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Guinea

Elusive Quest for Jobs and Economic Transformation:

How Guinea Can Leverage Trade and Investment for More Inclusive Growth

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The Elusive Quest for Jobs and Economic Transformation:

How Guinea Can Leverage Trade and Investment for More Inclusive Growth

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Michael Engman, Rodrigo Andrade, Mamadou Saliou Balde, Jeremy Strauss & Sarah Zekri

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Background

"Guinea is a country of extraordinary natural endowments!" Some version of this truism has for decades been presented as the opening statement or headline of studies of the Guinean economy. Despite this extraordinary natural wealth, Guinea has to date fallen behind rather than moved ahead of its peers on most social indicators. The country is hardly alone in struggling to create jobs and transforming the economy despite a wealth of natural resources. Political competition to control natural resources is fierce in many resource rich countries and policy makers too often fail to create a business environment that is conducive to trade, investment and private enterprise. The big question is what Guinea's policy makers could and should do to derive greater development outcomes from this extraordinary wealth.

The aim of this study is to contribute to the debate in Guinea on how to improve the conditions for jobs and economic transformation (JET). In the last decade, Guinea's extractive industry has finally turned into an engine of export-oriented growth. If the political situation allows—and the policy environment remains somewhat stable—the extractive industry will likely help the economy power along in the foreseeable future. There is plenty of growth potential beyond extractives and in sectors such as hydropower, digital services, logistics and commercial agriculture. Many of these opportunities are directly or indirectly associated with the large investments in extractives. The private sector's ability to create backward and forward business linkages to the mega investments will render them more successful and sustainable, and the economic benefits shared in a more inclusive manner.

Guinea's record of job creation and economic transformation has been underwhelming to date. The economy has absorbed several health-related shocks and other challenges in the last decade, including epidemics of the Ebola virus disease in 2013-15 and 2016, and a new outbreak in 2021; the COVID-19 pandemic that erupted in 2020; global price fluctuations of Guinea's exported commodities; and social and political unrest. There has been a slow exodus of Guinean women from the labor force. The country's positive record of reducing extreme poverty and tackling economic inequality in much of the 2000s and 2010s have likely been reversed in recent years. Most Guineans are economically vulnerable and have access to few public services. At the same time, public expectations about more and better job opportunities are on the rise. The question is therefore what Guinea's policymakers can and should do to help more citizens realize their economic potential, and what the WBG can do to help the government be more effective at delivering on this agenda.

This study looks at Guinea's drivers of economic growth and competitiveness, the country's record of job creation and economic transformation, and the WBG's support to the Government of Guinea in addressing JET-related barriers. It applies a data-driven PowerPoint format to allow readers to more readily assess and analyze key data sources and draw conclusions. It builds on the WBG's Guinea Country Private Sector Diagnostic (CPSD) that was prepared in 2019 with inputs from public sector and business leaders—many of whom the authors of this work consulted and whose insights informed the following analysis. It complements the World Bank Country Economic Memorandum (CEM, forthcoming) and informs the WBG's Systematic Country Diagnostic (SCD).

Objectives, structure and data

Objective This study analyzes the drivers of competitiveness of the Guinean economy to inform the national policy agenda on jobs and economic transformation.

Structure The presentation is structured as follows:

Section 1: Studies the growth record and the drivers of growth with particular focus on trade and private investment.

Section 2: Studies trends in job creation, economic transformation, human capital accumulation, informality and entrepreneurship.

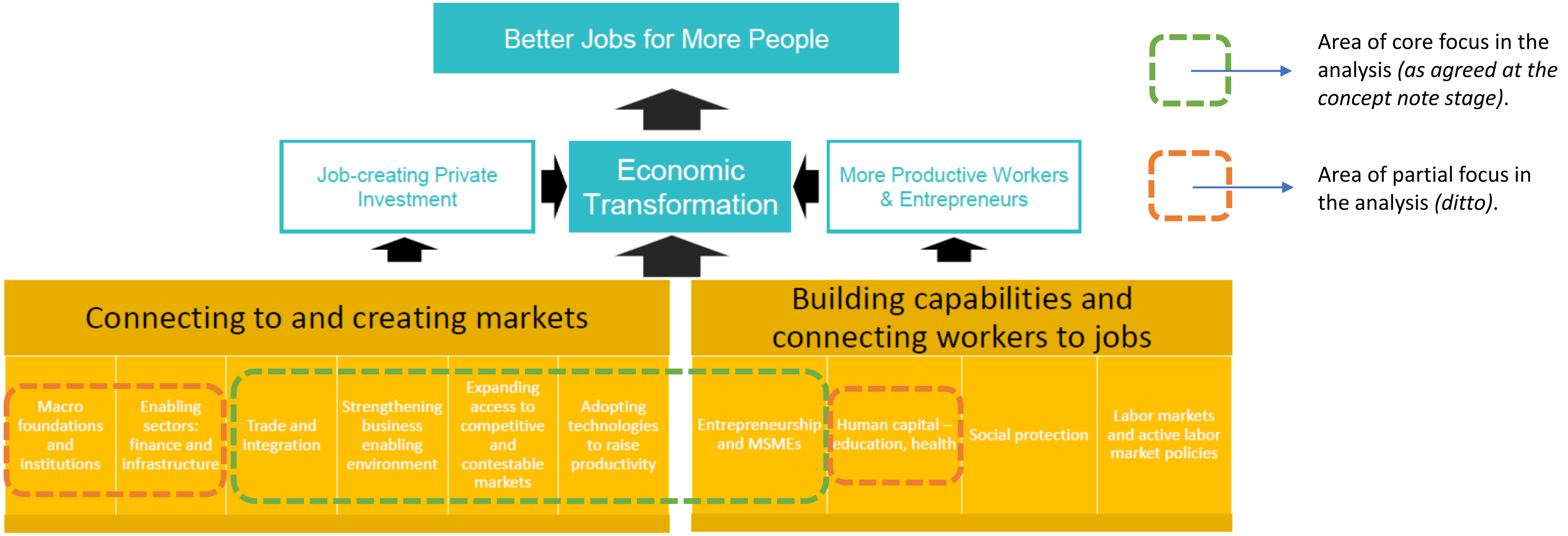
Section 3: Assesses issues that impede competitiveness and the related policy agenda and reform record over the last decade.

Section 4: Reviews the WBG portfolio and pipeline of JET-related lending operations and technical assistance projects to identify gaps and learn from project implementation and experiences from the lest ten years in Guinea.

Section 5: Presents findings and conclusions from the preceding analysis to propose a way forward with priorities for a future reform program and possible WBG engagement around JET.

Data The analysis draws primarily on: (i) macro- and microdata retrieved from the World Bank Open Data portal, which aggregates data sources from within the WBG and hundreds of secondary sources; (ii) enterprise survey data; (iii) data presented in the WBG operations portal; (iv) trade data from UN COMTRADE and the Observatory of Economic Complexity; and (v) findings from flagship reports from the IMF, the WTO, the ILO, etc., in addition to the WBG.

The following analysis uses the IDA-19/20 JET framework as guiding principle to determine the scope. It covers eight of the ten pillars and five of them in more detail whenever data availability allows.



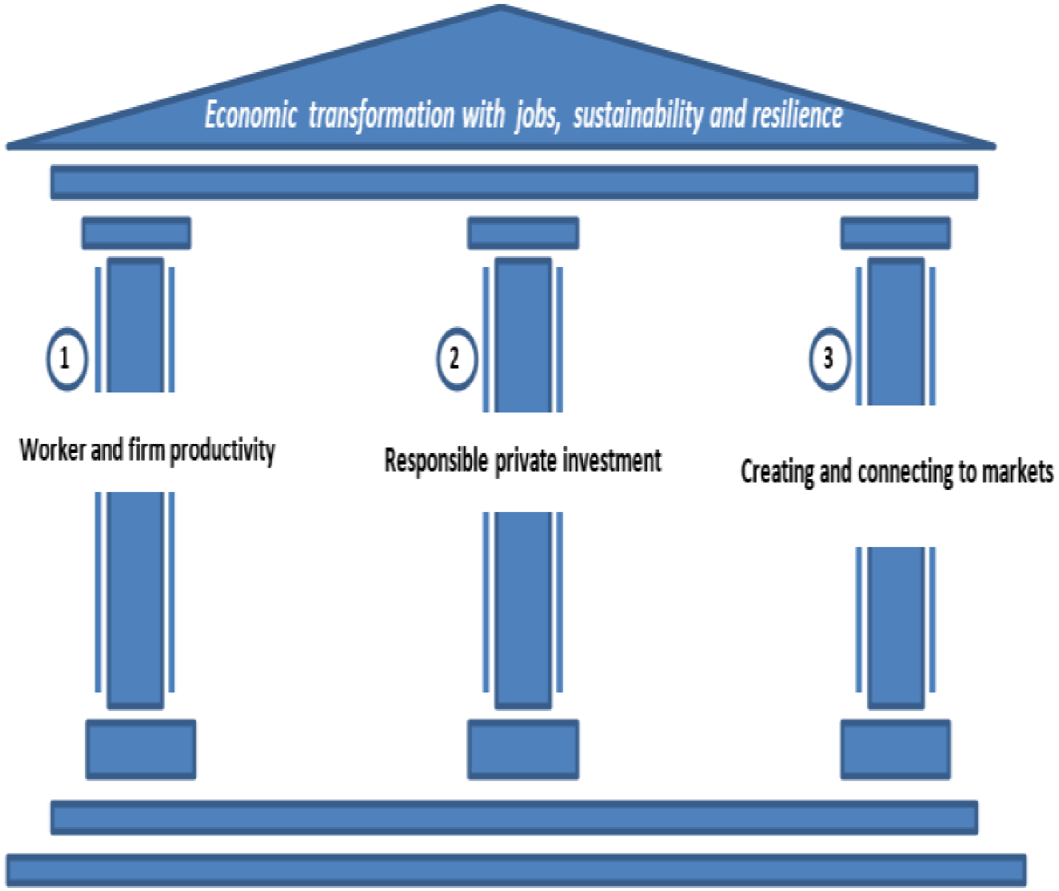
The International Development Association (IDA) 19/20 JET framework offers a basic but practical structure around the entry points for public interventions to improve job creation and promote economic transformation. JET is a core pillar of IDA that supports green, resilient, and inclusive growth. It establishes a foundation for the private sector to invest, hire and grow. The focus on the private sector as the change agent is essential to the approach. The creation of more and better jobs is a top development priority in Guinea and the acceleration of economic transformation is the primary way to deliver on this objective.

Source:. *Special Theme : Jobs and Economic Transformation (English).* IDA19 Washington, D.C. : World Bank Group. (link)
IDA20 Special Theme : Jobs and Economic Transformation (English). IDA20 Washington, D.C. : World Bank Group. (link)

The JET framework is anchored in two stylized facts reflected consistently in cross-country data.

1. Productivity growth is necessary for economic transformation and involves a shift from lower productivity activities to higher value-added activities across firms and sectors, from rural to urban areas, and from self-employment to formal work. This process calls for significant investment in people—their health, skills, financial and market access—and in enabling infrastructure such as transport, equitable access to digital and financial services, and energy.

2. The private sector has been the main engine of economic transformation in countries with successful development outcomes. For Guinea, this would imply a significant shift in the role of the state—from generator of formal employment to facilitator of macro-financial stability, provider of quality services to an empowered domestic private sector, and regulator of functional, contestable markets.



***Source*:.** *Special Theme : Jobs and Economic Transformation (English).* IDA19 Washington, D.C. : World Bank Group. (link)
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- Guinea's growth record over the last decade has been closely linked to FDI and exports of extractives; and it will most likely remain so in the foreseeable future.
- Trade openness has increased multifold, but exports are increasingly concentrated in gold and aluminum ore, and there are no signs of diversification or increasing value addition.
- Non-extractive exports have been static or declining, with great volatility within agricultural product categories, and there are no real champions emerging. Even extractives beyond gold and aluminum ore have disappeared in the export basket over time.
- There has been limited economic integration with neighbors and African countries in general, though AfCFTA may offer opportunities in the long run if its protocols are respected.
- The macro environment is reminiscent of Dutch decease. The economy would grow faster and more resilient if the country could develop new sources of export revenue, but the continuous appreciation of the Guinean Franc makes this unlikely to happen.

