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Security incidents mar President Alpha Condé's (2010- present) return to power following confirmation of his 11 October election victory. Condé sacks interior minister Mamoudou Cissé after community violence in Touba, while security forces bring under control violent protests at Maison Central prison in Conakry. A United States (US) district court dismisses Rio Tinto Plc's lawsuit against Vale, BSG Resources (BSGR) and its founder Beny Steinmetz over the alleged conspiracy to win the Simandou North (blocks 1 and 2) iron ore concessions from Rio Tinto in 2008. However, the judge ruled on the basis of the statute of limitations, rather than the facts of the case, and BSGR remains the subject of multi-jurisdiction corruption probes. Guinea fails to significantly improve the business environment, according to the World Bank's annual 'Doing Business' report.

Condé returns to power amid security incidents

Security incidents have marred President **Alpha Condé's** (2010- present) return to power. On 31 October the **Constitutional Court** validated Condé's 11 October presidential election victory with 57.84% of votes.¹ However, for Condé any post-election celebration was short-lived. Authorities arrested 13 people in relation to the murders of two brothers in **Touba**, a pilgrimage town in the north of the country for **West African** Muslims, during violent incidents on 14 and 15 November.² One brother was decapitated in a machete attack and the other stabbed to death.³ The deaths were part of violent clashes in Touba that started over a dispute between rival Muslim groups involving the demolition of a mosque.⁴ The clashes also resulted in arson attacks on villages and other significant property damage.⁵ The government deployed security forces to the area and the state prosecutor has opened an investigation into the incidents that led to the arrests.⁶

Following the incidents, on 19 November Condé dismissed interior minister **Mamoudou Cissé**, state secretary for religious affairs **Elhadj Abdoulaye Diassy**, and his deputy **Aboubacar Fofana** by presidential decree for "*gross misconduct*".⁷ A presidency source said, "*President Condé holds them responsible for the management of catastrophic events at Touba*".⁸ Condé appointed Cissé head of the government's security department in December 2014.⁹

*"The fighting in Touba was between two rival families. One family could not authorise the construction of another mosque by another group that has some government backing. Several reports claim there were more deaths, as many as four. Condé fired the minister because his handling of the incidents was abysmal."*¹⁰

¹ Jeune Afrique, 31 Oct 2015.

² RFI, 20 Nov 2015.

³ Reuters, 19 Nov 2015.

⁴ Senenews, 17 Nov 2015.

⁵ RFI, 20 Nov 2015.

⁶ Jeune Afrique, 20 Nov 2015.

⁷ RFI, 20 Nov 2015.

⁸ Jeune Afrique, 20 Nov 2015.

⁹ RFI, 20 Nov 2015.

¹⁰ Source, francophone journalist and Guinea researcher, Conakry

In another incident, on 9 November a violent protest at **Maison Central** prison in **Conakry** against prison governor **Moriba Sylla** resulted in injuries to over a dozen inmates and guards.¹¹ According to the government, hundreds of prisoners demonstrated at the overcrowded prison against the “*intensely disliked*” Sylla.¹² **French** colonial authorities built the prison in the 1950s for 220 prisoners.¹³ The prison now has over 2,000 inmates.¹⁴ Local sources reported sounds of gunfire for over two hours¹⁵ to quell an attempted escape, which caused panic in nearby suburbs **Coronthie** and **Sans-fil** close to the **Kaloum** central business district.¹⁶ The government claims the outbreak prompted “*a timely and vigorous response of the security services*”.¹⁷ The government also claimed it had brought the situation under control “*after several hours*”.¹⁸ However, the government admitted that several inmates had managed to escape.¹⁹ The justice ministry confirmed that the government had opened an investigation into the incident.²⁰

“It’s unbelievable the prison is still there as it is incredible run and down and overcrowded. It needs to be demolished and a prison built in an area of the capital with more space. The security forces are still hunting down a few escapees, but on the whole the situation was brought under control.”²¹

Women’s groups also led a demonstration in Conakry on 4 November against increasing rape violence, after a video emerged on social media allegedly showing a rape attack.²² After justice minister **Cheick Sako** issued an international arrest, authorities arrested rapper **Tamsir Toure** in **Côte d’Ivoire** over the alleged attack.²³

