

AFRICA RISK CONSULTING

Guinea Monthly Briefing July 2018

Guinea Summary 24 July 2018

Nationwide strike action commences after the government announces a 25% increase in gas prices. The Assemblée Nationale (national assembly) passes a law to reform the Commission Electorale Nationale Indépendante (CENI) (national independent electoral commission), moving Guinea closer to hosting legislative elections in September. The International Monetary Fund provides a \$24.3m loan to the government. The World Bank releases a report “Les défis de l’urbanisation en Afrique de l’Ouest” (“The Challenges of Urbanisation in West Africa”) highlighting both the challenges and the development opportunities of Guinea’s capital, Conakry.

National strike action follows 25% gas price increase

A nationwide strike took place from 4-6 July to protest a 25% gas price increase that took effect on 1 July.¹ The decision to increase fuel prices was contentious. With 57.7% of the population living in poverty and per capita GDP of \$531, the price increase will have a negative impact on most of the population.² Hydrocarbons minister **Diakare Koulibaly** said the price increase was due to the increased price of oil imports on the international market.³ Koulibaly noted that the government spent \$82m on fuel subsidies from October 2017 to June 2018 and this is no longer sustainable.⁴ The **International Monetary Fund (IMF)** has also recommended the government remove subsidies (see below).⁵

The government issued a communiqué on 30 June announcing that gas prices would rise from 8,000 to 10,000 Guinean francs (\$0.89 - \$1.19) per litre.⁶ The government took the decision after a meeting on 28 June between the prime minister, **Ibrahima Kossary Fofana**, and trade union delegates failed to reach an agreement on how the price hike would be applied.⁷ According to a February 2016 agreement, the government can increase gas prices if a barrel of oil costs more than \$57 (€49).⁸

However, before taking such a decision, the government is expected to consult trade unions and the business community.⁹ **Confédération Nationale des Travailleurs de Guinée (CNTG)** (Guinea national union of workers) assistant secretary general **Mamadou Mansaré** said the CNTG thought the prime minister would have another meeting with them before applying the price hike and denounced the unilateral nature of the government’s decision.¹⁰ The CNTG’s **Syndicat des Transporteurs et Mécanique general** (general transport and mechanics union) secretary general **El Hadj Zawia Diallo** claimed that the government can only raise gas prices if the price of an oil barrel increases above \$100.¹¹ As a result, the CNTG said it would not partake in any further negotiations with the prime

¹ RFI, 5 Jul 2018.

² World Bank, 20 Jun 2018.

³ RFI, 5 Jul 2018.

⁴ RFI, 5 Jul 2018.

⁵ Jeune Afrique, 4 Jul 2018.

⁶ Jeune Afrique, 4 Jul 2018.

⁷ Jeune Afrique, 4 Jul 2018.

⁸ Jeune Afrique, 4 Jul 2018.

⁹ Jeune Afrique, 4 Jul 2018.

¹⁰ Jeune Afrique, 4 Jul 2018.

¹¹ Aminata.com, 2 Jul 2018.

minister and government, and called for a three-day nationwide strike and protest action from 4-6 July.¹²

In a last-minute bid to avert strike action, President **Alpha Condé** (2010-present) contacted union leaders to participate in negotiations with the government and the business community on 3 July.¹³ Condé took the initiative while attending the 31st **African Union Summit in Nouakchott (Mauritania)**.¹⁴ Commerce minister **Boubacar Barry** promised to meet with members of the **Chambre de Commerce** (chamber of commerce) at the regional and executive levels, as well as prefects, to explain support measures.¹⁵ Labour and employment minister **Lansana Kamara** encouraged union representatives to take part in the meeting.¹⁶ However, CNTG secretary general **Amadou Diallo** accused Fofana of refusing to negotiate on the matter, stating it was Condé's decision to reach out to the unions.¹⁷

At a 9 July CNTG rally in **Conakry**, government labour inspector **Alya Camara** implored the CNTG to return to negotiations.¹⁸ Trade minister **Amara Sompore** said the government would make 40 buses available and re-launch the **Conakry Express** urban train service to alleviate the price hikes.¹⁹ **Citoyens pour le Developpement** (citizens for development) president **Abdouramane Sanoh** criticised the measures, saying "*Guinea does not end in Conakry*", and the price hike affects all sectors, not just transport.²⁰ Sanoh said the price increase, the manner in which it was handled, and its consequences are all "*problematic*".²¹ Sanoh suggested that the government reduce the size of the government, tackle corruption and bad governance as well as raise mining taxes to compensate for money the fuel subsidies can no longer support.²² Such a move would mirror recent austerity measures taken in **Gabon**.