SECTION 2 – JOBS AND ECONOMIC TRANSFORMATION

- Guinea has experienced modest outcomes in terms of economic transformation, industrialization and manufacturing growth in the last decade.
- There has been a shift from agriculture to services partly due to the urbanization trend, but services productivity has been stagnant.
- Labor productivity in industry is roughly 12 times higher than in agriculture and 5 times higher than in services. It has risen recently due to growth in extractives and hydropower.
- Guinea has one of the world's lowest shares of wage and salaried workers, with very high vulnerability in employment. Worryingly, there has been a major decline in labor force participation for women, with only 1 in 100 women engaged in wage employment.
- There is a marked skills mismatch with high levels of unemployment among Guineans with intermediate or advanced education; and far too many youth are neither in education, employment nor training.
- Informality is widespread, but the number of business licenses is growing fast, especially among women and young adults.
- There are challenges to jobs growth linked to the relatively high tax rate of labor and lagging ICT preparedness.

Executive summary and key messages emerging

SECTION 3 – COMPETITIVENESS AND THE POLICY AGENDA

- ❑ Political instability, general law-and-order-issues, and institutional fragility are major concerns for nearly all businesses.
- ❑ Simplifying and digitalizing trade rules and the administration of taxes are of high priority to the private sector.
- ❑ Addressing gender inequality is essential to empower women and promote inclusive growth, with Cote d'Ivoire offering lessons.
- ❑ Guinea's policy makers must strengthen sector governance and fiscal management in the extractive sector to render mining operations legitimate in the public's view and make them viable over time.
- ❑ Guinea should adopt an economic corridor approach to new inland mega investments like the Simandou, with proactive urban planning, a vision to promote shared services for road, rail, ports and utilities; and long-term programs to build stronger business linkages. It should also invest more in basic education and technical skills, which is key to attain more inclusive and sustainable growth.
- ❑ A review of more than a decade of legal, regulatory and policy reforms for private and financial sector development highlight that a lot of positive initiatives aren't implemented either due to missing guidelines for implementation or a lack of capacity for administration and enforcement.
- ❑ Hydropower holds tremendous potential for electrification, exports growth, and export diversification whereas Guinea's underdeveloped financial sector should better leverage digital financial services for financial inclusion.

SECTION 4 – WBG PORTFOLIO AND PIPELINE REVIEW

- ❑ Agribusiness and power sector projects are extensively covered but face implementation issues, and regional connectivity is also relatively well covered in select areas.
- ❑ Business enabling environment reforms, trade facilitation measures, skills development, and increased access to financial services are areas that are either missing in the portfolio and pipeline or warranting a scale up of interventions for JET-related outcomes.
- ❑ There is continued emphasis on entrepreneurship and MSME support, digital transformation, and institutional reform.
- ❑ Mega investments in extractives and hydropower offer opportunities to build stronger business linkages with positive economic spillover effects, job creation, and value addition as main outcomes; and potential export diversification as well. The WBG has the capacity to advise and finance an integrated approach of this kind although they carry risk due to complexity.
- ❑ Long-term planning and focus to turn new transport corridors into economic corridors would lead to the emergence of better planned and productive urban areas, a formal economy, and more and better jobs.

SECTION 1: DRIVERS OF GROWTH

Economic growth performance

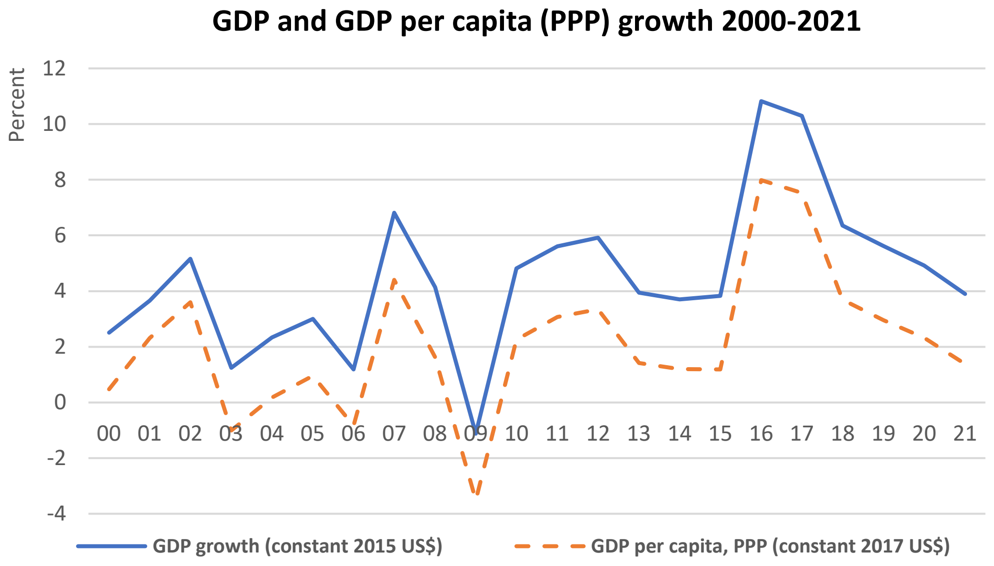
Poverty and inequality

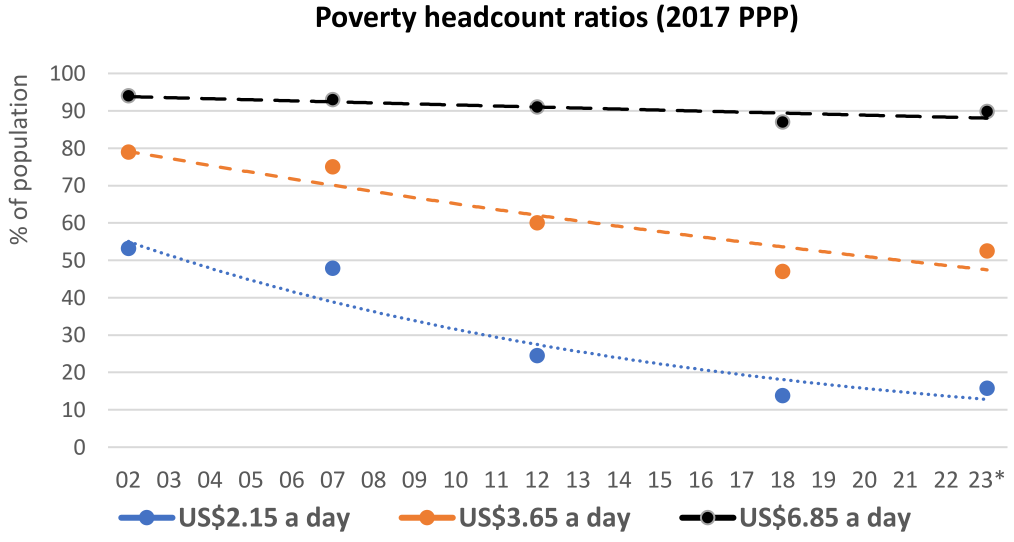
Foreign direct investment

Trade in goods and services

The role of extractives

In the 2000s and 2010s, Guinea's economic growth record contributed to a quite rapid reduction in extreme poverty and income inequality, but since 2020, this positive trend has been reversed.





* Forecast by the World Bank.

Source: World Bank Open Data and www.imf.org/en/Countries/GIN#countrydata and World Bank (2023) Macro Policy Outlook.

The Guinean economy grew quite rapidly in the last decade and Guinea may be on the cusp of attaining lower-middle income country status.

- The gross domestic product (GDP) increased by 65 percent in the 2000s and by 115 percent in the 2010s (current US$, purchasing power parity (PPP) terms).
- In 2021, GDP reached US$16.1 billion, or US$US1,189 on a per capita basis, and US$2,900 on a per capita PPP basis.
- The World Bank estimates that real GDP growth was 4.7 percent in 2022 and will be 5.6 percent in 2023.
- **Guinea could attain lower-middle income country status in the next few years.**

Growth was quite robust during the COVID-19 pandemic with mining acting as the growth engine, contributing 35 percent of GDP. With an annual population growth of 2.4 percent, the economic growth rate must remain high to raise living standards.

Guinea has reduced extreme poverty and economic inequality in recent decades. Poverty is estimated to have increased since 2020 due to a series of shocks.

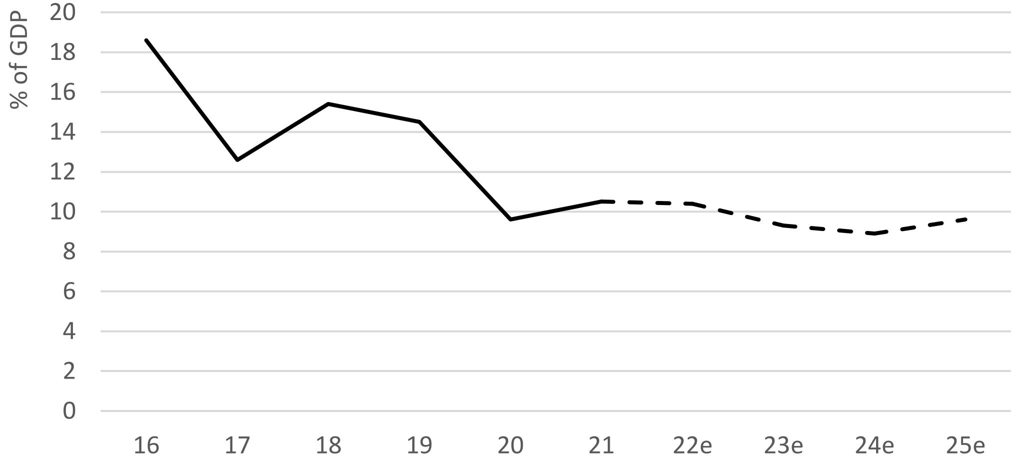
The extreme poverty headcount ratio at US$2.15 a day (2017 PPP) dropped from 48 percent of the population in 2007, to 24 percent in 2012, and to 14 percent in 2018. But in 2023, it is expected to edge up and reach 16 percent.

Most Guineans still eke out a living in difficult circumstances and remain economically vulnerable to external shocks. In 2023, an estimated 53 percent of the population lived on less than US$3.65 a day (PPP).

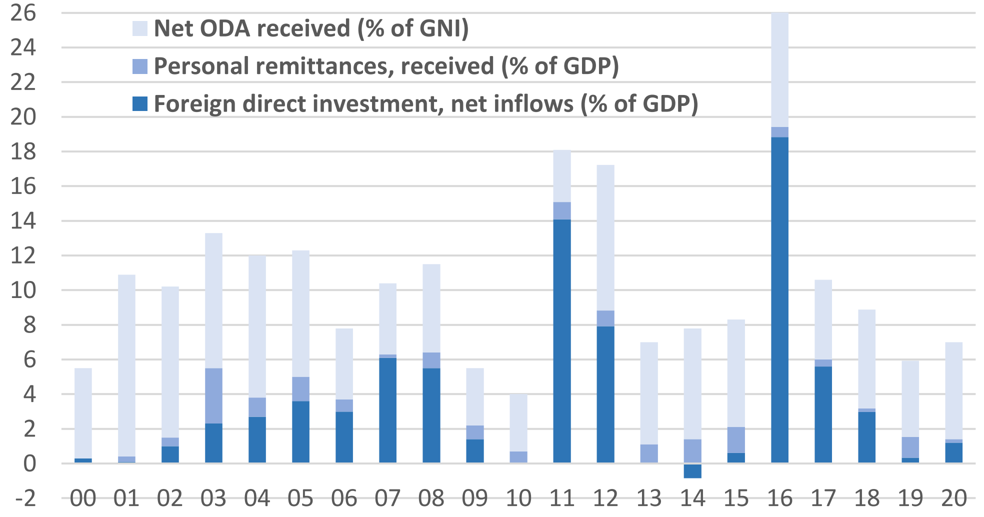
Perhaps most striking is that economic inequality has fallen significantly: the Gini index dropped from 46 in 1994, to 43 in 2002, to 39 in 2007, to 34 in 2012 and came in just under 30 in 2018. It leaves **Guinea has one of the lowest Gini coefficients in Sub-Saharan Africa** (SSA), although it may have been reversed as well in recent years.

