

AFRICA RISK CONSULTING

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President Alpha Condé (2010-present) officially endorses the plan to adopt a new constitution. Guinea's foreign affairs department circulates a document to its overseas embassies and diplomatic missions to explain to foreign governments the rationale behind the change in the constitution. A presidential decree announces the launch of a tender for blocks one and two of the Simandou iron ore project, the largest undeveloped high-grade iron ore in the world. Canada-based mining firm SRG Mining Inc (formerly SRG Graphite) has concluded a feasibility study which values the Lola graphite project at \$277m. The Cour d'Appel de Paris (Paris court of appeal) in France hands down a procedural ruling in favour of Groupe Bolloré in an alleged case of corruption over the award of the Port Autonome de Conakry (Conakry autonomous port) concession in 2011.

Condé officially endorses plan to adopt new constitution

President **Alpha Condé** (2010-present) has officially endorsed the plan to adopt a new constitution. If passed, the new constitution will open the door for Condé to pursue a third term in office, which Guinea's opposition is likely to protest.¹ President Condé issued a statement on 27 June following a cabinet meeting, in which he gave support for a referendum on the new constitution, and

"... the legitimate aspiration of the people of Guinea to equip itself with institutions and of laws more adapted to the evolution of the socio-economic situation".²

Foreign affairs minister **Mamadi Touré** had circulated a document on 24 June providing directives to the heads of its 42 embassies and consular representations around the world on the use of "appropriate content" and language to defend the constitutional change.³ An English translation of the document stated its aim as conveying "the desirability and necessity of adopting a new constitution", requesting ambassadors and consuls to

"... take ownership of the content in order to draw your language elements from it and to make it widely available to the authorities and institutions to which they are accredited".⁴

The document presents a series of arguments in favour of the new constitution.⁵ It cites extracts from the 1791 French constitution and the **Universal Declaration of the Rights of Man 1789** to provide a moral and philosophical justification for the Guinean people to want such a change.⁶ The document contends that the current constitution lacks legitimacy because it was adopted in 2010 by the transitional council.⁷ It cites the need to create a vice president position, reduce the number of institutions in order to save money, and laws required to address social and environmental concerns as further justification for a new constitution.⁸

¹ Aminata.com, 28 Jun 2019

² Aminata.com, 28 Jun 2019

³ Jeune Afrique, 24 Jun 2019

⁴ Jeune Afrique, 24 Jun 2019

⁵ Jeune Afrique, 24 Jun 2019

⁶ Jeune Afrique, 24 Jun 2019

⁷ Jeune Afrique, 24 Jun 2019

⁸ Jeune Afrique, 24 Jun 2019

According to former justice minister **Maurice Togba**, Article 152 of the current constitution permits the president to call for the adoption of a new constitution by referendum.⁹ Togba is reportedly part of a commission established at the presidency with the objective of writing a new constitution.¹⁰

A new movement called the **Nouvelle République** (new republic) was launched on 1 July with the aim of drawing support for the establishment of a new constitution.¹¹ The MP's of the ruling **Rassemblement du Peuple Guinéen Arc-en-Ciel (RPG Arc-en-Ciel)** party's deputies issued a statement declaring their support for a new constitution:¹²

*"We deputies of the presidential majority, signatories of this declaration, as legitimate representatives of the people of Guinea, convinced of the imperative need to endow our country with a Constitution which is the emanation of the sovereign people ... ask the president of the republic to submit to his people, this new constitution by referendum."*¹³

The opposition has expressed concern about the plan to change the constitution. Opposition **Union des Forces Démocratiques de Guinée (UFDG)** MP **Amadou Diallo** argued that Article 51 of the constitution stipulates that any new constitution must be submitted to a legislative referendum since the **Cour Constitutionnelle** (constitutional court) cannot review a draft constitution.¹⁴ UFDG president **Cellou Dalein Diallo** said that President Condé has given the opposition party a legitimate reason to request his departure from office.¹⁵ Cellou Dalein Diallo pledged that the UFDG would protest the imposition of a new constitution in line with actions taken by the **Front National pour la Défense de la Constitution (FNDC)** (national front for the defence of the constitution).¹⁶ The FNDC is a coalition of civil society organisations (CSOs) and political parties opposed to the constitutional amendment. Guinea-based CSO, the **Association Guinéen pour l'Unité et la Transparence (AGUT)** (Guinean association for unity and transparency) has voiced its support for the FNDC.¹⁷ The AGUT has cautioned President Condé that the current political climate is not conducive to the introduction of a new constitution or for him to pursue a third term in office.¹⁸

Condé's endorsement of the establishment of a new constitution ends months of speculation. The declaration of support announced by prime minister **Ibrahima Kassory Fofana** on 29 May¹⁹ and the document released by the foreign affairs department were indications that the government has taken an official position on this matter.²⁰ The resignation of former justice minister and keeper of the seals **Cheick Sako** on 27 May, apparently in protest against the plan to establish a new constitution, was a sign that the idea had reached an advanced stage (see *ARC Briefing Guinea June 2019*).²¹ It was just a matter of time before President Condé officially showed approval for the planned initiative.

