

AFRICA RISK CONSULTING Guinea Monthly Briefing June 2015

Guinea Summary 27 June 2015

A new opposition alliance between Guinea's main opposition leader Cellou Dalein Diallo and exiled former leader of the military junta administration, Moussa Dadis Camara (2008-2009), threatens President Alpha Condé's (2010- present) prospects of re-election in October. The bauxite industry records production growth in 2014, despite the Ebola outbreak, and sector leader Compagnie des Bauxites de Guinée (CBG) announces a \$1 billion expansion. China International Water & Electric Corp (CWE) starts production at the 240 megawatt (MW) capacity Kaléta hydropower plant. French group Veolia's four-year contract to manage state-owned electricity distribution company Electricité de Guinée (EDG) also improves the power sector outlook.

New opposition alliance threatens President Condé's re-election

A new opposition alliance may undermine President **Alpha Condé's** (2010- present) prospects of re-election in the presidential election currently scheduled for 11 October. Guinea's main opposition leader **Cellou Dalein Diallo** and exiled former leader of the military junta administration, **Moussa Dadis Camara** (2008-2009), have indicated they will form an electoral alliance against Condé. Diallo draws significant support among the majority **Peul** ethnicity, while Camara draws support from the fragile south-eastern **Forestière Region**. On 11 May, Camara announced that he had resigned from the military and would run in the October election as an opposition candidate for his new political vehicle, **Forces Patriotiques pour la Démocratie et le Développement (FPDP)**.¹

Diallo met with Camara in **Ouagadougou (Burkina Faso)** on 19 June, following a trip to **Angola**,² where the former military junta has close business ties through the controversial **China International Fund**. Following the meeting Diallo said the two had found a "common understanding",³ and his **Union des Forces Démocratiques de Guinée (UFDG)** said the meeting was part of efforts to unify the opposition to defeat Condé.⁴ The two opposition leaders released a joint statement noting a "convergence of viewpoints",⁵ with Diallo later noting the "tribalisation of the political debate" and the "tampering – or if you will, the butchering – of the electoral register".⁶ Diallo said that if either made it to the second round election against Condé, the other would offer support.⁷ Following the meeting, Camara told the press the two had had "exchanged ideas...we will see how our parties work together and whether we can form a coalition or not".⁸ Referring to Condé, an ethnic **Malinké**, Camara said he would "fight against dangerous ethnocentrism and those who think only one ethnic group can be in power".⁹

Camara seized power as the leader of a military junta in a coup the day after the announcement of the death in office of former longstanding military leader **Lansana Conté** (1984-2008) in December

¹ ARC Briefing for Guinea, May 2015.

² APA, 22 Jun 2015.

³ AFP, 23 Jun 2015.

⁴ Reuters, 23 Jun 2015.

⁵ Reuters, 23 Jun 2015.

⁶ AFP, 23 Jun 2015.

⁷ AFP, 23 Jun 2015.

⁸ Jeune Afrique, 20 Jun 2015.

⁹ Jeune Afrique, 20 Jun 2015.

2008. He retains widespread support in his Forestière region, although his reputation outside this support base is damaged due to a massacre on 28 September 2009 during the junta rule, at which soldiers and other para-military groupings killed at least 157 civilians at a **Conakry** stadium protest against the junta's rule.¹⁰ Diallo was one of the leaders of the demonstration. He was reportedly injured and soldiers targeted his supporters.¹¹ Camara has remained in exile in Ouagadougou since he left the presidency after his aide de camp, Lieutenant **Aboubacar Sidiki Diakité 'Toumba'**, shot him in the head in a failed assassination attempt in December 2009. Condé reneged on his promise during his 2010 presidential election campaign to allow Camara to return to Guinea, and thus relations between the two have deteriorated.¹²

