COUNTRY PRIVATE SECTOR DIAGNOSTIC

CREATING MARKETS IN GUINEA

Generating diversified growth in a resource-rich environment

Executive Summary

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EXECUTIVE SUMMARY

GUINEA'S ECONOMY REMAINS FRAGILE, BUT WITH ENORMOUS NATURAL RESOURCES OPPORTUNITIES

Guinea remains one of the poorest countries in the world. Despite GDP increasing by close to 40 percent in per capita terms between 2005 and 2017, Guinea's US$824 GDP per capita remains well below the Sub-Saharan Africa average of US$1,573. Extreme poverty is high, affecting 35 percent of the population.[1]

Political instability and governance issues lie at the root of past economic mismanagement. A prolonged period of state control (1958–84) was followed by an equally long period of political instability and economic uncertainty (1984–2010). Since 2010, the victory of Alpha Condé and his re-election in 2015 have ushered in a period of economic progress, although continued political and institutional fragilities should not be underestimated.

Linked to this fragility, the Guinean private sector remains dominated by small, informal businesses. Almost 92 percent of private businesses employ fewer than five people and generate annual revenues of less than US$7,000.[2]

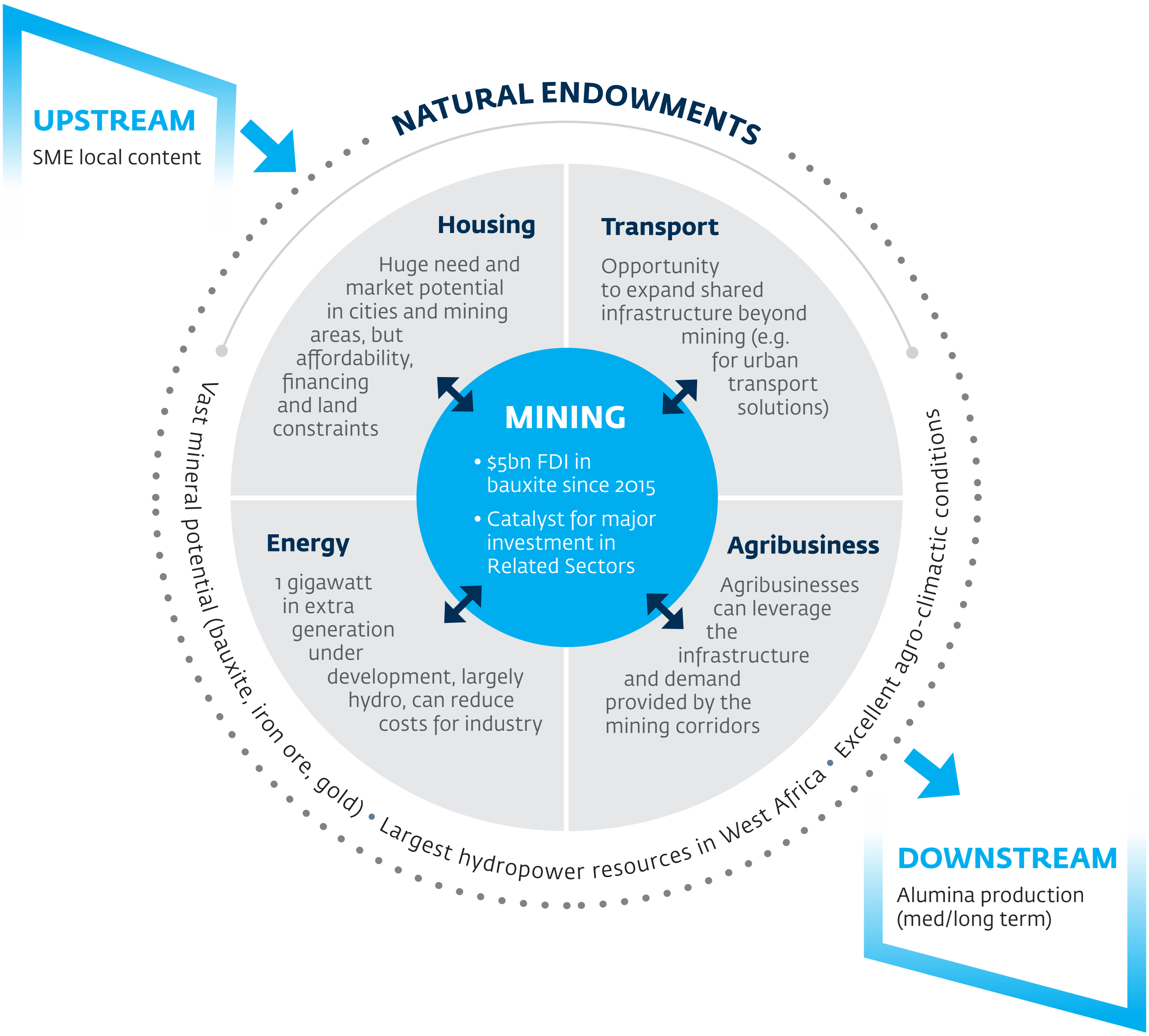
Despite these historical challenges, Guinea's natural-resource potential is enormous. These natural assets have begun to be exploited during the recent period of stability (since 2010):