FDI inflows in extractives and hydropower are lumpy but acting as engines of growth whereas the gold boom has led to large FDI outflows. ODA and personal remittances matter but are modest compared to in neighboring countries.

Inflows of foreign direct investment (FDI)



Net inflows of FDI & ODA and inflows of personal remittances



Guinea has attracted large inflows of FDI thanks in large part to the mining industry and increasingly to hydroelectric dam construction.

- FDI inflows averaged 13.5% of GDP in 2016-21 and were boosted by the construction of the Souapiti hydroelectric dam in 2017-20.
- The World Bank and the International Monetary Fund (IMF) estimate that FDI inflows will average 10% in 2022-25 thanks to the mining, electricity, and transport sectors.
- FDI could nearly quintuple over a few years if there is rapid progress to develop the Simandou iron ore projects according to optimistic industry forecasts.
- *Net* inflows of FDI, however, have been lumpy with large peaks of 14% of GDP in 2011 and 19% of GDP in 2016. In 2019-21, net inflows of FDI averaged a measly 0.9% of GDP, and it was at, or below 1% in 2010 and 2013-2015.
- FDI outflows will likely remain high as proceeds from the boom in artisanal gold mining have fueled large purchases of private assets abroad.

Inflows of overseas development assistance (ODA) and personal remittances are also important for the economy but relatively less so than for other countries in the region.

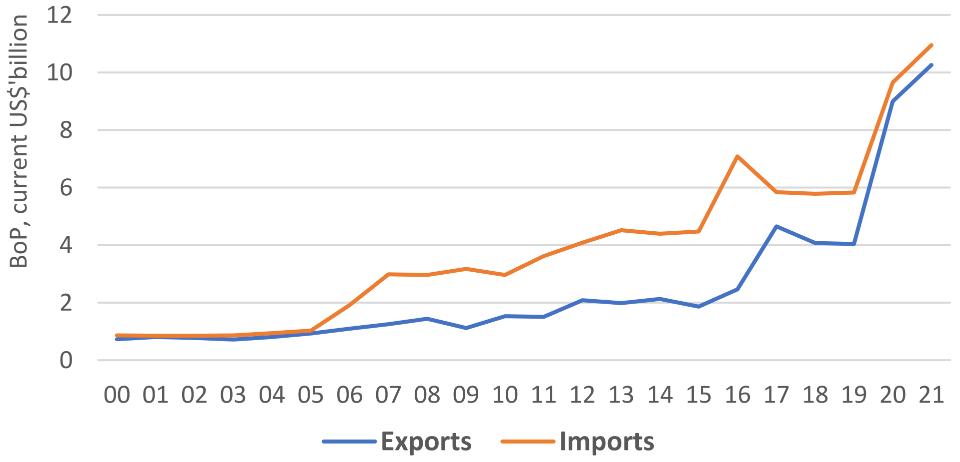
- Inflows of ODA averaged 6% of gross national income (GNI) in the last decade.
- Inflows of personal remittances averaged 1% of GDP over the same period.
- Inflows of ODA and personal remittances were both low compared to those in neighboring Guinea-Bissau, Liberia, Mali, Senegal and Sierra Leone.

Source: World Bank Open Data and IMF (2023) Guinea Country Report, No. 23/43, January 2023. and World Bank (2023) MPO.

Guinea has rapidly integrated in the global economy: exports nearly tripled in 2000-10, and more than quadrupled in 2010-20. The trade openness was 132% of GDP in 2021 and the country may have closed a long-term trade deficit in 2022.

Trade in goods and services (% of GDP)*

Trade in goods and services (current US$)



Guinea has recorded a trade deficit since 2003. The deficit may have closed in 2022.

- Imports averaged 56 percent of GDP in 2011-2020 and exports averaged 35 percent of GDP over the same period.
- In 2021, Guinea's exports reached US$10.4bn compared to imports of US$11.0bn.

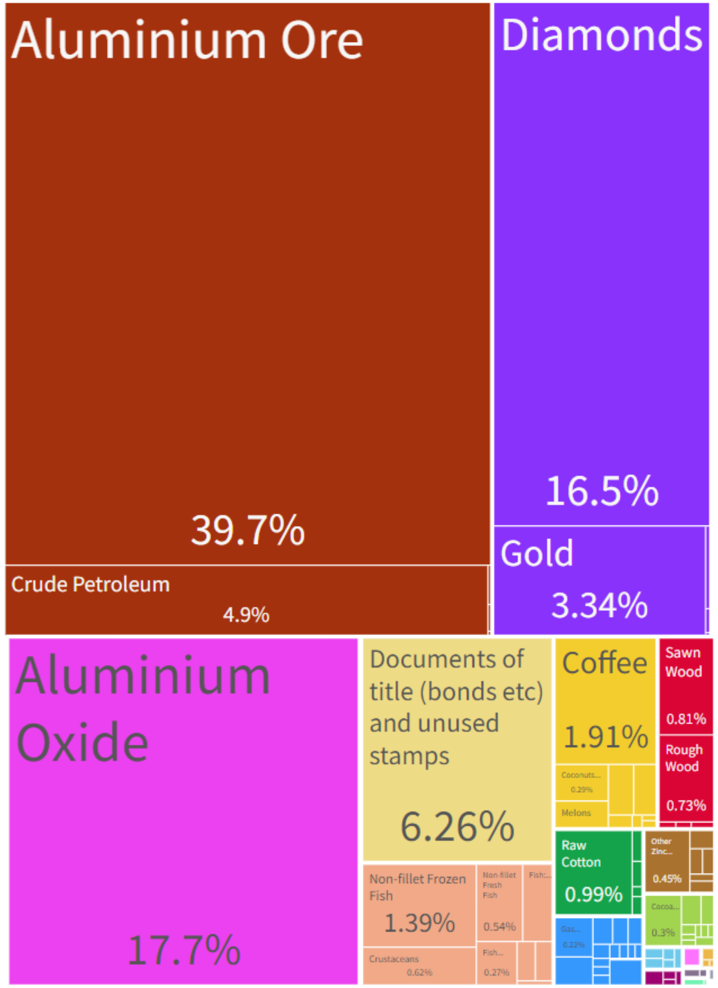
	2000	2010	2020
Exports	$735m	x2.8	x12.4
Imports	$867m	x3.4	x11.1

- In 2022, IMF estimates that exports of goods and services increased by 14 percent to US$10.3 billion, whereas imports dropped by 13 percent to US$8.8 billion.**
- If the forecasts were to hold, it would leave Guinea with a positive trade balance for the first time in nearly two decades.
- Guinea's trade openness reached 132% of GDP in 2020-21; more than a doubling compared to the 2000s.
- In 2021, the main sources of imported goods were China (41%), the EU (19%), India (11%) and UAE (5%) => in 2000, Asian imports made up less than 17% of total.
- In 2021, the main export markets for goods were India (36%), the UAE (27%), China (25%) and the EU (10%) => in 2000, Asia absorbed less than 9% of Guinean exports.

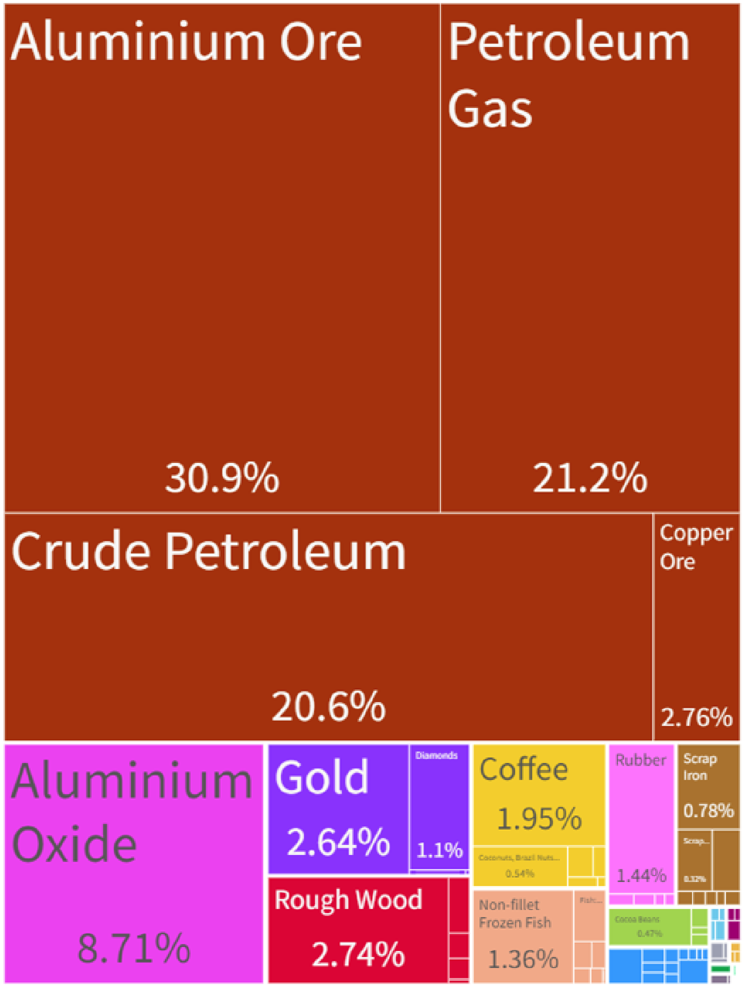
***Source**:* World Bank Open Data and IMF (2023) Guinea Country Report, No. 23/43, January 2023. … * 2020 and 2021 shows the same exports and imports amounts. ** The differences between 2021 and the projection for 2022 is linked to OEC's use of mirror data.

Exports have grown rapidly but concentrated: the export basket is dominated by precious metals & minerals. In short: (1) gold production has rocketed; (2) diamonds, crude petroleum & gas have plummeted; and (3) aluminum ore has remained strong. There are signs of neither export diversification nor increasing value addition.

