

AFRICA RISK CONSULTING

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Guinea Summary 27 November 2019

Front Nationale pour la Défense de la Constitution (FNDC) protests against planned constitutional changes lead to several deaths. Guinea's evaluation commission for mineral deposit concessions grants Société Minière de Boke (SMB), a branch of China-Singaporean consortium SMB Winning, the rights to exploit and develop to develop blocks 1 and 2 of the Simandou iron ore deposit, with an estimated 2 billion tonnes of iron ore reserves, after offering \$15 billion for the concession. The World Bank ranks Guinea 156th out of 190 countries in its 2020 Doing Business Report, compared to 152nd place in 2019.

Constitutional amendment protests continue

A month of continuous protests against a proposed constitutional amendment that would enable President **Alpha Condé** (2010-present) to run for a third presidential term in 2020 has culminated in several deaths and increased socio-political uncertainty in **Guinea**.¹ With protesters and presidential supporters both maintaining a hard-line stance, this scenario is likely to persist in the short run and lead to further violence and casualties.

The **Front Nationale pour la Défense de la Constitution (FNDC)**, a collection of opposition parties and civil society organisations that oppose the proposed change of the constitution, had called for protests on 4 November.² The FNDC had carried out demonstrations from 14-16 October, which led to the deaths of 12 people,³ and held an anti-government protest on 24 October in the Guinean capital, **Conakry**, which thousands of FNDC supporters attended.⁴ In response, the ruling **Rassemblement du Peuple Guinéen Arc-e-Ciel (RPG Arc-en-Ciel)** announced on 26 October that it would host a march of support for President Condé on 31 October, coinciding with his return from **Russia**, where he attended the **Russia-Africa Economic Forum** from 23-24 October in **Sochi**.⁵ A reported 5 billion Guinean Francs (GNF) (\$524,000) was allocated for the march.⁶ During the march, Condé supporters displayed banners with messages endorsing a referendum to amend the constitution.⁷ All cabinet members attended the event, which communication minister **Amara Sompore** claimed 1.3 million people attended, based on police estimates. Prime minister **Ibrahima Kassory Fofana** stated:

*"The return of the president of the republic gives the opportunity to those who think that we need a new constitution to express themselves."*⁸

Presidential adviser **Souleymane Keita** said the march achieved its objective:

*"The opposition intended to present the image of an isolated president. This mobilisation was intended to demonstrate to the world that the head of state remains in the heart of the majority of Guineans for his massive achievements."*⁹

¹ RFI, 27 Nov 2019

² Aminata.com, 1 Nov 2019

³ Reuters, 16 Oct 2019

⁴ Aminata.com, 25 Oct 2019

⁵ Aminata.com, 27 Oct 2019

⁶ Aminata.com, 31 Oct 2019

⁷ Jeune Afrique, 1 Nov 2019

⁸ Jeune Afrique, 1 Nov 2019

⁹ Jeune Afrique, 1 Nov 2019

Despite the demonstration of force exhibited by the ruling camp, the FNDC carried out further protests¹⁰ against the proposed constitutional change on 4 November, and called for the release of FNDC coordinator **Sano Abdourahmane**, who was sentenced to a year in prison on 12 October for his role in organising protests (see *ARC Briefing Guinea October 2019*).¹¹ The 4 November protests took place on the day of the funeral for the 11 FNDC supporters who were killed during the October protests.¹² Clashes took place between security forces and FNDC members in the **Bambeto** area in Conakry, which led to two deaths.¹³ Security officials reportedly used water cannons, tear gas and live bullets to disperse protesters.¹⁴ Undeterred, the FNDC announced another demonstration for 7 November.¹⁵

United States (US)-based NGO **Human Rights Watch (HRW)** issued a communiqué condemning the violence and deaths and called on the government to release the six imprisoned FNDC members and respect Guineans' right to demonstrate.¹⁶ Further demonstrations took place on 7 November without any reported acts of violence.¹⁷ Opposition **Union des Forces Démocratiques de Guinée (UFDG)** leader and FNDC member **Cellou Dalein Diallo** stated,

*"We will make Condé understand Guinea does not want a third term."*¹⁸

Another round of protests took place on 14 November.¹⁹ These were marked by altercations between security forces and protesters, with three people killed in the **Ratoma** area of Conakry.²⁰ Although the FNDC had obtained authorisation for the march, it was reported that the violence occurred because protesters marched along an unauthorised route, a claim that FNDC spokesperson **Abdoulaye Sow** refutes.²¹ Another protest march took place on 26 November, this time with no incidents of violence.²²

The on-going conflict between proponents and opponents of a constitutional change has created a full-fledged socio-political crisis in Guinea. The FNDC claims that protests over the past two months have led to 20 deaths.²³ **United Kingdom**-based NGO **Amnesty International** released a report on 13 November in which it warned of the deteriorating human rights situation in Guinea, stating that 70 deaths had occurred as a result of protests from January 2015 to September 2019:

*"The cycle of violence could increase with the intensification of political violence in the lead up to the 2020 elections."*²⁴

The government has refuted Amnesty's claims.²⁵ **Amadou Camara**, president of the RPG Arc-en-Ciel parliamentary group, described the report as "*biased*" and accused the organisation of siding with the opposition.²⁶ However, President Condé appointed **Damantang Albert Camara** as the new minister of security and civil protection on 11 November.²⁷

¹⁰ RFI, 4 Nov 2019

¹¹ RFI, 22 Oct 2019

¹² RFI, 4 Nov 2019

¹³ RFI, 4 Nov 2019

¹⁴ RFI, 4 Nov 2019

¹⁵ Aminata.com, 6 Nov 2019

¹⁶ Human Rights Watch, 6 Nov 2019

¹⁷ Aminata.com, 7 Nov 2019

¹⁸ RFI, 8 Nov 2019

¹⁹ RFI, 8 Nov 2019

²⁰ RFI, 15 Nov 2019

²¹ RFI, 15 Nov 2019

²² RFI, 27 Nov 2019

²³ RFI, 27 Nov 2019

²⁴ RFI, 13 Nov 2019

²⁵ DW, 15 Nov 2019

²⁶ DW, 15 Nov 2019

²⁷ Jeune Afrique, 19 Nov 2019

With legislative elections scheduled for 20 February and presidential elections in the second half of 2020, the current state of affairs points to inevitable violence, unless the FNDC and ruling camp can come to an agreement on the constitutional amendment proposition. Events over the past months suggest that President Condé is intent on modifying the constitution (see *ARC Briefing Guinea April-September 2019*). President Condé told a group of supporters in **New York** (US) in September that they should “*be prepared for a referendum*”.²⁸ The entrenched position of both sides is likely to produce more fatalities and violence, increasing political instability in Guinea.

SMB wins mining rights to Simandou iron ore deposit

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) announced on 13 November that it had granted **Société Minière de Boke (SMB)**, a branch of **China-Singaporean** consortium **SMB Winning**, the rights to exploit and develop to develop blocks 1 and 2 of the **Simandou** iron ore deposit.²⁹ The award is likely to change the landscape of Guinean mining and attract much needed investment to one of the country’s most strategic economic sectors. SMB reportedly offered \$15 billion for the concession rights to blocks 1 and 2, which have an estimated 2 billion tonnes of iron ore reserves, edging out **Australia-based** iron ore miner **Fortescue Mining Group (FMG)** with its \$9 billion offer.³⁰

In addition to its financial offer, SMB committed to building the 650 km **Transguinean** railway and a deep water port at **Matakong**, 50 km south of Conakry.³¹ The Guinean government had established the railway development as one of its requirements. The high cost of its construction, estimated at \$20 billion, has been a major reason for the delay in the evolution of the Simandou project.³² The rail line will reportedly be built by **China Railways**.³³ The development of this infrastructure will take place within five years of the ratification of the contract and enable Guinea to transport the iron ore to key export markets including China, which is currently the world’s largest consumer of iron ore.³⁴ FMG had proposed the transportation of the minerals through a shorter and already existing railway through **Liberia**.³⁵ However, this option would have prevented Guinea from benefitting from the full range of economic activities associated with mining.³⁶ SMB Winning CEO **Sun Xiushun** described the Simandou project and Transguinean railway as “*crucial for Guinea’s future*”:

“With the Transguinean railway, Guinea will now have a real lifeline linking four Guinean regions, accelerating administrative and economic decentralisation and strengthening the country’s rail network.”³⁷

UK-based **Verisk Maplecroft** analyst **Eric Humphrey-Smith** believes it was clear from the outset that SMB was going to win the mining rights because they were more likely to commit to building the Transguinean railway.³⁸ SMB already has a strong presence in Guinea. Since it started operations in the country, the company, whose main shareholders are China-based aluminium firm **Shandong Weiqiao** and **Yantai Port Group**, as well as Guinea-based **United Mining Supply (UMS)**, has been very successful in the mining sector.³⁹ SMB has been pursuing bauxite mining in the Boke region since