- **Guinea has vast mineral potential and investment in bauxite is booming.** Natural capital per capita is estimated at about US$7,300, more than six times current GDP per capita.[3] Guinea is home to one-third of the world's known bauxite reserves (7 to 8 billion tons), the world's largest untapped iron ore deposits (3.2 billion tons), significant reserves of gold (estimated 700 tons) and diamonds (30 to 40 million carats), limestone (valuable for cement), graphite, and a wide variety of other minerals. Investment in bauxite represents the current driving force for the economy, with over US$5 billion in cumulative foreign direct investment (FDI) since 2015 in the Boké region alone.[4]
- **Hydropower potential is the largest in West Africa.**[5] In recent years, several large national and regional hydropower projects have started to exploit the country's vast potential, with Kaléta (240 megawatts, operational since 2015) and Souapiti I (450 megawatts, under construction since 2015) alone being equivalent to Guinea's current total generation capacity
- **Agro-climatic conditions are excellent, allowing for the cultivation of an extensive range of agricultural products.** In the 1950s, Guinea was one of the wealthiest and most agriculturally productive African countries (known as "West Africa's orchard"). This potential is still demonstrated today by a variety of flourishing informal agricultural exports within the sub-region. While commercial-scale investment remains very limited, with supportive public policies, competitive opportunities exist across a wide range of value chains.

THE CURRENT MINING BOOM HAS THE POTENTIAL TO CATALYZE A WIDE RANGE OF POSITIVE SPILLOVERS ACROSS THE ECONOMY

In the near term, mining is likely to remain the dominant sector for private investment in Guinea. Only a tiny fraction of Guinea's 7.4 billion tons of bauxite reserves has so far been exploited. Contingent on continued macroeconomic and political stability, there remains enormous further growth potential. While market forces have been an important driver of the current boom, the 2011 Mining Code laid a critical foundation by clarifying concession rules and increasing transparency in contracts. Aside from bauxite, gold mining continues to attract investment, while for iron ore development will be contingent on improved global prices and investor appetite to finance the substantial infrastructure costs required.[6]

FIGURE 1 LEVERAGING LINKAGES BETWEEN MINING AND OTHER SECTORS WILL BE CRITICAL FOR GENERATING INCLUSIVE, DIVERSIFIED, AND SUSTAINABLE GROWTH



The knock-on effects of the current bauxite boom are already starting to transform the wider Guinean economy. The new bauxite projects are triggering substantial related investments in supportive transport and energy infrastructure. For example, the US$1.4 billion (first phase) project by the Guinea Alumina Corporation (GAC) will expand the port terminal and commercial dock at Kamsar and the existing Boké–Kamsar railway line. Meanwhile, assuming even a low-case scenario of 10 percent local content,[7] the investment in the Boké region since 2015 will generate an aggregate of US$500 million in opportunities for local suppliers. Over the medium to longer term, the plentiful availability of high-quality bauxite provides a potential opportunity for Guinea to increase local value addition by moving into downstream refining of alumina, or even further into aluminum smelting.[8]

