

AFRICA RISK CONSULTING

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Prime minister Ibrahima Kassory Fofana officially endorses a plan to make constitutional amendments, leading to protests in Nzerekore that leave one dead and 30 injured. Justice minister Cheick Sako resigns, reportedly in opposition to the proposed constitutional modification. Mohamed Lamine Fofana is the new justice minister. The World Bank, through the International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA), has provided \$460m to support bauxite mining projects by Guinea Alumina Corporation. The mines and geology ministry signs three agreements with India-based mining company Ashapura to restart operations at the \$250m Yomboveli iron mine project, rehabilitate the port of Konta and develop basic infrastructure. Investment and public-private-partnership minister Gabriel Curtis reports that Guinea obtained \$10 billion in investment from 2010 to 2018 as a result of government reforms.

Prime minister Ibrahima Kassory Fofana endorses plan to modify constitution ...

Prime minister **Ibrahima Kassory Fofana** has officially endorsed the plan to amend the constitution, a move that that could pave the way for President **Alpha Conde** (2010-present) to pursue a third presidential mandate.¹ Opposition reaction to the planned constitutional changes is likely to have a negative effect on Guinea's political stability. Fofana's declaration, made at a press conference in **Conakry** on 29 May, was the first official endorsement of a constitutional modification by a senior member of government.² Fofana said constitutional change was necessary to keep pace with social change, and that he had consulted all members of his cabinet, who were unanimously in favour of the plan:³

*"I have asked the government, individually inviting each minister to pronounce on the principle of a new constitution. The answer is unanimous, there no doubt it is yes."*⁴

The presidency has reportedly established a commission to write a new constitution.⁵ According to a source at the presidency, the commission consists of acting justice minister **Mohamed Lamine Fofana**, **Assemblée Nationale** (national assembly) secretary general **Mohamed Berete**, and constitutional law expert and former justice minister **Maurice Togba**.⁶ Togba was involved in crafting the 2010 constitution.⁷ **Rassemblement du Peuple Guinéen Arc-en-Ciel (RPG Arc-en-Ciel)** parliamentary group chairperson **Amadou Camara** acknowledged that a new constitution was being drafted but did not reveal who was in charge of the drafting process.⁸ Government spokesperson **Kiridi Bangoura**, during a press conference in May, had argued in favour of establishing a constitutional system that ensures sustainability and stability. Fofana denied involvement in drafting the amendment and said he had not seen any such document.⁹

¹ RFI, 30 May 2019

² Jeune Afrique, 31 May 2019

³ Jeune Afrique, 31 May 2019

⁴ Jeune Afrique, 31 May 2019

⁵ Jeune Afrique, 31 May 2019

⁶ Jeune Afrique, 31 May 2019

⁷ Jeune Afrique, 31 May 2019

⁸ Jeune Afrique, 31 May 2019

⁹ Jeune Afrique, 31 May 2019

Guinean civil society and opposition groups are strongly opposed to any modification of the constitution. Civil society group **Balai Citoyen** president **Sekou Koundouro** says citizens will do everything to prevent Guinea from being transformed into a monarchy.¹⁰ Koundouro said Balai Citoyen will intensify its efforts to inform, sensitise and mobilise Guineans against this initiative.¹¹ The **Front National pour la Défense de la Constitution (FNDC)** (national front for the defence of the constitution), a coalition of civil society organisations and political parties opposed to the constitutional amendment, published a list of 20 individuals, including two foreign nationals, whom they claim support the constitutional change.¹² The information ministry denounced this move and referred to the FNDC as “*enemies of the state*”.¹³ FNDC leaders **Sidiya Toure**, **Cellou Dalein Diallo** and **Abdouramane Sanoh** announced that a protest march would be held on 13 June in the southern town of **Nzerekore**.¹⁴ Despite a ban by local authorities on protest activity, demonstrations took place on 13 and 14 June.¹⁵ The protest led to one death, 30 injuries, 21 arrests and the looting and destruction of many stores.¹⁶

The possibility of constitutional modification appears to be an increasing reality in Guinea. Senior figures are now openly discussing the matter and taking steps that indicate serious consideration of the amendments. The reaction of Guinea’s civil society movements to the proposed constitutional change is cause for concern in light of the country’s recent history of politically motivated violence, as both sides become increasingly entrenched in their ideological positions. In addition to the debate around the constitutional amendment, legislative elections slated for November this year may also be a flash point between supporters of the presidential coalition and opposition members. **France’s** foreign affairs minister, **Jean Yves Le Drian**, expressed his concern about the ongoing political uncertainty in Guinea, while attending a foreign affairs committee session in **Paris** (France).¹⁷ The next few months will be critical with respect to developments in Guinea’s political realm.