Exports in 2000 (HS4 level) share of total (US$1.0bn)



Exports in 2010 (HS4 level) share of total (US$1.9bn)

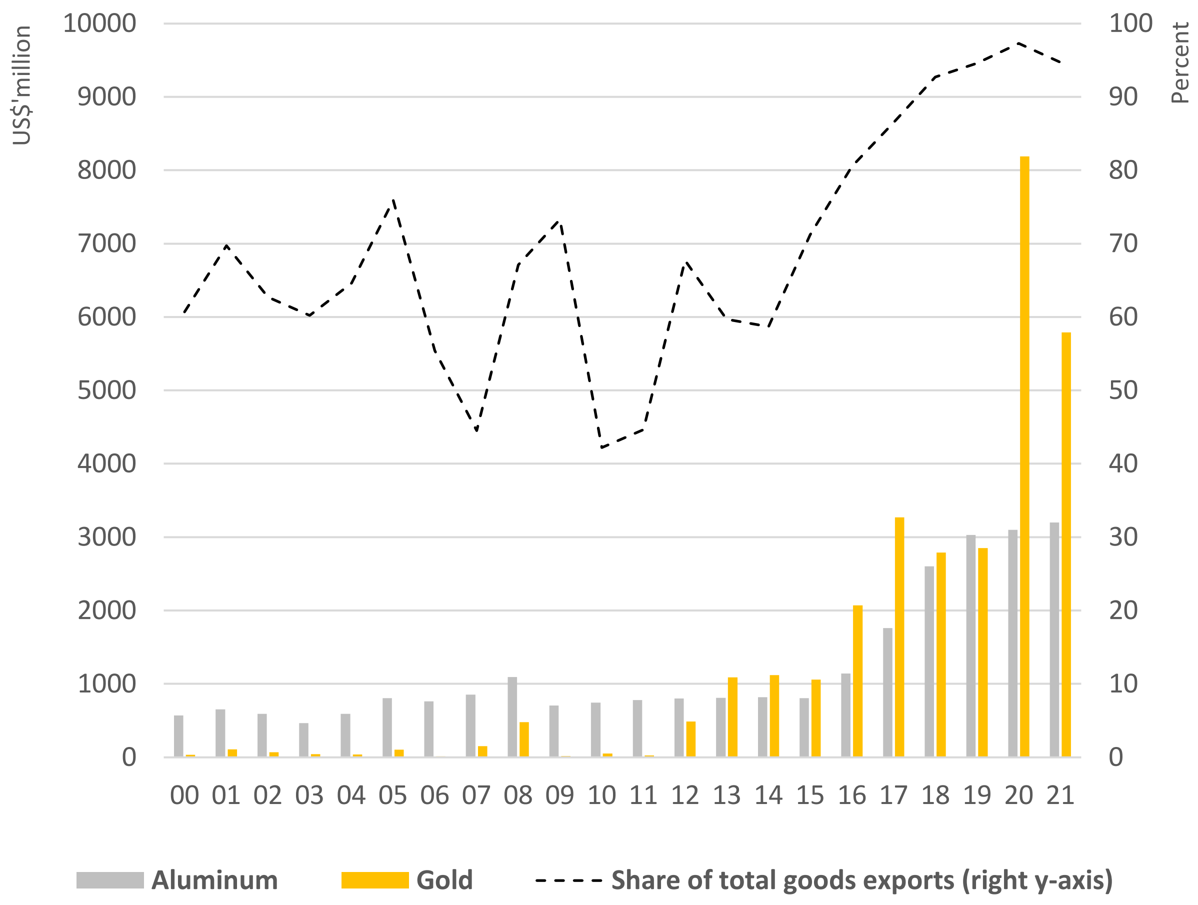


Exports in 2020 (HS4 level) share of total (US$11.6bn)

Source: The Observatory of Economic Complexity (OEC) accessed February 28, 2023, https://oec.world/en. Note that OEC data combine Guinea's national customs data with mirror data.

Extractives dominate the export basket and the economy. Two commodities — bauxite/aluminum ore and gold —generate nearly all export income,

Exports: a story of two commodities (thus far)



The extractive industry went from strength to strength in the 2010s:

- ✓ In 2021, it made up 96% of the overall export basket of goods, and it was dominated by unwrought gold (61%) and aluminum/ore/concentrates/oxide (34%).
- ✓ Exports of aluminum ore were static in 2000-15 before it started to rise in 2016. It reached an all time high of US3.2 billion in 2021 with China (71%) and the EU (12%) the main markets. Aluminum ore exports will likely continue to grow as several new mines are expected to start operations in the coming years.
- ✓ Gold exports started to take off in 2012 and reached an extraordinary US$8.2 billion in 2020 before dropping to US$5.8 billion in 2021, with India (55%) and the UAE (40%) the main markets.
- ➢ In the 2000s and early 2010s, Guinea exported significant amounts of diamonds, copper ore, and crude petroleum & gas, but these product categories have disappeared from Guinea's export profile in recent years.
- ➢ Export data on gold is occasionally inflated through smuggling and re-exports given changes in export tariff policies in the region. A large increase in gold exports is a general trend across the Sahel and many other countries in West Africa.

Source: The Observatory of Economic Complexity (OEC). Note that OEC data combine Guinea's national customs data with mirror data.

Besides gold and bauxite, the long-awaited development of the Simandou iron ore deposits could see the value of exports double in the second half of 2020s. Thus, if the estimated US$15bn investment is completed according to plan, Guinea would become even more dependent on the extractive sector.

The development of the highly publicized Simandou iron ore deposit may finally be about to happen…

The development of the world's largest (4 billion tons) and highest-quality iron ore deposit is under way after more than a decade of delays. In March 2022, Rio Tinto, Winning Consortium Simandou (WCS), and the Guinean Government signed a framework agreement to jointly develop the Simandou project.

It covers four mine sites and the building of a 670 km multi-purpose and multi-user railway, and a new deep-water port, at a cost of about US$15 billion. A joint venture (JV)—Compagnie du TransGuinéen—will develop the railway and port. A realistic start of production may be around 2027 and there is already some progress in the construction of buildings, railway and roads. But there are still some agreements that need to be concluded between the parties.

Once operational, Simandou could produce >100 million tons or roughly US$10 billion of iron ore per year. The Simandou project covers four exploration blocks: Blocks 1-2 are owned by WCS (90 percent) and the government (10 percent) and Blocks 3-4 are owned by SIMFER, which is a JV between Rio Tinto (45 percent), Chinalco (40 percent) and the government (15 percent).

…and it will leave Guinea even more dependent on the extractive sector and the economy progressing along dual trajectories.

For 2020-21, the IMF estimates that the mining output increased by 37% whereas non-mining output increased by 4%.

In 2022-23, the IMF projects that mining output will increase by 24% whereas non-mining output will increase by 7%.

The FDI that would be sunk in the development of the four blocks is roughly the size of Guinea's entire GDP.

The boost to exports could be roughly three times the value of today's bauxite exports.

In the Changing Wealth of Nations 2021, the WBG showed how in 2018, Guinea had the world's highest concentration of total wealth in metals and minerals (nonrenewable natural capital assets). Mongolia came a close second with Mauritania, Suriname and Peru further behind.

The long-term sustainability of the mega investments and the development of FDI-driven extractive projects will be closely linked to the ability of the government to raise royalties and income and reinvest them in social programs and infrastructure.

Source: WBG (2021), The Changing Wealth of Nations 2021: Managing Assets for the Future. IMF (2023), Guinea, IMF Country Report No.23/43.

…or as the IMF put it in its January 2023 Article IV Consultation:

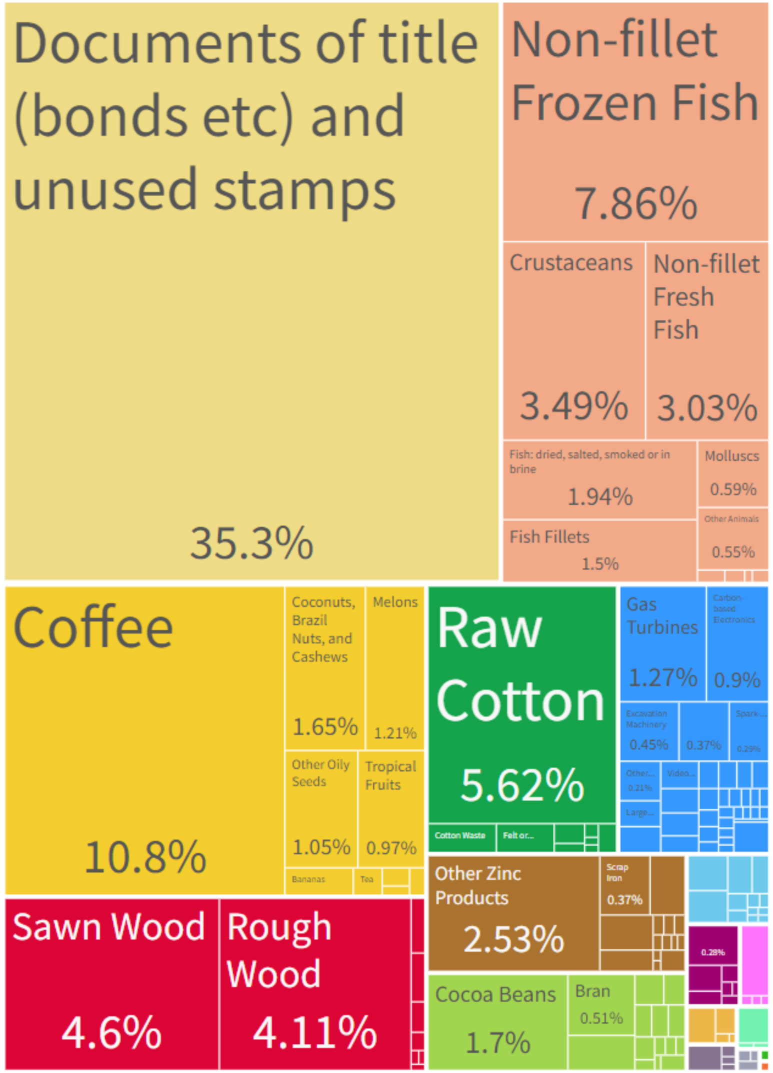
"Sound implementation of the Simandou project should be a key priority… Ensuring a good fiscal regime in the legal contracts under negotiation—by ensuring that the government extracts its fair share of revenues, while adhering to environment, social, and governance (ESG) best practices—can be a real gamechanger for Guinea."

The recent literature, economic reporting, and feedback from recent business roundtable discussions in Guinea all point in the same direction. The mega investments represent a unique—or once-in-a generation—opportunity to leverage foreign capital and technology to build a mutually beneficial partnership that can be used to invest in education and infrastructure, and build a stronger local private sector, in the interest of inclusive growth. There are many examples of countries in the region that have failed in the same endeavor, for example when it comes to hydrocarbon assets, and Guinea's policy makers must do what it takes to make sure the investments benefit the country and its people without deterring investors.

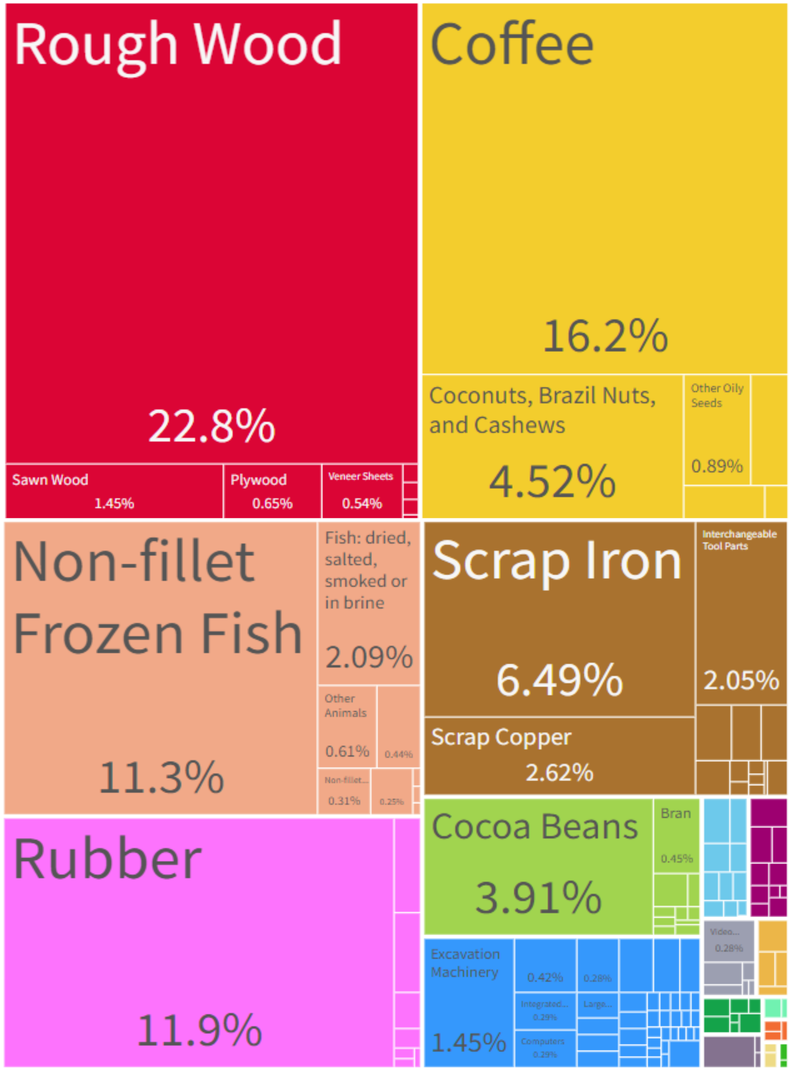
The value of exports beyond extractives (previous metals, mineral products, chemical products) has decreased since 2000

- Exports of documents of title and raw cotton ceased in the 2000s whereas exports of rough wood and coffee collapsed in the 2010s.
- Exports of natural rubber (2000s) and cocoa beans and cashew nuts (2000s and 2010s) grew into new important export products.