Given the rapid nature of mining growth, managing the growing environment and social (E&S) risks is a priority. This includes the need to manage the rising tensions around local benefit-sharing in the affected communities (especially in the Boké region), and the need to improve the capacity of the public sector to monitor and enforce the adoption of effective environmental safeguards.[9]

Realizing the wider economic impacts from mining and promoting diversification will be vital for Guinea, given the risks of natural-resource dependency

The current mining-dominated expansion creates significant risks in relation to lack of economic diversification.[10] Mining generates 15 percent of GDP and 80 percent of export earnings, but employs fewer than 200,000 people (including those in artisanal mining). The scale of the recent foreign currency inflows may also entail substantial Dutch Disease risks,[11] while macroeconomic stability faces risks from commodity price volatility.

Guinea's geography creates export diversification opportunities, but current regional integration is limited. Guinea has an extended coastline and six direct neighbors, including landlocked Mali, but less than 7 percent of formal imports and 1 percent of formal exports occur within the Economic Community of West African States (ECOWAS).[12] Planned power interconnections are an important positive trend, but further regional trade integration is held back by the extremely poor road network, combined with poor harmonization of customs systems with bordering countries. While Guinea is within the ECOWAS common external tariff zone, its position outside of the West Africa Economic and Monetary Union (WAEMU) common currency zone further limits integration, especially financial.[13]

Shared use of mining infrastructure, starting with transportation infrastructure, can help increase the competitiveness of other market sectors, such as agribusiness. To date, in the absence of an operational regulatory system, Guinea's rail corridors are governed by bilateral agreements between the government and private mining operators. A policy to regulate shared infrastructure around the mining poles is under preparation which, if adopted and applied effectively, will provide a basis for expanding the country's key mining regions into diversified growth corridors.[14] However, management of the competing requirements of the various rail users will not be straightforward, and sustained technical assistance to strengthen the government's regulatory capacity will be essential to realize this potential over the longer term.[15]

MAXIMIZING THE DEVELOPMENT IMPACT OF MINING GROWTH

OPPORTUNITIES	KEY CONSTRAINTS	PRIORITY INTERVENTIONS
• Mining growth and diversification (bauxite, gold, iron, graphite) • Mining-related local economic development and linkages (construction, logistics, food supply, etc.) • Expanded mining-related infrastructure (rail, ports, energy), including increased shared use • (Longer term) Resource-based manufacturing (e.g., alumina refining)	• Fiscal revenue collection does not match mining sector growth: – Limited capacity to monitor mining output and regulate transfer pricing – Ad-hoc tax exemptions remain • Environmental and social risks: – Rising community discontent in key mining areas – Environment and Social Impact Assessment (ESIA) standards inconsistent – Limited government capacity to monitor cumulative impacts • Barriers to local sourcing: – Poor local SME capacity – Tax incentives for international suppliers crowd out local content	• Strengthen sector oversight: – Strengthen fiscal and E&S provisions in current and future contracts – Strengthen fiscal and E&S monitoring and enforcement capacity – Continue to remove remaining tax exemptions in line with mining code • Support SME linkages: – Remove tax distortions disadvantaging local suppliers – Invest in supplier skills and certification • Leverage local economic development opportunities: – Focus and coordinate strategic investments in the Boké (bauxite) region ("growth pole" approach)[16] – Build regulatory capacity to manage infrastructure on a shared-use basis

Maximizing fiscal returns and local content will be fundamental in achieving diversification. Effectively regulating and monitoring fiscal revenues will be essential to ensure that Guinea reaps the full dividends of mining development, and secures the public finance needed to support the diversification agenda. The 2011 Mining Code already provides a strong foundation, but strengthening capacity to monitor and enforce compliance will be important for effective implementation. Likewise, for local content, while mining contracts generally contain the right provisions, the lack of capacity of small and medium enterprises (SMEs) to meet the quality standards required by multinationals, as well as tax exemptions encouraging foreign companies to import rather than source locally, continue to present barriers.

