

## AFRICA RISK CONSULTING

### Guinea Monthly Briefing December 2022

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#### Guinea Summary 21 December 2022

*An International Monetary Fund (IMF) staff team completes its Article IV consultation discussion with Guinea on 18 November, during which Guinean authorities request emergency funding under the IMF's Rapid Credit Facility's new Food Shock Window. A staff-level agreement is reached for \$69m in emergency funding, pending discussion by the IMF's executive board. The Conseil national de la transition (CNT) (national council for the transition) adopts the revenue component of the 2023 finance law on 17 December, which allows the process of ministers defending their budgets to CNT members to go forward. The CNT will need to make its decision as soon as possible to avoid heading into 2023 with no official state budget finalised. The budget forecasts economic growth of 5.7% in 2023 and average inflation of 10.3%, down from 12% this year. The United States (US) Treasury Department announces on 9 December that it is imposing sanctions on former president Alpha Condé (2010-2021) for "serious human rights violations in Guinea" after a multi-year investigation by the Office of Foreign Assets Control (OFAC). Condé's assets in the US are frozen and any commercial relationship with him is prohibited. Former military junta leader Moussa Dadis Camara (2008-2010) delivers his long-awaited testimony on 12 December in the trial over the 28 September 2009 Conakry Stadium massacre. Camara denies any responsibility and instead links the massacre to former president Condé.*

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#### IMF completes Article IV Mission and disburses funding under Food Shock Window

An **International Monetary Fund (IMF)** staff team completed its Article IV consultation discussion with **Guinea** on 18 November, during which Guinean authorities requested emergency funding under the IMF's Rapid Credit Facility's new Food Shock Window.<sup>1</sup> A staff-level agreement was reached for \$69m in emergency funding, pending discussion by the IMF's executive board.

The IMF team, led by **Clara Mira**, noted that the **Covid-19** pandemic was still impacting Guinea's economy when **Russia** began its special military operations in **Ukraine** in February, exacerbating the already negative effects on the non-mining sector.<sup>2</sup> Non-mining sector growth has not returned to pre-pandemic levels. While the mining sector has maintained strong growth, reaching 4.7% in 2022, it has not been enough to offset the global goods, fuel and fertiliser price shocks. Guinea's inflation has averaged 12% in 2022, roughly the same as in 2021, a result of the Guinean franc appreciating in the first half of 2022.<sup>3</sup> The government introduced subsidies on fuel and food, sacrificing government revenues equivalent to 2.1% of gross domestic product (GDP). Increased tax collection has helped offset some of these subsidies, but not enough to make up the full shortfall.

The IMF acknowledged the restraint of the ruling **Comité national du rassemblement pour le développement (CNRD)** junta in spending and under-execution of the budget, which helped to mitigate the impact of the government's revenue shortfall, and in fact reduced the overall fiscal deficit in 2022.<sup>4</sup> This factor contributed significantly to the IMF's decision to reach the staff-level agreement.

The IMF's representative in Guinea, Dr **Salifou Issousfou**, noted in a press conference on 30 November that economic growth for 2022 will reach 4.7%, which was revised downwards but is still

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<sup>1</sup> IMF, 23 Nov 2022

<sup>2</sup> IMF, 23 Nov 2022

<sup>3</sup> IMF, 23 Nov 2022

<sup>4</sup> IMF, 23 Nov 2022

higher than that of many other **African** countries.<sup>5</sup> Public debt is estimated to be 40% of GDP, which is lower than the average for **sub-Saharan Africa**. Issoufou further stated the IMF's recommendations for Guinea revolve around four areas: protecting the vulnerable (assisted through the Food Shock Window funding), inflation and monetary policy, public finances, and green, sustainable and inclusive growth.<sup>6</sup> The IMF's overall appraisal is positive given the political dynamics within Guinea and that notably, these have not severely impacted economic growth and trajectory.<sup>7</sup>

The IMF approved the Food Shock Window in October to help IMF member countries cope with the global food shock triggered by Russia's military operations in Ukraine. The Food Shock Window is aimed at member countries that have an urgent balance of payments need related to food shock and which are suffering from acute food insecurity, a sharp increase in food import prices or a cereals export shock.<sup>8</sup>