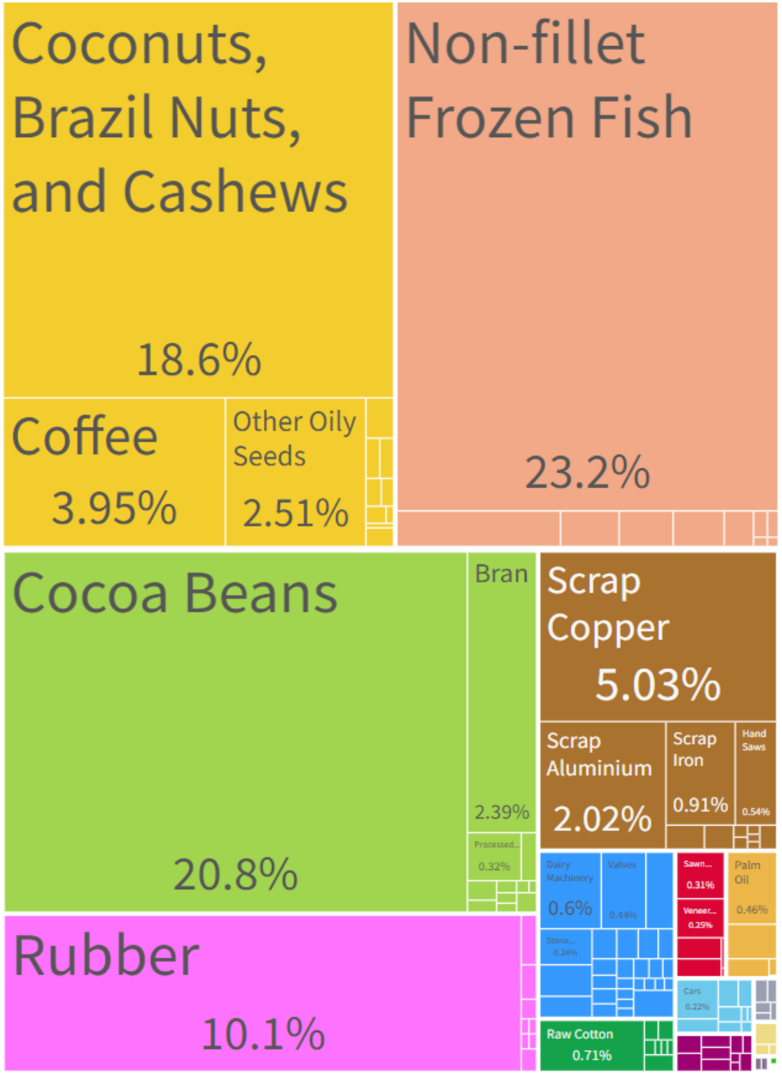
Exports in 2000 (HS4 level) share of total (US$176M)



Exports in 2010 (HS4 level) share of total (US$226M)



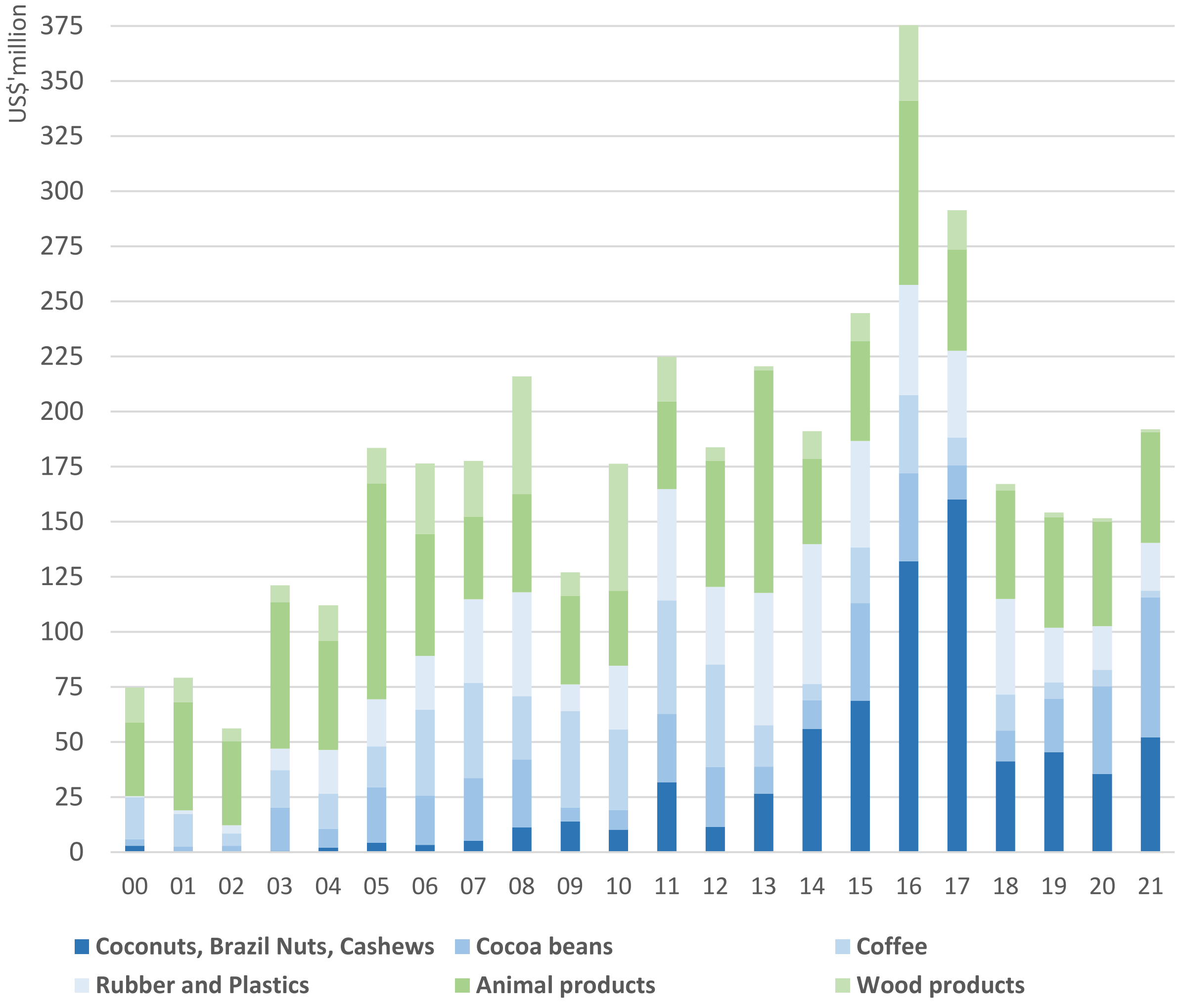
Exports in 2020 (HS4 level) share of total (US$191M)



Source: The Observatory of Economic Complexity (OEC) accessed February 28, 2023, https://oec.world/en. Note that OEC data combine Guinea's national customs data with mirror data.

The agribusiness sector remains underdeveloped with a static export growth trajectory but great volatility within product categories. There is no clear export champion emerging. The IMF projects that Guinea's food imports will reach US$1 billion in 2025; or roughly twice the amount of 2020.

Exports of select agricultural products (HS4 level)



Guinea's export profile of agricultural products reveals:

- ✓ **A static aggregate picture over the last 15 years.**
- ✓ **Great volatility within individual product categories.**
- ✓ **Very limited value addition to commodities.**

- **Cashew** exports jumped from US$3mn in 2000 to US$10mn in 2010 to US$36mn in 2020 with a peak of US$160 in 2017.

- **Cocoa** bean exports rose from US$3mn in 2000 to US$9mn in 2010 to US$40mn in 2020.

- **Palm oil** exports took off in 2021 when it reached US$21 million; up from US$1 million per year in previous years.

- Exports of animal products (98% frozen **fish** in 2021) averaged US$53mn over the period and was relatively stable.

- The **rubber** industry developed in the mid-2000s to generate exports of US$20-60mn in the 2010s.

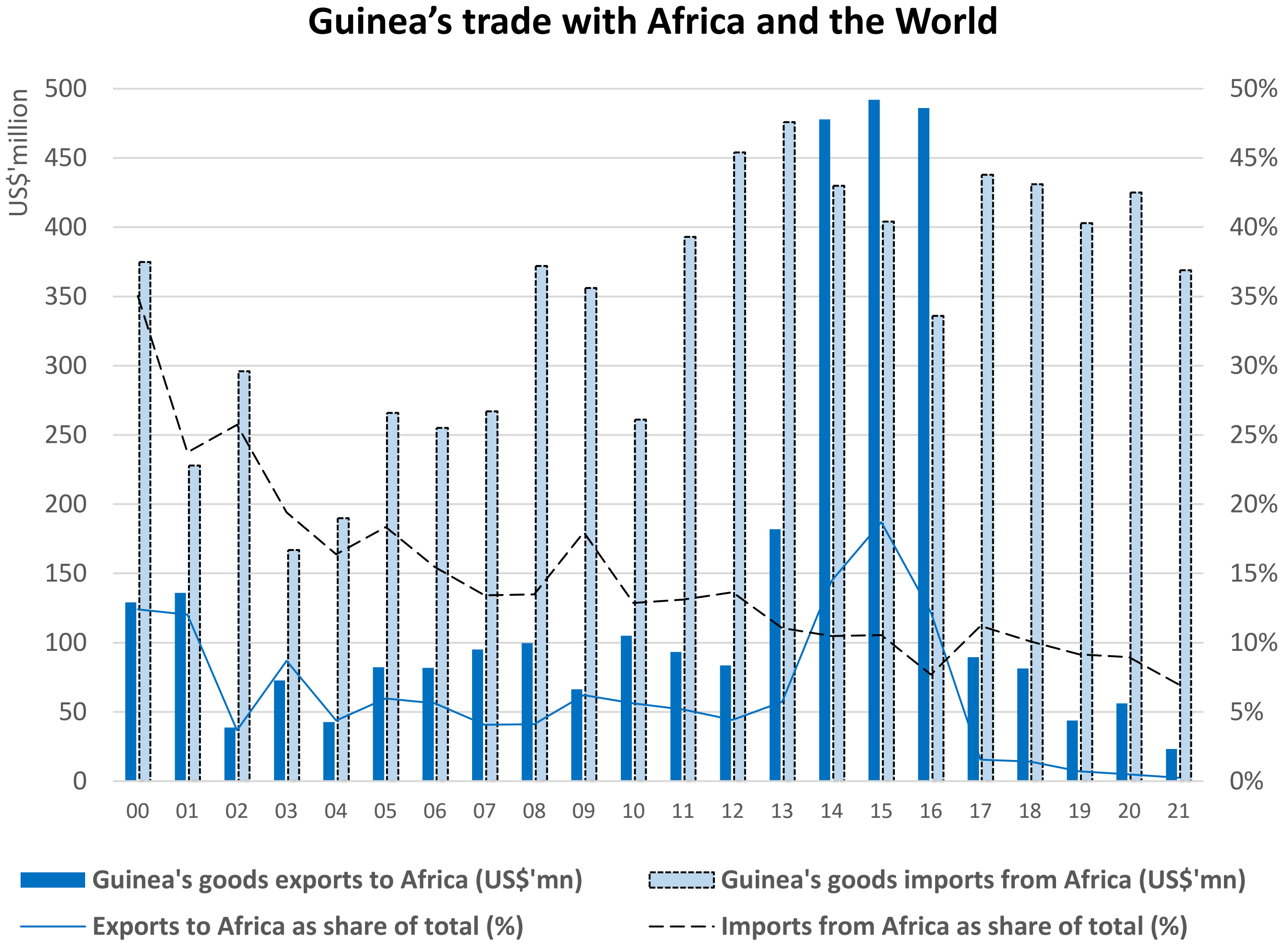
- **Coffee** exports dropped by over 90% in the last decade to reach US$3.1mn in 2021.