From a trade perspective, agribusiness provides Guinea's best diversification opportunity

Agribusiness represents both a market opportunity and a development priority, given the country's fertile agro-climatic conditions and the dependency on agriculture for livelihoods.[17] World Bank Group research suggests that many of the most competitive opportunities for diversification lie in agricultural products (including fruit, fonio, rice, coffee, eggs), the promotion of which will also generate strong GDP and employment.[18] However, private investment will remain limited without concerted and complementary public support, given the breadth of obstacles facing the private sector. These include, most notably: a history of inconsistent agri-trade policies; the lack of institutional capacity to support extension services and R&D; weak market linkages between smallholders and offtakers; high access-to-market costs (both related to poor road quality and the lack of logistics infrastructure); and insecurity of land titles. Given the extent of these challenges, maximizing the return on public investments will likely require a "clustering" or "growth pole" approach to agribusiness development. This can include the leveraging of infrastructure and services that are developing around the growing mining corridors—an approach already conceived under a large new World Bank lending operation.[19]

AGRIBUSINESS

OPPORTUNITIES	KEY CONSTRAINTS	PRIORITY INTERVENTIONS
• Fruit, including processed fruit for the local and regional market • Fonio for regional and global exports (85 percent of global production comes from Guinea) • Rice for domestic consumption • Robusta coffee for global exports • Cashew for global markets • Eggs for domestic consumption	• Sudden distortionary policy changes (e.g., export bans, subsidized imports) • Weak institutional capacity (R&D, extension, regulatory agencies, etc.) • Challenging market linkages (lack of aggregated supply of suitable produce to catalyze processing investments) • High access-to-market costs (poor road quality and logistics) • Insecure land tenure and inefficient land administration	• Channel public support to the most competitive geographies and value chains: – Short-term focus on regions with viable infrastructure and market access (e.g., Conakry–Kindia, mining corridors) – Focus on the most – competitive value chains (see opportunities) • Address short-term enabling environment reforms in input supply, trade policy, standards to remove barriers to investment in the sector (see agribusiness section for details) • (Longer term) Develop farmer organizations, public institutions and infrastructure

In the energy sector, hydropower is booming, while the financial sustainability of transmission and distribution remains a priority

As for mining, the energy sector is currently going through a critical transformation. An estimated 1 gigawatt in ongoing, predominantly hydropower, generation investments have the potential to reduce energy generation costs by over 30 percent,[20] while interconnections to the West African Power Pool (WAPP) will create export opportunities post 2021. In addition to serving mining sector growth, and providing a basis for regional exports, the availability of lower cost generation will provide a stronger competitive base for a wide range of productive sectors, such as manufacturing and agri-processing.

Beyond hydro, near-term opportunities for the private sector include solar, captive power for mines, and rural mini-grids. While additional large-scale hydropower generation opportunities may be limited for new investors, opportunities are emerging in solar photovoltaic (PV), contingent on government efforts to progressively reform tariffs and rationalize independent power producer (IPP) contracting plans. Other potential opportunities for the private sector include (semi-)captive power supply to the mines and, on a smaller scale, mini-grids in areas not reached by the national grid.

While the efficiency of transmission and distribution is improving, significant progress is needed to achieve financial sustainability. The recent management contract for the national power utility, *Electricité de Guninée* (EDG), supported by both IFC advisory and World Bank financing, is improving operational and financial performance in the electricity sector, albeit from a base of very high technical and commercial losses. However, tariffs remain well below cost-recovery levels, fueling fiscal risks and contingencies.

ENERGY

OPPORTUNITIES	KEY CONSTRAINTS	PRIORITY INTERVENTIONS
• On-grid power production: – Future on-grid IPP opportunities (solar in the medium term) – Energy services to mining companies (captive or semi-captive power) • Off-grid power production: – 10 rural mini-grid opportunities currently planned in the government's access program	• Poor financial health of the national utility (EDG): – Very high commercial and technical losses, regular outages – Tariffs below cost-recovery levels • IPP planning and procurement practices: – Multiplicity of MoUs, with bilateral negotiations leading to higher costs, delays, and risks	• Support the financial sustainability of the sector: – Invest in transmission and distribution – Enforce pre-paid meters to increase cost-recovery – Progressively increase tariffs and enforce tougher sanctions on non-payment • Strengthen the government's PPP capacity in the energy sector: – Introduce competitive transaction procedures as a basis for the next wave of IPPs

