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The Bureau de Stratégie et de Développement (bureau for strategy and development) at the mines ministry announces that Guinea has mobilised \$10 billion for the mining sector in the 2016-2025 period, of which \$3 billion is allocated to investment. Reforms to improve public administration and the business climate are credited for this development. Transparency International ranks Guinea 138 out of 180 countries in its 2018 Corruption Perceptions Index (CPI), a 10-place improvement from 2017. Guinea's score of 28/100 is a slight increase from its 2017 score of 27.

Guinea's mining sector looks promising

Guinea has mobilised \$10 billion for its mining sector during the 2016-2025 period, highlighting its attractiveness as a destination for mining investment. Managing director of the mining ministry's **Bureau de Stratégie et de Développement** (bureau for strategy and development) **Aboubacar Kourouma** made the announcement at a seminar on mining governance at **Kindia** on 25 January.¹ Kourouma said the increased funding for the mining sector results from reforms initiated by the government since 2011.² Of the \$10 billion mobilised for the mining sector, \$3 billion was allocated to investment.³

Kourouma acknowledged that public administration dysfunction had handicapped Guinea's mining sector development in the past.⁴ However, reform of Guinea's investment framework led the **World Bank** to cite Guinea as one of the top five global economic reformers in 2017.⁵ The World Bank's private sector development branch, the **International Finance Corporation (IFC)**, has provided support through the **Multilateral Investment Guarantee Agency**⁶ for mining projects in Guinea since 2018.⁷

At the seminar, budget ministry fiscal adviser **Mamadouba Sylla** outlined the importance of Guinea's mining sector as a catalyst for its economic development.⁸ Sylla noted that the mining sector contributed up to 25% of the national budget in 2018, with mining activity playing an important role in fostering robust economic growth in Guinea.⁹ While banking, petroleum and telecommunications have traditionally been the largest contributors to the national budget, mining is becoming increasingly significant.¹⁰

Underlining the growing importance of mining, the **International Monetary Fund (IMF)** stated during its June 2018 economic review mission that Guinea's recent upswing in economic growth has been due in large part to investments in the mining sector.¹¹ Guinea registered gross domestic

¹ Journal du Cameroun, 26 Jan 2019

² La Tribune Afrique, 28 Jan 2019

³ La Tribune Afrique, 28 Jan 2019

⁴ Financial Afrik, 1 Feb 2019

⁵ La Tribune Afrique, 28 Jan 2019

⁶ www.mig.org

⁷ La Tribune Afrique, 28 Jan 2019

⁸ Journal du Cameroun, 26 Jan 2019

⁹ Journal du Cameroun, 26 Jan 2019

¹⁰ Journal du Cameroun, 26 Jan 2019

¹¹ IMF, 25 Jun 2018

product (GDP) growth rates of 6.6% in 2016, 8% in 2017 and 6% in 2018.¹² The IMF estimates that investments in the aluminium and bauxite sub-sectors could reach \$7.5 billion from 2017-2020 on the back of a 5% increase in global demand for these commodities.¹³ The increase in investment has spurred an exponential increase in the production and export of Guinea's mineral resources.

... as Guinea becomes key player in bauxite and other mining ...

Kourouma said Guinea has moved from being the seventh largest producer of bauxite to the third, behind **China** and **Australia**.¹⁴ Bauxite production rose from 20m to 60m tonnes during the period from 2016 to 2018.¹⁵ The decisions by **Indonesia** and **Malaysia** to terminate bauxite exports to China in 2014 and 2015 respectively have led to China's growing demand for Guinean bauxite.¹⁶ This has spurred production in Guinea and led Guinea to become the largest exporter of bauxite to China.¹⁷ Guinea currently possesses one third of the world's bauxite reserves.¹⁸

Indonesia and Malaysia's embargo on exports to China has coincided with a rise in investment by Chinese firms in Guinea's bauxite mines. China/**Singapore**-based **SMB Winning (SMB)** exported 42m tonnes of bauxite to China through its Guinean subsidiary, **Société Minière de Boke (SMB)**, in 2018 and SMB hopes to increase that figure to 50m.¹⁹ The firm is taking concrete steps towards achieving its goal: SMB signed three agreements worth \$3 billion with the Guinean government on 26 November to develop and exploit bauxite mines in northwest Guinea (*ARC Guinea Briefing December 2018*).²⁰ Companies such as **United States**-based **Alco** and **United Kingdom**-based **Rio Tinto** produced a combined 15m tonnes of bauxite in Guinea in 2018, while **Russia**-based **UC Rusal** saw its local subsidiary, **Compagnie des Bauxites du Kindia (CBK)**, produce 5m tonnes in 2018.²¹ UC Rusal recommenced bauxite exploitation operations in May, after stopping activity for six years.²²