... as justice minister resigns in opposition to proposed constitutional change

Minister of state for justice and keeper of the seals **Cheick Sako** announced his resignation on 27 May in what appears to be a move in opposition to modification of the constitution.¹⁸ Sako’s resignation adds to speculation about constitutional change. In his resignation letter to Conde, dated 20 May, Sako alludes to the fact that he was not consulted in the writing of the new constitution and, considering his position against such modification, prefers to resign:¹⁹

*“Drawing the consequences of your silence since 4 April, the day of our interview and the delivery of mail asking you to replace me in my function as minister of justice, I present to you my resignation from government.”*²⁰

Although Conde’s desire to modify the constitution, was a motivating factor in Sako’s decision, Sako had requested to leave government in April, following an interview given by RPG Arc-en-Ciel chairperson Amadou Camara, in which Camara called the Guinean judicial system “*rotten*”.²¹ In response, Sako asked President Conde to remove Camara from government, which Conde did not do.²² Following Sako’s declaration in April that he was stepping down, President Conde sent an emissary to **Montpellier** (France), where Sako is now residing and where he practised as a lawyer before his

¹⁰ DW, 28 May 2019

¹¹ DW, 28 May 2019

¹² Aminata.com, 31 May 2019

¹³ RFI, 5 June 2019

¹⁴ Aminata.com, 12 June 2019

¹⁵ Aminata.com, 14 June 2019

¹⁶ Aminata.com, 14 June 2019

¹⁷ RFI, 29 May 2019

¹⁸ Jeune Afrique, 27 May 2019

¹⁹ Jeune Afrique, 27 May 2019

²⁰ Jeune Afrique, 27 May 2019

²¹ Jeune Afrique, 27 May 2019

²² Jeune Afrique, 27 May 2019

appointment to government in January 2014, to dissuade Sako from resigning. The mission was unsuccessful.²³

The FNDC congratulated Sako on his decision, describing it as “*responsible and constructive*”.²⁴ However, Sako insisted that his resignation should not be regarded as a political act to rally opposition against President Conde.²⁵

Sako leaves a fairly positive legacy as justice minister. His reign saw the creation of the **Conseil Supérieure des Magistrats** (higher magistrates council), the adoption of a criminal code and criminal procedure, as well as the decongestion of prisons and reduction of prison sentences.²⁶ He also made notable progress with respect to investigating the 28 September 2009 **Conakry** stadium massacre in which 150 people were killed.²⁷ Sako orchestrated the arrest in **Dakar (Senegal)** of **Aboubacar Diakité**, the mastermind behind the massacre and chief of staff of military junta leader **Moussa Dadis Camara** (2008-2009).²⁸

Sako is the second minister to resign from President Conde’s cabinet in the last few months. **Khalifa Gassama Diaby** stepped down as minister of national unity and citizenship in November 2018.²⁹ His resignation centred around disagreements with Conde over how the government had handled protests against rising fuel prices in July.³⁰ Sako’s resignation is significant because his ministry is at the centre of the constitutional amendment, currently the hottest topic of conversation in Guinea.

Multilateral development partners provide \$460m to support bauxite mining projects ...

The **World Bank** announced on 28 May that it has provided \$460m through the **International Finance Corporation (IFC)** and the **Multilateral Investment Guarantee Agency (MIGA)** to support bauxite mining projects by **Guinea Alumina Corporation (GAC)**.³¹ The financial support will enable Guinea to increase its bauxite capacity to 12 million tonnes per year upon the project’s completion, creating significant local employment.³² GAC is the local subsidiary of **United Arab Emirates-based Emirates Global Aluminum**. The company is undertaking a \$1.43 billion bauxite development project, currently one of the largest investments in Guinea.³³

The IFC committed to a total loan facility of \$330m for the GAC project, including syndicated debt from seven commercial banks. The MIGA has taken political risk guarantees of up to \$129m from the same commercial bank lenders. These funds will go towards the construction of associated rail and port infrastructure. The project entails the extension of a multi-user railway along the **Sangaredi-Kasmar** transport terminal, and the construction of a new port terminal at Kasmar.³⁴ The project aims to strengthen linkages between the Guinean mining sector and world markets, helping Guinea to become a world-class producer and exporter of bauxite.³⁵ MIGA director of operations **Savesh Suri** said,