Note: PPP = public-private partnership

The private sector can also play an important supportive role in tackling Conakry's urbanization challenges

In the transport sector, Conakry's urban development and congestion issues may present some of the most immediate opportunities for private sector participation. Very high on the political agenda, a range of transport public-private partnership (PPP) solutions to ease congestion in and around the Conakry peninsula is in the pipeline, linked to demand both for freight (linking the port located west of Conakry to the east of the city) and for passenger transport from the outskirts to downtown Conakry.[21] Specific opportunities are described in detail in the new draft urban transport development plan recently launched by the government with EU support,[22] and include: a dry port in Kagbelen (outskirts of Conakry), linked by rail to the Conakry port;[23] urban rail transport solutions using the existing Conakry–Kindia (CBK) rail line; and urban transport using a bus rapid transit (BRT) system. In most cases, however, these PPP solutions will not be viable on a fully commercial basis, and hence will be contingent on the allocation of public sector resources.

TRANSPORT

OPPORTUNITIES	KEY CONSTRAINTS	PRIORITY INTERVENTIONS
• Passenger and freight solutions to ease congestion in Conakry congestion: – Passenger and freight services using the existing CBK rail line – Dry port in Kagbelen, linked to the port via the CBK rail line – BRT system (medium term) – Passenger ferry services (medium term) – Conakry road by-pass to divert truck traffic	• Need for public financing: – Most transport opportunities identified will require significant public financing and complex PPP arrangements – Need for more efficient use of existing infrastructure: – Most mining infrastructure (rail and ports) is exclusively used by the mines – Shared-use agreements, such as the new arrangement for the Boké corridor, are needed to unlock broader transport opportunities	• Implement institutional, legal and regulatory reforms driving shared-use of ancillary mining infrastructure[24] • Introduce and negotiate new sharing agreements for the CBK rail line • Build the government's PPP capacity in the transport sector: – Validate and adopt planning tools (masterplans) – Prepare for the next wave of PPPs following good practice competitive bidding

Coordinated action to enable infrastructure sharing in the Northern Corridor may provide a blueprint for additional transport infrastructure-sharing opportunities. As highlighted above, the World Bank has been supporting the government for the past four years on mining infrastructure-sharing, with a focus on the Kamsar–Sangaredi rail infrastructure owned by the *Agence Nationale d'Aménagement des Infrastructures Minières* (ANAIM). Infrastructure-sharing agreements were signed between three mines (Compagnie des Bauxites de Guinée (CBG), Compagnie de Bauxite de Dian-Dian (COBAD), and GAC) and expansion investments (involving IFC financing) are now ongoing, which will increase the transport capacity of the rail line from 27 million tons to 51 million tons per year. If the government can demonstrate its ability to appropriately manage competing multi-user demands, the approach may serve as a blueprint for other rail and port infrastructure, including the use of the existing Conakry–Kindia line for passenger and freight transport.

Another urgent need, and an imminent opportunity for private investment in urban areas, is in housing. At present, the commercial housing market in Conakry remains small due to both affordability and financing constraints, while the limited availability of land and related tenure issues are also pushing up costs for potential developers. The government has, however, made housing a high national priority and, with the right interventions to open available sites and to address barriers to mortgage financing, opportunities will emerge to serve the growing urban middle class.

HOUSING

OPPORTUNITIES	KEY CONSTRAINTS	PRIORITY INTERVENTIONS
• Social (affordable) housing development opportunities emerging thanks to investment climate reform: – Public sites earmarked for development (e.g., under SONAPI) – New concession framework and incentives for developers • Demand for commercial housing to serve the growing middle class and diaspora segments	• Lack of access to mortgage financing: – High interest rates – Limited long-term liquidity of banks – Limited aggregate demand • Poor security of land tenure: – Informality and poor records – Intersecting statutory and customary claims on plots	• Complete implementation of new government initiatives to ease financing constraints for social housing (e.g., mortgage guarantee fund) • Proactively aggregate demand for professional developers (e.g., through large employers) • Proactively attract and structure private housing investments, beginning with available sites • Tackle longer-term policy actions (national housing strategy, Conakry urban masterplan)

The above summary of the key opportunities for the private sector in Guinea is not exhaustive. The main report also discusses important opportunities and barriers in financial services and ICT. Meanwhile, Annex 1 briefly discusses opportunities in health, education, and water and sanitation which, although critically important for social development in Guinea, are not likely to provide the same scale of opportunities for private investment over the near term.

