

AFRICA RISK CONSULTING

Guinea Monthly Briefing May 2019

Guinea Summary 24 May 2019

The Commission Electorale Nationale et Indépendante (CENI) (national independent electoral commission) announces that legislative elections will be held by November. The opposition expresses concern that CENI will not be able to hold the elections, which were meant to take place in September 2018. Canadian-American mining investor Robert Friedland is reportedly set to acquire an iron ore deposit in Guinea from Australia-based BHP Group, United States-based Newmont Goldcorp, and France-based Areva SA, through his holding company, High Power Exploitation Group (HPX). If the purchase is successful, Friedland will develop the Nimba deposit on Guinea's border with Liberia.

CENI announces election date

The **Commission Electorale Nationale et Indépendante (CENI)** (national independent electoral commission) announced on 7 May that legislative elections will be held by November.¹ The organisation of these elections, which were supposed to take place in September 2018, may help to reduce tensions between the opposition and presidential majority with respect to **Guinea's** ongoing socio-political crisis. CENI made the announcement regarding the imminent hosting of elections after it had received a report on the long-awaited audit of the electoral roll.²

The electoral roll audit began in 2018 and was undertaken by experts from the **European Union**, **l'Organisation internationale de la Francophonie (OIF)** (international organisation of French-speaking countries), and the **United Nations Development Programme (UNDP)**.³ The team of experts submitted the audit report to the **Comité de Suivi des Accords de 12 Octobre 2016** (oversight committee for 12 October agreement) in April, which then provided the results to CENI.⁴ CENI president **Salif Kabe** said that the audit report recommended a full-scale review of the electoral register, which CENI will now undertake.⁵ The report also notes that the voter database needs upgrading, which in turn requires new applications and software.⁶ Kabe noted that CENI will purchase biometric machines and carry out a census in order to revise the electoral list efficiently.⁷

The electoral roll has been a bone of contention between the opposition and the presidential majority, and has contributed significantly to the non-organisation of elections.⁸ Revision of the electoral register was one of the provisions of the 12 October 2016 **Accord Politique** (political agreement). However, the ruling presidential majority, the **Rassemblement du Peuple Guinéen Arc-en-Ciel (RPG Arc-en-Ciel)**, favoured a simple revision, while the opposition advocated for a census to be undertaken.⁹ CENI chose the latter option, disregarding presidential majority claims that a census

¹ Jeune Afrique, 7 May 2019

² Jeune Afrique, 7 May 2019

³ Jeune Afrique, 19 Apr 2019

⁴ Jeune Afrique, 7 May 2019

⁵ Jeune Afrique, 7 May 2019

⁶ Jeune Afrique, 7 May 2019

⁷ Deutsche Welle, 7 May 2019

⁸ Jeune Afrique, 7 May 2019

⁹ Jeune Afrique, 19 Apr 2019

would cost up to \$40m.¹⁰ Kabe said that the census and electoral roll revision will enable CENI to identify deceased, duplicate and fictitious voters, and register voters who are eligible to vote for the first time.¹¹ CENI communications officer **Ibrahima Diakhite** noted that the census would involve upwards of six million Guineans and that up to 25% of current voters (1.5 million) may be struck off the electoral roll following this exercise.¹² Diakhite said CENI has 235 days to organise elections and that it is technically possible for it to achieve that objective.¹³

Although the CENI reform law passed in July 2018 aimed to make the institution more representative (see *ARC Guinea Briefing July 2018*),¹⁴ the new law stipulates that the government is now responsible for the purchase of electoral material.¹⁵ This has led to opposition claims that the government will not respect the electoral timeline – if the government does not procure the equipment, elections will not take place. Opposition **Union des Forces Démocratiques de Guinée (UFDG)** president **Cellou Dalein Diallo** claims the government will postpone the elections so they can also suspend the 2020 presidential elections:¹⁶

*“In reality, it is the executive who is in charge of the electoral calendar. The respect of the timeline will depend on the will of President **Alpha Condé** (2010-present) because he holds the purse.”¹⁷*

RPG Arc-en-Ciel parliamentary group chairperson **Damaro Camara** said he understood the opposition’s concerns that elections may not take place but described their accusations as “irrational” since all the major political parties are represented in CENI.¹⁸ Camara blamed the opposition for the cancellation of elections in 2018 because of their insistence on carrying out an audit of the electoral roll.¹⁹

The announcement of a date for legislative elections follows the decision on 5 April by the UFDG and opposition **Union des Forces Républicaines (UFR)** to suspend their boycott of attending parliamentary sessions at the **Assemblée Nationale** (national assembly).²⁰ The boycott came in response to President Conde’s decision on 13 January to extend the mandate of members of parliament after their terms of office had elapsed (see *ARC Guinea Briefing January 2019*).²¹