The **Forces Social** announced another round of protests for 10 July.²³ The **Conseil National des Organisations de la Société Civile Guinéen (CNOSC-G)** (National council of organisations of Guinean civil society) supported the call,²⁴ similarly denouncing the unilateral nature of the government's decision.²⁵ Organisers of the 10 July protests estimated that 8,000-10,000 attended the rally.²⁶ Another round of protests were declared but the strike action was cancelled on 16 July.³⁴

The government has promised to support citizens but maintains that not raising gas prices will cause significant financial loss to the state.²⁷ However, it will be difficult for the government to maintain its stance unless significant alternative support measures are put in place. At this stage, civil society, professional groups and trade unions appear united in their protests. It seems a solution will only be achieved if President Condé takes charge of the issue, rather than delegating it to cabinet members.

National assembly passes CENI reform law

The **Assemblée Nationale** (national assembly) passed a law on 5 July that re-organises the **Commission Electoral National Indépendant (CENI)** (national independent electoral

¹² Jeune Afrique, 4 Jul 2018.

¹³ Jeune Afrique, 4 Jul 2018.

¹⁴ Jeune Afrique, 4 Jul 2018.

¹⁵ Jeune Afrique, 4 Jul 2018.

¹⁶ Jeune Afrique, 4 Jul 2018.

¹⁷ Aminata.com, 2 Jul 2018.

¹⁸ RFI, 14 Jul 2018.

¹⁹ RFI, 11 Jul 2018.

²⁰ RFI, 11 Jul 2018.

²¹ RFI, 5 Jul 2018.

²² RFI, 11 Jul 2018.

²³ RFI, 11 Jul 2018.

²⁴ Aminata.com, 10 Jul 2018.

²⁵ RFI, 11 Jul 2018.

²⁶ RFI, 14 Jul 2018.

²⁷ Aminata.com, 16 Jul 2018.

commission).²⁸ CENI reform was one of the issues that featured in the 12 October 2016 political agreement between the opposition and the government (see *ARC Briefing Guinea October 2016*). The delay in reforming CENI, as well as other measures, has been a source of the ongoing political impasse in Guinea. Civil society groups stormed the national assembly building when voting took place, in an attempt to stop the vote.²⁹

The new law reduces the number of CENI members and establishes strict eligibility criteria for CENI membership. The new CENI will have 17 members, down from 25, and will consist of seven members from government, seven from opposition parties, two representatives from civil society and one from the civil service.³⁰ Political parties must have at least two members of parliament (MPs) in the national assembly and their parties must have participated in the 2013 national and legislative elections as well as the 2015 presidential contest.³¹ **Maison des Associations et ONG de Guinée** (house of NGO's and associations) executive director **Lansana Diawara** claims the new CENI will be politicised as a result of these criteria, as it will comprise 90% politicians, and will create problems in the future.³² Diawara said the new law was a “*step backwards for democracy, freedom of expression and peace in Guinea*”.³³

Despite the fulfillment of CENI reform, opposition **Union des Forces Démocratiques de Guinée (UFDG)** president **Cellou Dalein Diallo** threatened to hold street protests if the government did not deal with the opposition's other demands.³⁴ Diallo said since he met with President Condo in April, the government has not dealt with issues relating to the failure to investigate opposition supporter deaths and pay reparations to their families.³⁵ Diallo also claimed that the government has not addressed issues concerning the electoral list. Diallo called for protests on 19 July in a bid to fight against fraud and ensure the rule of law is applied in Guinea.³⁶ However, Diallo called off the strike action on 18 July after Kossary Fofana informed him he would attend to the opposition's grievances.³⁷

The passing of the law reforming CENI is a big step towards ending the ongoing political impasse in Guinea. It is also an indication that, despite their differences, the government and opposition are willing to collaborate. The opposition appears to understand that protests are a mechanism that can give them leverage with respect to government action. The government, in turn, will need to take steps to fulfill the remaining opposition demands to allow elections to take place and return Guinea to a peaceful socio-political climate.