*"Dadis maintains popularity in the Forestière and even in some circles in Conakry. In the 2010 presidential election Diallo sought to form a Peul- (ethnic) **Soussou** (from **Lower Guinea**) coalition but it didn't work. In the Forestière, the image of the Peul is not the same, so this is different and may work. Also, in 2010 and in 2013 (legislative election) many in the Forestière didn't vote because Dadis was not a candidate. With Dadis as a candidate the Forestière will vote in greater numbers."*¹³

Following Camara's move into the opposition and courting of Diallo, Condé may now move to accelerate investigations into Camara's role in the 2009 stadium massacre. Condé's administration launched an internal investigation after coming to power in December 2010, and the massacre is also the subject of an **International Criminal Court (ICC)** investigation. According to a **United Nations (UN)** investigation, Camara sent 100 of his presidential guard, known as 'red berets', to the stadium.¹⁴

Prior to the meeting between Camara and Diallo, earlier in June a Guinean court indicted two former junta officials, generals **Mamadouba Toto Camara** and **Mathurin Bangoura**, as well as other soldiers and civilians, in relation to the massacre.¹⁵ Human rights monitors welcomed the development, but questioned the timing of the indictments and whether they were aimed at Camara.¹⁶ One legal source told the press that the testimony of these generals may lead to further details of the massacre that in turn may lead to Camara's culpability.¹⁷ Guinean judicial authorities have previously charged at least another eight soldiers – some high-ranking – although none have been brought to trial.

*"Dadis has a lot of uncertainty. He has less protection in Burkina Faso since the change of power (in 2014). Dadis has already been heard on the case, by Burkinabé judicial authorities on behalf of the Guinean judiciary."*¹⁸

*"Some of Condé's RPG (**Rassemblement du Peuple de Guinée**) are debating what to do with Dadis. A number are not comfortable with his return, so there has been some movement to speed up the judicial process. But indicting Dadis is another thing. The Forestière still retains some presence in the armed forces..."*¹⁹

Bauxite industry weathers Ebola outbreak

In late May, **Compagnie des Bauxites de Guinée (CBG)** announced plans for a \$1 billion expansion to increase its production capacity to 23.5m tonnes per year by 2018.²⁰ CBG's CEO **Namory Condé** said the company would conclude financing in June for the expansion.²¹ The company has signed significant supply contracts that have paved the way for the expansion, notably in 2013 with **Abu**

¹⁰ ARC Briefing for Guinea, May 2015.

¹¹ RFI, 22 Jun 2015.

¹² ARC Briefing for Guinea, May 2015.

¹³ Source, political and security researcher, Guinea

¹⁴ ARC Briefing for Guinea, May 2015.

¹⁵ Guinee Live, 17 Jun 2015.

¹⁶ VOA, 22 Jun 2015.

¹⁷ VOA, 22 Jun 2015.

¹⁸ Source, political and security researcher, Guinea

¹⁹ Source, political and security researcher, Guinea

²⁰ Reuters, 29 May 2015.

²¹ Reuters, 29 May 2015.

Dhabi (United Arab Emirates) state-owned investment fund **Mubadala** and **Dubai Aluminium** to supply 10m tonnes of bauxite, beginning with 5m tonnes from 2017.²² The **Halco Mining** consortium has a 51% stake in CBG. It includes **New York Stock Exchange**-listed **Alcoa** (23%), **United Kingdom** and **Australia**-based **Rio Tinto** (23%) and **Switzerland**-based **Dadco Investments** (5%). The government holds the remaining 49% share.