Although the organisation of elections may succeed in reducing tensions between the opposition and presidential majority, there is also the possibility for an outbreak of violence similar to that which occurred in the aftermath of the February 2018 local elections (see *ARC Briefing Guinea March 2018*). Guinea recorded an estimated 107 deaths related to political violence from 2011 to December 2018.²² The relevant authorities, including CENI, will need to take steps to prevent a repeat of politically related violence. CENI director of operations **Etienne Soropogui** admitted in September that CENI had miscalculated votes during the February 2018 local elections (see *ARC Guinea Briefing September 2018*).²³ If CENI can learn from its shortcomings, the organisation of free and fair elections will go some way to ensure political stability in Guinea.

¹⁰ Jeune Afrique, 19 Apr 2019

¹¹ Jeune Afrique, 7 May 2019

¹² Jeune Afrique, 7 May 2019

¹³ Jeune Afrique, 7 May 2019

¹⁴ Aminata.com 5 Jul 2018

¹⁵ Jeune Afrique, 7 May 2019

¹⁶ Deutsche Welle, 7 May 2019

¹⁷ Jeune Afrique, 7 May 2019

¹⁸ Jeune Afrique, 7 May 2019

¹⁹ Jeune Afrique, 7 May 2019

²⁰ Jeune Afrique, 5 Apr 2019

²¹ Jeune Afrique, 13 Jan 2019

²² Aminata.com, 28 Nov 2018

²³ Aminata.com, 8 Sep 2018

Business tycoon set to acquire iron ore deposits in Guinea

Canadian-American mining investor **Robert Friedland** is reportedly on the verge of acquiring an iron ore deposit in Guinea from **Australia-based BHP Group, United States (US)-based Newmont Goldcorp, and France-based Areva SA.**²⁴ If the deal goes through, Friedland will develop the **Nimba** deposit on Guinea's border with **Liberia.**²⁵ Reports of Friedland's intention to buy the iron ore deposit first emerged in June 2018.²⁶ Friedland's holding company, **High Power Exploitation Group (HPX),** offered to buy 95% of mining rights from BHP, Newmont Goldcorp and Areva SA.²⁷ BHP and Newmont Goldcorp each own 45% of the mine's shares, while Areva holds the remaining 10%.²⁸ If the deal is concluded, the new venture will be named **Euronimba.**²⁹

US-based media outlet **Bloomberg** reports that it is unlikely that the current owners will receive a significant sum for the asset since the project has been undeveloped for four years.³⁰ Nonetheless, they are likely to propose to hold interest or shares should the mine be developed. **Niron Metals** CEO **Mick Davis** has also shown interest in developing the Nimba iron ore project, according to sources familiar with the situation.³¹ Davis already has a foot in the Guinea mining sector, as he is set to develop the **Zogota** iron ore mine alongside French-**Israeli** business tycoon **Beny Steinmetz** (see *ARC Guinea Briefing March 2019*).³² However, Friedland, as well as spokespersons from Newmont Goldcorp and Niron Metals, refused to comment on the rumoured transaction.³³

Friedland has significant credibility in the global mining industry. In 1996 he acquired US-based copper mining firm **Magma** for \$3.2 billion.³⁴ He has subsequently made huge mining discoveries in the **Democratic Republic of the Congo** and **Mongolia,** amongst others.³⁵ Friedland is also the chairman of Canada-based **Ivanhoe Mining.**³⁶ His involvement in the Guinean mining sector would be a positive development for the government, and may encourage other prominent investors.

Although Guinea has some of the richest iron ore deposits in the world, its mining sector has had a negative reputation over the years.³⁷ This has been due in large part to the ongoing legal battles over ownership of the **Simandou** iron ore deposit, which has a capacity to produce 100m tonnes of iron ore per year.³⁸ A protracted legal dispute between the Guinean government, **Brazil-based Vale SA** and **Guernsey-registered BSG Resources (BSGR)** over control of the Simandou mine reached a conclusion in February when BSGR agreed to relinquish its claims to blocks 1 and 2 of the Simandou iron ore project and both parties waived all outstanding legal procedures (see *ARC Briefing Guinea March 2019*).³⁹ The Guinean government had terminated BSGR's mining rights to Simandou in 2014 alleging that BSGR had obtained the exploitation permit through corruption.⁴⁰

The need to invest heavily in infrastructure to facilitate mining exploitation has also been a significant obstacle to the mining sector's development. The Nimba iron ore project requires significant investment, particularly in infrastructure development. A railway line needs to be built in order to

