

AFRICA RISK CONSULTING

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Guinea Summary 30 September 2024

Debate over Colonel Mamady Doumbouya's (2021-present) potential candidacy continues following the submission of the draft constitution in July which outlines that he could run in a presidential election. The World Bank releases the first annual edition of the Guinea Economic Update in September, highlighting the mining and agricultural sectors for development. The gold sector sees several developments that showcases its potential.

Debate over Doumbouya's candidacy

Debate over interim president Colonel **Mamady Doumbouya's** (2021-present) potential candidacy has continued following the submission of the draft constitution in July, which outlines that he could run in a presidential election. Elections were initially set to be held by January 2025 but delays to the transition have pushed this back to an unknown date. Foreign affairs minister **Morissanda Kouyaté** confirmed on 18 September that all elections will be held in 2025 but did not provide a date.

Members of the ruling **Comité national du rassemblement et du développement (CNRD)** have been vocal of their support for Doumbouya thus far. Presidential spokesperson **Amara Camara** answered press questions on 20 September after rumours that he had sent representatives to the 'forest region' – **Nzérékoré Region** – to start campaigning for Doumbouya.¹ Camara clarified that he supports Doumbouya's candidacy but did not confirm whether the rumours are true. During a 20 September press conference, government spokesperson **Ousmane Gaoual** similarly failed to dispel rumours that Doumbouya plans to run, stating:

*"Why not? Going to the polls is not usurping the will of the people of Guinea. If the time, the situation, the context requires it, he will be a candidate."*²

Conseil national de la transition (CNT) (national transitional council) member **Mamadou Fadia Baldé** reminded Doumbouya's supporters that articles 46, 55 and 65 of the transition charter says that members of the CNRD, government and CNT cannot stand as candidates in the next election.³ He called on Doumbouya to respect the oath he took when he became interim president and not run for president. However, the draft constitution does not prohibit members of the CNRD, government and CNT from running and if it is passed in a referendum, it is unlikely that Doumbouya would be stopped from running.

Prime minister **Bah Oury** was also questioned in a radio interview on the matter. While he did not throw his weight behind Doumbouya, he said the government would respect the constitutional provisions which are adopted, meaning that Doumbouya would be constitutionally allowed to run.⁴

World Bank update released

The **World Bank** released the first annual edition of the **Guinea Economic Update** in September, presenting the report on 19 September to government representatives including finance minister **Mourana Soumah** and former prime minister **Kabiné Komara**.⁵ The report highlights that GDP

¹ Vision Guinee, 24 Sep 2024

² Vision Guinee, 20 Sep 2024

³ Vision Guinee, 23 Sep 2024

⁴ Media Guinee, 18 Sep 2024

⁵ World Bank, 19 Sep 2024

growth reached 7.1% in 2023 driven by a 22% increase in bauxite production and a 10% increase in gold exports.⁶ Growth is expected to slow to 4.9% in 2024 due to the **Karoum** fuel depot explosion, which has had knock-on effects on the non-mining sector, but is expected to recover and increase to an average of 6.3% in 2025/2026.

However, the report noted that despite the mining sector's growth, it has weak links to the domestic economy and thus has had a limited impact on job creation and poverty reduction. Although Guinea has adopted a cautious fiscal management strategy, which has contributed to macroeconomic stability, it needs to spend more to create jobs and meaningfully reduce poverty. Guinea needs revenue to do this and it is not deriving this from the mining sector. Despite the sector's solid performance, tax revenue from mining has decreased from 2.6% of GDP between 2010 and 2015 to 2.1% in 2016-2023. Guinea faces challenges in collecting mining revenue due to tax exemptions, transfer pricing, difficulty in monitoring the quality and quantity of mined products that are produced and exported, and the fiscal administration's inability to properly scrutinise the financial statements of large multinationals.⁷ Guinea's tax revenues overall remain low – averaging 12.7% of GDP between 2016 and 2023 – so increasing tax from the mining sector is key to helping fiscal management.

