

AFRICA RISK CONSULTING Guinea Monthly Briefing July 2015

Guinea Summary 27 July 2015

Guinean authorities indict former military junta leader Moussa Dadis Camara (2008-2009) over his alleged involvement in a 2009 stadium massacre. The timing of the indictment – after Camara’s move into the opposition to contest the October presidential election – raises political tensions. Investigations into BSG Resources (BSGR)’s allegedly corrupt acquisition of the Simandou North (blocks 1 and 2) iron ore concessions intensify. Guinean authorities signal their intention to re-tender the concessions despite weak investor interest. A contract with China-based technology company Huawei aims to roll out fibre optic cable across Guinea to improve internet access.

Former military junta leader’s indictment raises political tensions

Guinean authorities have indicted exiled former leader of the military junta administration, **Moussa Dadis Camara** (2008 – 2009), with significant political and security implications, particularly in Camara’s fragile **Forestière Region**. On 8 July, Camara’s lawyers confirmed the indictment over his alleged role in the killing of at least 157 civilians on 28 September 2009 at a stadium in **Conakry**, after soldiers and para-military groups attacked protesters demonstrating against the military junta’s rule.¹ Camara was charged with "*complicity in murder, kidnapping and rape*".² According to a **United Nations (UN)** investigation into the massacre, Camara sent 100 of his presidential guard, known as '*red berets*', to the stadium. Guinean authorities have now charged at least 14 members of the military junta, which seized power in a coup in December 2008, a day after the announcement of the death in office of former longstanding military leader **Lansana Conté** (1984-2008).³ Camara’s indictment followed the indictment of generals **Mamadouba Toto Camara** and **Mathurin Bangoura** in June.⁴ Human rights monitors welcomed Camara’s indictment. The **Fédération Internationale des Ligues des Droits de l’Homme (FIDH)** and member organisations said the development "*constitutes a major step towards justice for the hundreds of victims*".⁵

However, the timing of Camara’s indictment has increased political tensions. Following the deterioration of his relationship with President **Alpha Condé** (2010- present), on 11 May Camara announced that he planned to run in the upcoming presidential election, currently scheduled for 11 October, as an opposition candidate. He also established a new political vehicle, **Forces Patriotiques pour la Démocratie et le Développement (FPDP)**.⁶ In late June Camara and main opposition leader **Cellou Dalein** said they would form an electoral alliance against Condé, after their meeting in **Ouagadougou (Burkina Faso)** on 19 June.⁷

The Guinean authorities will block Camara’s candidacy in the October election if they bring charges against Camara. The indictment does not necessarily lead to a trial; investigations continue.⁸ Under Guinean law Camara is presumed innocent and currently has the right to run in the election.⁹ It is also

¹ AFP, 8 Jul 2015.

² AFP, 8 Jul 2015.

³ AFP, 8 Jul 2015.

⁴ See ARC Briefing for Guinea, Jun 2015

⁵ FIDH, 8 Jul 2015.

⁶ See ARC Briefing for Guinea, May 2015

⁷ See ARC Briefing for Guinea, Jun 2015

⁸ Reuters, 9 Jul 2015.

⁹ RFI, 9 Jul 2015.

unlikely that the process will reach a trial stage before the October elections. However, the indictment allows Guinean authorities to place Camara in custody or prohibit him from a number of activities.¹⁰

Camara's indictment followed an **International Criminal Court (ICC)** from 3 to 5 July. The ICC is also investigating the stadium massacre. ICC chief prosecutor **Fatou Bensouda** welcomed the Guinean authorities recent "*encouraging progress*" in the case.¹¹ She welcomed that the "*judges were given additional resources to carry out their mandate independently*".¹²

Camara, who is currently in exile in Ouagadougou, maintains his intention to return to Guinea and run in the election despite the indictment.¹³ Camara's FPDP said the indictment was "*purely political*" and a reaction to his move into the opposition and planned candidacy in the upcoming election.¹⁴ Camara has always denied his involvement in the massacre. In an interview on 10 July¹⁵ Camara said the indictment did not surprise him, because the authorities had indicted most of the rest of the junta hierarchy at the time of the massacre. Diallo's opposition **Union des Forces Démocratiques de Guinée (UFDG)** said that Camara's indictment did not undermine the alliance with his party because it was between the UFDP and Camara's FPDP, rather than between their leaders.¹⁶

Camara's continuing popular support in the Forestière Region means that Condé will face an electoral backlash if the Guinean authorities bring charges against Camara.