The Ebola outbreak has not adversely affect CBG's production. CBG's operations at **Kamsar**, in **Boké Region**, north of Conakry, reached a record 15.2m tonnes in 2014, increased slightly from 15m tonnes in 2013.²³ This resulted in around \$15.2m tax revenue for the government.²⁴ Other bauxite producers also reported good production results despite the Ebola outbreak. **Lebanese-Guinean Fadi Wazni**, CEO of **UMS**, a mining logistics company, said:

*"Ebola has created a slump, yes, but did not really have implications on companies that are already in the production phase."*²⁵

The government wants to gain further share of the global bauxite market, which Australia continues to dominate with production of 77m tonnes annually. The mines ministry aims to reach 60m tonnes production per year from 2018, and eventually 100m tonnes per year.²⁶ A mines ministry adviser said: *"In the bauxite market, Guinea could become what **Saudi Arabia** is to oil."*²⁷

However, the Ebola outbreak continues in Guinea and recently triggered unrest in Kamsar near to the CBG site. On 30 May protesters ransacked a police station and public buildings in Kamsar after healthcare workers sought to identify a woman who was reportedly in contact with an Ebola patient.²⁸ This triggered further protests and attacks on healthcare workers in the Boké Region in the following days.²⁹ Reports confirmed that police arrested around 60 people.³⁰ UN Ebola mission head **Abdou Dieng** condemned the violence and said it *"jeopardised"* the response effort.³¹

The unrest followed six recorded Ebola cases in the Boké Region in May, the first cases in the region in several months. On 6 June Condé extended the Ebola healthcare emergency measures until the end of June.³² The outbreak, which has resulted in over 11,000 deaths, persists in Guinea and **Sierra Leone**. The **World Health Organisation** declared neighbouring **Liberia** Ebola-free on 9 May.

Kaléta hydropower plant starts production

China International Water & Electric Corp (CWE) has started production at the 240 megawatt (MW) capacity **Kaléta** hydropower plant, 150km north of Conakry on the **Konkouré River**. The first turbine started operation on 30 May (80MW),³³ another is expected to start on 30 June, and a third on 31 August.³⁴ Power generated from the plant will supply Conakry, the surrounding **Coya**, **Dubrêka** and **Kindia** prefectures; the **Forécariah** region bordering Sierra Leone; and the **Mamou**, **Dalaba**, **Pita** and **Labé** prefectures in **Middle Guinea**. Energy and water minister **Cheick Taliby Sylla** claims that the plant will later provide some electricity supply to **Senegal**, **Gambia** and **Guinea-Bissau**.³⁵ However, production at the plant will initially fall in the dry season due to low water levels (by around 40MW), until further dams (**Garifiri** and **Souapiti**) are completed on the Konkouré River.³⁶

²² Reuters, 29 May 2015.

²³ Reuters, 29 May 2015.

²⁴ Le Monde, 18 May 2015.

²⁵ Le Monde, 18 May 2015.

²⁶ Le Monde, 18 May 2015.

²⁷ Le Monde, 18 May 2015.

²⁸ Reuters, 2 Jun 2015.

²⁹ Reuters, 2 Jun 2015.

³⁰ AFP, 2 Jun 2015.

³¹ AFP, 2 Jun 2015.

³² AFP, 6 Jun 2015.

³³ RFI, 5 Jun 2015.

³⁴ Jeune Afrique, 9 Jun 2015.

³⁵ Jeune Afrique, 9 Jun 2015.

³⁶ RFI, 5 Jun 2015.

CWE began construction of the plant in 2012, after Condé launched the project in 2011 soon after taking office. The total cost of the plant was \$526m.³⁷ The Guinean government provided 25% of the finance; **China Exim Bank** provided the remaining 75%.³⁸ To bring the plant towards full production, the project currently employs around 600 **Chinese** and 2,500 Guinean workers. **French** engineering firm **Coyne et Bellier**, a subsidiary of **Engie** (formerly **GDF Suez**), also worked in the project.³⁹

The distribution network will also improve after French group **Veolia** confirmed its €11.3m (\$12.7m) four-year contract to manage state-owned electricity distribution company **Electricité de Guinée (EDG)**, on 19 June.⁴⁰ The contract will reportedly unlock \$1.3 billion investment.⁴¹ The state budget and donor contributions will fund the contract. This funding falls under the **World Bank's Power Sector Recovery Project**, which will provide \$700m together with its private sector arm **International Finance Corporation (IFC)**.⁴² EDG has been the subject of several allegations of opaque mismanagement. An audit for the period July 2011 to April 2013 claimed that EDG had lost \$28m due to overpaying for equipment.⁴³