The World Bank highlighted positive developments outside the mining sector. Annual inflation slowed from 11.6% at the end of 2022 to 9.3% at the end of 2023. While there has been an increase in domestic debt as government has issued securities to raise funding for infrastructure projects, Guinea remains at moderate risk of debt distress and has fiscal space to absorb some shocks. Inflation is expected to continue cooling, averaging 8.8% in 2024 and 8.1% in 2025/2026.

Looking ahead, the report emphasises that Guinea needs to focus on its agricultural sector. Agriculture contributes 27.8% to GDP and employs 53% of Guineans. However, Guinea is highly vulnerable to climate change and without adaptation, the sector could face problems that would be detrimental not only to the population but to the economy, too.

The World Bank believes risks are tilted to the downside as there are uncertainties over the political sphere, namely the slowdown in the transition, which could impact investment, but Simandou exports are still due to start at the end of 2025. Mining-related foreign direct investment (FDI) could also increase, which appears to be taking place already (see below).

Gold sector continues to strengthen

Several developments in Guinea's gold sector have highlighted opportunities in the sector. **Canada**-headquartered **Robex Resources** released its second quarter report in August, indicating that it intends to shift its focus in **West Africa** from its **Nampala** mine in **Mali** – which it is currently selling – to its **Kiniero** project in Guinea.⁸ Production at Kiniero is expected by the end of 2025 and the project will be Robex Resources' flagship asset.

In further mining sector developments, mining journals confirmed on 4 September that Guinea's **Centre de Promotion et de Développement Minier (CPDM)** had awarded **Gibraltar**-headquartered **Seventy Ninth Resources** two licences prospective for gold mineralisation in the **Siguiiri Basin**, expanding its portfolio in Guinea from three to five gold projects.⁹ The addition of the two new projects adds 108 square kilometres to the company's land holding.¹⁰

On 6 September, it was reported that **Australia's Perseus Mining** had acquired a 13.82% interest in fellow Australian company, **Predictive Discovery**, increasing its stake to 19.9%. Predictive Discovery owns the **Bankan** gold project in Guinea.¹¹ The project is expected to enter production in 2028 with

⁶ World Bank, 19 Sep 2024

⁷ World Bank, 19 Sep 2024

⁸ Mining Business Africa, 30 Aug 2024

⁹ Global Mining Review, 4 Sep 2024

¹⁰ Seventy Ninth Resources, 11 Sep 2024

¹¹ Mining.com, 6 Sep 2024

potential production of 270,000 ounces annually. Predictive Discovery has called the project the largest discovery in the region in a decade. Perseus Mining CEO **Jeff Quartermaine** noted of the transaction:

"Predictive's Bankan project is an attractive gold development project located in a jurisdiction that has an increasing presence in the gold mining industry."¹²

Seventy Ninth Resources' and Robex Resources' projects are both located in the **Siguiri** basin, considered one of the high-volume gold belts in West Africa.¹³ While Guinea's bauxite resources and iron ore have been in focus in recent years thanks to developments in Simandou, Guinea's gold sector remains attractive and stable; in 2022, Guinea exported gold worth \$5.8 billion.¹⁴ The World Bank attributed Guinea's 2023 growth to a 10% increase in gold exports compared to 2022 (see above).

The four largest gold producers in West Africa are **Ghana**, Mali, **Burkina Faso** and Guinea. However, as insecurity and political instability continue to increase in Burkina Faso and Mali, their gold production is expected to decline. In contrast, Guinea is expected to see a significant rise in gold production with a compound annual growth rate of 5% between 2023 and 2027.¹⁵

Planner

4-5 Oct 2024 **Paris (France)** Colonel **Mamady Doumbouya** to take part in the **Organisation internationale de la Francophonie (OIL)** (international organisation of La Francophone) summit