### 2023 finance law still under debate

The **Conseil national de la transition (CNT)** (national council for the transition) adopted the revenue component of the 2023 finance law on 17 December, allowing the process of ministers defending their budget to CNT members to go forward. The budget, which was initially presented on 12 December, forecasts that revenue in 2023 will reach GNF 27.855 trillion (\$3.21 billion) against expenditure of GNF 26.292 trillion (\$3.03 billion).<sup>9</sup> This forecasted revenue is an increase of GNF 1.600 billion (\$185,288) over the revenue for 2022. The government believes increased revenue from taxes and customs will help to achieve this. The government anticipates economic growth of 5.7% in 2023 and a reduced average inflation rate of 10.3%.<sup>10</sup> Guinea is also benefiting from the **Sino-Guinea** framework agreement, worth \$20 billion. Thus far, \$650m has been used to finance various projects in Guinea and it is anticipated that more will be disbursed in 2023.<sup>11</sup>

Budget minister **Lanciné Condé** and finance minister **Moussa Cissé** addressed concerns from CNT members following the budget presentation, after which the revenue component of the 2023 finance bill was adopted.<sup>12</sup> On 20 December, various members of government such as justice minister **Alphonse Charles Wright** were called on to present and defend their budgets for 2023.<sup>13</sup> This process is ongoing, however, the CNT will need to make its decision as soon as possible to avoid heading into 2023 with no official state budget finalised.

### US sanctions Alpha Condé

The **United States (US) Treasury Department** announced on 9 December that it would impose sanctions on former president **Alpha Condé** (2010-2021) for "*serious human rights violations in Guinea*" after a multi-year investigation by the **Office of Foreign Assets Control (OFAC)**.<sup>14</sup> Condé's assets in the US have been frozen and any commercial relationship with him is prohibited. The US government was clear that the sanctions do not relate to the current political transition in Guinea but rather actions that occurred under Condé's presidency, specifically the violence against opposition supporters during the March 2020 constitutional referendum and the 2020 election (*see ARC Briefing Guinea Apr & Nov 2020*).<sup>15</sup> The Treasury Department cited Condé's decision to have several ministers create a special police unit to respond to protestors in March 2020 and to resort to violence if

<sup>5</sup> Guinee7.com, 30 Nov 2022

<sup>6</sup> Media Guinee, 2 Dec 2022

<sup>7</sup> ARC Guinea Analyst

<sup>8</sup> IMF, 4 Oct 2022

<sup>9</sup> Guinee Matin, 17 Dec 2022

<sup>10</sup> Media Guinee, 12 Dec 2022

<sup>11</sup> Guinee Matin, 17 Dec 2022

<sup>12</sup> Guinee Matin, 17 Dec 2022

<sup>13</sup> Guinee Matin, 20 Dec 2022

<sup>14</sup> Anadolu Agency, 9 Dec 2022

<sup>15</sup> Anadolu Agency, 9 Dec 2022

necessary as one example of his actions.<sup>16</sup> The Treasury Department also noted violence against and arbitrary arrests of opposition members during the October 2020 election.

Justice minister Alphonse Charles Wright launched a court case against Condé and 26 of his former officials in May for violent crimes and human rights abuses that occurred under their administration (see *ARC Briefing Guinea May 2022*).<sup>17</sup> Wright announced a second case against Condé and 180 of his former ministers and executives in November for alleged acts of corruption (see *ARC Briefing Nov 2022*). The actions by the US will help Wright strengthen his case against Condé.

The sanctions have also caused a crisis within the former ruling **Rassemblement du peuple de Guinée-Arc-en-ciel (RPG-AEC)**, which Condé still heads. The RPG-AEC held its general assembly on 10 December, chaired by **Domani Doré**. Doré acknowledged the sanctions imposed on Condé, calling them “*accusations*”, and said the RPG-AEC is yet to meet with allied parties on the matter before presenting its position. Regardless, the sanctions will be a blow to the party that has chosen to keep Condé as its leader despite being overthrown in the September 2021 coup d’état and the allegations he has since faced.

