

At-Issue

Guinea's Gold Sheds Light on the Difficulties of Reforming North-South Exploitation

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Abstract: Guinea is an exemplary case of North-South exploitation, as well as of the ambiguities involved on both sides. This is what is shown by the case of its foreign-stored gold reserves and the dubious attempts of Guinea's current military junta to take back control. The solution lies in reforms on both sides.

In September 2021, the West African nation of Guinea was shaken by a coup.¹ President Alpha Condé (2010-21) was overthrown by his own security forces who then implemented a military transition government under the leadership of Colonel Mamady Doumbouya, age 42. The junta promised to plan democratic elections and to rely heavily on former UN personnel. In February 2022, after initial close cooperation, the junta surprisingly intervened against the governor of Guinea's central bank (BCRG), held him in custody, and opened up an investigation about various potential crimes. The situation revolves around the foreign-stored gold reserves of the nation—potentially one of the richest in terms of resources but de facto one of the poorest in Africa—which the junta wants to take home. The question is whether the junta wants the gold for the people or for itself, and what their actions convey to the people of Guinea and to the outside world about North-South exploitation, and the chances of a smooth transition to democracy.

What Prompted the 2021 Coup Against President Alpha Condé?

Alpha Condé (President 2010-21) initially appeared to be a progressive intellectual of European inclination who wanted to lead the country to more participatory structures, strongly sustained by France. He was determined to stabilize, modernize, and emancipate the nation. In that, and as the first democratically elected president, he inspired great hope, even beyond Guinea, for

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West Africa and even for the African Union. After initial progress, though, he regressed into more oppressive manners, concentrated the economic power in his hands, cemented his political reign, and even modified the constitution in order to obtain a third term as president. Some contend that he falsified the 18 October 2020 election results, which he officially won.² The increasing oppression and ethnic selectivity of his government eventually prompted his own special military forces to revolt against him one year later, on 5 September 2021.³ Since then, the situation has widely normalized, and a variety of political parties have sprung up which are in the process of organizing themselves in view of an upcoming general election.

Fearing intervention by the African Union and pressure from international bodies, the military junta has been careful not to stir up problems and to “fly under the radar.” So, what prompted the military government in charge since September 2021 to publicly remove governor Lounécny Nabé and his deputies from the BCRG? Did the Doumbouya-led junta want to set an example of how it wants to address North-South-exploitation? Or did it, more pragmatically, simply want to access the central bank’s reserves to finance itself?

In essence, the junta wants to get access to around three tons of Guinea’s gold reserves which are stored abroad with the Belgian rare metals firm Affinor. Affinor signed a contract in March 2021, still under Condé’s reign, to refine and store part of Guinea’s gold reserves for the BCRG in order to in turn supply the nation with foreign currency in case of need. Since then there have been problems verifying the origin of the gold, some of which apparently came from Dubai and not from BCRG. As a consequence, Affinor got into legal trouble and are refusing to give the gold back to the junta. Instead, the company has offered to return its cash value, which the junta has not accepted partly because of the volatile global market of precious metals.

Why Did the Military Arrest and Charge Nabé?

The military initially became involved to investigate Guinea’s foreign dependencies and deposed Nabé probably to put pressure on Affinor. If Nabé were to be prosecuted for alleged crimes in managing the national foreign gold reserve, part of the suspicion and prosecution would fall on Affinor since the firm collaborated closely with the BCRG, as stipulated in the contract. The junta also knows that indicting a former elite representative of the Condé government makes it more popular at home, since many Guineans think that most of the bureaucrats under Condé were working to exploit their country in favor of external powers, acted corruptly in some way, and thus should be held responsible.

Some press reports have suggested that the military arrested Nabé because Affinor would not surrender Guinea’s gold reserves to the military government. Two questions arise in this regard: (1) is it normal for a commercial company to refuse to deal with a de facto government? And (2) since the junta’s actions would not change the legal environment in Belgium or wherever the gold is held, why would Nabé’s arrest have any influence on Affinor’s response?

These questions are of a complex legal nature and are the object of debate among specialists. It is contested whether a military junta as a de facto government can or should be seen as the legal successor of an overthrown government that was officially elected, is held in the country, and has never formally resigned by its own will. Affinor is under pressure since it knows that it is not improbable that there could have been some corruption issues involved in

its Guinea deals, and obviously it does not want to ruin its name by being further involved in any international investigation.