BSGR wins temporary legal respite

The **United States (US) District Court for the Southern District of New York** dismissed **Rio Tinto Plc’s** lawsuit against **Vale**, **BSG Resources (BSGR)** and its founder **Beny Steinmetz** over the **Simandou North (blocks 1 and 2)** iron ore concessions. On 20 November, the judge dismissed Rio Tinto’s claim concerning the defendants’ alleged conspiracy to steal the Simandou North rights on the grounds that the statute of limitations applied against Rio Tinto.²⁴ The court ruled in the defendants’ favour that the four-year statute of limitations started when the government re-awarded the rights to BSGR in 2008.²⁵ Rio Tinto filed its case against BSGR in 2014.²⁶ The hearing failed to address the details of the case. Following the ruling, Vale and BSGR separately said Rio Tinto’s claims were “*baseless*”.²⁷

Rio Tinto filed its complaint for violations, and sought unspecified damages, under the **Racketeer Influenced and Corrupt Organizations Act**.²⁸ The company filed the detailed complaint on 30 April 2014 against Vale, BSGR, and Steinmetz as well as **Mamadie Touré**, an ex-wife of former president **Lansana Conté** (1984-2008), and **Mahmoud Thiam**, the former mines minister during the military administration (2009-2010).²⁹ Rio Tinto accused the defendants of colluding with military government officials including Thiam to “*steal*” the Simandou North concessions.³⁰ In December 2008,

¹¹ Jeune Afroque, 10 Nov 2015.

¹² News24, 10 Nov 2015.

¹³ News24, 10 Nov 2015.

¹⁴ News24, 10 Nov 2015.

¹⁵ News24, 10 Nov 2015.

¹⁶ RFI, 10 Nov 2015.

¹⁷ News24, 10 Nov 2015.

¹⁸ RFI, 10 Nov 2015.

¹⁹ RFI, 10 Nov 2015.

²⁰ Jeune Afrique, 9 Nov 2015.

²¹ Source, francophone journalist and Guinea researcher, Conakry

²² News 24, 4 Nov 2015.

²³ News 24, 11 Nov 2015.

²⁴ www.nysd.uscourts.gov/cases/show.php?db=special&id=492

²⁵ www.nysd.uscourts.gov/cases/show.php?db=special&id=492

²⁶ www.nysd.uscourts.gov/cases/show.php?db=special&id=492

²⁷ Financial Times, 20 Nov 2015.

²⁸ www.riotinto.com/media/media-releases-237_10305.aspx

²⁹ www.riotinto.com/media/media-releases-237_10305.aspx

³⁰ www.riotinto.com/media/media-releases-237_10305.aspx

weeks before the death of former president Conté, the military government cancelled Rio Tinto's licences and re-awarded the concessions to BSGR.³¹ Vale acquired a 51% share of BSGR's Guinea assets in 2010.³²

Rio Tinto's complaint focused on Vale's role in BSGR's acquisition of the concessions. Rio Tinto claims it started discussions with Vale in August 2008 for Vale to acquire part of the Simandou area.³³ It said Vale broke a confidentiality agreement and fraudulently passed "*confidential information obtained during discussions*" to BSGR officials including Steinmetz.³⁴ According to the complaint, Vale and BSGR used this information to improve their bid for the concessions.³⁵

The complaint accused BSGR of bribing several military government officials, including an alleged \$200m bribe to Thiam.³⁶ Thiam was perceived as close to BSGR and hostile towards Rio Tinto during his time as mines minister.³⁷ Rio Tinto also accused BSGR of paying bribes to Touré.³⁸

The controversial re-award of the Simandou North concessions remains the subject of multi-jurisdictional corruption probes. Touré is a cooperating witness in a continuing US grand jury investigation into alleged violations of the **US Foreign Corrupt Practices Act (FCPA)**. The **US Federal Bureau of Investigation (FBI)** inquiry focused on BSGR's alleged bribery to win the concession.³⁹ BSGR agent **Frederic Cilins**, who pleaded guilty to obstruction of justice, was released from prison in February 2015 after serving two years' imprisonment.⁴⁰ A government mining contract review body, **Comité Technique de Revue des Titres et Conventions Miniers (CTRTCM)**, report used the FBI investigation as the basis to cancel BSGR-Vale's rights to the Simandou North concessions in April 2014.⁴¹ Vale has also reportedly filed a claim against BSGR in the **London Court of International Arbitration**.⁴² In July 2015, prosecutors held interviews with witnesses in Conakry as part of a **Swiss** investigation focused on BSGR's alleged bribery.⁴³

