to include general economic grievances. They demanded a decrease in the price of fuel – on 7 January the CNTG confirmed that the government would reduce fuel prices starting in February. During the strike Diallo also called for the removal of *"non-conventional"* security forces barricades.⁵ With Ebola continuing to spread in the country (see below), the unions also called for improved living conditions for health sector workers.⁶

The general strike takes place amid political class focus on the presidential election scheduled for December 2015 as well as overdue local elections also scheduled for 2015. Relations between Condé and the opposition have sharpened over the organisation of the presidential election. On 7 January an opposition protest calling for the restructuring of the **Commission Electorale Nationale Indépendante (CENI)** turned violent outside the **Stade du 28 Septembre in Conakry**.⁷ Three opposition activists and four security force members were reportedly wounded due to gunfire.

¹ Guinee News, 29 Dec 2014.

² Bloomberg, 5 Jan 2015.

³ Bloomberg, 7 Jan 2015.

⁴ Bloomberg, 5 Jan 2015.

⁵ Le Jour Guinee, 5 Jan 2015.

⁶ Bloomberg, 5 Jan 2015.

⁷ Jeune Afrique, 7 Jan 2015.

The opposition claims Condé seeks to avoid international monitoring of the presidential election and is preparing the ground for electoral fraud. In December Condé told the press that the government would finance the election from the budget and would not pursue external financing for the election, in particular from the **European Union (EU)**.⁸ This is despite the CENI's claim that it has a shortfall of around half of the GNF 500 billion (\$73m) needed to hold the election. Key opposition figures including **Cellou Dalein Diallo** claim that Condé wants to reject external funding to avoid international election observers and scrutiny of the election.⁹ The EU criticised the organisation of the September 2013 legislative elections. The opposition claims that the EU observers and scrutiny of the election improved the transparency of election.¹⁰ They accuse Condé of preparing the ground for electoral fraud¹¹ and that Condé's allies dominate the CENI.¹² The opposition has also pointed to the deteriorated economic situation and budget deficit due to the Ebola outbreak as another reason that the government should accept external financing for the election.¹³

...and the Ebola-induced recession enters the election equation

The Ebola outbreak and its economic impact continue into the election year, adding further tension to the political environment. A government official said the economic impact of the outbreak was "*hugely negative...we are now in recession, there is no growth and revenue has fallen so we've had to lower expenditure.*" On 1 December the **World Bank** revised downwards the economic growth for Guinea to 0.5% in 2014, from 4.5% prior to the outbreak taking hold in June; and -0.2% in 2015.¹⁴ Aviation statistics confirm the significant impact on business and other travel to Guinea. In 2014 the number of airline seats available decreased 39% in Guinea.¹⁵

Despite the government's financial constraints due to Ebola and the concessions made to unions, the government official source remains confident that Condé will secure re-election.

"We have resources on the ground. It has been difficult but there are more factories, more hotels and education is improving."

The source also pointed to the 240-megawatt (MW) **Kaléta** hydroelectric dam project that is due to come online with 70MW in late 2015 (see power sector developments below also). **China International Water & Electric Corporation** leads construction of the project.¹⁶

On 31 December the **World Health Organisation (WHO)** said that the incidence of reported cases was still "*fluctuating*" in Guinea. It has recorded 1,708 reported deaths and 2,707 cases in Guinea since the start of the outbreak, with 346 confirmed cases in the period from 10-31 December. Persistent transmission continues in Conakry and neighbouring districts **Coyah, Dubreka** and **Kindia**, as well as in the south-east **Forestière** region, the outbreak epicentre.

Overall the WHO has recorded 7,905 reported Ebola deaths, with 20,206 reported cases across the Ebola-affected countries. The situation continues to improve in **Liberia**, with 3,423 reported deaths and 8,018 cases. The WHO recorded 91 confirmed cases in Liberia in the last three weeks of December. In the same period, the WHO recorded 979 confirmed cases in **Sierra Leone** which remains the frontline of the outbreak, with 2,758 deaths and 9,446 cases. However, despite a rapid incidence rate in the west of the country, the WHO and media have reported early signs of an improvement of the situation in Sierra Leone.

⁸ RFI, 12 Dec 2014.

⁹ RFI, 12 Dec 2014.

¹⁰ Interview with opposition leader Sidya Touré, RFI, 23 Dec 2014.

¹¹ RFI, 12 Dec 2014.

¹² Interview with opposition leader Sidya Touré, RFI, 23 Dec 2014.

¹³ Interview with opposition leader Sidya Touré, RFI, 23 Dec 2014.

¹⁴ See ARC Guinea December 2014 Briefing

¹⁵ According to flight scheduling database OAG

¹⁶ See ARC Guinea December 2014 Briefing

BSGR's aggressive legal response falters

BSG Resources (BSGR) and its founder **Beny Steinmetz** have continued their litigious response to the government's cancellation of its **Simandou North** (blocks 1 and 2) iron ore concessions in April 2014. The cancellation followed a **United States (US)** corruption investigation into the acquisition of the assets. The corruption investigation has led to at least seven separate legal proceedings spanning four continents.