2024 **Guinea** Constitutional referendum expected

TBC **Guinea** Presidential elections

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

Chronology

25 Sep 2024 **Conakry (Guinea)** *APA News*. **Organisation internationale de la Francophonie (OIL)** (international organisation of La Francophone) reinstates Guinea but urges that work on human rights continue;

20 Sep 2024 **Conakry (Guinea)** *Africa Guinee*. Presidency spokesperson **Amara Camara** says there is nothing that prohibits junta leader Colonel **Mamady Doumbouya** from running in the presidential election, still scheduled for 2025 despite transition delays;

20 Sep 2024 **Conakry (Guinea)** *Africa Guinee*. Prime minister **Bah Oury** leads a delegation to the **United Nations (UN) General Assembly**;

20 Sep 2024 **Conakry (Guinea)** *Africa Guinee*. Responding to rumours that former president **Alpha Condé**, now in exile is financing **Liberian** mercenaries to overthrow the junta, presidency spokesperson **Amara Camara** says the state can go after any citizen who is at odds with the law, no matter their location;

20 Sep 2024 **Conakry (Guinea)** *Bloomberg*. France-headquartered **Société Générale SA** announces it is selling its Guinean subsidiary to pan-**African** banking group **Atlantic Financial Group**;

19 Sep 2024 **Conakry (Guinea)** *Energy Capital & Power*. Guinea and **Chinese** energy company **TBEA** reach financial close on the planned 300MW **Amaria** hydropower plant;

¹² Mining Weekly, 14 Aug 2024

¹³ Global Mining Review, 4 Sep 2024

¹⁴ US department of commerce, accessed 29 Sep 2024

¹⁵ Global Data, 10 May 2024

18 Sep 2024 **Conakry (Guinea)** *APA News*. Police arrest **Claude Pivi**, a former junta figure sentenced to life imprisonment for his role in the 2009 stadium massacre, who escaped from prison in November 2023;

17 Sep 2024 **Conakry (Guinea)** *ESI*. **African Development Bank (AfDB)** approves \$102.79m to support farmers in Guinea, **Senegal** and **Togo**;

16 Sep 2024 **Conakry (Guinea)** *Agence Ecofin*. Government announces plans to build two solar power plants worth \$90m in collaboration with **The Netherlands**-headquartered **Gigawatt Global**;

15 Sep 2024 **Conakry (Guinea)** *Africa Guinee*. Guinea and **Saudi Arabia** sign a security cooperation agreement;

15 Sep 2024 **Conakry (Guinea)** *VOA*. Government hands over land to more than 20,000 people displaced by the administrations of former presidents **Alpha Condé** and **Lansana Conte**;

9 Sep 2024 **Conakry (Guinea)** *Vision Guinee*. Opposition coalition **Front national pour la défense de la constitution (FNDC)** warns it will use all means necessary to prevent the head of the junta, Colonel **Mamady Doumbouya**, from running in presidential elections;

9 Sep 2024 **Conakry (Guinea)** *Agence Ecofin*. Post, telecommunications and digital economy minister **Rose Pola Pricemou** calls on stakeholders to improve the quality of telecoms services in Guinea so the government can set up a digitalised administration by 2027;

6 Sep 2024 **Conakry (Guinea)** *Agence Ecofin*. **Australia's Perseus Mining** increases its investment in the **Bankan** gold project, which can deliver 80 tonnes of gold over 11 years;

3 Sep 2024 **Conakry (Guinea)** *Jeune Afrique*. Authorities suspend the issuing of licences to associations and nongovernmental organisations (NGOs) amid opposition calls for protests ahead of Guinea's third anniversary of the coup d'état;

2 Sep 2024 **Conakry (Guinea)** *Vision Guinee*. Junta leader **Mamady Doumbouya** meets with **China's** President **Xi Jinping** ahead of the **Forum on China-Africa Cooperation (FOCAC)**;

30 Aug 2024 **Conakry (Guinea)** *Bloomberg*. Energy ministry says it plans to build solar power plants to increase its electricity production by 15% and cut reliance on imports from neighbouring countries;

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