These developments will improve electricity access in Guinea, which is currently around 20%.⁴⁴ The current electricity generation capacity is 200 MW and power outages are frequent.⁴⁵ Later in 2015, the Kaléta plant should fill around half the estimated power supply deficit of approximately 400MW.⁴⁶

Implications

The potential opposition alliance between Diallo and Camara significantly increases both risks around Guinea's military and the country's overall political stability. If Diallo secures an electoral alliance with Camara he will become the frontrunner in the presidential election contest. The support of the Forestière region, Camara's support base, was crucial for Condé in the second round runoff election against Diallo in 2010. Condé will now probably act to prevent the alliance or seek to undermine Camara through the 2009 massacre investigations and judicial processes. In the event that Guinean judicial authorities move against Camara, this will probably trigger incidents of unrest in the unstable Forestière region. It may also inflame fractures within the military hierarchy, despite Condé's efforts to consolidate his support among this hierarchy.

Revenues from the bauxite industry have been a lifeline for the Guinean government amid the economic downturn, primarily following the Ebola outbreak. If Guinea avoids significant political instability the industry will draw significant investment in the coming years.

The start of production at the Kaléta plant and Veolia's contract to manage EDG will improve power supply in Guinea. Severe power outages have persistently undermined the business sector and led to periods of street unrest. The developments, particularly the Veolia contract, as well as increasing World Bank and other donor support, will probably lead to further private participation in the power sector. The increased power supply will also provide a boost to Condé election campaign.

³⁷ RFI, 5 Jun 2015.

³⁸ Jeune Afrique, 9 Jun 2015.

³⁹ Jeune Afrique, 9 Jun 2015.

⁴⁰ The Africa Report, 19 Jul 2015.

⁴¹ Reuters, 19 Jun 2015.

⁴² IFC, 19 Jun 2015.

⁴³ Reuters, 19 Jun 2015.

⁴⁴ World Bank

⁴⁵ Reuters, 19 Jun 2015.

⁴⁶ Jeune Afrique, 9 Jun 2015.

About Africa Risk Consulting:

Africa Risk Consulting (ARC) is a pan-African consulting company that provides timely, relevant information and advice that enables its clients to take informed investment decisions and to safeguard their reputations.

ARC's core consulting services include integrity due diligence and corporate investigations, political advisory and country assessments, opportunity monitoring and reputation risk management. Most relevant to private equity firms is ARC's integrity due diligence and corporate investigations capability. Specifically, ARC offers pre-deal integrity checks to highlight red flags before negotiations start; full detailed multi-jurisdictional reputation due diligence; and supplier and senior hire vetting and repeat due diligence for compliance programmes. ARC is unique in that it offers a 10-day delivery for a routine integrity due diligence. ARC also offers a suite of corporate investigations services from immediate investigation, evidence gathering, e-discovery, forensic accounting and whistleblower support on one end to crisis media management and regular monitoring on the other.

www.africariskconsulting.com

About ARC Briefing:

ARC Briefing is ARC's essential online business information service.

Companies at any stage in their Africa expansion, whether building or communicating an Africa strategy, investing directly, expanding current operations, financing other investors, doing the legal leg-work or researching the Africa growth trend, need ARC Briefing.

ARC Briefing is an online information service keeping you:

- Up to date with Country Chronologies of business-critical events
- In the know via Country Briefings on political, economic, business and operating trends. Written in-country, ARC experts analyse and comment
- Ahead with Country Planner which details future elections, budgets, regulatory changes etc.

www.briefing.africariskconsulting.com

Getting in touch

Please contact us by email info@africariskconsulting.com or call + 44 (0) 20 7078 4080

Follow us on Twitter: [@ARCBriefing](https://twitter.com/ARCBriefing)