On 13 December the press confirmed that BSGR has launched litigation in the **United Kingdom (UK)**'s high court against British home secretary **Theresa May** and the UK's **Serious Fraud Office (SFO)** for providing assistance to the Guinean authorities' corruption investigation into the acquisition of the Simandou assets.¹⁷ The filing confirms that the SFO had requested information from BSGR's **London**-based agent and lawyers.¹⁸

On 21 December the UK **Information Commissioner's Office (ICO)** rejected BSGR's claim that transparency campaigner **Global Witness** must reveal data under the **Data Protection Act**.¹⁹ The ICO ruled that Global Witness was exempt from data protection laws due to its journalistic work. Global Witness said the ruling was "*a victory for press freedom*." BSGR has pledged to appeal the decision.²⁰

Separately, **New York** district judge **Richard Berman** ruled against **Brazil**-based **Vale** in its request to dismiss UK-headquartered **Rio Tinto's** lawsuit.²¹ Rio Tinto filed a detailed complaint in New York in April 2014 against Vale, Steinmetz, BSGR and former government officials under the **Racketeer Influenced and Corrupt Organizations Act** (see *ARC Guinea May 2014 Briefing*). It claimed that Vale passed confidential information – obtained during negotiations between the two companies – to BSGR. Berman dismissed Vale's claim that the lawsuit should have been filed in the UK. He cited "*legitimate reasons*" for keeping the case in the US, including the fact that meetings between Rio Tinto and Vale took place in New York.

..as the government renews mining contract reviews

The government has stated its intention to complete its audit of mining contracts in April. On 2 January **Nava Touré**, head of the mining contract review body, **Comité Technique de Revue des Titres et Conventions Miniers (CTRTCM)**, said that the government may cancel further mining rights when it completes the audit in April.²² Touré did not specify which licences the government might cancel, but said, "*there are actually in certain cases sufficient motives to recommend a withdrawal*." A source who is a member of the CTRTCM confirms that the committee is currently reviewing **Russia**-based **RusAl's** acquisition of its **Friguia** alumina refinery and bauxite mine and the **Société des Mines de Fer de Guinée (SMFG)**'s iron ore project in **Nimba**, near the border with Liberia in the south-east Forestiere region involving Anglo-Australian **BHP Billiton**, US-based **Newmont Mining** and **France**-based **Areva**. The CTRTCM released its report on RusAl's Friguia contract in July 2014. It accused the company of a number of breaches and recommended that the contract be re-negotiated.²³ In February 2013, in a project involving the **Revenue Watch Institute (RWI)** to improve transparency, the government published the 18 contracts under review.^{24 25}

¹⁷ Financial Times, 13 Dec 2014.

¹⁸ Bloomberg, 12 Dec 2014.

¹⁹ Financial Times, 21 Dec 2014.

²⁰ Financial Times, 21 Dec 2014.

²¹ Rio Tinto Plc v. Vale SA (VALE5), 14-cv-03042.

²² Bloomberg, 6 Jan 2015.

²³ Africa Intelligence, 15 Jul 2014.

²⁴ contratsminiersguinee.org

²⁵ See ARC Guinea May 2013 Briefing

Condé secures funding to improve power supply

One of Condé's priorities is to improve electricity supply in the election year. In addition to the Kaléta project, the government announced two new agreements in December. On 10 December the government signed an agreement with the **European Investment Bank (EIB)** to finance the rehabilitation of four hydropower plants in **Grand Chutes, Donkea, Baneah** and **Garafiri**, which will increase overall capacity from 75MW to 122MW.²⁶ The project will also upgrade two substations in **Sonfonnia** and **Kipé** and an electricity distribution site in Conakry. The EIB will fund 38% of the \$200m project.²⁷ The other funding partners are the **Islamic Development Bank**, the **African Development Bank**, the World Bank and the **Kuwait Development Fund**.

In addition, the government signed an agreement with **Mauritania** company **AON (Abdallah Ould Noueigued)** to finance the rehabilitation of the 100MW capacity thermal power plant at **Kaloum**, Conakry.²⁸ Work on the project reportedly started on 16 December. The plant will supply power to regions between Conakry and **Labé**, in the opposition stronghold **Moyenne-Guinée** region. The government has not released further details of the agreement, although Condé reportedly secured the funding due to his close relationship with AON's CEO, **Ould Noueigued**.²⁹ AON has also invested in Guinea's fisheries sector as well as the **Banque Nationale de Guinée**.

Implications

Condé and the rest of the political class have turned their attention to the presidential election scheduled in December 2015. Tensions between the government and the opposition are expected to follow the historical trend and increase in the lead up to the election. The opposition will focus on the organisation of the election and the electoral apparatus. Further violent opposition street protests will gain momentum in the lead up to the vote.

The Ebola outbreak and its economic implications will have a significant bearing on the election. The general strike highlights the deteriorated economic situation and pressure on government finances. Union activity and general labour action have reduced markedly during Condé's presidency. Condé has successfully pacified the formerly powerful union movement that led several significant periods of street unrest against former military regimes.

Condé will enjoy the benefits of incumbency for the election, however depleted government revenue will leave fewer funds for his economic programme in the lead up to the election, providing the opposition with an opportunity to exploit. Condé is also focused on a significant grievance among the electorate – lack of electricity generation. The new agreements in the power sector will significantly improve his election prospects if they result in increased supply before the election, as will the coming online of the Kaléta project.

In addition, Condé will seek to complete contract audits to generate much-needed government revenue. The government will aim to pressure mining investors to re-negotiate contracts or re-award contracts cancelled in the audit process, including the BSGR Simandou concession.

²⁶ EIB, 10 Dec 2014.

²⁷ EIB, 10 Dec 2014.

²⁸ Les Afriques, 13 Dec 2014.

²⁹ Les Afriques, 13 Dec 2014.