*“This project will generate new investments in a sector of strategic importance for the Guinean economy, while promoting the development of other sectors, as the project’s supply chain develops.”*³⁶

²³ RFI, 28 May 2019

²⁴ RFI, 28 May 2019

²⁵ Jeune Afrique, 27 May 2019

²⁶ Jeune Afrique, 3 Jun 2019

²⁷ Jeune Afrique, 3 Jun 2019

²⁸ Jeune Afrique, 3 Jun 2019

²⁹ Jeune Afrique, 16 Nov 2018

³⁰ Jeune Afrique, 16 Nov 2018

³¹ La Tribune Afrique, 30 May 2019

³² La Tribune Afrique, 30 May 2019

³³ La Tribune Afrique, 30 May 2019

³⁴ La Tribune Afrique, 30 May 2019

³⁵ La Tribune Afrique, 30 May 2019

³⁶ La Tribune Afrique, 30 May 2019

The project is expected to generate 1,000 permanent jobs and 4,600 temporary jobs.³⁷ An estimated 9,800 jobs will be created across the economy through the project's local supply chain.³⁸ Upon completion, bauxite production capacity from the project will be 12 million tonnes per year and will generate \$50m annually in public revenue.³⁹

The IFC and MIGA have pledged to continue to monitor the project to ensure it progresses in line with IFC performance standards. A joint IFC and MIGA communiqué notes that both institutions played a leading role in setting environmental and social standards for the project.⁴⁰ This includes working with the Guinean government and various stakeholders. IFC and MIGA oversight is significant to avoid a repeat of the alleged violations filed with the World Bank's **Office of the Ombudsman** against the IFC on 8 March (see *ARC Briefing Guinea March 2019*).⁴¹ The IFC provided the **Compagnie des Bauxites de Guinée (CBG)** with a \$152.7m loan in 2016 in order to expand its operations. A collective of 13 villages in the mineral rich **Boké** region accused CBG of carrying out land grabs, environmental pollution and other violations.⁴² The IFC has also established a \$ 4.4m advisory services programme through which GAC can increase its social and economic development interventions and enhance benefits to the host communities.⁴³

IFC and MIGA interest in Guinea's bauxite sector comes as no surprise. Guinea is currently the third largest global producer of bauxite behind **China** and **Australia**.⁴⁴ Bauxite production rose from 20 million to 60 million tonnes from 2016 to 2018.⁴⁵ The decisions by **Indonesia** and **Malaysia** to terminate bauxite exports to China in 2014 and 2015 respectively have led to China's growing demand for Guinean bauxite.⁴⁶ This has spurred production in Guinea and led Guinea to become the largest exporter of bauxite to China.⁴⁷ Guinea currently possesses one third of the world's bauxite reserves.⁴⁸ The mines and geology ministry's **Bureau de Stratégie et de Développement** (bureau for strategy and development) says the bauxite sector's significant potential is a major reason why Guinea mobilised \$10 billion for its mining sector for the 2016-2025 period (see *ARC Briefing Guinea February 2019*).

... and India-based Ashapura reaches \$25m agreement to take over Yomoyeli iron mine ...

The mines and geology ministry signed three agreements with **India**-based mining company **Ashapura** on 5 June to restart operations at the **Yomoyeli** iron mine, rehabilitate the port of **Konta** and develop basic infrastructure.⁴⁹ The agreement between the two parties indicates Guinea is becoming an increasingly attractive destination for foreign direct investment in the mining sector. Ashapura already has experience in the Guinean mining sector having operated a bauxite mine at **Hoda** in **Tiemele** prefecture since 2016.⁵⁰ The Yomoyeli iron mine is located near Guinea's south-west coast.⁵¹ Mining activity has not taken place at Yomoyeli since 2015, after China-based **Forecariah Mining**, the company that held the mining licence, declared bankruptcy.⁵² Forecariah Mining had only exploited the mine since 2012 prior to the bankruptcy.⁵³