Many private stakeholders have shown recent interest in other areas of Guinea's mining sector. Russia-based gold-mining company **NordGold** had its mining permit extended for 15 years on 7 February, and the company has pledged to invest \$360m in the **Lefa** mines where it operates.²³ **Hong Kong**-listed **Aluminum Corporation of China (Chalco)** signed an agreement in June with the Guinean government to invest \$708m to develop mines in **Boffa**.²⁴ **Netherlands**-based **MetalCorp** announced in April that it would invest \$1.6 billion in **Société des Bauxites de Guinee (SBG)**.²⁵ In December 2017, China-based **TBEA Company Ltd** committed to investing \$2.86 billion in mining as well as the construction of an alumina refinery.²⁶

... but challenges remain

Despite the positive outlook, many factors may hinder increased funding and investment in Guinea's mining sector. Lack of infrastructure is the greatest challenge: railways, river and sea ports are needed to transport the minerals from the mines to their eventual export destinations. **China Railways Construction Group** has reached an agreement with SMB to build a 135km railway from **Telimele** to the river port of **Dapilon**, which will facilitate the transport of minerals.²⁷ However, Rio

¹² IMF, 25 Jun 2018

¹³ Jeune Afrique, 2 May 2018

¹⁴ Jeune Afrique, 14 Mar 2018

¹⁵ Journal du Cameroun, 26 Jan 2019

¹⁶ Jeune Afrique, 14 Mar 2018

¹⁷ Jeune Afrique, 4 Feb 2019

¹⁸ Jeune Afrique, 14 Mar 2018

¹⁹ Jeune Afrique, 4 Feb 2019

²⁰ Jeune Afrique, 26 Nov 2018

²¹ Jeune Afrique, 4 Feb 2019

²² Reuters, 20 Jun 2018

²³ Agence Ecofin, 7 Feb 2019

²⁴ Aminata.com, 9 Jun 2018

²⁵ Jeune Afrique, 2 May 2018

²⁶ Bloomberg, 15 May 2018

²⁷ Jeune Afrique, 4 Feb 2019

Tinto and Chinalco were unable to obtain the financing required to build a 900km railway to exploit the **Simandou** iron ore project, one of the world's largest untapped mineral resource reserves.²⁸ The Guinean government estimates \$23 billion is needed to pursue infrastructure upgrades that will enable the iron ore to be transported from the mines to export markets.²⁹ Rio Tinto's decision in October to retain its stake in the Simandou iron ore project may increase uncertainty with respect to raising funds for the initiative.³⁰

Many mining companies present in Guinea intend to build or have already constructed refineries, which will contribute towards developing an industrial sector in Guinea. This is in line with the government's objectives, outlined by mines and geology minister **Abdoulaye Magassouba**:

"The president's desire is to locally transform local resources and make the mining sector a pillar of development and a stimulus for economic integration."³¹

These refineries will require significant amounts of energy to power the installations. Economy and finance minister **Mamadi Camara** notes access to electricity in Guinea has risen from 18%³² in 2010 to 36% in 2018.³³ Camara claims the **Kerala** hydro-electric dam (240 MW) that was commissioned in 2015, the **Souapiti** hydro-electric dam (450 MW) under construction, and the **Amaria** hydro-electric dam, whose construction will commence 2018, will significantly improve access to electricity.³⁴ Nonetheless, until these projects are completed, the lack of available energy supply may prevent these companies from pursuing these initiatives.

Despite the challenges, Guinea's mining sector has great prospects and is set to mobilise greater funding to develop the domain. Guinea's significant improvement of its business environment is a major reason for this positive outlook. Guinea ranked 152 out of 190 countries in the 2019 **World Bank Doing Business** rankings.³⁵ The rankings use a variety of indicators to assess the business environments of World Bank member states.³⁶ These include 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.³⁷ Guinea's reforms in five domains made it one of **sub-Saharan Africa's** best reformers alongside fellow **ECOWAS** members **Cote d'Ivoire** and **Togo**.³⁸ Guinea improved its business operating environment in five areas: starting a business, dealing with construction permits, registering property, cross border trade and contract execution.³⁹ As a result of these efforts, Guinea obtained its highest Doing Business ranking since its inception 16 years ago.⁴⁰ The improvement is even more remarkable considering Guinea was ranked 179 out of 183 in the 2012 rankings.⁴¹

Guinea registers slight improvement in 2018 Corruption Perceptions Index score

Guinea ranked 138 out of 180 countries in **Transparency International's (TI) 2018 Corruption Perceptions Index (CPI)** rankings, released on 29 January, with a score of 28/100.⁴² The index, which is designed to give a sense of public sector corruption, rates countries on a scale of zero (highly corrupt) to 100 (very clean). Since the start of President **Alpha Conde's** (2010-present) second term