The plan to forge ahead with constitutional change may lead to violence, as the opposition and CSOs maintain their stance against the move. Political instability in the short to medium term is a likely result of changing the constitution, particularly if it results in Condé running for a third term.

⁹ RFI, 10 Jun 2019

¹⁰ Jeune Afrique, 31 May 2019

¹¹ Aminata.com, 1 Jul 2019

¹² Aminata.com, 1 Jul 2019

¹³ Aminata.com, 7 Jul 2019

¹⁴ RFI, 10 Jun 2019

¹⁵ Aminata.com, 29 Jun 2019

¹⁶ Aminata.com, 29 Jun 2019

¹⁷ Aminata.com, 1 Jul 2019

¹⁸ Aminata.com, 1 Jul 2019

¹⁹ Jeune Afrique, 31 May 2019

²⁰ Jeune Afrique, 24 Jun 2019

²¹ Jeune Afrique, 27 May 2019

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

Guinea launched an international tender on 13 July for blocks 1 and 2 of the **Simandou** iron ore project.²² A successful bidder for **Africa's** largest iron ore deposit may lay the foundation for a mining boom in Guinea and attract more investors. The government has given companies until 2 August to outline their tender bids.²³ Mines and geology minister **Abdoulaye Magassouba** says the international tender will be “*open, competitive and transparent*”.²⁴ The deadline for companies to express interest is 30 August and the process should be completed 30 days later, according to sources close to the tender procedure.²⁵

Guinea's aspirations to develop Simandou have floundered until now because of the cost to develop infrastructure and protracted legal disputes.²⁶ The government has insisted that all iron ore mined from Simandou must be shipped from Guinean ports.²⁷ This has presented significant challenges to prospective developers as this would necessitate the construction of 650 km of railways to transport the commodity.²⁸ The Guinean government estimates that infrastructure upgrades of \$23 billion are needed to transport the iron ore from the mines to the coast for export.²⁹ Simandou is located at **Kerouane** prefecture in south-east Guinea and has a surface area of 369 km².³⁰

The Simandou iron ore project has been beset by legal battles since the termination of exploration rights of the blocks of previous owner, **Guernsey-based BSG Resources (BSGR)**, in 2014 (see *ARC Briefing Guinea March 2019*).³¹ The government cancelled the BSGR contract after investigations revealed that BSGR had obtained the concession after paying millions of dollars in bribes to Guinean officials.³² However, the dispute came to an end when former **French** president **Nicolas Sarkozy** (2007-2012) acted as a facilitator between the Guinean government and BSGR founder and **French-Israeli** billionaire **Benny Steinmetz** and brokered a deal in terms of which Steinmetz agreed to walk away from the Simandou concessions.³³ Steinmetz obtained the right to operate a smaller iron ore concession at **Zogota**.³⁴ The Guinean government also agreed to drop all legal proceedings against Steinmetz.

Simandou has high-grade iron ore, which commands a premium and has become highly sought after, especially in **China**, since it creates less pollution during processing than lower grade iron ore does.³⁵ **United Kingdom (UK)-based** mining company **Rio Tinto** and China-based **Aluminium Company of China (Chinalco)** respectively own 45.05% and 39.95% of **Simfer S.A**, the holder of the **Simandou South** mining concession (blocks 3 and 4), while the government of Guinea owns a 15% stake in the project.³⁶ Rio Tinto announced in March 2018 that the Simandou iron project (all four blocks) had an estimated 2.757 billion metric tonnes of high-grade iron ore deposits.³⁷ This is substantially higher

²² Reuters, 23 Jul 2019

²³ Reuters, 23 Jul 2019

²⁴ Reuters, 23 Jul 2019

²⁵ Reuters, 23 Jul 2019

²⁶ Reuters, 23 Jul 2019

²⁷ Reuters, 23 Jul 2019

²⁸ Reuters, 23 Jul 2019

²⁹ Agence Ecofin, 30 Oct 2018

³⁰ Jeune Afrique, 15 Jul 2019

³¹ Reuters, 23 Jul 2019

³² Jeune Afrique, 15 Jul 2019

³³ Reuters, 23 Jul 2019

³⁴ Reuters, 23 Jul 2019

³⁵ Reuters, 23 Jul 2019

³⁶ Rio Tinto update on Simandou, 28 Oct 2018.

