

## AFRICA RISK CONSULTING Guinea Monthly Briefing April 2015

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### Guinea Summary 30 April 2015

*The opposition renews street protests to demand holding the local elections before the presidential election. However, President Alpha Condé (2010 – present) stands firm, rejecting claims that his appointed local officials will defraud the presidential vote. Condé secures initial donor funding for the Ebola recovery. The World Bank confirms economic stagnation. French group Veolia reportedly wins a four-year contract to manage state-owned Électricité de Guinée (EDG).*

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### The opposition renews street protests amid electoral calendar impasse

The opposition has renewed street protests to demand holding the local elections before the presidential election. On 10 March **Commission Electorale Nationale Indépendante (CENI)** scheduled the presidential election for 11 October 2015 and the local elections in March 2016.<sup>1</sup> Under a political agreement in 2013 – which scheduled the local elections for the first quarter of 2014 – the opposition claims President **Alpha Condé** (2010- present) committed to local elections before the next presidential vote. The former military government of **Lansana Conté** (1984-2008) held the last local elections in 2005.

Condé appointed the current local government prefects after taking power, and the opposition claim that they will assist Condé in electoral fraud in the presidential vote.<sup>2</sup> The leading opposition leader **Cellou Dalein Diallo**, who leads the ethnic **Peul**-based **Union des forces démocratiques de Guinée (UFDG)**, claims Condé replaced the prefects with “*men from his party*”.<sup>3</sup> The opposition is also demanding structural reform of the electoral apparatus. They have demanded greater representation in the CENI<sup>4</sup> and disputed the electoral roll, saying that it is inflated in government strongholds.<sup>5</sup>

Leading international security think-tank, **International Crisis Group (ICG)** agreed with the opposition that Condé’s appointees played a role in electoral “*manipulation*” in the September 2013 legislative elections to discourage voting in opposition strongholds in particular.<sup>6</sup> It said that the most reliable international electoral observation missions’ reports have noted several problems in the 2010 presidential vote and 2013 legislative elections. It claimed that participation in the 2013 vote was “*particularly high*” in government strongholds.<sup>7</sup>

Condé claims that local officials play no role in the elections.<sup>8</sup> He claims that the election schedule conforms to constitutional requirements that a presidential election take place after a five-year term.<sup>9</sup> In **Washington (United States)** on 17 April, Condé said it was “*technically impossible to organise these local elections before 2016*”.<sup>10</sup>

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<sup>1</sup> See ARC Briefing for Guinea, Mar 2015

<sup>2</sup> See ARC Briefing for Guinea, Mar 2015

<sup>3</sup> RFI, 24 Apr 2015.

<sup>4</sup> See ARC Briefing for Guinea, Mar 2015

<sup>5</sup> Jeune Afrique, 14 Apr 2015.

<sup>6</sup> Jeune Afrique, 14 Apr 2015.

<sup>7</sup> Jeune Afrique, 14 Apr 2015.

<sup>8</sup> Le Monde, 24 Apr 2015.

<sup>9</sup> RFI, 23 Apr 2015.

<sup>10</sup> Jeune Afrique, 18 Apr 2015.

*“There was some mention of the local elections but the 2013 agreement was more focused on changing the election technical operator, which the government has done. But the opposition’s second point, that the local officials will facilitate rigging of the election, is very possible.”<sup>11</sup>*

Subsequently, the opposition called for a renewed street protest campaign on 24 March<sup>12</sup> despite Condé’s pleas to instead start political dialogue.<sup>13</sup> Clashes between security forces and militant opposition supporters have marked the protests. The opposition claimed security forces opened fire on protesters, killing at least one protester and leaving another 15 wounded during demonstrations in **Conakry** on 13 to 14 April.<sup>14</sup> Human rights monitor **Amnesty International** called on Guinean authorities to investigate the “*military shooting*”.<sup>15</sup> Amnesty and opposition figures claim that the security forces blocked roads leading to business districts to stop protesters joining demonstrations. Condé and the government have denied that the security forces shot dead protesters, and instead claim that opposition militants opened fire on security forces.<sup>16</sup> He said: “*The goal of the demonstrators is to push them to react.*”<sup>17</sup>

A government delegation met with Diallo on 18 April, but the opposition failed to halt the protests following the meeting.<sup>18</sup> Clashes between security forces and opposition activists continued during protests on 19 April in Conakry. On 22 April the government admitted that security forces had beaten to death an opposition activist in the opposition stronghold **Labé**.<sup>19</sup>

Tensions are increasing due to the impasse. Leading opposition figures have pledged to organise larger protests until Condé meets their demand to hold the local elections before the presidential vote. They now seek to organise coordinated “*nationwide*” demonstrations, the first of which is on 4 May.<sup>20</sup> Following a meeting in **Paris (France)** with President **François Hollande** (2012- present) on 22 April, Condé rejected a change in the electoral calendar but said dialogue was possible.<sup>21</sup> Condé claims the opposition’s goal is to foment widespread unrest, “*to create chaos, to reach a serious crisis and ultimately a military coup*”.<sup>22</sup>