IMF approves \$24.3m loan to Guinean government

The IMF executive board approved a \$24.3m loan to Guinea on 25 June after its first review of Guinea's economic performance under the Extended Credit Facility (ECF).³⁸ The loan forms part of the three-year \$170m ECF arrangement approved for Guinea in December.³⁹ To date Guinea has received \$48.6m from the IMF. The ECF aims to support private sector development, public infrastructure investment, strengthening social safety nets, and economic resilience.⁴⁰

²⁸ Aminata.com, 5 Jul 2018.

²⁹ Aminata.com, 5 Jul 2018.

³⁰ Aminata.com, 6 Jul 2018.

³¹ Aminata.com, 6 Jul 2018.

³² Aminata.com, 5 Jul 2018.

³³ Aminata.com, 5 Jul 2018.

³⁴ Aminata.com, 7 Jul 2018.

³⁵ Aminata.com, 7 Jul 2018.

³⁶ Aminata.com, 14 Jul 2018.

³⁷ Aminata.com, 16 Jul 2018.

³⁸ IMF press release, 25 Jun 2018.

³⁹ IMF press release, 25 Jun 2018.

⁴⁰ IMF press release, 25 Jun 2018.

IMF deputy managing director **Mitsuhiro Furusawa** said Guinea continues to demonstrate strong growth momentum and its medium-term economic outlook is positive.⁴¹ The IMF has projected an encouraging outlook for Guinea's economic performance. In May, it projected 6% GDP growth for 2018, which followed positive growth rates of 8% and 6% in 2017 and 2016.⁴² It attributes these numbers to an increased level of foreign direct investment in the mining sector. The growing attractiveness of the Guinean bauxite industry will help to maintain growth over the medium to long term (see *ARC Briefing Guinea May and June 2018*).

However, Furusawa suggested the government implement corrective measures to support structural reforms and improve programme performance:

*"Strong commitment to implementation of programme measures is critical to ensure programme success and macroeconomic stability."*⁴³

Furusawa has a long list of recommendations for the Guinean government. He indicated that it needs to mobilise additional sources of revenue, contain non-priority spending, and reduce energy subsidies (see above). At the same time, it also needs to increase public investment, create social safety nets, maintain moderate inflation and improve debt sustainability.⁴⁴ Furusawa said the government needs to outline an action plan in order to improve the business climate so it can pursue broad-based economic growth. Building external buffers is important to strengthen Guinea's resilience to shocks:

*"To this end, the authorities will adopt an active strategy for accumulating foreign exchange reserves. Strengthening competition in the foreign exchange market and moving to a rule-based central bank's intervention strategy will support greater exchange rate flexibility."*⁴⁵

While the IMF presented a positive outlook on Guinea's economic performance, it advised the government to pursue efficient public financial management. The IMF presented the **Plan Stratégique de Reforme des Finances Publiques (2019-2022)** (strategic plan for public finance reform) to budget minister **Ismael Dioubale** on 19 July.⁴⁶ The plan is in line with the IMF's **Programme des Dépenses Publiques et Responsabilité Financière** (public expenditure and financial accountability) framework.⁴⁷

The IMF also noted that Guinea needs to diversify sources of revenue and increase investment.⁴⁸ Guinea obtains 80% of its export revenue from mining and agriculture, with the two domains contributing 15% and 20% respectively to Guinea's GDP.⁴⁹ Guinea's hosting of the 2023 **African Nations Cup** football tournament may help it to generate revenue through investment in related projects once the government has rolled out its strategic plan for the event. However, Guinea needs to improve its business climate to attract such investment: Guinea was ranked 153 in the 2018 World Bank's **Ease of Doing Business** report.⁵⁰ If the government can apply the measures in the strategic plan, it will be able to better manage its resources and improve confidence in government action.