Note: SONAPI = The National Agency for Planning and Housing Development

ADDRESSING KEY CROSS-CUTTING CONSTRAINTS WILL BE FUNDAMENTAL TO REALIZING THESE SECTOR OPPORTUNITIES

To fully realize the scale and diversity of private sector opportunities described above, Guinea will need to accelerate progress in addressing a range of cross-cutting constraints. Some of these challenges, such as governance and related political instability, and the low levels of skills and education, will require the progressive building of institutions and public investment over the long term. However, others can be tackled via more immediate reform efforts. Priorities include:

- **Tax reform to increase revenues and ease payments for business.** The macroeconomic framework, while improving, is constraining space for domestic private sector financing due to rising public debt. Increasing tax revenue is vital to reduce this pressure and increase fiscal space for investment. Efforts are already being made, for example in the mining sector, where ad-hoc tax exonerations have started to be removed, and legal provisions are being prepared to reduce transfer-pricing risks.[25] Further work is needed to simplify the tax code, including tax payment and auditing procedures for companies, which would increase both efficiency and revenues.
- **Strengthen public financial management.** Increased revenue must be matched by efforts to increase the efficiency of public spending. Progress has been made with the adoption of a 2019–22 action plan to reform public finances. Implementing this plan, as well as increasing the share of public contracts procured through open competition, represents current priorities in this regard.
- **Completion of ongoing reforms to the PPP framework.** While Guinea is increasingly making use of PPPs, slow implementation of the recent PPP Law is delaying new opportunities, notably in energy and transport (see above). Publishing the new law, and establishing a specialized new unit for its operation, will provide a basis for advancing the many pipeline PPP projects. Technical support to this unit in identification, preparation, evaluation and negotiation of PPPs will also be critical at the start-up phase.
- **Reinforcing the commercial justice system.** The recent launch of the commercial court is a major step forward, which will require budget and capacity support to operationalize.[26] Other priorities include developing an alternative dispute regulation mechanism to reduce pressure on the court systems, and implementing reforms to improve contract enforcement and resolve insolvencies.
- **Strengthening land and property rights.** While deeper land administration reforms should continue (digitalization of titles and records, land tenure reforms), a number of short-term reforms can be undertaken to reduce the time and costs of registering property and obtaining construction permits (e.g., implementing the one-stop shop for land and construction, automating of permitting procedures).
- **Expand trade by reducing costs and improving infrastructure.** Along with strengthened governance and streamlining of customs clearance processes, operationalizing the single window for customs clearance will help reduce time and costs of trade-related paperwork and inspections. Further investments and reforms that are needed to improve trade infrastructure (port logistics, dry port, etc.) are discussed in the transport chapter of the main report.

- **Reduce the cost of, and increase access to, financial services.** Immediate priorities to boost lending include: developing the financial infrastructure to reduce information asymmetries (e.g., via improved credit information systems); increasing the capacity of SMEs to access finance; and supporting local banks to expand available financial products (e.g., mortgage finance, leasing, digital financial services). In addition, strengthening the supervisory capacity of the central bank, the Central Bank of the Republic of Guinea, will enable banks to use a wider range of assets to meet reserve capital requirements.
- **Increase FDI by implementing the 2015 Investment Code.** The code is crucial for strengthening investor rights, and clarifying and simplifying investment processes and requirements. To make it effective, there is a need to simplify decision-making processes, put in place an independent appeals mechanism with sanctions for delays in attributing incentives, and automate processes for the application and granting of incentives (to reduce current governance issues).

For Guinea, it is critically important that these legislative and regulatory reform efforts also translate into practice. In the past, significant delays have been encountered with the implementation of well-structured reform efforts (for example, the investment code, prior PPP reforms, and an attempted public-private dialogue platform). Addressing issues of capacity, and incentives for implementation, should therefore be central to all future reform efforts, to ensure that well-designed reform efforts are not undermined by failed implementation.