*"If Condé blocks Dadis he knows that he could push the Forestière into Diallo's arms. It will be a very unpopular decision in the Forestière and if the authorities charge him before the election it will appear politically motivated among many Guineans."*¹⁷

Following the indictment, there are no reports of any significant security incidents in the Forestière Region, where Camara retains widespread support. A security officer for a western embassy in Conakry confirmed that there are currently no official restrictions against travel to the region at present. The source pointed to increasing international aid programmes in the region that have improved the security situation there.

Investigations into BSGR and its key executives intensify

In early July, investigations into **BSG Resources (BSGR)**'s allegedly corrupt acquisition of the **Simandou North** (blocks 1 and 2) iron ore concessions intensified. The government cancelled BSGR's rights to the concessions in April 2014 following a **United States (US)** grand jury investigation into alleged violations of the US **Foreign Corrupt Practices Act (FCPA)**. The acquisition is the subject of other investigations in several other jurisdictions. US authorities charged BSGR agent **Frederic Cilins**, who served two years imprisonment after pleading guilty to obstruction of justice.¹⁸ US authorities allegedly told Guinean authorities in February that the US investigation may lead to the indictment of senior BSGR executives.¹⁹

In July, prosecutors held interviews with witnesses in Conakry as part of a **Swiss** investigation.²⁰ The investigation is focused on "*corruption of foreign public agents*".²¹ Chief prosecutor **Claudio Mascotto** and his team interviewed former and current senior government officials, with links to the mines ministry and banking system, on the bribery allegations.²² The prosecutors interviewed current central bank governor and former mines minister **Louncy Nabé**. Nabé denied involvement in the

¹⁰ RFI, 9 Jul 2015.

¹¹ RFI, 7 Jul 2015.

¹² RFI, 7 Jul 2015.

¹³ RFI, 10 Jul 2015.

¹⁴ AFP, 8 Jul 2015.

¹⁵ Jeune Afrique, 10 Jul 2015.

¹⁶ RFI, 10 Jul 2015.

¹⁷ Source, foreign correspondent, Guinea

¹⁸ Financial Times, 10 Jul 2015.

¹⁹ Wall Street Journal, 10 Jul 2015.

²⁰ Bloomberg, 10 Jul 2015.

²¹ Source, Swiss public prosecutor's office spokesman, Wall Street Journal, 10 Jul 2015.

²² Wall Street Journal, 10 Jul 2015.

allegations and said that the investigators “wanted to know if I knew the main people quoted in the file”.²³

In 2013, the Swiss prosecutors searched the apartment of BSGR’s founder **Beny Steinmetz**, his private jet, and other offices linked to BSGR. The Swiss prosecutors also interviewed **Sandra Merloni-Horemans**, a director of BSGR and **Onyx Financial Advisors UK**, a **Geneva**-based consultant to BSGR, in 2013.²⁴ Steinmetz’s lawyer, **Marc Bonnart**, said that he welcomed the resumption of the investigations following a delay due to the Ebola crisis.²⁵ In a statement on 10 July, BSGR also welcomed the progress, “as we continue along our path of proving that our assets in Guinea were illegally expropriated”.²⁶ In 2014 BSGR launched arbitration with the government at the **International Centre for Settlement of Investment Disputes (ICSID)**. The **International Chamber of Commerce in Paris (France)** will hear the case but has not scheduled a date.²⁷

Despite the continuing multi-jurisdiction investigations and downturn in global iron ore activity due to falling international prices, the Guinean mines ministry continues to signal that it seeks to re-tender the Simandou North concessions. According to a lawyer working with the mines ministry, the re-tender is “imminent, probably by the end of July”.²⁸ At the 2015 **African Mining Indaba** held in **Cape Town (South Africa)** in February, mines minister **Kerfalla Yansané** announced that the government would launch a tender for the concessions in the coming two months, irrespective of the continuing arbitration process.²⁹ At the time sources described the move as “wishful thinking” on the part of the Guinean authorities due to the continuing arbitration and global downturn.³⁰

“The rumours about a tender have gained traction. The government wants to re-tender the concessions. But I’m unsure about the timing. I’m not sure how much interest the tender would receive in the current international climate...and particularly with risks related to the elections on the horizon.”³¹