³⁷ Agence Ecofin, 30 Oct 2018

than the initially projected amount of 835m metric tonnes.³⁸ At full production, the concession from all four blocks would export up to 100m tonnes of iron ore per year.³⁹

The currently high prices that iron ore is fetching may have motivated the government to launch the bid. According to UK-based **S&P Global Platts**, the price of iron ore stood at \$115 per tonne in the last week of June, the highest it has been since 2014.⁴⁰ Magassouba noted “*The appetite for high grade iron ore is more important than ever for markets*” and hoped that ongoing development of the Guinean bauxite sector will pave the way for a mining boom in the iron ore domain.⁴¹ This year Guinea has secured investments from **India**-based mining company **Ashapura** (see *ARC Briefing Guinea June 2019*) as well as manifested interest from **Canadian-American** mining investor **Robert Friedland** in the iron ore production domain (see *ARC Briefing Guinea May 2019*). Government sources speaking on condition of anonymity said Western mining groups and companies from **Asia**, including China, have already shown interest in Simandou.⁴²

Canada-based mining firm SRG Mining Inc values Lola graphite project at \$277m

Canada-based mining firm **SRG Mining Inc** (formerly **SRG Graphite**) has concluded a feasibility study that indicates the **Lola** graphite mine has an annual production capacity of 54,600 tonnes over the next 29 years. The development of this project would help to diversify Guinea’s mining portfolio and attract further investment in one of its most important economic sectors. The Lola graphite deposit is located approximately 1,000 kilometers south-east of the capital, **Conakry**, and was named after the nearby town of Lola, located approximately 3.5 kilometers to the east.⁴³

According to SRG Mining’s report, \$123m is needed to develop the project, which includes a \$5.8m power plant, \$3.6m in graphite concentrating equipment and \$12m in contingencies. After tax, the project’s value is estimated to reach \$277m. A preliminary economic assessment of the Lola mine by Canada-based **Met-Chem** in 2018 estimated that the mine could generate more than \$60m annually, taking into account the volatility of graphite prices.

Guinea is increasingly becoming a prime destination for mining investment and to date this has been demonstrated the most in the bauxite and iron ore sectors. Graphite is important as it is used as a base component in many economic sectors such as metallurgy, iron and steel production, energy and automobile manufacture.⁴⁴ Graphite has become increasingly important due to rising demand for the mineral from China, particularly in the nascent electric car industry.⁴⁵ Graphite is currently an essential element in the manufacture of lithium ion batteries.⁴⁶ However, the development of this sector in Guinea might be held back by lack of infrastructure to transport the raw materials for export, as has been the case with bauxite and iron exploitation.

France-based Groupe Bolloré obtains victory in Guinea corruption case

France-based **Groupe Bolloré** has obtained a court victory in an alleged case of corruption over the award of the **Port Autonome de Conakry** (Conakry autonomous port) concession in 2011.⁴⁷ The ruling is a victory for Groupe Bolloré president **Vincent Bolloré** although he remains charged with breach of trust in the same Guinean case, and for the second part of the investigation, which concerns similar accusations in a **Togolese** case.⁴⁸ The investigating chamber of the **Cour d’Appel de Paris**

³⁸ Agence Ecofin, 30 Oct 2018

³⁹ Mining.com, 8 Apr 2018

⁴⁰ Jeune Afrique, 26 Jun 2019

⁴¹ Jeune Afrique, 15 Jul 2019

⁴² Reuters, 23 Jul 2019

⁴³ SRG Mining website, last accessed 25 Jul 2019.

⁴⁴ Agence Ecofin, 22 Feb 2019

⁴⁵ Agence Ecofin, 22 Feb 2019

⁴⁶ Investor Intel, 29 Apr 2019

⁴⁷ Jeune Afrique, 19 Jul 2019

⁴⁸ Jeune Afrique, 19 Jul 2019

(Paris court of appeal) on 27 June recognised the prescription of facts of “*corruption*” and “*forgery and false use*” with respect to the award of the Port Autonome de Conakry management contract to Groupe Bolloré.⁴⁹

