



INTERVIEW TRANSCRIPTION

MR. FRANK CASTELEYN
Managing Director, SOGEA SATOM GE

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UNIVERSAL NEWS: I would like to start the interview with a brief perspective on the Guinean economy. Since 1979 and under President Obiang, the country has progressed while implementing measures that promote transparency and good governance and the country's role in the CEMAC (Economic and Monetary Community of Central Africa) is crucial. Important things will happen in the country in the coming years, like the African Cup of Nations or the African Union Summit. The spotlight is going to be on the country. What is the image that the international community has of Equatorial Guinea, and how does that image contrast with the reality you see in the country?

MR. FRANK COSTELEYN: I think that the image is very old-fashioned, and things have changed a lot over the last decade. The country is developing faster and faster everyday in terms of infrastructure, culture and freedom.

UNIVERSAL NEWS: These changes infrastructure-wise are the basic requirements for the country to keep on developing in other sectors, which is why infrastructure is so important. In your opinion, how does SOGEA SATOM contribute to this growth that the country is experiencing?

MR. FRANK COSTELEYN: We are partners in road construction mainly, and have been here for more than 20 years. We have been working mainly on the continental part of the country and started with construction of urban roads in the past in Mongomo, Evinayong, Mbini, Cogo and Bata for example. The country is now developing the main roads, and we are part of this as well. We are building and reconstructing roads all over the continental area including a part of the national road from Bata to Mongomo.

UNIVERSAL NEWS: So you are linking some of the most important parts of the country which naturally benefits not only the society, but also many sectors like transport and commerce. Before these roads were built, I imagine it was very difficult, if not impossible in some places to get around.

MR. FRANK COSTELEYN: The geography of this country is very difficult. You have a lot of mountains and rivers, and the forest is very deep, so roads are great need to link towns together. 50 km here is far more difficult than 50 km in other countries.

UNIVERSAL NEWS: I imagine that new techniques and ways of doing things have to be applied here in order to overcome these difficulties.

MR. FRANK COSTELEYN: The amounts of materials you need to carry out the jobs here in comparison to other countries are very important because of the mountains. It is also quite difficult because you have a lot of rain, so it is very hard to work here. Quantities are so huge, which is the main difficulty. You need very heavy equipment to do the job fast and properly. The projects are very urgent as the Government's target is to make Equatorial Guinea an emerging country by 2020. Roads are an important part of this, and this is a huge task.

NEWS INTERVIEWER: Is it impossible to work during rainy days?

MR. FRANK COSTELEYN: There are some things you cannot do when it is raining and others that you can still continue. It is difficult to organize. If you plan for the rains before they come, the damages are not so significant, but if you do not plan for it, when the rains come everything is destroyed and you have to start over. The difficulty is to keep in mind that the rains might come and be organized and ready for it to minimize the damages.

NEWS INTERVIEWER: The weather forecast is essential for you!

MR. FRANK COSTELEYN: But the forecast says that it is raining all the time! The only way to repair things is to use crushed stones. Fortunately there are lots of stones in Guinea. We have four crushing plants in Guinea now, and we are aiming to double this number.

NEWS INTERVIEWER: In terms of other materials that you use in construction, do you have to import them?

MR. FRANK COSTELEYN: We use natural materials for construction most of the time, and we just have to import diesel for equipment, bitumen for asphalt and dynamite for example.

UNIVERSAL NEWS: Do you import cement as well?

MR. FRANK COSTELEYN: No, we have a plant here. In fact they are our neighbors.

UNIVERSAL NEWS: You said that you import heavy machinery. Do you use new machines?

MR. FRANK COSTELEYN: We import new equipment. We change the standard of equipment every two years. We increase the volume each year. For road construction it is usually medium standard and there are higher standards in mining. The quantities are so huge, and you have to work fast. When you work for one year here, you do not have 365 days, but maybe 150 or 180. A lot of days are lost because of rain and repairs and preparation because of the rain.