Linked to these reform efforts, it will also be crucial to better understand how to incentivize Guinean businesses to join the formal economy. At a micro level, businesses clearly perceive advantages in remaining within the informal economy. However, at a structural level this high level of informality severely constrains the ability of the private sector to grow and access finance. Therefore, the question of how to create the right incentives and support for the formalization of SMEs is crucial for private sector development in Guinea, and warrants further detailed analysis and reflection on international experience.

COVID-19 CRISIS RESPONSE

This document was prepared before the onset of the crisis caused by the COVID-19 pandemic from March 2020. As in other countries in the region, the worst hit sectors are expected to be trade, hotels and restaurants, manufacturing, and of course export sectors in mining and agriculture hit by declining demand and prices. Informal micro, small and medium enterprises (MSMEs) are the most vulnerable segments of the private sector. The COVID-19 pandemic crisis is impacting firms through several channels. The slowdown in demand from China for mining products will most likely disrupt mining firms' activities, and by extension their local suppliers. Commodity prices have dropped dramatically, and are not expected to recover quickly. The effect will trickle down to the entire economy due to its reliance on mining. Mines will decrease production, and some may even shut down. These impacts of the crisis on Guinea's mineral exports[27] will affect the government's capacity to support the economy, bearing in mind the already strained fiscal space (see Chapter 2).

Furthermore, as firms are unable to operate, their ability to pay workers has diminished severely and led to some layoffs, which reduces consumer confidence in the country. A rise in uncertainty will further reduce consumption and spending affecting firms even more. Shortages in essential inputs may also result from disruption in global and regional trade caused by disruptions in trade patterns and volatility in commodity prices, thereby also affecting the production/commercial capacity of firms. Results of a rapid COVID-19 impact assessment survey (Business Pulse Survey, or BPS)[28] carried out in May 2020 pointed out that 53 percent of firms indicated a disruption in their supply chain.

A loss of production capacity will result from labor shortages driven by lockdowns and loss of labor mobility in non-essential activities. Similarly, the availability of workers who may also fall ill or must attend to family obligations (children, etc.) could also generate adverse impacts on businesses. The BPS reported that 65 percent of firms indicated a reduction in the availability of their personnel.

In the medium to long term, many firms that have experienced loss of revenue will recover, although the longer-term effects on employment and productivity could persist. In particular, firms created during or around this downturn will face a higher probability of remaining small for an extended period of time.

NOTES

1 This refers to the international poverty line (US$1.9 per day) and the 2012 national poverty survey. A new household survey is underway, and therefore an update to this figure can be expected soon.

2 The average interest rate on loans is 22 percent in Guinea, compared with around 7 percent in the WAEMU countries (see the "cross-cutting constraints" in Chapter 1 for further details).

3 World Bank (2018), the Changing Wealth of Nations. Natural Capital includes energy (oil, gas, coal) and minerals, agricultural land, forests, and protected areas.

4 Based on the *Strategy for the Sustainable Development of the Boke Prefecture* (draft, December 2018), This number includes aggregated mining investments underway and/or committed since 2015 in the accessible and bauxite-rich region of Boké, to the north-west of Conakry.

5 Technically, the potential is estimated at 6,200 megawatts, although IFC industry specialists put the commercially viable potential (currently undeveloped) at closer to 1,200 megawatts.

6 In the past, huge investments have been earmarked for iron ore, notably under the Simandou mining project. Based on previous designs, this project would require initial investment of about US$20 billion, including to develop a new 670-km heavy-haul freight railway, originating in the southeast of the country and connecting with a new deep-water, multi-user port to be constructed in Conakry. The start of the project has been delayed for several years due to a combination of low iron-ore prices and ownership changes. In 2017, the main shareholder, Rio Tinto, planned to transfer its shares to Chinalco (a Chinese state-owned enterprise), but these discussions appear to currently be on hold.

7 This is conservatively based on the Guinean Mining Code (minimum 10 percent local content mandated at exploration stage, 15 to 25 percent at operation stage). In supporting Guinea's local content policy, World Bank Group advice has however been to increase focus on creating the enabling environment for local suppliers and boosting their capacities, rather than quantitative targets, which are already covered in the code. See the mining section 3.1 for further details.