The case, dubbed the **Affaire Bolloré**, dates back to 2008⁵⁰ when France-based **Getma International** (**Necotrans** from 2012) won the contract to manage the port of Conakry for 25 years.⁵¹ In March 2011, three months after Condé’s election as president, the government cancelled Getma International’s contract.⁵² The government then granted the contract to **Bolloré Logistics** on the basis that it had come second in the 2008 bidding process.⁵³ From 2013, Necotrans pursued a series of judicial proceedings against the Guinean government by lodging cases at different legal institutions including the France-based **Tribunal de Commerce de Nanterre**, the **Cote d’Ivoire**-based **Cour commune de justice et d’arbitrage** and the **World Bank’s International Centre for Settlement of Investment Disputes**.⁵⁴ All three institutions noted some form of irregularity in the cancellation of Necotrans’ contract, but Necotrans decided to stop pursuing these cases in October 2016.⁵⁵ On 25 April 2018, French prosecutors placed Vincent Bolloré under formal investigation on allegations that he had used corruption in Guinea and Togo to win lucrative contracts for management of the Conakry and **Lome** sea ports.⁵⁶ Bolloré was accused of providing the services of his communications firm, France-based **Havas S.A** (formerly **Euro RSCG**), to coordinate the presidential campaigns of President **Alpha Condé** and Togolese head of state **Faure Gnassingbé** (2005-present) for their 2010 elections at a knowingly undercharged price.⁵⁷ While the judges have ordered the discontinuation of proceedings in the Guinean case, they acknowledge that there was a pact of international corruption, as Bolloré expressly asked for Euro RSCG to take care of the management of Conde’s campaign.⁵⁸ Bolloré still faces charges in Togo, where the facts of the case have not prescribed, as well as in Guinea for breach of trust.

Both the Guinean government and Groupe Bolloré will regard the closure of the Affaire Bolloré in Guinea positively. Vincent Bolloré is an influential figure close to President **Emmanuel Macron** (2017-present), and Groupe Bolloré and its subsidiaries have a large number of business interests.⁵⁹ Bolloré’s \$14.7 billion business empire is based on his logistics business that operates 16 container port concessions in **West** and **Central Africa**, claiming to have a 13% market share of logistics across the continent.⁶⁰ It is also a media business including Havas, France-based on-demand television channel **Canal+**; and media giant **Vivendi**, which owns **Universal Music**.⁶¹

Planner

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| 2 Aug 2019 (Guinea) Deadline for companies to outline bids for Simandou Blocks 1 and 2; |
| 31 Aug 2019 (Guinea) The deadline for companies to express interest in Simandou Blocks 1 and 2; |
| 30 Sep 2019 (Guinea) Anticipated completion of tender process for Simandou Blocks 1 and 2; |

⁴⁹ Jeune Afrique, 19 Jul 2019

⁵⁰ Jeune Afrique, 19 Jul 2019

⁵¹ Jeune Afrique, 2 May 2018

⁵² Jeune Afrique, 2 May 2018

⁵³ Jeune Afrique, 2 May 2018

⁵⁴ Jeune Afrique, 2 May 2018

⁵⁵ Jeune Afrique, 2 May 2018

⁵⁶ Reuters, 25 Apr 2017

⁵⁷ Jeune Afrique, 19 Jul 2019

⁵⁸ Le Point, 18 Jul 2019

⁵⁹ Jeune Afrique, 25 Apr 2017

⁶⁰ Bloomberg, 26 Apr 2017

⁶¹ The Times, 24 Apr 2017

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

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

Chronology

19 Jul 2019 **Conakry (Guinea)** *Jeune Afrique*. The Guinean government awards **Chinese-Singaporean** consortium **SMB Winning** a \$1.5m contract to rehabilitate **Boke** airport;

9 Jul 2019 **Conakry (Guinea)** *Agence Ecofin*. State-owned mining corporation **Société Guinéenne du Patrimoine Minier (SOGUIPAMI)** intends to diversify its mining ownership; portfolio;

7 Jul 2019 **Conakry (Guinea)** *La Tribune Afrique*. The **Assemblée Nationale** (national assembly) approves Guinea's request to join the **Asian Infrastructure Investment Bank (AIIB)**;

4 Jul 2019 **Conakry (Guinea)** *RFI*. **Somalia** cuts diplomatic relations with Guinea following the visit of **Somaliland** president **Muse Bihi** to Guinea;

4 Jul 2019 **Conakry (Guinea)** *Agence Ecofin*. **Canada**-based **SRG Mining Inc** feasibility study reports **Lola** mine has capacity to produce 54,600 tons of graphite annually over a 29-year life span;

1 Jul 2019 **Conakry (Guinea)** *Africanews*. President **Alpha Condé** appoints **Ali Mohammed Al Khouri** as a special advisor on digital transformation and development;

28 Jun 2019 **Conakry (Guinea)** *Agence Ecofin*. The first phase of construction of the **Boké-Québo Road Development Project** road corridor between **Conakry-Bissau** commences, at an estimated €79.94m (\$89.11m), with total project costs estimated at €117.19m (\$130.63m);

28 Jun 2019 **Conakry (Guinea)** *Aminata.com*. President **Alpha Conde** expresses his desire for a referendum to be held in order to change the constitution in a cabinet meeting communiqué;

19 Jun 2019 **Conakry (Guinea)** *Jeune Afrique*. The department of foreign affairs circulates a document to its overseas embassies and diplomatic missions, which provides directives on how to justify to host governments the plan to change the constitution;

About Africa Risk Consulting:

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