UNIVERSAL NEWS: How do you train your workforce to use the equipment you bring here?

MR. FRANK COSTELEYN: We have a lot of Guineans in our workforce, mainly because we have been here for twenty years. We have a very dedicated workforce. A lot of our operators are much better than those we find in France today for example. They are very good. We try to train them as much as possible, and they really appreciate all this training. They are getting better and better. We train a lot of new people, because the amount of equipment is increasing, so we have to increase the number of operators. We have a strong training program, and we are planning to have a training school, but it has not been completed yet. We are currently working on-site with the existing equipment.

We have dedicated trainers from Europe and some from the equipment manufacturer that come to Guinea to help us with the training. We also have French trainers who come over, and we bring over expatriate operators who are very experienced. As I mentioned before, we are planning to have a school with training rooms and we have bought new equipment which will allow us to train on simulators. That is interesting for us on rainy days. It is important, because the more training the employees get, the more loyal they are to their jobs.

UNIVERSAL NEWS: They can see that they are learning and getting better each day, so that probably motivates them.

MR. FRANK COSTELEYN: A lot of our work is based on experience – you cannot learn most of it in school, but you have to learn it on-site everyday. The best training is

experience and bringing experienced people to share their experience. The rainy days give us the opportunity to train more.

UNIVERSAL NEWS: What percentage of the workforce is Guinean?

MR. FRANK COSTELEYN: Over 90%.

UNIVERSAL NEWS: Coming back to the Horizon plan 2020, its objective is to develop key sectors of the economy, such as infrastructure, education and healthcare. How does construction and infrastructure help this plan from now until 2020?

MR. FRANK COSTELEYN: The roads will help to join the populations of different villages together. Areas that were villages ten years ago are becoming towns now, and in ten years from now, they will be cities. The whole country is a very big construction site, and infrastructure needs to be developed to set off the economy and allow trade and industry. Hospitals have been built as well, although we are not building them. I see a lot of projects being carried out everywhere. It is the same for schools, and there are new schools open now. A lot more young people are going to school now compared to ten years ago, and the number of teachers is increasing. Everything is increasing very fast. However it was late coming. Ten years ago development was very low, and we had to catch up. I think we are catching up already and are going forward compared to our neighbors. I think that most people in the world are not aware of that. They still think of Equatorial Guinea as being as it was ten years ago. We had a very bad period of history in the 1970s, and people have heard a lot about this period. Now things are much different – the President has changed a lot of things here.

NEWS INTERVIEWER: You lived in many other African countries. You have been in Equatorial Guinea for a year and a half now, how do you compare the country's growth with its neighboring countries or the ones you have been to?

MR. FRANK COSTELEYN: I have never seen the pace of development anywhere else. It is amazing. The volume of work is amazing, given the rain and the number of projects.

UNIVERSAL NEWS: The number of projects is incredible. Everywhere you look; something is being built.

MR. FRANK COSTELEYN: It is becoming a big melting pot, because you have all sorts of nationalities working here. It is really fascinating.

UNIVERSAL NEWS: But each company has their own expertise. You are mainly involved in road construction, but you have also been involved in other things. Your main activity is still roads currently. Do you have any plans to get involved in other sectors?

MR. FRANK COSTELEYN: Road infrastructure is so huge that we want to concentrate on our expertise. Over the last twenty years we have had a lot of experience of the difficulties over here, and it is not easy. There is still a lot to do in terms of road construction. We do not want to make mistakes in projects over here. The deadline for projects to be completed is so short that you need experience. Not all companies keep to the deadlines, but we try to. We commit on the price. There are a lot of unforeseen situations that can happen, but our expertise allows us to take risks which we would be unable to do without it. We commit on costs of projects, and we do not change them. Infrastructure development is one of the only jobs where you sell something that you

have not made yet. Every project is different with natural materials you do not know about. Every project is different.