²⁸ Bloomberg, 29 Oct 2018

²⁹ Mining.com, 18 Jul 2018

³⁰ Bloomberg, 29 Oct 2018

³¹ Jeune Afrique, 26 Nov 2018

³² World Bank Doing Business 2019

³³ Jeune Afrique, 21 Feb 2019

³⁴ Jeune Afrique, 21 Feb 2019

³⁵ World Bank Doing Business 2019

³⁶ World Bank Doing Business 2019

³⁷ World Bank Doing Business 2019

³⁸ Guineenews.org, 31 Oct 2018

³⁹ World Bank Doing Business 2019

⁴⁰ Guineenews.org, 31 Oct 2018

⁴¹ www.ifc.org

⁴² Corruption Perception Index, 29 Jan 2019

of office in 2015, Guinea has made attempts to fight corruption and shake off the legacy of authoritarian rule, which lasted from 1958 to 2010. In 2018, Guinea registered its best CPI score with an improvement of 10 places.

TI CPI Rankings for Guinea ⁴³					
	2018	2017	2016	2015	2014
Ranking	138/180	148/180	142/176	139/168	145/175
Score (out of 100)	28	27	27	25	25

While Guinea's improved ranking is a positive development, the country is not doing as well as its ECOWAS counterparts. **Ghana** has consistently been in the top 100, while **Senegal** and Cote d'Ivoire were acknowledged for their sustained fight against corruption in their respective countries.⁴⁴

TI 2018 CPI Rankings: Regional comparison (ECOWAS states)					
	Cote d'Ivoire	Ghana	Guinea	Nigeria	Senegal
Ranking	105/180	78/180	138/180	144/180	67/180
Score	35	41	28	27	45

Failure to take steps towards fighting corruption may discourage investors in favour of countries where anti-corruption efforts are being seriously engaged. Two corruption scandals rocked Guinea in 2018. In April, **France**-based **Groupe Bolloré** president **Vincent Bolloré** was formally placed under investigation on allegations of corrupting foreign public officials and complicity in corruption (see *ARC Briefing Guinea April 2018*).⁴⁵ The investigation followed accusations that Bolloré had used undue influence for his company to obtain the contract concession for the **Port Autonome de Conakry**.⁴⁶ A second controversial affair emerged in August when **Turkey**-based **Albayrak** was granted a 25-year concession for the rehabilitation, extension, management, exploitation and maintenance of the Port Autonome de Conakry worth \$774m (see *ARC Briefing Guinea August 2018*).⁴⁷ Port authorities and the transport ministry were accused of not following due process and flouting the **Code des Marchés Publics** (public contracts code).⁴⁸ The government has denied any wrongdoing in this affair and believes all procedures were correctly followed.⁴⁹

⁴³ www.transparency.org

⁴⁴ Corruption Perceptions Index 2018, 29 Jan 2019

⁴⁵ Reuters, 25 Apr 2018

⁴⁶ Reuters, 25 Apr 2018

⁴⁷ Vision Guinee, 13 Aug 2018

⁴⁸ Vision Guinee, 20 Sep 2018

⁴⁹ Vision Guinee, 20 Sep 2018

Planner

2019 **(Guinea)** Government to hold legislative elections (date to be determined)

Chronology

18 Feb 2019 **Conakry (Guinea)** *Aminata.com*. Transport minister **Aboubacar Sylla** announces that work will begin on the construction of a railway from **Conakry to Niger**;

8 Feb 2019 **Conakry (Guinea)** *Agence Ecofin*. **Netherlands**-based ABN AMRO and FMO provide a \$15m loan to Guinea-based **SMT Guinea Transshipment Company Ltd** to develop maritime and logistics activities;

7 Feb 2019 **Conakry (Guinea)** *Agence Ecofin*. Guinean government extends the mining permit of **Russia**-based **NordGold** for 15 years; NordGold will invest \$360m in the **Lafe** mine;

30 Jan 2019 **Conakry (Guinea)** *Vision Guinee*. Telecommunication and digital economy minister **Moustapha Diaby** announces Guinea is currently covered by 3,000km of optic fibre;

29 Jan 2019 **Berlin (Germany)** *Transparency International*. Transparency International ranks Guinea 138th out of 180 with a score of 28 in its **2018 Corruption Perception Index (CPI)**;

26 Jan 2019 **Conakry (Guinea)** *Journal du Cameroun*. The **Bureau de Stratégie et de Développement** (strategic bureau for development) at the ministry of mines announces that Guinea mobilised \$10 billion towards the mining sector for the period of 2016 to 2025.

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