

AFRICA RISK CONSULTING

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Guinea Summary 25 April 2022

Head of state and president of the Comité National de Redressement et du Développement (CNRD) military council Col. Mamadi Doumbouya (2021-present) presents a framework for inclusive dialogue between the ruling military junta and other political stakeholders. Further details emerge regarding the agreement between the ruling CNRD military junta and Australia-based Rio Tinto and a Chinese-backed consortium to resume activities at the Simandou iron ore deposit. Doumbouya tells international mining companies to present their plans to start processing their bauxite locally by the end of May, threatening penalties for those who miss the deadline. Agriculture minister Mamoudou Nagnalen Barry expresses concern about the possible impact of the Russia-Ukraine conflict on food supplies to Guinea, noting that Guinea imports \$450m worth of staple foods per year, including \$350m of rice, \$50m in poultry products and \$50m worth of vegetables.

Government begins political dialogue

Dialogue between the ruling military junta and other political stakeholders began on 15 April after head of state and **Comité National de Redressement et du Développement (CNRD)** military council president Col. **Mamadi Doumbouya** (2021-present) presented a framework for inclusive dialogue on 6 April.¹ The document lays out key stages and actions to be conducted before returning **Guinea** to civilian rule.

Stakeholders were given the opportunity to present their transition timelines to the ruling military junta. The **Front national pour la défense de la constitution (FNDC)** civil society movement presented a timeline of 24 months, giving the junta two years from the date of the coup on 5 September to return to civilian rule, via a three-stage process of a constitutional referendum, municipal and legislative elections, and presidential elections.²

The political party of former president **Alpha Condé** (2010-2021), the **Rassemblement du peuple de Guinée-Arc-en-ciel (RPG-AEC)**, announced on 14 April that it would not take part in the political dialogue process.³ Party members met with Condé following his release from house arrest on 22 April, following Condé's invitation to the party to "*safeguard the unity of the party and encourage militant solidarity*".⁴

Other stakeholders have taken issue with the failure of the framework document to provide information on the establishment of the **Organe de gestion des élections** (election management body), an independent body that would oversee organisation of the elections.⁵ As it stands, the ministry of territorial administration and decentralisation will oversee this.

Despite commencement of dialogue, the military junta has not provided a timeline for the return to civilian rule. Doumbouya has continued to resist pressure from the **Economic Community of West African States (ECOWAS)** and local political stakeholders to do so. Emissaries have also been invited to **Washington (United States)** on behalf of Doumbouya to reassure officials of the progress the

¹ Guineenews.org, 6 Apr 2022

² Africa Guinea, 21 Apr 2022

³ Guinea7.com, 14 Apr 2022

⁴ Guineematin.com, 24 Apr 2022

⁵ Africa Guinea, 17 Apr 2022

junta has been making.⁶ United States (US) assistant under-secretary of state **Micheal Gonzales** said in December that his government would offer support for the transition once there is a clear timetable for returning to civilian rule. Guinea's economy, finance and planning ministry said on 24 April that while the US has expectations of the transitional government, it has not changed its stance regarding support for the country.

Junta releases details of Simandou deal

Further details have emerged regarding the agreement made between the ruling CNRD military junta on the one hand and **Australia**-based **Rio Tinto** and **China**-backed **Winning Consortium Simandou (WCS)** on the other to resume activities at the **Simandou** iron ore deposit. President Doumbouya ordered the cessation of activities at Simandou on 10 March, reportedly to obtain clarification from stakeholders about how the operating model for the project would ensure the preservation of Guinea's interests (see *ARC Briefing Guinea Mar 2022*).⁷ The Simandou iron ore project is Guinea's most important economic development project, with the mining deposit estimated to hold 1.8 billion tonnes of high-grade iron ore reserves.⁸