### Ex-junta leader testifies in massacre trial

Former military junta leader **Moussa Dadis Camara** delivered his long-awaited testimony on 12 December in the trial over the 28 September 2009 **Conakry Stadium** massacre, unsurprisingly denying any responsibility and instead linking the massacre to former president Condé. Camara testified that Condé had “*skilfully orchestrated*” the 28 September massacre and had manipulated other political party leaders and civil society actors to agree to his plan.<sup>18</sup>

Camara is facing a multitude of charges including murder, assassinations, theft, looting, arson, armed robbery, assault and intentional injuries, contempt of law enforcement officers, torture, kidnapping, non-assistance to people in danger, sexual violence, indecent assault, possession of first category war material and complicity.<sup>19</sup> Camara told Judge **Ibrahima Sory Tounkara** on the day of his testimony that he pleads not guilty to all the charges. Camara’s testimony was delayed after he told the court he was suffering from malaria and was too ill to take the stand.

A lawyer for **Aboubacar Sidiki Diakité** (also known as **Toumba**), a co-defendant of Camara and former military doctor, told media that he believed Camara faked his illness and reiterated Toumba’s testimony that Camara was the mastermind behind the stadium massacre.<sup>20</sup> In his testimony, Camara blamed the massacre on Toumba, calling him the “*executor*”.<sup>21</sup>

The trial has dominated the media since it began on 28 September and brought to light the atrocities of that day. It has also highlighted the government’s failure to assist those impacted by the massacre. Justice minister Wright confirmed in a press conference on 20 December that no compensation fund was ever established for the victims, specifically the women raped and assaulted by soldiers during the massacre.<sup>22</sup> The justice ministry rectified this in 2022, using its budget to establish a compensation fund and make available funds for the protection of the women during the trial and before and during their testimonies, which will take place in 2023. Wright further noted that the government is engaging with international partners to arrange further funding for the compensation fund.

Camara’s testimony is ongoing.

<sup>16</sup> Jeune Afrique, 9 Dec 2022

<sup>17</sup> Anadolu Agency, 9 Dec 2022

<sup>18</sup> Guinee Matin, 19 Dec 2022

<sup>19</sup> Guinee Matin, 19 Dec 2022

<sup>20</sup> Africanews, 13 Dec 2022

<sup>21</sup> Media Guinee, 12 Dec 2022

<sup>22</sup> Guinee Matin, 20 Dec 2022

### What to expect in 2023

The year ahead will be an important one for Guinea. The CNRD will need to begin preparations for the 2024 general elections, which will prompt the announcement of presidential candidates in the latter half of 2023. However, the CNRD may backtrack on its agreement with the **Economic Community of West African States (ECOWAS)** to hold elections in 2024, citing time needed for preparation, which would risk further political instability and sanctions from the regional bloc.

The 28 September trial will conclude in 2023, ending a dark chapter in the country's history. The outcome of the trial may promote some social cohesion, but also prove the justice ministry's ability to tackle such a sensitive case.

The CNRD will continue its battle against corruption in 2023 ahead of the general election. Junta leader Colonel **Mamadi Doumbouya** (2021-present) has made this anti-corruption drive his legacy. While it is not anticipated that Doumbouya will run for the presidency, justice minister Wright has been a very active political leader and may be paving the way for a run at the top job. Prime minister **Bernard Gomou**, who has handled many of the diplomatic duties for the CNRD, is also a likely candidate.

As reported in the IMF's Article IV consultation, the CNRD has done an impressive job of handling state finances and will build on this in 2023. Increased development in the non-mining sector will help spur growth, but in 2023, the mining sector will still account for most revenue generation.