²⁸ Aminata.com, 24 Sep 2019

²⁹ Financial Times, 13 Nov 2019

³⁰ Financial Times, 13 Nov 2019

³¹ Financial Times, 13 Nov 2019

³² Financial Times, 13 Nov 2019

³³ La Tribune Afrique, 14 Nov 2019

³⁴ S&P Global Platts, 13 Nov 2019

³⁵ Financial Times, 13 Nov 2019

³⁶ Financial Times, 13 Nov 2019

³⁷ Financial Times, 13 Nov 2019

³⁸ Financial Times, 13 Nov 2019

³⁹ Financial Times, 13 Nov 2019

2014.⁴⁰ SMB employs 9,000 people and has invested \$1.5 billion in mining activities; it constructed two mineral terminals and exported 42m tonnes of bauxite in 2018.⁴¹ SMB intends to invest \$3 billion in the **Boffe-Boke** bauxite project, which will entail the construction of a 135-km railway.⁴² SMB's chairman, Guinean-**Lebanese** businessman **Fadi Wazni**, is a key figure in Guinea's socio-economic and political circles and reportedly counts **Mohamed Conde**, President Conde's son, as one of his supporters.⁴³

The conclusion of the Simandou iron ore deposit concession award will be a relief for Guinean authorities. Although Guinea has not yet exported any iron ore, it attracted serious investors in the domain in 2019, such as **Canadian-American** billionaire and CEO of US-based **High Power Exploration**, **Robert Friedland**, and **Neron Metals** founder and CEO **Mick Davis** (see *ARC Briefing Guinea September 2019*). Although Simandou has one of the largest reserves of high-grade iron ore, the high cost of infrastructure and the legal issues related to the project have been major deterrents to potential investors.⁴⁴

UK-based **Rio Tinto** and China-based **Aluminium Company of China (Chinalco)** respectively own 45.05% and 39.95% of **Simfer SA**, the holder of the **Simandou South** mining concession (blocks 3 and 4)⁴⁵ and there are still questions as to whether they can agree with SMB to jointly operate the deposit.⁴⁶ At full production, the concession from all four blocks could export up to 100m tonnes of iron ore per year.⁴⁷ The main bone of contention is the financial implications, as an updated appraisal of Simandou's reserves is needed.⁴⁸

Neither the Guinean government nor SMB has provided details of the investment timetable or the terms of the contract.⁴⁹ However, the award of the concession could be the turning point in Guinea becoming an important player in the global mining industry and improving its attractiveness to investors.

Guinea falls four places in World Bank's 2020 Doing Business Report

The **World Bank** ranked Guinea 156th out of 190 countries in its **2020 Doing Business Report**, four places below its 2019 position of 152nd.⁵⁰ The rankings are an annual barometer that uses a variety of indicators to assess the business environments of World Bank member states.⁵¹ These indicators include starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency.⁵² Guinea scored 49.4 out of 100, a reduction from its 2019 score of 51.51.⁵³ Guinea's most significant improvement was in the domain of registering property, with a 2020 score of 56.9, compared to its 2019 score of 51.92.⁵⁴ Guinea also made a marginal improvement in the domain of starting a business, increasing its score from 83.9 to 84.5.⁵⁵ However, for the most part, Guinea scored lower across the different categories compared to 2019.⁵⁶ In the category of protecting

⁴⁰ La Tribune Afrique, 14 Nov 2019

⁴¹ Financial Times, 13 Nov 2019

⁴² La Tribune Afrique, 14 Nov 2019

⁴³ La Tribune Afrique, 14 Nov 2019

⁴⁴ Reuters, 7 Oct 2019

⁴⁵ Rio Tinto update on Simandou, 28 Oct 2018.

⁴⁶ Financial Times, 13 Nov 2019

⁴⁷ Mining.com, 8 Apr 2018

⁴⁸ Financial Times, 13 Nov 2019

⁴⁹ La Tribune Afrique, 14 Nov 2019

⁵⁰ World Bank, 24 Oct 2019

⁵¹ World Bank, 24 Oct 2019

⁵² World Bank, 24 Oct 2019

⁵³ World Bank, 24 Oct 2019

⁵⁴ World Bank, 24 Oct 2019

⁵⁵ World Bank, 24 Oct 2019

⁵⁶ World Bank, 24 Oct 2019

minority investors, Guinea's score decreased from 40.0 in 2019 to 26.0 in 2020.⁵⁷ In the area of paying taxes, its score fell from 38.9 to 35.5, ranking the country 183 out of 190 in that domain. Guinea also dropped from a score of 74.04 in 2019 for dealing with construction permits to 65.9 in 2020.⁵⁸

World Bank 2020 Doing Business Scores			
Category	Guinea 2019	Guinea 2020	Sub-Saharan average 2020
Starting a Business	83.9	84.5	80.1
Dealing with Construction Permits	74.04	65.9	58.5
Registering Property	51.92	56.9	53.6
Getting Credit	30.0	30.0	45.2
Protecting Minority Investors	40.0	26.0	38.5
Paying Taxes	38.9	35.5	57.8
Enforcing Contracts	53.8	53.9	49.6

Compared to its regional counterparts in the **Economic Community of West African States (ECOWAS)**, Guinea only performed better than its neighbours **Sierra Leone** (163) and **Liberia** (175).