Experience is really important. When you sell biscuits it is different because you produce them first and then sell them, and when you sell them you know exactly what your expenses were and your margin. However with road construction, risk is very important, so you have a lot of forecasts. Experience is very important. The first thing we commit on is price, and I think that is quite important here, for the Government to know how much it will cost. We help by conducting studies on different projects first and providing costs. They are quite confident about our costs. The second thing we are committed to is the execution period of the project. The same surprises come up, so you have to forecast. You still have to respect deadlines, and we do this. Until now we have managed to do this.

UNIVERSAL NEWS: I imagine that is something that the Government appreciates.

MR. FRANK COSTELEYN: I think so. We place a lot of emphasis on these commitments. The third aspect is quality, within the deadline and the cost. That needs a lot of experience, and you need a workforce that is already trained and capable of carrying out a job. We do not have a workforce capable of building a hospital, so if you commit on the deadline and price, you have a lot of competition in the country because you have a lot of companies. Prices are not very attractive, and margins are low because there is a lot of competition. If you want to commit on quality, that requires experience and for your workforce to be on-site already. It is difficult for people entering the market later.

We concentrate on building roads and highways because we have the means to do what we are committed to doing.

NEWS INTERVIEWER: How were your beginnings in Equatorial Guinea? We know that the company is in many other African countries, but as you said it is important to build trust with the Government. How did you create that trust?

MR. FRANK COSTELEYN: We came as a sub-contractor of an Equatorial Guinean company, which was really important. We have been working with them for some time. After that, we worked on our own because people knew us and trusted us and we had direct contacts and confidence.

UNIVERSAL NEWS: What differentiates SOGEA SATOM from the competition?

MR. FRANK COSTELEYN: SOGEA SATOM is a branch of Vinci, the number one construction company in the world. We have a lot of means in terms of engineering for design, equipment, operating and training. That helps a lot, because the size of projects is always increasing because of the pace of development. That means that we have to develop ourselves quickly as well. The size of our group helps us, because we have means outside when we cannot manage, such as engineering and equipment.

UNIVERSAL NEWS: The recent economic crisis has hit the whole world and most of the sectors in it. Construction has been one of the sectors that has been most affected, and many huge companies have had to close due to this economic slowdown. However, SOGEA SATOM still has great flagship projects here in Equatorial Guinea. How would you say that this crisis has affected the company?

MR. FRANK COSTELEYN: Not much. The whole Vinci Group has gone through the crisis. All companies have had difficulties, but the volume of our turnover did not decrease. Thanks to some places like Equatorial Guinea that are growing when other countries are slowing down, and different permanent activities we are involved in like mining projects, we have a lot of maintenance programs. Vinci is also having a lot of concessions which are finance based on banks and our programs are over 20-30 years so there is a solid basis. Equatorial Guinea, unlike other countries is developing.

UNIVERSAL NEWS: **Because the Government is still pushing for these projects to go forward.**

MR. FRANK COSTELEYN: I think the Government was right to invest so much in this country. There is no crisis in Equatorial Guinea. Since we have invested so much here, obviously we are safe. We are increasing our turnover all over Africa. Other countries are growing, like Chad for example.

UNIVERSAL NEWS: **How do you think the construction sector has evolved in five years?**

MR. FRANK COSTELEYN: There were a lot of experiments and techniques in the past. Because there are so many difficulties, you need specific techniques, and you have to adapt to the natural materials and structures of roads for example. A few years ago there were different solutions experiments and now all projects are coming up to the same standards, from what I see. Companies still have their specifications but structural standards are appearing now.

UNIVERSAL NEWS: **Other companies have had difficulties when obtaining finance from local entities. Many companies abroad see this as a big risk, and they are not too sure that they want to come and have these types of problems. How does SOGEA SATOM finance its projects? Do they do this in-house?**

MR. FRANK COSTELEYN: We have a great financing capacity through Vinci. Payment methods here are very specific, through commission of payments, which are heavy controls that the Government has. Control is very important. We have a number of projects that we are evaluating now, but it is a big task to control everything. Payment commissions are a very important job. It takes time, and that means that payments do not happen that often. We never had payment problems with projects executed here in the end. The Government is very fair, and there is no problem there. The problem is that there may be a long period between different payments because of this control. I understand that the Government needs to control and we have a number of projects that are going on. It is a big job. We want to ensure that what they are paying is reflected in the execution of the job, and that means that there is a lot of work to do and it takes time. I think that is impossible for a small company, unless they have very high margins. You need to make an effort and commit yourself and show your capacity. You get paid when it is executed, sometimes once or twice a year, so you have to execute it before.