The agreement, reached on 26 March, includes a deal of approximately \$15 billion for exploitation of the iron deposits and construction of port and railways infrastructure.⁹ The railway, known as the **Transguinéen**, will be approximately 670 km long and lead to the deep-water port to be built in **Moribaya**.¹⁰ The infrastructure will not be for the exclusive use of iron mining operations, but will also be used to transport other goods and people, and by other companies who start operations in the same area.¹¹ Once completed, the infrastructure will become state property, to be managed by a public agency.¹² The government will maintain a 15% stake in the railway, deep water port and the mine. The additional infrastructure is expected to be completed by December 2024 and commercial production of the mine has been moved up from 2026 to 31 March 2025.¹³ Government spokesperson **Ousmane Gaoual Diallo** stated that the companies risk "major" sanctions if they fail to comply with these deadlines.¹⁴

The **Confédération générale des entreprises de Guinée** (general confederation of Guinean enterprises) and the **Chambre de commerce** (chamber of commerce) welcomed the agreement. **Union syndicale des travailleurs de Guinée** (trade union syndicate of Guinea's workers) secretary general **Abdoulaye Sow** thanked the government for its intervention, describing the project as a "godsend for Guinea".¹⁵ The **World Bank** reports that Guinea derives 35% of its gross domestic product (GDP) from mining activities.¹⁶ **United Kingdom**-based **CRU Group** estimates that Guinea will export 150m tonnes annually when production begins at Simandou, making it the third largest iron ore exporter in the world.^{17,18}

The Simandou deposit is divided into four blocks. The government of former president Condé awarded WCS the mining rights to develop Blocks 1 and 2 in November 2019.¹⁹ Simandou Blocks 3 and 4 have mixed ownership, with Rio Tinto owning 45.05% of the deposit, and **Aluminium**

⁶ Africa Guinee, 24 Apr 2022

⁷ GuinéeNews.org, 10 Mar 2022

⁸ Reuters, 11 Mar 2022

⁹ Agence Ecofin, 28 Mar 2022

¹⁰ Agence Ecofin, 28 Mar 2022

¹¹ Agence Ecofin, 28 Mar 2022

¹² Africa Business Magazine, 31 Mar 2022

¹³ Agence Ecofin, 28 Mar 2022

¹⁴ Agence Ecofin, 28 Mar 2022

¹⁵ Guineematin.com, 31 Mar 2022

¹⁶ DW, 23 Mar 2022

¹⁷ Reuters, 11 Mar 2022

¹⁸ Reuters, 11 Mar 2022

¹⁹ VOA Afrique, 13 Mar 2022

Corporation of China (Chinalco) and the Guinean state respectively holding the remaining 39.95% and 15% shares.²⁰ Rio Tinto was initially granted the concession in 1997.²¹

The companies party to the latest agreement are no doubt hoping that it will endure when the ruling military junta is no longer in power and a return to civilian rule has been implemented. Former president **Lansana Conte** (1984-2008) stripped Rio Tinto of its mining rights to the northern half of the Simandou iron ore deposits in 2008, days before he passed away (see *ARC Briefing Guinea March 2019*).²² Condé launched investigations into the matter, which concluded in 2012 that **Guernsey**-headquartered **BSG Resources (BSGR)** had obtained the Simandou mining rights through bribery and corruption.²³ In April 2014, Condé's government cancelled the rights of BSGR and **Brazil**-headquartered mining company **Vale**, which had acquired a 51% share of BSGR's Guinea assets in 2010, to their Simandou blocks 1 and 2 and **Zogota** iron ore concessions, alleging that BSGR had paid bribes in exchange for the licences (see *ARC Briefing Guinea Apr 2014*).²⁴ In February 2019, BSGR agreed to relinquish its claims to blocks 1 and 2 (see *ARC Briefing Guinea March 2019*).²⁵

Government pushes for local refineries ...

President Doumbouya has demanded that international mining companies present plans to start processing their bauxite locally.²⁶ Guinea is the second-largest bauxite producer worldwide, but currently none of its bauxite is processed locally. Doumbouya has given mining companies until 31 May to present these plans, threatening to impose penalties on companies that miss the deadline. Doumbouya stated the government's demands at a meeting with heads of mining companies at the **Mohamed V Palace in Conakry** on 8 April.