³⁷ MIGA, 28 May 2019

³⁸ MIGA, 28 May 2019

³⁹ MIGA, 28 May 2019

⁴⁰ MIGA, 28 May 2019

⁴¹ Jeune Afrique, 21 Mar 2019

⁴² Jeune Afrique, 21 Mar 2019

⁴³ MIGA, 28 May 2019

⁴⁴ Jeune Afrique, 14 Mar 2018

⁴⁵ Journal du Cameroun, 26 Jan 2019

⁴⁶ Jeune Afrique, 14 Mar 2018

⁴⁷ Jeune Afrique, 4 Feb 2019

⁴⁸ Jeune Afrique, 14 Mar 2018

⁴⁹ Jeune Afrique, 7 Jun 2019

⁵⁰ Agence Ecofin, 7 Jun 2019

⁵¹ Jeune Afrique, 7 Jun 2019

⁵² Jeune Afrique, 7 Jun 2019

⁵³ Jeune Afrique, 7 Jun 2019

Mining ministry secretary general **Sadio Nimaga** said that the ministry had supported the bankruptcy proceedings and had worked with the creditors and liquidators following the closure of Forecariah Mining, and favoured the revival of mining activity.⁵⁴ The next step was to find a buyer able to support the liabilities of Forecariah Mining, which amounted to \$25m. Ashapura agreed to pay \$25m to Forecariah Mining's creditors.⁵⁵ The second agreement entailed the reallocation of Forecariah Mining's mining licence to Ashapura, while the third agreement stipulated the retrocession of port facilities that Forecariah Mining had operated.⁵⁶ The port facilities had become property of the state through the **Agence Nationale pour le Développement de l'Infrastructure Minière** (national agency for the development of mining infrastructure).⁵⁷ The agreement allows for the multi-use of infrastructure such as the 135 km railway linking the bauxite plateau of **Sangaredi** to the ore port of Kamsar. **Franco-German** miner **Monaco Resources** is already in advanced negotiations to ensure the technical management of the port of Konta.⁵⁸ Nimaga said he hoped that the development of the port of Konta will help to decongest Conakry port by transferring the mineral and oil depot of **Kaloum** to Forecariah.⁵⁹

Mines and geology minister **Abdoulaye Magassouba** says the recommencement of mining activity will open a new development corridor in the region.⁶⁰ Nimaga said the mining ministry had subjected Ashapura to a rigorous timetable to rehabilitate the port and begin exploitation of the iron mine within four months.⁶¹ The desire to restart mining activity soon is attributed to employment of 3,000 people in the mine, whose operations will provide a significant boost to the local economy.⁶² Yomboyeli mine has three million tonnes of iron reserves⁶³ and will cost \$250m to develop.⁶⁴ Its exploitation will help to diversify Guinea's mining output, which has been dominated by bauxite production. Furthermore, the development of the mining project will be more cost effective, since it is located by the coast and will not require the significant infrastructure upgrade.⁶⁵ This in contrast to the \$20 billion for railroad infrastructure required to exploit the **Simandou** iron ore project.⁶⁶

The imminent recommencement of exploitation of the Yomboyeli iron mine signals growing foreign investor interest in the Guinean mining sector, particularly in iron mining. In May it was announced that **Canadian-American** mining investor **Robert Friedland** was on the verge of acquiring iron ore mines in Guinea (see *ARC Briefing Guinea May 2019*).

... as Guinea attracted over \$10 billion in private investment from 2010 to 2018

Investment and public-private-partnership minister **Gabriel Curtis** reported on 5 June that government reforms resulted in Guinea obtaining \$10 billion in investment from 2010 to 2018.⁶⁷ This underlines Guinea's growing popularity as an investment destination investors across a variety of sectors. Curtis said the investments resulted from the advantages that the new investment code provided to investors and had facilitated the creation 38,000 enterprises and 114,000 jobs.⁶⁸ Curtis said the information, communication and technology (ICT) sector had received the most investment at \$337m.⁶⁹ As a result, the number of telephone subscribers rose by 180% to 12 million and internet

⁵⁴ Jeune Afrique, 7 Jun 2019

⁵⁵ Jeune Afrique, 7 Jun 2019

⁵⁶ Jeune Afrique, 7 Jun 2019

⁵⁷ Jeune Afrique, 7 Jun 2019

⁵⁸ Jeune Afrique, 7 Jun 2019

⁵⁹ Jeune Afrique, 7 Jun 2019

⁶⁰ La Tribune Afrique, 8 Jun 2019

⁶¹ Jeune Afrique, 7 Jun 2019

⁶² Jeune Afrique, 7 Jun 2019

⁶³ Jeune Afrique, 7 Jun 2019

⁶⁴ Agence Ecofin, 7 Jun 2019

⁶⁵ Jeune Afrique, 7 Jun 2019

⁶⁶ Jeune Afrique, 7 Jun 2019

⁶⁷ La Tribune Afrique, 5 Jun 2019

⁶⁸ La Tribune Afrique, 5 Jun 2019

⁶⁹ La Tribune Afrique, 5 Jun 2019

users increased to 3.9 million.⁷⁰ Investments in this category are likely to increase after the award of a 4G operating licence to the local subsidiary of France-based **Orange** in March 2019.⁷¹ The industrial sector captured \$112m worth of investment, which enabled the creation of 74 production units.⁷² The banking sector, in which 17 banks operate in Guinea, obtained \$90m worth of investment.⁷³ This enabled the banking sector to disburse a total of \$760m in credit to businesses during the period.⁷⁴ The hotel and tourism sector attracted \$19.8m, which mainly went to hotel construction, and increased room capacity by 50%, to a total of 6,795 rooms.⁷⁵

