

## AFRICA RISK CONSULTING

### Guinea Monthly Briefing June 2020

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#### Guinea Summary 25 June 2020

*President Alpha Condé (2010-present) announces the extension of Guinea's national state of emergency to limit the spread of Covid-19 for a further 30 days from 16 June until 16 July. Condé maintains a curfew for Greater Conakry and orders the reopening of schools and places of religious worship. Prime minister Ibrahima Kossary Fofana provides a progress report for the first phase of Guinea's Covid-19 economic and social support plan, and receives support from the World Bank and International Monetary Fund to finance it. Speculation continues over whether President Condé intends to run for a third term in elections tentatively scheduled for October. The government signs a basic agreement with Société Minière de Boke (SMB), a branch of China-Singaporean consortium SMB Winning, approving the development of the \$14 billion Simandou iron ore deposit mega project. The consortium is expected to present a feasibility study within 30 months.*

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#### State of emergency continues as lockdown eases ...

President **Alpha Condé** (2010-present) announced on 15 June the extension of **Guinea's** national state of emergency to limit the spread of **Covid-19** for a further 30 days from 16 June until 16 July.<sup>1</sup> This is the third extension of the state emergency since it was implemented on 27 March.<sup>2</sup> Alongside his decision to extend the state of emergency, Condé has lifted a host of Covid-19-related restrictions, including reopening primary and secondary schools for examination classes and universities on 29 June.<sup>3</sup> President Condé assured that physical distancing measures, daily taking of temperatures and compulsory wearing of protective masks would be enforced at learning establishments for students and teachers alike. Condé has also authorised religious assemblies to take place in prefectures that have not experienced a case of Covid-19 within the last 30 days, subject to preventive measures presented by the religious affairs ministry. Condé lifted national curfew across Guinea, with the exception of **Greater Conakry** (Grand Conakry) region, comprising the capital, **Conakry**, and the **Dubreka** and **Coyah** prefectures.<sup>4</sup> Curfew for these areas will run from 11pm to 4am, while markets in Greater Conakry will close daily at 6pm.

President Condé has called on Guineans to adhere strictly to the government's measures, despite the relaxation of certain regulations.<sup>5</sup> In an interview with Guinea-based radio station **Sabari FM** on 11 June, Condé thanked health personnel for their efforts and citizens for their discipline throughout the pandemic, calling for greater collaboration between medical doctors, the media and civil society to create awareness about Covid-19, as door-to-door screening campaigns begin.<sup>6</sup> Condé said Guinea's health sector would soon have the ability to perform 1,000 Covid-19 tests per day, giving it the capacity to effectively combat the spread and negative effects of the disease.<sup>7</sup>

President Condé defended the decision not to lift the state of emergency on the grounds that this could lead to an outbreak of a second wave of cases, as is currently being witnessed in other parts of

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<sup>1</sup> Guineenews.org, 15 Jun 2020

<sup>2</sup> Guineenews.org, 15 May 2020

<sup>3</sup> Guineenews.org, 15 Jun 2020

<sup>4</sup> Guineenews.org, 15 Jun 2020

<sup>5</sup> Guineenews.org, 15 Jun 2020

<sup>6</sup> Guineenews.org, 11 Jun 2020

<sup>7</sup> Guineenews.org, 11 Jun 2020

the world.<sup>8</sup> However, President Condé noted the number of confirmed cases was decreasing and that 70% of patients had been cured. At time of writing, Guinea had recorded 5,174 cases, 3,861 recoveries and 29 deaths in its population of roughly 13 million, since confirming its first case on 14 March.<sup>9</sup>

### ... and Covid-19 response plan rolls out

Prime minister **Ibrahima Kassory Fofana** presented a progress report on the first phase of the implementation of Guinea's 3,000 billion GNF (\$314.9m) Covid-19 economic and social response plan, on 23 June.<sup>10</sup> The plan, which consists of 30 measures, is divided into categories of health, social assistance and private sector support. Kassory Fofana said the 50 billion GNF (\$5.2m) guarantee fund to assist small and medium-sized enterprises (SMEs) and small and medium-sized industries (SMIs) with bank loans and the 40 billion GNF (\$4.1m) to support specific economic interest groups (EIG) was operational. Kassory Fofana said the government would disinfect schools and provide health protection kits to those attending places of religious worship.<sup>11</sup> The government will ensure that markets are deep-cleaned and disinfected on a regular basis and will carry out systematic screening for possible Covid-19 cases in business premises and public administration services.