Doumbouya noted that most, if not all, bauxite producers in Guinea have previously committed to developing local refineries; however, only one has been established.²⁷ Doumbouya said the previously signed establishment agreements contain commitments and obligations on both sides, and failure to uphold these is cause for nullification:

*"This is the case with the transformation process of our raw materials that you use. From now on, their transformation on the spot becomes essential. It is an imperative to respect without delay. Several conventions mention on-site refining."*²⁸

The government has taken several measures over the past decade to create incentives for local transformation. A new mining code was introduced in 2011 adding incentives for investment; tax rates on bauxite were cut in 2013; and in 2017, a corporate social responsibility policy was introduced. Bauxite is the primary ore necessary to produce aluminium metal, which is considered essential for the automotive and food industries.²⁹

The demands for mining companies to process locally include the state, which is a 49% shareholder in **Compagnie des Bauxites de Guinée**. The government will be expected to mobilise finances to assist in the construction of a refinery. Large quantities of energy and water are required to refine bauxite, which will present additional challenges to mining companies to comply with the government's demands.³⁰

²⁰ Reuters, 11 Mar 2022

²¹ Reuters, 11 Mar 2022

²² Financial Times, 25 Feb 2019

²³ Financial Times, 25 Feb 2019

²⁴ Radio Television Guineenne, 18 Apr 2014.

²⁵ Financial Times, 25 Feb 2019

²⁶ Reuters, 9 Apr 2022

²⁷ Guinee7.com, 17 Apr 2022

²⁸ Guinee7.com, 9 Apr 2022

²⁹ Africa News, 10 April 2022

³⁰ Agence Ecofin, 11 Apr 2022

... and focuses on food issues

Agriculture minister **Mamoudou Nagnalen Barry** has expressed concern regarding the impact of the **Russia-Ukraine** conflict on food supplies to Guinea and the suspension of exports by several countries that produce these food staples.³¹ Barry revealed during a press conference on 15 April that Guinea imports \$450m worth of staple foods annually, which include \$350m of rice, \$50m in poultry products, and \$50m worth of vegetables.³² In 2020, Guinea imported \$12.6m of wheat from Russia and \$898,000 of food products from Ukraine.³³

However, several major industrial groups, including **Turkey**-based **Albayrak** group, **SONOCO**, **Guicopres** and **Guitar SA**, have pledged to work to reduce Guinea's food deficit.³⁴ Barry welcomed the investment by several economic operators in the agricultural sector, which will prioritise the production of rice and maize. The agriculture ministry is also making plans to create opportunities for Guineans to invest in the agricultural sector.³⁵

In a surprise development, **North Korea** has agreed to send 30 technicians to Guinea to assist in the agricultural sector development.³⁶ Details of the agreement, reported in local and international media on 19 April, have not been published, not an uncommon practice given the large number of international sanctions on North Korea.

Planner

(Date TBA due to Covid-19) **Conakry (Guinea)** Transform Africa Conference;
 2023 **Conakry (Guinea)** Guinea Investment Forum;
 31 March 2025 **Conakry (Guinea)** Start of exploitation at the **Simandou** iron ore project;

Chronology

23 Apr 2022 **Conakry (Guinea)** *Ecofin Agency*. Coup leader and interim president **Colonel Mamady Doumbouya** says deposed President **Alpha Conde** has been released from house arrest and can receive visitors, including family members;

22 Apr 2022 **Conakry (Guinea)** *Africa Guinea*. Labour and public service minister **Julien Yombouno** has struck 801 civil servants from the public service workforce for "abandonment of posts";

21 Apr 2022 **Conakry (Guinea)** *Media Guinea*. **Cour d'Appel de Conakry** rejects the provisional release request filed by former gendarmerie spokesperson Col. **Mamadou Alpha Barry**;

21 Apr 2022 **Conakry (Guinea)** *Guineematin.com*. Trade unions announce an indefinite teachers' strike from 25 April;

21 Apr 2022 **Conakry (Guinea)** *Africa Guinea*. Interim president Col. **Mamadi Doumbouya** appoints several magistrates to the ministry of justice and human rights;