- Textiles exports (mainly raw **cotton**) has largely ceased (US$1mn in 2021), after peaks of US$11mn in 2000 and US$8mn in 2001 and 2016.

- **Wood** exports has also largely ceased (US$1.2mn in 2021), after peaks exceeding US$50mn in 2008 and 2010.

Source: The Observatory of Economic Complexity (OEC) accessed March 9, 2023, https://oec.world/en. Note that OEC data combine Guinea's national customs data with mirror data. HS4 level . IMF (2023), Guinea, IMF Country Report No.23/43.

The formal trade profile illustrates Guinea's economic disintegration with Africa: it trades relatively little with Africa and even less with its neighbors. Informal trade in some product categories (e.g. fruits, vegetables) may engage many farmers, but these trade flows are mostly small, irregular and disorganized.



Source: The Observatory of Economic Complexity (OEC) accessed March 9, 2023, https://oec.world/en.

Guinea trades little with African countries and trade flows have been relatively static or declining over time.

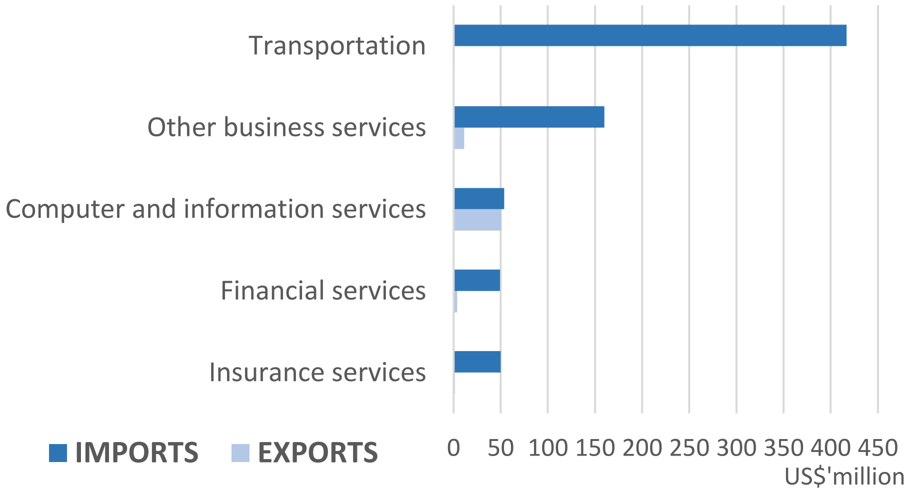
1. Guinea's exports of goods to Africa have declined in absolute terms since 2000-01.

   => peaks in 2014-16 reflected *adhoc* gold exports to Ghana.

2. The share of Guinea's exports that went to Africa averaged 0.5 percent in 2019-21.
3. Guinea's main export markets (products) in 2019-21 were Nigeria (petroleum gas), Morocco (coffee, bran), Senegal (coffee), Uganda (gold) and Mali (plastics).
4. Guinea's imports of goods from Africa were nearly identical in value in 2000 and 2021.
5. The share of Guinea's imports that came from Africa averaged 8 percent in 2019-21 compared to 30 percent two decades earlier.
6. Guinea's main import markets in 2019-21 were Senegal, Morocco, South Africa, Cote d'Ivoire and Tunisia. Leading product categories were foodstuff, construction material and inputs, machines, fertilizer and paper goods.

The (irregular) data on services trade highlight Guinea's comparative disadvantage. Informal goods trade between Guinea and its neighbors is relatively high as a share of neighborly trade but small in absolute terms.

The latest actual data (for 2019) on Guinea's trade balance for services indicate that the country imports approximately 10 times the value of what it exports. This negative balance is not unique for a low-income country and services trade is a fraction in size of merchandise trade. The IMF's preliminary data and projections indicate that in 2020-26, Guinea may import 30-40 times the value of services that it exports.



Guinea's informal cross-border trade with its neighbors is estimated at between US$43million (low estimate, or 26% of formal trade) and US$78 million (high estimate, or 48% of formal trade). Guinea's informal imports are roughly thrice the size of its informal exports.

	Estimate of informal trade (US$'mn)	
TRADE FLOW	**LOW**	**HIGH**
Imports from Cote d'Ivoire	13.4	24.6
Exports to Cote d'Ivoire*	<1.0	<1.0
Imports from Guinea-Bissau	negl.	negl.
Exports to Guinea-Bissau	negl.	negl.
Imports from Liberia	2.5	4.5
Exports to Liberia	0.7	1.3
Imports from Mali	3.4	6.2
Exports to Mali	6.3	11.4
Imports from Senegal	10.0	18.3
Exports to Senegal	0.5	0.9
Imports from Sierra Leone	3.7	6.7
Exports to Sierra Leone	2.2	4.0
TOTAL IMPORTS	*33*	*60*
TOTAL EXPORTS	*10*	*18*

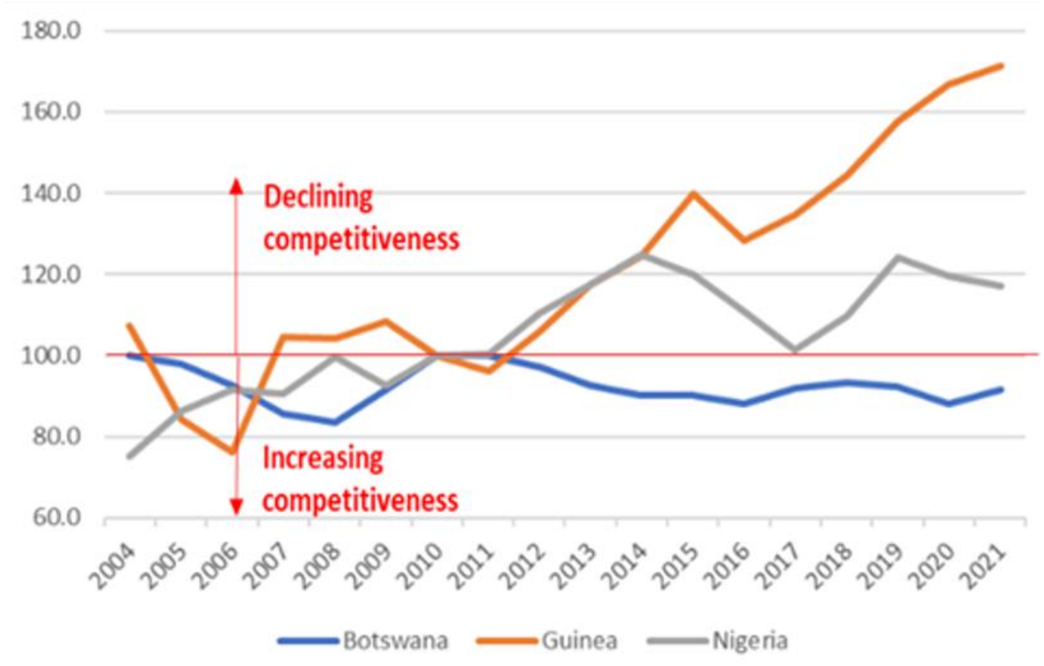
While modest in size, informal trade has important ramifications for food security and income generation for certain rural populations who would otherwise suffer from economic exclusion.

Source: IMF (2023), Guinea, IMF Country Report No.23/43. UN COMTRADE (left) and United Nations Economic Commission for Africa (2021), "Towards an estimate of informal cross-border trade in Africa" (right). * WB estimates based on data from OEC (2023).

Export diversification is unlikely in a macro environment reminiscent of Dutch decease. Guinea's economy would grow faster and more resilient if the country could develop new sources of export revenue. The continuous appreciation of the Guinean Franc makes this less likely to happen.

Both the World Bank's forthcoming Country Economic Memorandum for Guinea and the IMF recent Article IV Consultations have studied the real effective exchange rate (REER, below) appreciation in Guinea (2010=100).

Currency appreciation and declining competitiveness



- The REER has appreciated almost continuously since 2011 following a bauxite mini-boom; and since 2016 due to the bauxite take-off and gold boom.
- IMF's data from late 2022 indicate that the REER index just reached 200 compared to 100 in 2010.
- All else being equal, 1 kg of cashew, cocoa or coffee would be twice as expensive today as in 2010 from an exchange rate perspective.
- The appreciation has been much more pronounced in Guinea compared to countries such as Botswana and Nigeria with prominent extractive sectors.
- Projections about the Guinean Franc—for example by the Economist Intelligence Unit—point to continuous appreciation in 2024-25.
- Guinea's exporters will thus face considerable headwinds in the foreseeable future, and it bodes ill for hopes about export diversification in the medium-term. Extractives is arguably the only goods sector where scarce international supply helps mitigate the overall exchange rate pressure.
- Hydropower is the only emerging source of new export revenue given large investments that are being made in Guinea and the government's investment in distribution infrastructure for the regional integration of electricity markets.

Source: World Bank (2023), Country Economic Memorandum: Guinea (forthcoming) and IMF (2023), Guinea, IMF Country Report No.23/43 and EIU (2023) Guinea: Country Report, April 12, 2023.

Trade transaction costs are high and compliance with trade liberalization commitments incomplete despite Guinea being a founding member of the Economic Community of West African Countries (ECOWAS, 1975) and the World Trade Organization (WTO, 1995).

- **Tariff protection.** At the WTO, Guinea has bound 40% of tariff lines, including all agricultural products, and 30% of non-agricultural products, at rates ranging from zero to 75%. The simple average of bound rates is 20.4%, or 39.6% for agricultural products and 9.9% for non-agricultural products. Since 2017, Guinea applies the ECOWAS Common External Tariff, which is *ad valorem* at rates of zero, 5%, 10%, 20% and 35%. Consequently, tariffs for more than 600 tariff lines exceed Guinea's WTO bound rates. Overall, average tariff protection remains unchanged since 2011 at circa 12%.
- **Other import duties.** Guinea applies the ECOWAS Community levy and AU Community levy, registration tax, processing fee, and the *centime additionel*, in addition to CET accompanying measures (import adjustment and supplementary protection taxes), which further complicates border taxation. In addition, there are internal taxes such as VAT (18%) and excise duties.
- **Customs administration.** Despite recent progress in reducing the administrative burden of customs, the utility and cost of certain import and export documents such as the "descriptive import declaration" could be reviewed and progress on digitalization of trade consolidated. Guinea recently changed the customs system to ASYCUDA World, allowing electronic submission of documents. The Customs Code (2015) allows for an "approved economic operators" regime but the framework is still pending adoption of a modern, risk-based system of inspections and compliance verifications. Export procedures benefited from the introduction of a Single Window in 2017, but the customs declaration process is burdensome and imposes relatively high taxes and fees.
- **Trade facilitation.** Guinea has not ratified the Trade Facilitation Agreement and its various categories of measures. Several reforms have been undertaken to improve the investment climate and in particular the foreign exchange system to curb the black market. Guinea has adopted a new Investment Code featuring a single window for authorizations. Reforms have been introduced to enhance the financial supervision of State-Owned Enterprises (SOE) now governed by the OHADA Treaty.

Source: World Trade Organization (2018), Guinea Trade Policy Review.

Guinea is a member of the new Africa Continental Free Trade Area (AfCFTA) that will create a single market in Africa. In the short- and medium-term, it will likely have little impact on the Guinean economy. In the long-term, and if properly implemented, it will offer new opportunities for Guinean businesses and workers.