UNIVERSAL NEWS: **Do you think there is still space in the sector for new players to come in? What do you think Equatorial Guinea has to offer to foreign companies that want to come and develop?**

MR. FRANK COSTELEYN: I think the market is very open. Everyday you see new players coming in; however the risk is significant in terms of techniques that I was talking about before. The work is difficult, and you need experience.

UNIVERSAL NEWS: SOGEA SATOM is the African branch of Vinci. You are established all over the African continent and have some great projects not only in Equatorial Guinea, but also on the whole continent, developing roads, highways and infrastructure in general. Do you have any plans to open up new subsidiaries in Africa?

MR. FRANK COSTELEYN: It's moving a lot. Some countries are slowing down their activities and do not offer us any projects, so we are putting it on hold and waiting for activities to start up again. We have been working everywhere, and now we are present in half of the countries, and we are waiting for opportunities in the other half. We work everywhere.

UNIVERSAL NEWS: Where do you see the company in five to six years from now?

MR. FRANK COSTELEYN: I hope we will still be active in Equatorial Guinea. We want to help the project up till 2020 for sure.

UNIVERSAL NEWS: And what are your communications strategies to promote your projects and the company brand?

MR. FRANK COSTELEYN: Within Vinci, the communications strategy is very discreet. We think that quality speaks for itself, as well as respecting our commitments to price and deadlines. Most of our clients are government administration, and they know us from what we are doing.

UNIVERSAL NEWS: You were saying that most of your contracts are government contracts. Do you have any plans to increase partnership with private sector companies?

MR. FRANK COSTELEYN: We have a lot of private contracts, but not in Equatorial Guinea as there are not a lot of private sector companies within infrastructure. For example, the oil companies work offshore here, and they have nothing onshore, so there is no infrastructure for us. We are working for oil companies everywhere in Africa such as Chad and Cameroon, and miners and engineers. We are not involved in Angola yet, but we have plans to.

UNIVERSAL NEWS: Social responsibility is a very important part of any big company nowadays. Could you comment on the company's corporate social responsibility measures in the country?

MR. FRANK COSTELEYN: Vinci is trying to help students integrate into the professional world. We take a lot of people on training periods. We are doing this in Guinea as well. We are very committed to safety in the workplace for both our employees and the people who go around our projects. We have budgets for that and people dedicated to safety control.

UNIVERSAL NEWS: What almost is as important as the expertise itself.

MR. FRANK COSTELEYN: Yes. We even received an award from the oil sector. We are committed to environmental protection. As you know, road construction may harm the environment, so you have to reduce this as much as possible. If you are going to construct a road that crosses through the forest, you will inevitably have to cut down trees. However you may replant some of these and insist on the cleaning of the sidewalks. The road has to be as safe and as environmentally friendly as possible. We

have a lot of engineers working on that, and we adapt our construction projects taking flora and fauna into account.

UNIVERSAL NEWS: You try to maintain a balance between the development of the country and environmental protection.

MR. FRANK COSTELEYN: We try to maintain the same heavy standards in every country, regardless of whether there are laws for this or not. We have our global image to keep, and that is part of our responsibility. That differentiates us from a lot of our competitors.

NEWS INTERVIEWER: Do you have any targets from the Government in terms of environment protection and the number of trees you need to replant for example?

MR. FRANK COSTELEYN: It is not completely organized yet. The rules are becoming tougher and are being developed to protect the environment, especially in the continent. Some Guineans have been working in forests since they were kids, and they respect the forests. We are very keen on protecting these forests, and the laws are followed. It is not yet formalized completely, but they are imposing it.