²⁴ Bloomberg, 16 May 2019

²⁵ Bloomberg, 16 May 2019

²⁶ Australian Financial Review, 25 Jul 2018

²⁷ Australian Financial Review, 25 Jul 2018

²⁸ Australian Financial Review, 25 Jul 2018

²⁹ Australian Financial Review, 25 Jul 2018

³⁰ Bloomberg, 16 May 2019

³¹ Bloomberg, 16 May 2019

³² Financial Times, 25 Feb 2019

³³ Bloomberg, 16 May 2019

³⁴ Australian Financial Review, 25 Jul 2018

³⁵ Bloomberg, 16 May 2019

³⁶ Agence Ecofin, 17 May 2019

³⁷ Australian Financial Review, 25 Jul 2018

³⁸ Mining.com, 8 Apr 2018

³⁹ Financial Times, 25 Feb 2019

⁴⁰ Jeune Afrique, 11 Apr 2019

transport the minerals from the Nimba mines to Guinean ports for export.⁴¹ Currently, **Luxembourg**-based steel and mining company **Arcelor Mittal** operates a railway in the Nimba region for its mine in neighbouring Liberia.⁴² Arcelor Mittal has expressed its openness to sharing the railway with other companies if they are willing to pay for railway upgrades.⁴³

Chambre des Mines de Guinée (Guinea Chamber of Mines) president **Malick N'Diaye** says 70% of investment in the local mining sector is allocated to infrastructure projects, namely sea port and railway construction.⁴⁴ The significant resources required to pursue such initiatives have to date prevented junior mining companies from establishing operations in Guinea.⁴⁵ The Simandou iron ore deposit illustrates the high cost of infrastructure development – it requires an estimated \$23 billion to complete infrastructure upgrades that will enable the iron ore to be transported from the mines to export markets.⁴⁶ While N'Diaye says that a mining company's activities should not be focused on building socio-economic infrastructure such as transport, educational, health and housing facilities, mines minister **Abdoulaye Magassouba** argues that mining firms need to act as development partners if they intend to operate in Guinea for the long term, even though mineral exploitation is their main priority.⁴⁷

Planner

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

21-22 Jun 2019 **Abidjan (Cote d'Ivoire)** Guinée-Côte d'Ivoire Economic Forum

12-16 Jun 2019 **Conakry (Guinea)** *Guineematin.com*. **Salon international de l'agriculture, de la pêche et des ressources animales de Guinée** (international forum for agriculture, fishery and animal resources)

Chronology

19 May 2019 **Conakry (Guinea)** *RFI*. Four persons are reported dead after floods sweep across parts of the capital Conakry;

17 May 2019 **Conakry (Guinea)** *Agence Ecofin*. **Robert Friedland**, chairman of **Canada**-based **Ivanhoe Mines**, is reportedly on the verge of acquiring iron ore mines in Guinea;

17 May 2019 **Conakry (Guinea)** *Jeune Afrique*. The government is set to establish the **Banque Nationale d'Investissement de Guinée** (national investment bank of Guinea) in collaboration with **Cameroon**-based **Afriland First Bank Group**;

7 May 2019 **Conakry (Guinea)** *RFI*. The **Commission Electorale Nationale et Independante (CENI)** (national independent electoral commission) announces that legislative elections will take place in November;

7 May 2019 Conakry (Guinea) *Agence Ecofin*. **U.S**-based **Fitch Solutions** predicts Guinea will be one of the largest bauxite producers until 2029 alongside **Australia** and **Indonesia**;

30 Apr 2019 **Conakry (Guinea)** *Agence Ecofin*. **Russia**-based **Nordgold** intends to increase its investment in Guinea by 15% to \$80m in 2019;

⁴¹ Bloomberg, 16 May 2019

⁴² Bloomberg, 16 May 2019

⁴³ Bloomberg, 16 May 2019

⁴⁴ Jeune Afrique, 1 May 2019

⁴⁵ Jeune Afrique, 1 May 2019

⁴⁶ Mining.com, 18 Jul 2018

⁴⁷ Jeune Afrique, 1 May 2019

30 Apr 2019 **Conakry (Guinea)** *Agence Ecofin*. Guinea launches **Projet de soutien au système sanitaire national en Guinée (P3SN)** (national health system support project in Guinea), established with \$22.3m support from **Italy**;

28 Apr 2019 **Conakry (Guinea)** *Vision Guinee*. **African Development Bank** grants \$81.1m loan which will be used in the environmental, transport and agricultural domains;

24 Apr 2019 **Conakry (Guinea)** *Agence Ecofin*. **United Kingdom (UK)**-based mining firm **Alufer Mining** intends to increase its production capacity at its bauxite operations by 10 million tonnes;

About Africa Risk Consulting:

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