- 54 African countries have signed the AfCFTA. Guinea signed it on March 21, 2018; ratified it on July 31, 2018; and deposited its instruments of ratification on October 16, 2018. However, the single market is work in progress. Once completed, the AfCFTA will be the world's largest free trade area as measured by membership and affected population (1.3 billion people). It already covers a GDP of US$3 trillion.
- The AfCFTA treaty contains the legal framework for trade in goods, trade in services, the institutional setup, and provisions for state-to-state dispute settlement. The specific terms are still under negotiation in the form of annexes to the protocols of the treaty. The negotiations on trade in goods, including rules of origin, have been completed, but the negotiations on trade in services, additional protocols on investment, competition policy, intellectual property rights, and e-commerce are ongoing.
- Countries have agreed to progressively eliminate tariffs on at least 90 percent of goods, address non-tariff barriers, and reduce restrictions on trade in services. The tariff reductions will be phased in over 5-10 years. The agreement allows trade in sensitive goods (up to 7 percent of tariff lines) to be liberalized over longer time frames or exempted altogether (up to 3 percent of tariff lines) from liberalization.
- A team of WB economists recently estimated that the positive increase in inward FDI stock for Guinea will be US$1.0-1.5 billion by 2035. The positive increase in outward FDI stock will be around US$51-54 million over the same period.
- Country-specific estimates on trade flows will depend on the outcome of ongoing negotiations, but the conclusion of a deep AfCFTA could help raise incomes by 9 percent by 2035 on the continent. A reduction in non-tariff measures on goods and services and improvements in trade facilitation measures (cutting delays at borders) would produce most of these gains.
- Guinea is a member of ECOWAS, the West African Monetary Zone though it does not adopt the West African Franc, and the Mano River Union.

Source: Echandi, R., Maliszewska, M. and Steenbergen, V. (2023), Making the Most of the African Continental Free Trade Area: Leveraging Trade and FDI to Boost Growth and Reduce Poverty.

Summary and conclusions - section 1

- The economic progress that was achieved over the last decade has to a large extent been driven by FDI and growth of the extractive industry, and in particular exports of bauxite/aluminum ore and gold. The great challenge for Guinea's policy makers is to ensure that the associated benefits are shared in an inclusive way and royalties re-invested wisely in public services and infrastructure (more in section 3).
- Exports nearly tripled in the 2000s and more than quadrupled in the 2010s with the measure of trade openness reaching 132% of GDP in 2021. As a result, a large, structural trade deficit has just been turned into a minor trade surplus. The massive increase in trade has transformed the profile of Guinea's trading partners with Asian markets replacing the EU market.
- Exports have grown increasingly concentrated, and the export basket is dominated by a few precious metals & minerals. Gold exports have rocketed, bauxite has grown strongly, whereas diamonds, crude petroleum and gas have plummeted. There are no signs of export diversification or increasing value addition to Guinea's extractive commodities although there are some opportunities (more in section 3).
- Since 2000, the value of exports besides extractives has decreased in both real and nominal terms. Exports of wood and coffee have collapsed in the last decade. Cocoa beans and cashew nuts have become important export products. Thus, a static aggregate export profile masks great volatility within individual agricultural product categories. The lack of local value addition remains a constant and REER appreciation zaps competitiveness.
- Guinea is not integrating economically with the rest of the Africa region and its neighbors, despite longtime membership of regional blocs. It trades relatively little with the rest of Africa and even less with its neighbors. Informal trade matters for some product categories, but informal trade flows are small, irregular and disorganized. Guinea's membership in AfCFTA will likely have a very small effect in the short- to medium-term. In the long-term, and if properly implemented, it will offer new opportunities for Guinean businesses and workers.
- Economic diversification will be essential to sustain growth over time and make it more resilient and inclusive. A sound implementation of the Simandou iron ore project should be a key priority, and so should the addressing of weaknesses in governance be.
- Recent data and consultations with a broad set of investors and government officials indicate that the extractive sector will remain the predominant growth engine for years to come in Guinea. The quality of public management of royalties and facilitation of complementary investments to strengthen backward and forward linkages to the extractive industry will help determine its sustainability.

SECTION 2: JOBS, ECONOMIC TRANS-FORMATION & THE QUEST FOR INCLUSIVE AND SUSTAINABLE DEVELOPMENT

Economic transformation

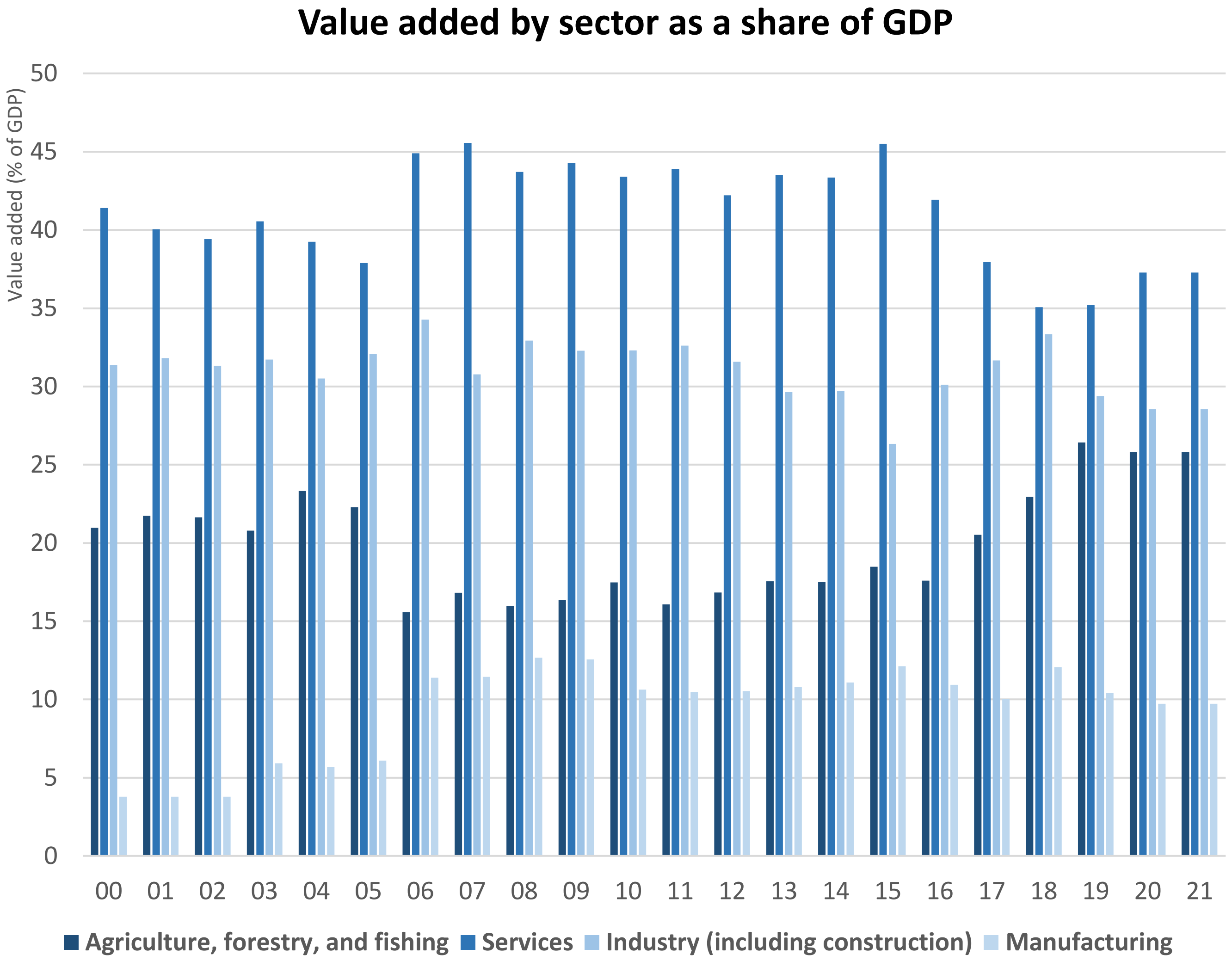
Jobs outcomes

Human capital

Informality

Entrepreneurship

There has been little movement in terms of economic transformation, industrialization or manufacturing activities in recent decades. Value added in industry is elevated from a regional perspective due to the extractives industry.

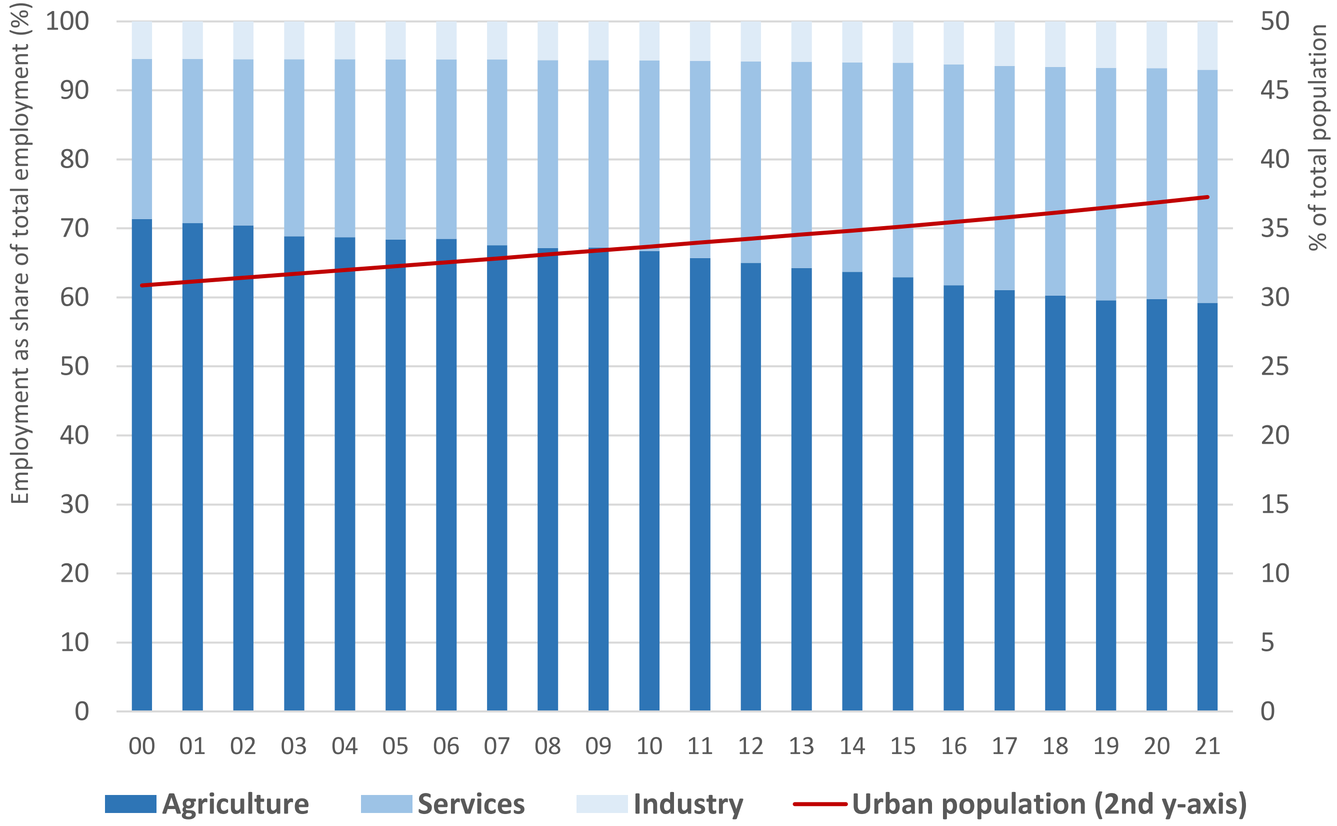


- The share of value added from **agriculture, forestry and fishing** in the economy dropped by 4 percentage points between 2000 and 2010 before bouncing back and increasing 8 percentage points over the next decade to reach 26 percent in 2021.
- **Services** added 37 percent to GDP in 2021, which was 4 percentage points lower than in 2000.
- **Industry, including construction** dropped 3 percentage points between 2000 and 2021 to reach 29 percent. This was above Senegal (25%), Cote d'Ivoire and Mali (both 21%), Liberia (18%), Guinea-Bissau (14%), Sierra Leone (6%)
- **Manufacturing** added nearly 10 percent in 2021, which was a jump from 4 percent in 2000, but it hardly moved in the last 15 years. It is nearly on par with Cote d'Ivoire (11%) and Guinea-Bissau (9%); below Senegal (15%); and above Mali (7%), Sierra Leone and Liberia (both 2%)
- These are relatively modest fluctuations over a two-decades long period and highlight the **lack of economic dynamism**.