UNIVERSAL NEWS: You were saying that you have worked all over the African continent. How would you say your past experience and knowledge have helped you lead this company here in Equatorial Guinea?

MR. FRANK COSTELEYN: You have a lot of experiments and techniques in Africa. As I was saying, the materials you find in Africa are different to those that you find in Europe. The experience you have in different countries will help you to find new techniques here. You work as a pioneer in engineering in Africa very often, and it helps a lot here if you have experimented with different techniques to find new ones. That may work very well.

You always have different techniques to reach the same target, but some are better than others. The Government likes to try different techniques, for example for the reconstruction of a road which was built in the 1960s. We are recycling the existing road, and as such we will make a lot of savings. We recycle and use a stabilization technique which means reinforcing it instead of rebuilding it. This is faster and better for the environment and also safer for the traffic. We refurbish the road under traffic, so you need to do a lot to protect drivers and our workers. Recycling techniques are much better. It is the first time we have used these in Equatorial Guinea, stabilization, and it is providing very good technical results. We needed experience, and now it is working fine. Regarding mining technology, we try to bring new blasting materials that are safer. The experience we have in other countries in Africa or Europe or other continents helps us, because we work together with the other experiments in other countries.

UNIVERSAL NEWS: You are very much involved with the whole company. Do you stay in contact with other branches of Vinci around the world?

MR. FRANK COSTELEYN: They can also help us. We have a very big project that we are undertaking, the Highway from Bata to Mongomo. We are building a section of this highway. Some specialists from Vinci Construction are coming to help us organize the project because it is a massive project and we are not used to the size. They are going to support us with the design for the programming of the equipment and the training of the people. It is a specialized branch of Vinci and they are coming to help and support us.

There are a lot of synergies between the different branches. Some branches have a geographical position, and others have a technical position. They are very specialized in one domain. It is important to have a geographic experience for the experience of the country and knowing the procedures and facilitating the everyday difficulties. It is very good to have specialized techniques from people who are working everywhere in the world, always supporting the local structures, because it produces a high standard in techniques. You have the base and a high standard that you can add on top of this.

UNIVERSAL NEWS: There is a saying that states that without good leadership, there can be no success. You have been very successful in Equatorial Guinea as well as in many other countries in Africa. What would you say is your leadership style at SOGEA SATOM?

MR. FRANK COSTELEYN: Vinci is very open. All leaders within Vinci have had experience from the group and have seen different things. They all have experience in what we are doing. We know that management is a network of people that work together. The success here is based on the Government's will to develop the country, not thanks to our leadership.

The Government has appreciated SOGEA's local commitment. Our workforce is mainly Guinean, and we do not use expatriate people to operate our machinery. We train the people and are committed to the country. We are within the country. SOGEA SATOM is a Guinean company. We will be around for a long time, hopefully.

NEWS INTERVIEWER: Do you think there will be a lot of maintenance work after 2020?

MR. FRANK COSTELEYN: I am not too sure, because the quality standards that Guinea requests make very strong structures, which means that there will not be too much maintenance. You will have maintenance because of the rain and the drainage systems because of the vegetation, so you have to clean the sides of the roads all of the time. I do not think we will have to maintain the road structures that much, because they are very heavy, so they will last for longer.

UNIVERSAL NEWS: We are addressing the audience of *Foreign Policy* who are mainly businessmen and influential politicians in the US. If you could send them one message about Equatorial Guinea as a country and the company as a leader in the sector, what would that message be?

MR. FRANK COSTELEYN: Come and see what is happening here for yourself! It is very difficult to explain, you have to see it. All projects are finished – you do not have half finished projects. Everything we have undertaken we have finished it. If you do not comply with the requested standards, maybe you will not finish it, but someone else will be up to the requested standards.

UNIVERSAL NEWS: Thank you very much.

END OF THE INTERVIEW