So is it likely that there will be calls for Nabé's release? After all, as a central bank governor he is likely to have connections in international financial circles? This is difficult to predict from the outside. Experience teaches that once serious legal problems of an international nature arise, the solidarity among high-ranking finance representatives proves to be limited. Especially when it comes to a rather opaque—in its details on the ground—and poorly-known situation like that of Guinea, and on the North-South axis of financial flows.

What is Known about Karamo Kaba, the Junta's New Governor?

According to various sources, Karamo Kaba is a political economist and strategist who has publicly been quite present.⁴ He has written for *le Courrier Financier* and other specialized outlets aiming at “seeing the whole.”⁵ From another lens, Kaba has grown on the North-South axis like his predecessor, too. He has a French academic education and has been a director of studies in France at Ecofi Investments, a management company specializing in responsible investments and a subsidiary of Crédit Coopératif, which invests into sustainable circle economies. His appointment by the junta is obviously meant as a signal of renewal and modernization towards a more “ethical” banking system and new forms of “green” and sustainable investment, following European approaches and strengthening ties with the EU and USA. Kaba stands for a new generation of progressive economists with strong ties to new socio-economic models. He should also bring a good understanding of the EU's 1.8 trillion Euro development and investment program “New Green Deal” of which African nations could become a substantial part.⁶ His political inclinations nevertheless are unknown.

What Kind of Governor was Nabé?

Was he competent? Did he defend the central bank's autonomy with regard to outside influence? Independent of the outcome of further procedures, Nabé was well-regarded among his peers and, having served more than a decade as the National Bank's governor, has been often seen as the “father” of the modern-day financial sector in Guinea. Some, though, consider this an ambiguous honor given some of the practices of the government under which he served.

Summing Up and Looking Forward

So where is Guinea headed? And what indications is the gold case of 2022 providing for assessing the situation and its perspectives? Are there more encompassing lessons to be learned? On the international level—and in this case particularly on the North-South axis—the perspective lies in reforms on all sides involved. On the one hand, the European Union should not leave investigations of dubious cases or single indictments to the courtrooms in its single nations (like, in the present case, Belgium), but should create an overall mechanism to carefully reassess the overall structure of its financial and banking relations to African and other Global South nations. Every single case, such as the Guinean one, should be included in an overall framework of comparative reform, including basic guidelines and joint standards with regard to criminal charges in specific cases where appropriate. On the other hand, the African Union should do something similar with its member states: force them to investigate the often corrupt relations with external banks and financiers, including particularly the resource front,

and implement a much stronger joint mechanism for the respective procedure which member states have to follow. The overall mechanism should also include the systematic exchange of best practices and an oversight and sanctioning mechanism.

Yet even if these steps are implemented, three cardinal questions remain on the continental and national level: Is Guinea's military junta in the process of renewing the nation's international and global intertwinement for the better of the people? Is it a force of reforming structural North-South exploitation, or rather interested to take advantage of it for personal gains?

The military junta has promised, from its very start, that a fast and smooth transition to democracy would take place by relying heavily on former personnel of global bodies such as the UN and by emancipating politically progressive and reconciliatory pro-democracy forces. The appointments for the transitional parliament, the National Council of Transition (Conseil National de Transition, CNT), indeed seem to at least partially point in this direction. There are nevertheless also voices from the pro-democracy factions on the ground indicating that some are unhappy with the pace of development towards general elections, and the African Union is also pressing the junta to speed up the transition process. Currently it remains unclear when exactly the promised elections may take place. In May 2022, contrary to its initial promises, the junta started to speak of a 36-39 month transition phase to the elections, which was rejected as too long both by the Economic Community of West African States (ECOWAS), the African Union, and the Guinean pro-democracy parties on the ground. One of the most important pro-democracy parties, Bloc pour l'Alternance in Guinée (BAG) led by Sadio Barry, demanded an 18 month transition phase, without much response by the junta. The resulting rather chaotic and poorly coordinated anti-governmental demonstrations of single pro-democracy parties in July 2022—with many injured and at least one person death because of the violent response by the military junta—were no promising signal for a fast and orderly transition. After the decisions of the ECOWAS summit in Accra on 3 July 2022 on the further direction of Guinea, wisdom suggests that the military junta should assemble all active parties (Forces Vives de la Nation, FVN) and the international African bodies to a path-breaking congress and let the results become the indication for a reconciliatory guiding strategy for the nation.

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Notes

¹ Benedikter 2021.

² Ghiradello and Benediktor 2020a; Ghiradello and Benediktor 2020b.

³ Ghiradello and Benediktor 2020a.

⁴ <https://www.youtube.com/watch?v=d0kA9vrEUmU>

⁵ <https://www.lecourrierfinancier.fr/author/kkaba>

⁶ https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en