Kassory Fofana said 150 billion GNF (\$15.4m) will be allocated towards health sector related interventions in phase two of the economic and social response plan.<sup>12</sup> The **Agence Nationale d'Inclusion Economique et Sociale (ANIES)** (national agency for economic and social inclusion) is set to begin a cash transfer programme for 250,000 economically vulnerable households, in which each household will receive a monthly payment of 250,000 GNF (\$25).<sup>13</sup> Covid-19 awareness campaigns will accompany the distribution of food and health kits. Kassory Fofana confirmed the extension of the moratorium on the payment of water, electricity and public transport (bus and train) tariffs until September.<sup>14</sup> Business relief measures include the removal of customs duties for basic necessities until the end of the year; cooking oil, onions, milk, rice and sugar have been exempt from import taxes since 1 June. The fisheries and maritime economy ministry will import 6,000 kg of frozen fish and will supervise the suspension of taxes on fishery product imports.

The government's Covid-19 response plan, set to run until December, has attracted criticism despite its broad reach. Planning and economic development minister **Mama Kory Diallo** reportedly sent a confidential letter to President Condé in April underscoring the lack of clarity with respect to how long the plan would be implemented and how much support would be granted to economic interest groups.<sup>15</sup> The **World Bank** also expressed concern that the amount for the government's free water and electricity scheme, which it was set to finance, had been over-calculated (see *ARC Briefing Guinea May 2020*).<sup>16</sup> The opposition **Parti des Democratres pour l'Espoir (PADES)** accused the government, particularly Kassory Fofana, of corruption.

Despite these concerns, Guinea has obtained support from international stakeholders to finance its response plan. On 18 June, the World Bank through the **International Development Association (IDA)** granted Guinea a \$10.9m grant.<sup>17</sup> These funds will be allocated towards the prevention, detection and treatment of Covid-19, through the establishment of intensive care units (ICUs), improvement of hospital services and purchase of personal protective equipment (PPE).<sup>18</sup> Support will be provided through the **Programme de Renforcement des Systèmes Régionaux de Surveillance des Maladies (PRSRSM)** (programme for the reinforcement of regional medical

<sup>8</sup> Guineenews.org, 11 Jun 2020

<sup>9</sup> Guineenews.org, 22 May 2020

<sup>10</sup> Guineenews.org, 24 Jun 2020

<sup>11</sup> Guineenews.org, 24 Jun 2020

<sup>12</sup> Guineenews.org, 24 Jun 2020

<sup>13</sup> Guineenews.org, 24 Jun 2020

<sup>14</sup> Guineenews.org, 24 Jun 2020

<sup>15</sup> Vision Guinee, 5 May 2020

<sup>16</sup> Guineenews.org, 27 Apr 2020

<sup>17</sup> Vision Guinee, 18 June 2020

<sup>18</sup> Vision Guinee, 18 Jun 2020

surveillance systems). The World Bank had already provided financial support for Guinea's fight against Covid-19 with \$12.9m and \$1.7m disbursements under the **Pandemic Emergency Facility**.<sup>19</sup> World Bank Guinea country manager **Nestor Coffi** says this support aims to help Guinea become more resilient in the face of public health emergencies.<sup>20</sup> On 19 June, the **International Monetary Fund (IMF)** approved a \$148m disbursement under its **Rapid Credit Facility (RCF)** financing mechanism to address the ongoing Covid-19 epidemic.<sup>21</sup> The IMF said the financial assistance would address balance of payment and fiscal financing needs, and support health sector spending, protecting the most vulnerable from the impact of crisis and supporting the private sector. The IMF called on the government to guarantee transparency and accountability with respect to the use of these resources.

### Condé still mum on third term

Speculation continues in Guinea's political landscape over President Condé's plans to run for a third presidential term during the upcoming elections, tentatively scheduled for 18 October.<sup>22</sup> Condé has been ambiguous about his intentions to pursue a third presidential term. In an interview on 11 June with Sabari FM, President Condé said it was up to the Guinean people to decide their destiny, questioning why the international community is so fixated on Guinea and the possibility of a third presidential mandate.