World Bank calls for increase in Conakry's economic potential

A World Bank report released on 20 June and titled "*Les défis de l'urbanisation en Afrique de l'Ouest*" ("*The Challenges of Urbanisation in West Africa*") outlines the socio-economic and environmental challenges and opportunities for **Conakry**, Guinea's capital, **Bamako (Mali)** and **Niamey (Niger)**.⁵¹

⁴¹ IMF press release, 25 Jun 2018.

⁴² IMF, 2 May 2018

⁴³ IMF press release, 25 Jun 2018.

⁴⁴ IMF press release, 25 Jun 2018.

⁴⁵ IMF press release, 25 Jun 2018.

⁴⁶ Aminata.com, 19 Jul 2018.

⁴⁷ Aminata.com, 19 Jul 2018.

⁴⁸ IMF press release, 25 Jun 2018.

⁴⁹ World Bank, 20 June 2018.

⁵⁰ World Bank Ease of Doing Business Report 2018

⁵¹ World Bank, 20 Jun 2018.

The report states that Conakry generates 27% of Guinea's GDP. The Conakry region has the lowest poverty rate in the country at 27%.⁵² However, co-author **Meskerem Brhane** claims that Conakry's economic growth is not enough to support its growing population.⁵³ The 2014 census puts Conakry's population at 1.6 million inhabitants.⁵⁴ Conakry is estimated to receive an additional 150,000 inhabitants by 2030.⁵⁵

The World Bank recommends the Guinean government improve its town planning management techniques.⁵⁶ This will enable it to overcome challenges such as the poor urban transport system and insufficient access to water, electricity and hygiene services in Conakry. The spread of the **Ebola** virus in 2014-15 was due in large part to unhygienic conditions in urban areas such as Conakry.

The government has already taken steps towards remedying these challenges. Prime minister Ibrahima Kossary Fofana kicked off the **Travaux d'Urgence de l'Assainissement** (emergency clean-up campaign) on 30 June.⁵⁷ The campaign aims to improve hygiene and sanitation in Conakry. The government obtained \$100m from the **European Union** and the **Islamic Development Bank** to finance the programme.⁵⁸

The World Bank also mentioned urban mobility as an issue in its report. The **Société Nationale des Chemins de fer de Guinée (SNCFG)** re-launched Conakry's railway service, Conakry Express, on 12 July, after a five-month suspension of operations.⁵⁹ SNCFG managing director **Badras Yora** said the service stoppage was due to 50,000 tonnes of trash on the railway and the post-electoral violence after the February municipal elections.⁶⁰ The recommencement of train activities will help to improve urban mobility.

Guinea provides significant opportunities for investors looking to participate in areas related to urbanisation. Refuse collection, construction, housing, water and electricity provision are all areas that will require attention as Conakry continues to grow.

Planner

Sept 2018 **(Guinea)** Government to hold legislative elections

Oct 2018 **(Guinea)** Guinea celebrates 60 years of independence

Chronology

5 Jul 2018 **Conakry (Guinea)** *Aminata.com*. National assembly passes law to reform **Commission Electoral National Indépendant (CENI)**;

1 Jul 2018 **Conakry (Guinea)** *Aminata.com*. Government announces 25% increase in gas prices, leading to trade union calls for nationwide strikes from 4-6 July;

25 Jun 2018 **Washington D.C (United States)** *Press Release*. **International Monetary Fund (IMF)** provides \$24.3m loan to Guinean government;

20 Jun 2018 **Bamako (Mali)** *World Bank*. **World Bank** releases "*Les défis de l'urbanisation en Afrique de l'Ouest*" report which calls for economic growth potential of **Conakry** to be fully pursued;

⁵² World Bank, 20 Jun 2018.

⁵³ World Bank, 20 Jun 2018.

⁵⁴ Institut National des Statistiques Guinée, 2014

⁵⁵ Jeune Afrique, 22 Jun 2018.

⁵⁶ Jeune Afrique, 22 Jun 2018.

⁵⁷ Aminata.com, 1 Jul 2018.

⁵⁸ Aminata.com, 1 Jul 2018.

⁵⁹ Aminata.com, 12 Jul 2018.

⁶⁰ Aminata.com, 12 Jul 2018.