Following the cancellation of its Guinea licences, BSGR has initiated arbitration proceedings against the government. In May 2014 BSGR confirmed that it had filed a "*notice of dispute*" against the Guinea government in the **International Centre for Settlement of Investment Disputes (ICSID)**.⁴⁴ The **International Chamber of Commerce in Paris** (France) will hear the case but has not scheduled a date.⁴⁵

Guinea's Doing Business ranking confirms no significant improvement

The **World Bank's** annual '*Doing Business*' report published on 27 October confirmed no significant improvement in the business environment in Guinea. Guinea rose six places but remains 165 (out of 189 economies) in the rankings.⁴⁶ The report is based on 10 "*ease of doing business*" topics: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency.⁴⁷ According to the report, Guinea made a significant improvement in the "starting a business" index (to 12th from 175th place), and some gains in "resolving insolvency" (to 108th from

³¹ See previous ARC Briefings for Guinea

³² See previous ARC Briefings for Guinea

³³ www.riotinto.com/media/media-releases-237_10305.aspx

³⁴ www.riotinto.com/media/media-releases-237_10305.aspx

³⁵ www.riotinto.com/media/media-releases-237_10305.aspx

³⁶ www.riotinto.com/media/media-releases-237_10305.aspx

³⁷ See previous ARC Briefings for Guinea

³⁸ www.riotinto.com/media/media-releases-237_10305.aspx

³⁹ See previous ARC Briefings for Guinea

⁴⁰ See ARC Briefing for Guinea, Jul 2015

⁴¹ See ARC Guinea briefing Apr 2014

⁴² Financial Times, 7 May 2014.

⁴³ See ARC Briefing for Guinea, Jul 2015

⁴⁴ Financial Times, 7 May 2014.

⁴⁵ See ARC Briefing for Guinea, Jul 2015

⁴⁶ World Bank, 27 Oct 2015.

⁴⁷ World Bank, 27 Oct 2015.

116th).⁴⁸ However, it made no significant improvement in the other indices, and deteriorated in the “getting credit” index (to 133rd from 128th).⁴⁹

In the West Africa region, Guinea placed below other low-ranked neighbours **Senegal** (153) and Côte d’Ivoire (142).⁵⁰ **Mauritius** (32), **Rwanda** (62), **Botswana** (72), and **South Africa** (73) were the highest ranked **sub-Saharan Africa** countries.⁵¹

Guinea’s low *‘Doing Business’* ranking is in line with the deteriorated economic situation, owing to the continuing Ebola crisis, downturn in the key mining sector and some election-related violence. The *‘Doing Business’* ranking also corresponds with the **World Economic Forum’s (WEF) 2015-2016 Global Competitiveness Rankings** released on 30 September, which placed Guinea last (140th out of 140 countries).⁵²

Implications

The several security incidents in Guinea highlight continuing stability challenges. Religious and ethnic tensions remain high in several areas, and will result in sporadic incidences of violence. However, under Condé the security forces have responded effectively to outbreaks of violence, compared to previous military regime eras, while security forces’ discipline has improved markedly. Condé’s dismissal of Cissé also demonstrates his authority within the security apparatus.

The US district judge’s dismissal of Rio Tinto’s lawsuit represents some respite for BSGR. However, several well-resourced corruption probes into BSGR are continuing and have already made significant allegations concerning BSGR’s alleged corruption involving its acquisition of the Simandou North (blocks 1 and 2) iron ore concessions. The dismissal of the law suit will probably have little impact on these probes, particularly due to the fact that the ruling did not consider the details of the case.

Guinea’s *‘Doing Business’* ranking confirms the difficult business environment over the last year. The economy has significantly contracted due to the effects of the continuing Ebola outbreak and the collapse in international commodity prices, which has reduced government revenues and resulted in sector stagnation. In addition, unrest around the presidential election also subdued investment. However, the business outlook is improving, with the elections passed and the Ebola crisis expected to reach an end by late 2015 or early 2016.

⁴⁸ World Bank, 27 Oct 2015.

⁴⁹ World Bank, 27 Oct 2015.

⁵⁰ World Bank, 27 Oct 2015.

⁵¹ World Bank, 27 Oct 2015.

⁵² www3.weforum.org

About Africa Risk Consulting:

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