According to President Condé, the new constitution, enacted on 6 April following a constitutional referendum on 22 March, cancels his two terms under the previous constitution (see *ARC Briefing Guinea April 2020*). Condé's supporters have created the **Coalition Démocratique pour le Changement dans la Continuité** (democratic coalition for change through continuity) to lobby in favour of President Condé declaring his candidacy for the October contest.<sup>23</sup>

However, the **Front Nationale pour la Défense de la Constitution (FNDC)**, a collective of opposition parties and civil society organisations opposed to the constitutional change and a third term for President Condé, announced they will organise a strike to this end on 8 July.<sup>24</sup> FNDC member and opposition **Parti des Démocrates pour l'Espoir (PADES)** president **Ousmane Kaba** acknowledged that the state of emergency would make it difficult to obtain the requisite authorisation to demonstrate.<sup>25</sup> The FNDC has been organising anti-government protests since October, which has led to the death of 32 FNDC supporters, but the Covid-19 pandemic has put a halt to protests in the past few months.<sup>26</sup> Despite warnings to the FNDC from the ministries of security and civil protection and territorial administration not to organise demonstrations, senior FNDC leaders such as opposition **Union des Forces Republicaines (UFR)** president **Sidiya Toure** and FNDC coordinator **Abdourahmane Sano** have endorsed holding protests.<sup>27</sup>

### Guinea signs agreement for \$14 billion Simandou iron ore project

The government signed an agreement on 9 June with **Société Minière de Boke (SMB)**, a branch of **China-Singaporean** consortium **SMB Winning**, approving the development of the \$14 billion **Simandou** iron ore deposit mega project.<sup>28</sup> The agreement is a major step for the evolution of Guinea's largest mining project to date.<sup>29</sup> The agreement, approved by cabinet on 4 June, requires the consortium to present the project's feasibility report to the government within 30 months of signing the agreement, and construction works will begin six months after the presentation of this report.<sup>30</sup>

<sup>19</sup> Vision Guinee, 18 Jun 2020

<sup>20</sup> Vision Guinee, 18 Jun 2020

<sup>21</sup> IMF, 19 Jun 2020

<sup>22</sup> RFI, 20 Jun 2020

<sup>23</sup> DW, 2 Jun 2020

<sup>24</sup> Jeune Afrique, 19 Jun 2020

<sup>25</sup> Jeune Afrique, 19 Jun 2020

<sup>26</sup> Guineenews.org, 25 May 2020

<sup>27</sup> Guineenews.org, 25 Jun 2020

<sup>28</sup> S&P Global, 9 Jun 2020

<sup>29</sup> S&P Global, 9 Jun 2020

<sup>30</sup> Jeune Afrique, 5 Jun 2020

In November, the **Commission d'Evaluation des Offres pour l'Octroi de la Concession des Gisements de Minerai de Fer** (bid evaluation commission for the concession of mineral deposits) granted SMB the rights to exploit and develop blocks 1 and 2 of the Simandou iron ore deposit (see *ARC Briefing Guinea November 2019*).<sup>31</sup> SMB's shareholders are China-based aluminium firm **Shandong Weiqiao** and **Yantai Port Group**, as well as Guinea-based **United Mining Supply (UMS)**.<sup>32</sup> The Guinean government owns 10% of the remaining project shares.<sup>33</sup>

The Simandou project will see the consortium invest \$8 billion during the first phase of development, including \$5 billion towards infrastructure development.<sup>34</sup> This includes the 679 km **Transguinean** railway, which will provide passenger services, and transport minerals and agricultural products.<sup>35</sup> The rail line will reportedly be built by **China Railways**.<sup>36</sup> A deep-water port has been earmarked for construction in the locality of **Matakang**, 50 km south of **Conakry**.<sup>37</sup> In addition, the consortium is expected to invest \$150m in the development of an agricultural corridor.<sup>38</sup>