The opposition has called for international and regional mediation. Diallo claimed on 24 April that it would launch a new request with the **Economic Community of West African States (ECOWAS)** for mediation.<sup>23</sup> A **United Nations (UN)** delegation in Conakry from 15 to 17 April called for dialogue.<sup>24</sup> The ICG said that Condé should meet the opposition’s demands and schedule the local elections first, to pave the way for dialogue.<sup>25</sup> It suggested that the opposition was prepared to accept a postponement of the presidential vote in order to first organise the local elections. It then called on **UN Office for West Africa (UNOWA)** and the **European Union** to support the dialogue.

*“Condé does not seem to be budging. He has been in Washington and Paris securing support for his plans. Diallo has a good network too, but Condé’s [network] is where it matters, those in power. The stalemate will probably continue and protests will become more violent. It may reach a point where Condé postpones the presidential election, but there is no indication yet he will give in to the opposition on holding the local elections first.”<sup>26</sup>*

<sup>11</sup> Source, francophone journalist, Guinea

<sup>12</sup> AFP, 24 Mar 2015.

<sup>13</sup> Jeune Afrique, 26 Mar 2015.

<sup>14</sup> Reuters, 15 Apr 2015

<sup>15</sup> Amnesty International, 14 Apr 2015.

<sup>16</sup> Le Monde, 24 Apr 2015.

<sup>17</sup> Le Monde, 24 Apr 2015.

<sup>18</sup> Africa Guinee, 18 Apr 2015.

<sup>19</sup> Reuters, 23 Apr 2015.

<sup>20</sup> AFP, 28 Apr 2015.

<sup>21</sup> RFI, 23 Apr 2015.

<sup>22</sup> Le Monde, 24 Apr 2015.

<sup>23</sup> RFI, 24 Apr 2015.

<sup>24</sup> Jeune Afrique, 18 Apr 2015.

<sup>25</sup> Jeune Afrique, 14 Apr 2015.

<sup>26</sup> Source, francophone journalist, Guinea

## The World Bank confirms economic stagnation despite Ebola recovery

Condé spent 17-19 April at the **World Bank** and **International Monetary Fund (IMF)** spring meetings in Washington to raise funds for the post-Ebola recovery. Condé – together with **Liberian** president **Ellen Johnson-Sirleaf** (2006- present) and **Sierra Leonean** president **Ernest Bai Koroma** (2007- present) – requested an \$8 billion “*Marshall Plan*”.<sup>27</sup> Conde said in a press interview:

*“The IMF imposed draconian conditions on me for three years to reach a debt write-off and obtain commercial credit to develop the country, but that’s when Ebola arrived.”*<sup>28</sup>

During the Ebola summit at the meetings on 17 April, the World Bank pledged to release \$650m over the next 12 to 18 months for the Ebola recovery in the three affected countries, Guinea, Liberia and Sierra Leone. It said the recovery priority areas should include:<sup>29</sup>

- strengthening health systems and frontline care;
- agriculture;
- education;
- cash transfers and other social protection programmes; and
- lifesaving infrastructure such as electricity, water, sanitation and roads.

The World Bank also released new data on the economic impact of Ebola.

*“The Ebola epidemic has been largely contained but the negative effects on the economies of Liberia, Guinea and Sierra Leone loom large amidst continued uncertainty about the timing of complete eradication.”*<sup>30</sup>

The World Bank projected economic growth of -0.2% in 2015, confirming continuing stagnation. Pre-Ebola, growth was forecast at 4.3% for 2015. However, a best-case scenario, in which the government eradicates Ebola in the coming months and attracts more significant donor funds, could see growth increase to 1.2%. The projections for 2016 and 2017 are 3% and 4.5% (or best case 5% and 6.8%).

The government’s estimated gross domestic product (GDP) losses for 2015 have increased to \$535m. The fiscal deficit is expected to widen to 10.1% in 2015. The high inflation trend continues, averaging 9% in the first quarter of 2015.

The first quarter of 2015 confirms the trend of deteriorating figures for manufacturing, construction, agriculture and commerce due to the Ebola crisis. However, mining remains resilient mainly due to bauxite production, and investors will gradually return in mid-2015. Most mining-related construction remains slow. The World Bank noted that the **Beyla-Nzérékoré** road – part of the **Rio Tinto-led Simandou South** iron ore project – has not resumed. Other key statistics include:<sup>31</sup>

- Air transport declined 50%, and hotel occupancy 25%, in the first quarter of 2015, compared to the same period in 2014 (the government confirmed the outbreak in March);
- Construction and manufacturing activities are expected to contract by 1.5% in 2015;
- The services sector is expected to contract by 1% in 2015;
- The agricultural sector is expected to contract by 1.5% in 2015;
- Traffic container volume at the **Port of Conakry** declined by 30% in 2014.