8 Currently, the Friguia Alumina Refinery, operated by Rusal, is the only refinery reported as being in operation, although there are questions regarding its actual production following a publicized "restart" in 2018. The agreement to restart the refinery was part of a wider agreement giving Rusal new bauxite rights in the Boké region. It remains questionable whether it is of sufficient scale to be commercially competitive.

9 Environmental and social (E&S) challenges in the communities most affected are also beginning to receive negative international publicity. For example: https://www.economist.com/business/2018/11/03/guineas-bauxite-boom-is-helping-china-but-failing-locals

10 *See Leveraging Export Diversification in Fragile Countries: The Cases of Mali, Chad, Niger and Guinea*, World Bank, March 2019 for a comprehensive analysis of the importance of—and strategies for—export diversification. The assessment supports the conclusion that many of the most viable avenues for diversification for Guinea lie in agri-based products.

11 According to the IMF, certain underlying drivers of Dutch Disease risk can be inferred: the external position is weaker than the level consistent with economic fundamentals and desirable policies, a trend that continues with recent real exchange rate appreciation and current account widening. (Source: IMF Guinea Country Report No. 19/30, 2019)

12 This does however exclude unquantified, but reportedly significant, amounts of informal cross-border trade, in particular in agricultural products.

13 A forthcoming study by the World Bank Group, *Leveraging West African Regional Corridors to Support Growth and Development in Guinea*, will be instructive in providing more detailed analysis and recommendations on the regional integration agenda.

14 For a broader description, including international case studies used to inform the recommendations made to the Government of Guinea, see: "Development of a Regulatory and Institutional Framework for the Guinea Mining Sector Ancillary Infrastructure Master Plan". PPIAF. 2018.

15

16 A Strategy for the Sustainable Development of the Boké Prefecture will provide a blueprint (latest draft, December 2018)

17 Agriculture is also central to women's participation in the economy. In Guinea, 71 percent of women are employed in the agriculture sector, compared to 64 percent of men (ILOSTAT 2016). However, women face a variety of constraints, such as limited access to agricultural inputs, technologies, finance, and networks (https://blogs.worldbank.org/voices/three-misconceptions-about-women-agribusiness-hold-companies-back).

18 *See Leveraging Export Diversification in Fragile Countries: The Cases of Mali, Chad, Niger and Guinea*, World Bank, March 2019. In addition, IFC conducted an internal "Guinea Agribusiness Deep Dive", May 2018.

19 The proposed US$175 million Guinea Agribusiness Development Project (P164184).

20 Generation costs are estimated at US$0.14/kWh (2018), down from US$0.20/kWh in 2014. Hydropower generation costs are expected to range from US$0.10/kWh (Kaleta project, 2015) to US$0.06/kWh (long-term estimated cost potential). Current projects have generally been undertaken via direct negotiations rather than competitive bidding, and therefore it is unclear whether recent costs represent fair or inflated prices.

21 "*Appui au Programme PPP de la Guinée*", IFC 2017.

22 The EU Delegation in Guinea recently launched a new Urban Transport Development Plan, to be validated in the course of 2019.

23 Note on Conakry port: the container terminal is concessioned to Bolloré but a corruption investigation is underway targeting Bollore's operations in Guinea and Togo. Other port facilities were recently concessioned to a Turkish operator. In addition, there are a limited number of terminal concessions for the mining companies (CBK, ACG).

24 *Expanded in Development of a Regulatory and Institutional Framework for the Guinea Mining Sector Ancillary Infrastructure Master Plan*, PPIAF, 2018.

25 See IMF Guinea Country Report No. 19/30 (2019) for details.

26 More specific recommendations include: allocating temporary budget resources to the court until it is properly embedded into the next budget bill; impose regulations to cap the duration of cases; and develop an accelerated training program for judges and clerks in the area of commercial justice.

27 The global economic recession looming as a result of the sanitary crisis will likely depress demand for bauxite. Gold on the other hand may appreciate as investors seek safe haven.

28 Rapid COVID Response Survey (BPS survey) conducted by IFC in May 2020 on 150 companies from various sectors.

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