## Planner

2024 **(Guinea)** General elections

31 March 2025 **Conakry (Guinea)** Start of exploitation at the **Simandou** iron ore project;

## Chronology

20 Dec 2022 **Conakry (Guinea)** *Media Guinee*. Court of appeal launches a preliminary investigation into the former vice-president of the military junta that ruled between 2009 and 2010, **Sékouba Konaté**, for embezzlement of public funds and money laundering;

16 Dec 2022 **Conakry (Guinea)** *Guinee Matin*. Court of first instance sentences the former prefect of **Siguiri**, Colonel **Fodé Soumah** and 47 others, including 31 **Chinese** nationals, to suspended prison sentences for environmental degradation complicity in illegal mining and corruption;

16 Dec 2022 **Conakry (Guinea)** *Media Guinee*. **Autorité de régulation des Postes et Télécommunications (ARPT)** (post and telecommunications regulatory authority) presents its strategic development plan for 2023-2025, involving 43 projects and 17 programmes over three years;

16 Dec 2022 **Conakry (Guinea)** *Media Guinee*. **Conseil national de la transition (CNT)** (national council of the transition) passes the Programme de Référence Intérimaire (PRI), which will guide development over the period 2023-2025;

15 Dec 2022 **Conakry (Guinea)** *Media Guinee*. Former constitutional court president **Mohamed Lamine Bangoura** is arrested on charges of embezzlement of public funds and complicity among others. Bangoura validated the election of former president **Alpha Condé** for a third term in the 2020 presidential elections;

14 Dec 2022 **Conakry (Guinea)** *Media Guinee*. Prime minister **Bernard Gomou** announces a budget of 400 billion Gnf (\$46.42m) to prepare for elections in 2024;

12 Dec 2022 **Conakry (Guinea)** *Africanews*. Former junta leader **Moussa Dadis Camara** testifies in the September 2009 **Conakry Stadium** massacre trial, denying any responsibility and maintaining his innocence;

12 Dec 2022 **Riyadh (Saudi Arabia)** *Afrimag.net*. **Guinea's** finance minister, **Moussa Cissé**, and the **Saudi Development Fund** sign a financing agreement for \$8m to improve access to drinking water in cities and rural areas;

11 Dec 2022 **Siguiri (Guinea)** *Africa Guinee*. Employees of **South Africa**-headquartered **AngloAshanti's** gold mine threaten strike action over a new tax on their wages;

10 Dec 2022 **Conakry (Guinea)** *Vision Guinee*. President of the transitional government, Colonel **Mamadi Doumbouya**, calls for an audit of all state contracts signed in 2022 to promote transparency;

9 Dec 2022 **Conakry (Guinea)** *Agence Ecofin*. **African Development Bank (AfDB)** signs a loan agreement for \$32.9m with **Guinea's** transitional government for two projects in food production and development of transport and roads;

7 Dec 2022 **Rabat (Morocco)** *Media Guinee*. **Guinea** signs a memorandum of understanding (MoU) with the parties involved in the **Nigeria-Morocco Undersea Gas Pipeline** to ensure gas supplies to Guinea;

5 Dec 2022 **Conakry (Guinea)** *Media Guinee*. **Fanta Pierre Delamou** is sentenced to a year in prison and a 30m FCFA (\$48,068) fine after threatening prosecutors involved in the 28 September massacre trial;

5 Dec 2022 **Conakry (Guinea)** *Vision Guinee*. **Guinea** court accepts former president **Moussa Dadis Camara**'s request for a postponement of his September 2009 massacre trial appearance on health grounds;

1 Dec 2022 **Conakry (Guinea)** *Media Guinee*. **Vincent Martin**, the resident coordinator for the **United Nations** in **Guinea**, notes during a presentation to government that food insecurity affects 900,000 Guineans;

29 Nov 2022 **Conakry (Guinea)** *Africa Guinee*. **World Bank** notes in a report that **Guinea** remains one of the poorest countries in the world despite sustained growth, large natural resource endowments and macroeconomic stability, urging government to invest in human capital;

26 Nov 2022 **Conakry (Guinea)** *Media Guinee*. **Japan** donates \$2.14m to the **World Food Programme** in **Guinea**;

25 Nov 2022 **Conakry (Guinea)** *Le Monde*. **Guinea**'s main political parties boycott a dialogue meeting initiated by the ruling military junta intended to draft a new constitution by 15 December, which will be subject to a referendum.

### About Africa Risk Consulting:

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