There is a mixed picture in neighbouring Liberia and Sierra Leone. The sharp downturn in iron ore prices and global mining downturn have severely impacted Sierra Leone, reducing its growth forecast for 2015 to -23.5%. However, Liberia is “*gradually returning to normalcy*” with projected growth of 3% in 2015, but still below the pre-Ebola estimate of 6.8%. The Liberian government’s estimated GDP losses for 2015 increased to \$240m; and \$1.4 billion for Sierra Leone.

<sup>27</sup> Le Monde, 24 Apr 2015.

<sup>28</sup> Le Monde, 24 Apr 2015.

<sup>29</sup> World Bank Group, 17 Apr 2015.

<sup>30</sup> World Bank Group, 15 Apr 2015.

<sup>31</sup> World Bank Group, 15 Apr 2015.

Guinea has achieved significant success in containing the outbreak in 2015. The virus is largely eradicated in the south-east of the country, the former epicentre of the outbreak. However, the outbreak remains concentrated in densely populated districts around the capital. As at mid-April, authorities were still recording 20-50 new cases each week. On 30 March Condé declared a 45-day “health emergency”, restricting movement in five regions surrounding Conakry, to eradicate the virus.<sup>32</sup>

### Veolia wins **Électricité de Guinée (EDG) management contract**

French group **Veolia** has reportedly won a four-year contract to manage state-owned **Électricité de Guinée (EDG)**.<sup>33</sup> Francophone Africa publication *Jeune Afrique* revealed the contract award on 27 April and said that, the signing ceremony would take place in the coming weeks after several delays. It said that the Ebola crisis delayed the tender after the government released an expression of interest over a year ago.

Veolia will assist a \$1.5 billion donor-funded recovery programme for EDG and the electricity sector.<sup>34</sup> In September 2014 energy minister **Idrissa Thiam** pledged to update the deteriorated distribution and transmission infrastructure as well as rehabilitate existing power plants, including the **Tombo** thermal plant.<sup>35</sup> The restructuring falls under the government’s donor-supported **Power Sector Diagnostic and Recovery Plan**. Thiam said that the World Bank, the **African Development Bank** and **Agence Française de Développement** would finance the restructuring.<sup>36</sup>

Thiam said the government had planned to improve management capacity and review electricity sector laws in September 2014. He said that there was “a problem of management and governance of this enterprise [EDG]”.<sup>37</sup> Around the same time in September 2014 Condé appointed **Mory Kaba** as the new CEO. Kaba is a trained electro-technician and a previous energy minister under ex-president Conté.<sup>38</sup> Several corruption allegations surround the management of EDG under former CEO **Abdoulaye Keita**, whom Condé sacked in April 2013.<sup>39</sup>

The government has said the management contract was a first step towards privatisation of EDG. Veolia is already present in **Gabon**, where it has a 51% stake in water and electricity utility **Société d'énergie et d'eau du Gabon (Seeg)**.

### Implications

Guinea is following a trend of increasing political risk leading up to and around elections. Protests will probably continue and become more violent. Under Condé the army has generally stayed in the barracks during opposition street protest campaigns. The key risk may play out if they start to join the security response and increased fatalities and human rights violations result. In this scenario Condé will lose international support, and it risks destabilising the army hierarchy, ultimately increasing the risk of a coup. However, since taking power Condé has prioritised building loyalties within the army hierarchy and there have been no legitimate reports of coups since late 2012.

The latest World Bank report details the slow pace of the post-Ebola economic recovery. However, Condé and the government have had some successes and the final push may result in a full eradication just after mid-year. Full eradication will return business travellers to Conakry and significantly improve the economic outlook.

<sup>32</sup> Guinea information, 30 Mar 2015.

<sup>33</sup> *Jeune Afrique*, 27 Apr 2015.

<sup>34</sup> *Jeune Afrique*, 27 Apr 2015.

<sup>35</sup> See ARC Briefing for Guinea, Sept 2014.

<sup>36</sup> Interview with minister Thiam, *Guineenews*, 12 Sep 2014.

<sup>37</sup> Interview with minister Thiam, *Guineenews*, 12 Sep 2014.

<sup>38</sup> Kababachir, 17 Sep 2014.

<sup>39</sup> See ARC Briefing for Guinea, Aug 2013

The Veolia contract represents the first significant private sector involvement in the power sector and improves the outlook for the sector. The sector's structural problems indicate considerable challenges, however the government has secured donor support and is on the path to easing a key economic impediment for the country.

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