Investment mobilisation has been due in large part to the efforts of the **Agence de Promotion d'Investissement Privé** (private investment promotion agency) which organised 130 events, 41 domestic and 89 abroad, to promote investment in Guinea.⁷⁶ Curtis said these events led to the signature of commercial agreements worth \$20m, convention agreements totaling \$400m and contracts amounting to \$200m.⁷⁷

Another reason for Guinea's increasing attractiveness as a business destination has been the significant improvement in its business climate since 2012.⁷⁸ The 2019 **World Bank Doing Business** rankings – an annual assessment of the business environments of World Bank member states – placed Guinea 152nd out of 190 countries.⁷⁹ This was Guinea's highest ranking since the Doing Business assessment was created.⁸⁰ Guinea was one of the three best reformers in the **Economic Community of West African States (ECOWAS)** alongside **Cote d'Ivoire** and **Togo**.⁸¹ Guinea pursued reforms in establishing a business, dealing with construction permits, registering property, trading across borders, and enforcing contracts.⁸² Curtis said Guinea has climbed 27 places in the Doing Business rankings since 2012 and was acknowledged as a top reformer of its business climate in 2014 and 2017.⁸³

Planner

21-22 Jun 2019 **Abidjan (Cote d'Ivoire)** Guinée-Côte d'Ivoire Economic Forum

November 2019 **(Guinea)** Legislative elections (date to be determined)

October 2020 **(Guinea)** Presidential elections (date to be determined)

Chronology

13 Jun 2019 **Conakry (Guinea)** *RFI*. Violent protests in **Nzerekore** against the possibility of President **Alpha Conde** undertaking a third presidential term lead to one death and 28 injured;

7 Jun 2019 **Conakry (Guinea)** *Agence Ecofin*. The Guinean government has signed an agreement with **India**-based **Ashapura** on the development of the **Forécariah** iron project, which has not been exploited since 2014;

5 Jun 2019 **Conakry (Guinea)** *La Tribune Afrique*. Investment and public-private partnership minister **Gabriel Curtis** says economic and regulatory reforms enabled Guinea to receive \$10

⁷⁰ La Tribune Afrique, 5 Jun 2019

⁷¹ Agence Ecofin, 18 Mar 2019

⁷² La Tribune Afrique, 5 Jun 2019

⁷³ La Tribune Afrique, 5 Jun 2019

⁷⁴ La Tribune Afrique, 5 Jun 2019

⁷⁵ La Tribune Afrique, 5 Jun 2019

⁷⁶ La Tribune Afrique, 5 Jun 2019

⁷⁷ La Tribune Afrique, 5 Jun 2019

⁷⁸ Vision Guinee, 3 Jun 2019

⁷⁹ World Bank Doing Business 2019, 31 Oct 2019

⁸⁰ Guineenews.org, 29 Oct 2019

⁸¹ Guineenews.org, 29 Oct 2019

⁸² World Bank Doing Business 2019, 31 Oct 2019

⁸³ Vision Guinee, 3 Jun 2019

billion in investment from 2010-2018;

31 May 2019 **Conakry (Guinea)** *Agence Ecofin*. **South Africa**-based Investec to invest \$40m in **Guinea Alumina Corporation**;

31 May 2019 **Conakry (Guinea)** *Agence Ecofin*. The **African Development Bank (AfDB)** and Guinea's planning and economic development ministry sign a grant agreement to conduct a feasibility study for construction of a multipurpose deepwater port in the north-west for \$2m;

30 May 2019 **Conakry (Guinea)** *RFI*. Prime minister **Ibrahima Kassory Fofana** officially endorses the plan to amend the constitution;

29 May 2019 **Conakry (Guinea)** *Agence Ecofin*. The **Agence Française du Développement (AFD)** will allocate \$14.5m towards training agriculture and mining actors and the renovation of 15 professional training centres;

27 May 2019 **Conakry (Guinea)** *Aminata.com*. Justice minister **Cheick Sako** announces his resignation from cabinet;

About Africa Risk Consulting:

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