The Simandou deposit has an estimated 2 billion tonnes of high-grade iron ore. Mines and geology minister **Abdoulaye Magassouba** expects the project will generate \$15.5 billion in revenue during its 25-year lifespan, when exploitation commences in 2026, and describes the Simandou project as “*an important step towards the development of the Guinean mining sector*”.<sup>39</sup> Simandou could see the production of 100m tonnes of iron ore per year, which would make Guinea the third largest iron ore producer in the world after **Australia** and **Brazil**.<sup>40</sup>

The Simandou iron ore project has been the source of positive news over the past year, after years without development. A seven-year legal dispute between the government, former block 1 and 2 owner **Franco-Israeli** billionaire **Beny Steinmetz**, and Brazil-based miner **Vale**, was resolved in February 2019 (see *ARC Briefing Guinea March 2019*). In March, **United States**-based media organ **Bloomberg** reported China's **State-owned Assets Supervision and Administration Commission (SASAC)** was actively pushing for the Simandou project to go ahead.<sup>41</sup> SASAC oversees the activities of China's largest state owned enterprises (SOEs).<sup>42</sup> SASAC has been in talks with other Chinese SOEs, such as **Aluminum Corporation of China (Chinalco)** to become involved in the construction of costly infrastructure (see *ARC Briefing Guinea March 2020*). Chinalco is a co-owner of Simandou blocks 3 and 4 alongside **Anglo-Australian** miner **Rio Tinto**.<sup>43</sup>

SMB already has significant experience in Guinea's mining industry having pursued bauxite mining in the Boke region since 2014.<sup>44</sup> SMB employs 9,000 people and has invested \$1.5 billion in mining activities. It has constructed two mineral terminals and exported 42m tonnes of bauxite in 2018. SMB intends to invest \$3 billion in the **Boffe-Boke** bauxite project, which will entail the construction of a 135-km railway.<sup>45</sup> SMB chairman **Franco-Guinean-Lebanese** businessman **Fadi Wazni** is reportedly a notable supporter of President Condé.<sup>46</sup>

<sup>31</sup> Financial Times, 13 Nov 2019

<sup>32</sup> Financial Times, 13 Nov 2019

<sup>33</sup> Reuters, 4 Jun 2020

<sup>34</sup> Jeune Afrique, 5 Jun 2020

<sup>35</sup> Jeune Afrique, 5 Jun 2020

<sup>36</sup> La Tribune Afrique, 14 Nov 2019

<sup>37</sup> Jeune Afrique, 5 Jun 2020

<sup>38</sup> Jeune Afrique, 5 Jun 2020

<sup>39</sup> Jeune Afrique, 5 June 2020

<sup>40</sup> Bloomberg, 5 Mar 2020

<sup>41</sup> Bloomberg, 5 Mar 2020

<sup>42</sup> Bloomberg, 5 Mar 2020

<sup>43</sup> Bloomberg, 5 Mar 2020

<sup>44</sup> La Tribune Afrique, 14 Nov 2019

<sup>45</sup> La Tribune Afrique, 14 Nov 2019

<sup>46</sup> La Tribune Afrique, 14 Nov 2019

## Planner

(Date TBA due to Covid-19) **Conakry (Guinea)** Transform Africa Conference;  
18 Oct 2020 **(Guinea)** Presidential elections (date to be confirmed)

## Chronology

24 Jun 2020 **Conakry (Guinea)** *Guineenews.org*. opposition and civil society consortium **Front Nationale pour la Défense de la Constitution (FNDC)** national coordinator **Abdourahmane Sanoh** says anti-government protests will go ahead on 8 July, despite the national state of emergency and warnings from security and territorial administrations ministries;

19 Jun 2020 **Conakry (Guinea)** *IMF*. The **International Monetary Fund (IMF)** approves a \$148m disbursement under its **Rapid Credit Facility (RCF)** financing mechanism to address the ongoing **Covid-19** epidemic;

19 Jun 2020 **Conakry (Guinea)** *Guinee Matin*. President **Alpha Condé** undertakes minor cabinet shuffle, replacing justice, energy, national education and post and telecommunications ministers;

18 Jun 2020 **Conakry (Guinea)** *Vision Guinee*. The **World Bank** through the **International Development Association (IDA)** grants Guinea \$10.9m towards the prevention, detection and treatment of **Covid-19**, through the establishment of intensive care units (ICUs), improvement of hospital services and purchase of personal protective equipment (PPE);