World Bank 2020 Doing Business Report		
	2019 Ranking	2020 Ranking
Togo	137	97
Cote d'Ivoire	122	110
Ghana	114	118
Senegal	141	123
Guinea	152	156
Sierra Leone	163	163
Liberia	175	175

This does not bode well for Guinea. As economies with similar economic structures become more attractive, investors will gravitate towards them at Guinea's expense.

Guinea obtained its highest Doing Business ranking in 2018.⁵⁹ Investment and public-private partnerships minister **Gabriel Curtis** described Guinea's result at the time as "*encouraging*" but acknowledged that there was still much to do to improve Guinea's business climate.⁶⁰ Curtis had hoped that Guinea could improve its position in the 2020 Doing Business rankings by 50 places, a lofty ambition.⁶¹ In order for Guinea to achieve these goals, it will need to take significant steps towards remedying the reasons for the deterioration in its business climate.

⁵⁷ World Bank, 24 Oct 2019

⁵⁸ World Bank, 24 Oct 2019

⁵⁹ Guineenews.org, 31 Oct 2018

⁶⁰ Guineenews.org, 31 Oct 2018

⁶¹ Guineenews.org, 31 Oct 2018

Planner

16 Feb 2020 **(Guinea)** Legislative elections;
 20-23 Apr 2020 **Conakry (Guinea)** Transform Africa Conference;
 Oct 2020 **(Guinea)** Presidential elections (date to be determined)

Chronology

23 Nov 2019 **Conakry (Guinea)** *Vision Guinee*. President **Alpha Conde** announces the construction of the **Conakry-Kankan-Bamako (Mali)-Bobo Dioulasso (Burkina Faso)** railway;

19 Nov 2019 **Conakry (Guinea)** *Jeune Afrique*. Cyprus-based investment fund **Sycamore** has signed a \$35m agreement to develop the **Kiniero** gold mine;

15 Nov 2019 **Conakry (Guinea)** *Vision Guinee*. **Société Anglo Ashanti Guinée (SAG)**, a branch of South Africa-based **Anglo Ashanti Gold**, suspends gold mining operations in **Sirgui** prefecture, following protests at its mines at **Fatoya** locality;

14 Nov 2019 **Conakry (Guinea)** *Agence Ecofin*. China-based miner **Chinalco** says its Guinean bauxite mine at **Boffa** is expected to make its first shipment of aluminium ore in early December and Chinalco's local branch **Chalco** says operations are expected to produce 12 million tonnes of bauxite per year;

14 Nov 2019 **Conakry (Guinea)** *RFI*. Three people die in **Front National de Défense de la Constitution (FNDC)** protests against a possible constitution change;

13 Nov 2019 **Conakry (Guinea)** *S&P Global Platts*. **Société Minière de Boke (SMB)**, a branch of Chinese-Singaporean mining consortium **SMB Winning**, wins the mining concession for blocks 1 and 2 of the **Simandou** iron ore deposit after making an offer of \$15 billion;

13 Nov 2019 **Conakry (Guinea)** *RFI*. **Amnesty International** publishes a report indicating that gunfire from security forces during political protests from 2015 to 2019 has killed 61 people;

10 Nov 2019 **Conakry (Guinea)** *Aminata.com*. The **Commission Electorale Nationale Indépendante (CENI)** (national independent electoral commission) proposes that legislative elections take place on 16 February 2020;

8 Nov 2019 **Conakry (Guinea)** *Vision Guinee*. Government spokesperson **Aboubacar Sylla** announces that overseas missions for cabinet ministers will be reduced in line with cost-saving methods instructed by President **Alpha Conde**;

8 Nov 2019 **Conakry (Guinea)** *RFI*. The **Front National de Défense de la Constitution** (national front for the defense of the constitution) organises country-wide anti-government protests against a possible amendment of the constitution;

4 Nov 2019 **Conakry (Guinea)** *RFI*. Police fire live bullets, killing one person and injuring several others during a funeral for anti-government protesters who were killed during protests that took place from 14 to 16 October;

1 Nov 2019 **Conakry (Guinea)** *Agence Ecofin*. China-Singapore mining consortium **SMB-Winning** submits to the ministry of mines and geology the feasibility study and the Environmental and Social Impact Assessment (ESIA) on the construction of a 135-km railway to connect the river terminal of **Dapilon** with the bauxite deposits of **Santou II** and **Houda**;

31 Oct 2019 **Conakry (Guinea)** *Aminata.com*. Pro-government march takes place in Conakry in support of a constitutional amendment that will allow president **Alpha Conde** to run for a third presidential term;

28 Oct 2019 **Conakry (Guinea) Jeune Afrique**. Guinean security forces carry out operations leading to the arrest of 300 individuals across the country, mostly **West African** migrants;

About Africa Risk Consulting:

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