Huawei contract improves internet infrastructure from 2017

The government has signed a \$238m contract with **China**-based technology company **Huawei** to improve internet access and speed.³² In a statement on 24 July the presidency confirmed that Huawei plans to roll out 4,000km of fiber optic cable across the country.³³ The project will offer high-speed internet to many areas of the country for the first time. Chinese media reported that work on the project started on 25 July at **Dubrêka** and Huawei will complete the project in 2017.³⁴ **China Exim Bank** will provide \$214m in funding for the project in the form of preferential loans.³⁵ The presidency statement claims that after completion of the project Guinea will have the most extensive internet network coverage in **West Africa**.³⁶ Condé said:

“The project will enable Guinea to join the digital world and develop its information and communication technologies (ICT) sector... Our country will experience technological revolution in sectors such as health, education, environment and governance.”³⁷

Huawei has been present in Guinea since 2002 and claims that it is the leading supplier of telecommunications equipment in Guinea.³⁸ Huawei’s francophone Africa unit is headquartered in **Casablanca (Morocco)**. Huawei operates in more than 20 African markets.

²³ Bloomberg, 13 Jul 2015.

²⁴ Bloomberg, 13 Jul 2015.

²⁵ Bloomberg, 13 Jul 2015.

²⁶ BSGR statement, 10 Jul 2015.

²⁷ See ARC Briefing for Guinea, Mar 2015

²⁸ Jeune Afrique, 7 Jul 2015.

²⁹ See ARC Briefing for Guinea, Mar 2015

³⁰ Source, foreign correspondent, Guinea

³¹ Source, foreign correspondent, Guinea

³² Reuters, 24 Jul 2015.

³³ Guinea presidency, 24 Jul 2015.

³⁴ Quoted in Xinhua, 27 Jul 2015.

³⁵ Jeune Afrique, 27 Jul 2015.

³⁶ Guinea presidency, 24 Jul 2015.

³⁷ Quoted in Xinhua, 27 Jul 2015.

Implications

Camara's indictment heightens the risk of unrest around the presidential election currently scheduled for October. The investigations and indictment of military figures helps to end the impunity of security forces in Guinea, which has led to human rights atrocities and corrupt dealings in the business sector. However, the timing of Camara's indictment – immediately following his move into the opposition – raises questions that Condé may use the judicial process for his own political intentions. Bringing charges against Camara will further turn the Forestière Region against Condé and reduce his prospect of securing a second term in power. If Guinean authorities charge Camara, this will probably trigger incidents of unrest in the region. It may also re-ignite divisions within the military hierarchy.

The investigations into BSGR's alleged corrupt acquisition of the Simandou North concessions will continue in the near-to-medium term. The continuing judicial and arbitration proceedings, as well as increased political and security risks as the election nears, will deter investor interest in the re-tender.

The Huawei contract provides an opportunity for the government to significantly improve its telecommunications infrastructure. The country is currently one of the least 'connected' countries in the region.

³⁸ Jeune Afrique, 27 Jul 2015.

About Africa Risk Consulting:

Africa Risk Consulting (ARC) is a pan-African consulting company that provides timely, relevant information and advice that enables its clients to take informed investment decisions and to safeguard their reputations.

ARC's core consulting services include integrity due diligence and corporate investigations, political advisory and country assessments, opportunity monitoring and reputation risk management. Most relevant to private equity firms is ARC's integrity due diligence and corporate investigations capability. Specifically, ARC offers pre-deal integrity checks to highlight red flags before negotiations start; full detailed multi-jurisdictional reputation due diligence; and supplier and senior hire vetting and repeat due diligence for compliance programmes. ARC is unique in that it offers a 10-day delivery for a routine integrity due diligence. ARC also offers a suite of corporate investigations services from immediate investigation, evidence gathering, e-discovery, forensic accounting and whistleblower support on one end to crisis media management and regular monitoring on the other.

www.africariskconsulting.com

About ARC Briefing:

ARC Briefing is ARC's essential online business information service.

Companies at any stage in their Africa expansion, whether building or communicating an Africa strategy, investing directly, expanding current operations, financing other investors, doing the legal leg-work or researching the Africa growth trend, need ARC Briefing.

ARC Briefing is an online information service keeping you:

- Up to date with Country Chronologies of business-critical events
- In the know via Country Briefings on political, economic, business and operating trends. Written in-country, ARC experts analyse and comment
- Ahead with Country Planner which details future elections, budgets, regulatory changes etc.

www.briefing.africariskconsulting.com

Getting in touch

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

Follow us on Twitter: [@ARCBriefing](https://twitter.com/ARCBriefing)