16 Jun 2020 **Conakry (Guinea)** *Guineenews.org*. The **Assemblée Nationale** (national assembly) unanimously approves to extend Guinea's national state of emergency to address the ongoing **Covid-19** pandemic;

15 Jun 2020 **Conakry (Guinea)** *Guineenews.org*. The **Front National pour la Défense de la Constitution (FNDC)** opposition and civil society consortium has called for protests on 8 July in opposition to President **Alpha Condé** possibly undertaking a third presidential mandate;

15 Jun 2020 **Conakry (Guinea)** *Guineenews.org*. President **Alpha Condé** announces the resumption of school for primary and secondary students in examination classes as well as at universities on 29 June;

10 Jun 2020 **Conakry (Guinea)** *Vision Guinee*. The **African Development Bank (AfDB)** allocates \$3.2m to the Guinean government to carry out three projects in the domains of digitisation, green energy and honey production;

10 Jun 2020 **Conakry (Guinea)** *Guineenews.org*. **United States** ambassador to Guinea, **Simon Henshaw**, dies in Conakry, following a heart attack;

9 Jun 2020 **Conakry (Guinea)** *Guineenews.org*. **French-Sino-Guinean-Singapore** mining consortium **SMB-Winning** signs an agreement with Guinea's mines and geology ministry to exploit blocks 1 and 2 of the \$14 billion **Simandou** iron ore project;

8 Jun 2020 **Conakry (Guinea)** *Agence Ecofin*. **France**-based logistics firm **Bolloré Ports** officially opens the dry port of **Kagbelen** in the urban commune of **Dubréka**, 35 km from Conakry;

8 Jun 2020 **Conakry (Guinea)** *Agence Ecofin*. **United Kingdom**-based **Hummingbird Resources** has signed an agreement with **Canada**-based **Cassidy Gold** to buy the **Kouroussa** gold project in Guinea for \$12.7m in shares, equivalent to 9.1% of its share capital;

6 Jun 2020 **Conakry (Guinea)** *Guineenews.org*. The **Assemblée Nationale** (national assembly) questions whether an October 2019 loan agreement of €230m (\$259.8m) with **United Kingdom**-based **Palumbo Group Ltd** and its financial partner, **Switzerland**-based **Trinity WealthManagement Ag**, to build technical schools was signed with valid companies;

29 May 2020 **Conakry (Guinea)** *Guineenews.org*. President **Alpha Condé** announces the creation of two funds, the **Fonds des Garanties aux Prêts pour des Entreprises en République de Guinée (FGPESA)** (loan guarantee fund for businesses in Guinea) and **Fonds d'Appui au Groupement d'Intérêt Economique et aux Entreprise (FAGIE)** (support fund for the economic interest group and for businesses) to assist local firms;

29 May 2020 **Conakry (Guinea)** *Koaci.com*. The government acknowledges for the first time that there were 30 deaths as a result of inter-communal violence in the locality of **Nzérékoré**, following the 22 March local elections and constitutional referendum, but blames opposition for the violence;

29 May 2020 **Conakry (Guinea)** *Guineenews.org*. The industry and small and medium-sized enterprise ministry and the **United Nations Organisation for Industrial Development (UNIDO)** sign a \$21.95m agreement to finance Guinea's inclusive industrial development programme for a period of three years (2020-2023);

28 May 2020 **Conakry (Guinea)** *Guineenews.org*. The **United Nations Development Program (UNDP)**, **Japan** and **Russia** contribute \$3.13m to support aquaculture projects in **Haute Guinée** and **Moyenne Guinée** regions;

26 May 2020 **Conakry (Guinea)** *Guineenews.org*. **Kabinet Cissé** is appointed as president of the **Commission Electorale Nationale et Indépendante (CENI)** (national independent electoral commission) following the death of former CENI president **Salif Kebe** to Covid-19 in April;

26 May 2020 **Conakry (Guinea)** *Vision Guinée*. **France** allocates \$30.8m to the Guinean government, which will go towards education and improving public management capacity;

### About Africa Risk Consulting:

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