19 Apr 2022 **Kamsar (Guinea)** *Guineenews.org*. **Guinea Alumina Corporation (GAC)** announces leadership changes, appointing **Steeve Tremblay** as CEO;

15 Apr 2022 **Conakry (Guinea)** *Guineenews.org*. Agriculture minister **Mamoudou Nagnalen Barry** presents statistics indicating that Guinea imports \$450m in staple food per year;

³¹ Guineematin.com, 15 Apr 2022

³² Guineenews.org, 15 Apr 2022

³³ oec.world,

³⁴ Guineematin.com, 15 Apr 2022

³⁵ Guineematin.com, 15 Apr 2022

³⁶ NK News, 19 Apr 2022

13 Apr 2022 **Conakry (Guinea)** *Guineenews.org*. **Japan** announces funding through **UNICEF** of a project to create a rapid, effective and sustainable multisectoral response to **Covid-19** and potential epidemics in **N'Zérékoré** and **Conakry**;

13 Apr 2022 **Gbana (Guinea)** *Guineematin.com*. Environment and sustainable development ministry has validated the environmental and social impact study report for the construction of a 200MW windfarm in **Gbana**, allowing construction to go forward;

10 Apr 2022 **Conakry (Guinea)** *Reuters*. Guinea's transitional government has asked international mining companies to present plans to refine their bauxite production into alumina within the country by May and threatening to fine those who do not comply;

8 Apr 2022 **Conakry (Guinea)** *Guineenews.org*. Former president **Alpha Condé** returns to Guinea after receiving medical treatment in **Abu Dhabi** for nearly three months;

6 Apr 2022 **Conakry (Guinea)** *Reuters*. **Russian** aluminum company **Rusal** exports its first bauxite shipment from its mines in Guinea in nearly a month;

6 Apr 2022 **Conakry (Guinea)** *AFP*. The lawyer of former prime minister **Ibrahima Kassory Fofana** and three ex-ministers says the four individuals were detained on embezzlement charges in the latest probe targeting prominent figures since last year's military coup;

5 Apr 2022 **Washington D.C. (United States)** *Agence Ecofin*. The **United States (US)** will implement a programme to prevent conflict and promote stability, in collaboration with seven **African** countries, including **Guinea**;

2 Apr 2022 **Conakry (Guinea)** *Africa Guinee*. The **Cour de Répression des Infractions Économiques et Financières** (court of repression of economic and financial crimes) announces a travel ban on 37 ministers who served under former president **Alpha Condé**;

2 Apr 2022 **Conakry (Guinea)** *Africa Guinee* Negotiations begin between **Mouvement syndical guinéen** (Guinean trade movement), government and employers, aimed at improving employees' working conditions;

1 Apr 2022 **Conakry (Guinea)** *Guineematin.com*. **Netherlands**-based cooperation programme **Development Related Infrastructure Investment Vehicle** signs a deal to finance the construction of five bridges across Guinea;

31 Mar 2022 **Conakry (Guinea)** *Africa Guinee*. Col. **Mamadi Doumbouya** has appointed 11 members to the **Commission Nationale des Mines** (national commission of mines);

31 Mar 2022 **Saraya (Guinea)** *Guineenews.com*. **Saraya** residents express their anger over a new gold mine launched by **Anglogold Ashanti**;

29 Mar 2022 **Conakry (Guinea)** *Africa Guinee*. Justice ministry suspends **Cour d'Appel** attorney general **Charles Alphonse Wright** after he publicly accused ruling **Comité National de Redressement et du Développement (CNRD)** member Colonel **Balla Samoura** of interfering with the judicial police's work and for "non-compliance with the instructions relating to public speaking";

29 Mar 2022 **Conakry (Guinea)** *Africa Guinee*. **Comité National de Redressement et du Développement (CNRD)** military council president Col. **Mamadi Doumbouya** appoints several executives to the general secretariat of the government;

28 Mar 2022 **Conakry (Guinea)** *Agence Ecofin*. Mines ministry announces that exports of ore increased 4% in 2021, reaching 85.6m tons;

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Getting in touch

Please contact us by email info@africariskconsulting.com or call + 44 (0) 20 7078 4080

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