Source: World Bank Open Data.

There has been a large transfer of labor from agriculture to services in recent decades in line with migration from rural to urban settlements. Employment in industry is relatively small but it has increased a little in recent years.

Services employment has increased by 11 percentage points as Guineans have moved from rural to urban areas



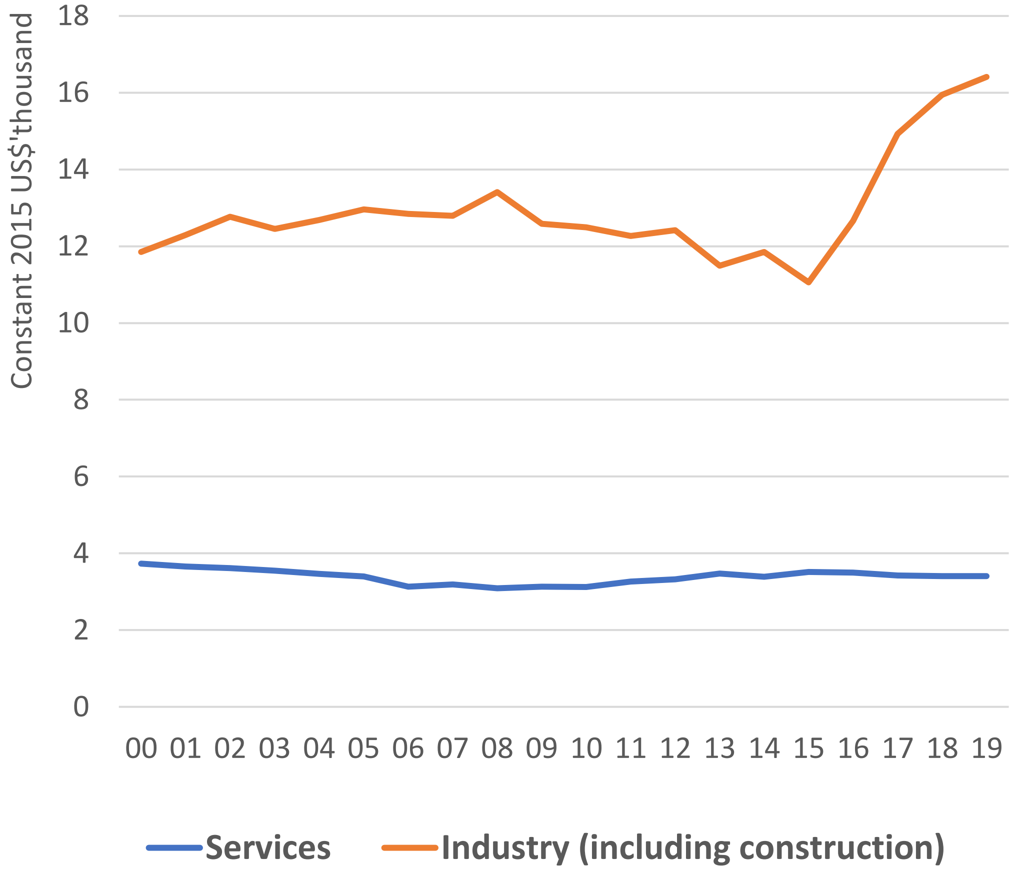
In 2000-21, employment expanded in services, contracted in agriculture, and grew modestly in industry.

- Services employment rose by 10.6 percentage points as a share of total employment to reach 34%.
- Agriculture employment dropped by 12.1 percentage points during the same period to reach 59%.
- Industry employment has been quite stable, but with an all time high reached in 2021. Between 2015 and 2021, which covers the current boom in mining, employment in industry (including construction) grew from 6.0% to 7.0% of total employment.
- The urban population as a share of the total population increased by 6.4 percentage points.

Source: World Bank Open Data.

Labor productivity in services was more than twice as high as in agriculture, but it remained flat during the period. Labor productivity in industry has risen since 2016 in line with the start of the mining boom.

Labor productivity in industry rose rapidly in 2016-19



In 2000-19, the labor productivity* gap grew (i) moderately between agriculture and services and (ii) significantly between agriculture and services on the one hand and industry on the other hand.

- Labor productivity in the services sector declined by 10% to US$3.400 in constant 2015 US$.
- Labor productivity in the industrial sector was quite static in 2000-15 and then jumped by 48% in 2016-19. The sudden jump is attributed to a large capital-intensive expansion in extractive industries' output not accompanied by a commensurate increase in employment.
- Time series data on labor productivity isn't published for agriculture in the World Bank Databank. However, it can be derived through other variables and indicates that labor productivity in agriculture dropped by roughly 27 percent in 2000-19.

	Agriculture**	Services	Industry
Labor productivity in 2019	US$1.400	US$3,400	US$16,400
…order of magnitude in 2019	x 1	x 2.4	x 11.7
…order of magnitude in 2000	x 1	x 1.9	x 6.1

* Value added per worker is a measure of labor productivity—value added per unit of input. Value added denotes the net output of a sector after adding up all outputs and subtracting intermediate inputs. Data are in constant 2015 U.S. dollars.

** The labor productivity for "agriculture" is here comparing value added in agriculture + forestry + fishing but only employment in agriculture. Thus, the numbers are not perfectly comparable.

Source: World Bank Open Data.

Guinea needs to tackle a host of challenges in parallel to promote structural change and productivity growth, and by extension reduce poverty and inequality.

A recent IMF modeling exercise concluded that:

Higher revenue mobilization would be best used to boost human capital and infrastructure.

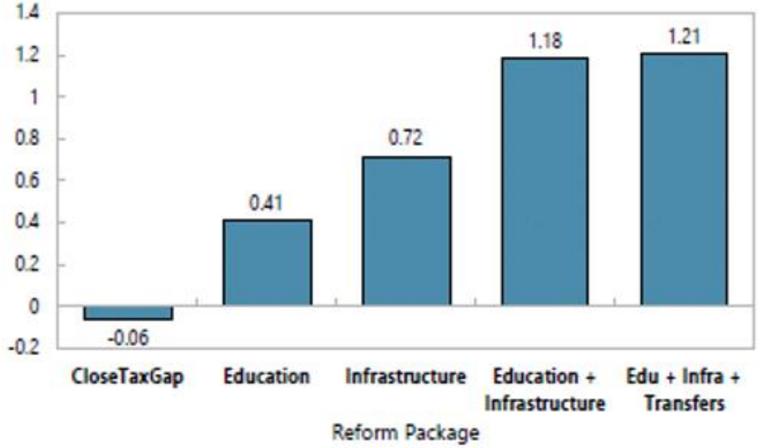
Increased expenditures on education would be effective for long-run poverty reduction and economic growth while investment in rural infrastructure development would be especially effective at boosting economic growth.

Together they could boost growth by around 1.2 percentage points and drastically reduce poverty.

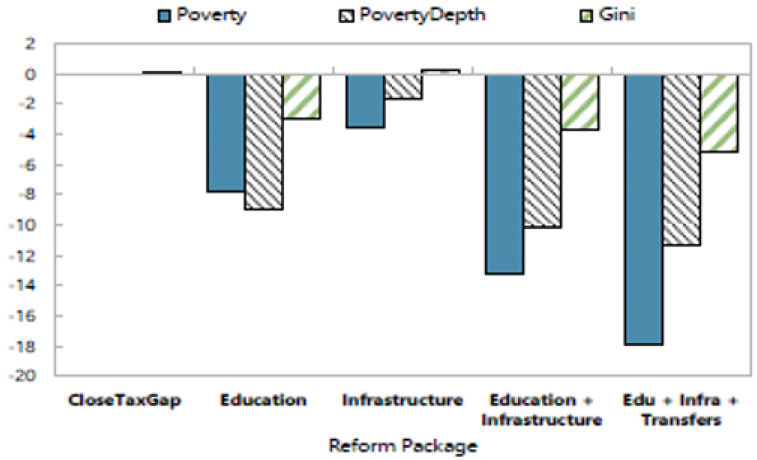
Guinea's low human capital is exacerbated by disparities in access to services by gender. Closing expenditure gaps on human capital for women and girls would be especially effective to boost growth.

Diversification, reforms to enhance governance and resilience, and improvements to the business climate will be critical to ensure inclusive, more resilient growth and improved social indicators.

Long-run impact of reforms on GDP growth (%)



Long-run impact of reforms on poverty/equality (%)



Mijiyawa & Conde's study of structural change & productivity growth concluded that:

Structural change has made a positive contribution to labor productivity growth—by 1 percentage point per year on average—but it was modest and declined during the period (or by 20% from 2006-10 to 2011-15).

The structural change process benefited from 'control of corruption', 'access to electricity', and 'primary commodities' share of merchandise exports' in Guinea.

The evolution of 'labor market rigidity' (labor taxation) and the level of the country's 'competitiveness' (exchange rate appreciation) did not support structural change. Proxies for health and education as well as government effectiveness were other brakes on structural change.

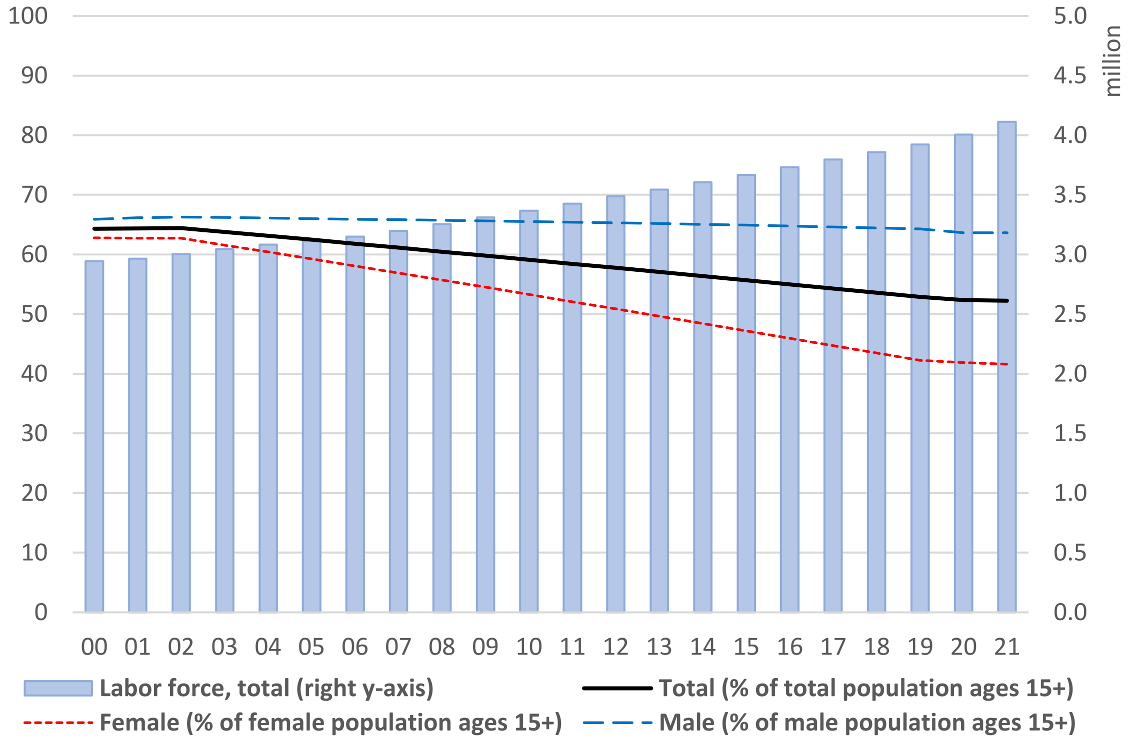
Source: IMF (2023) and Mijiyawa and Conde (2020).

There are very few job opportunities in wage employment. 1 in 100 women (15 years and above) is in wage employment. Women are increasingly leaving the work force.

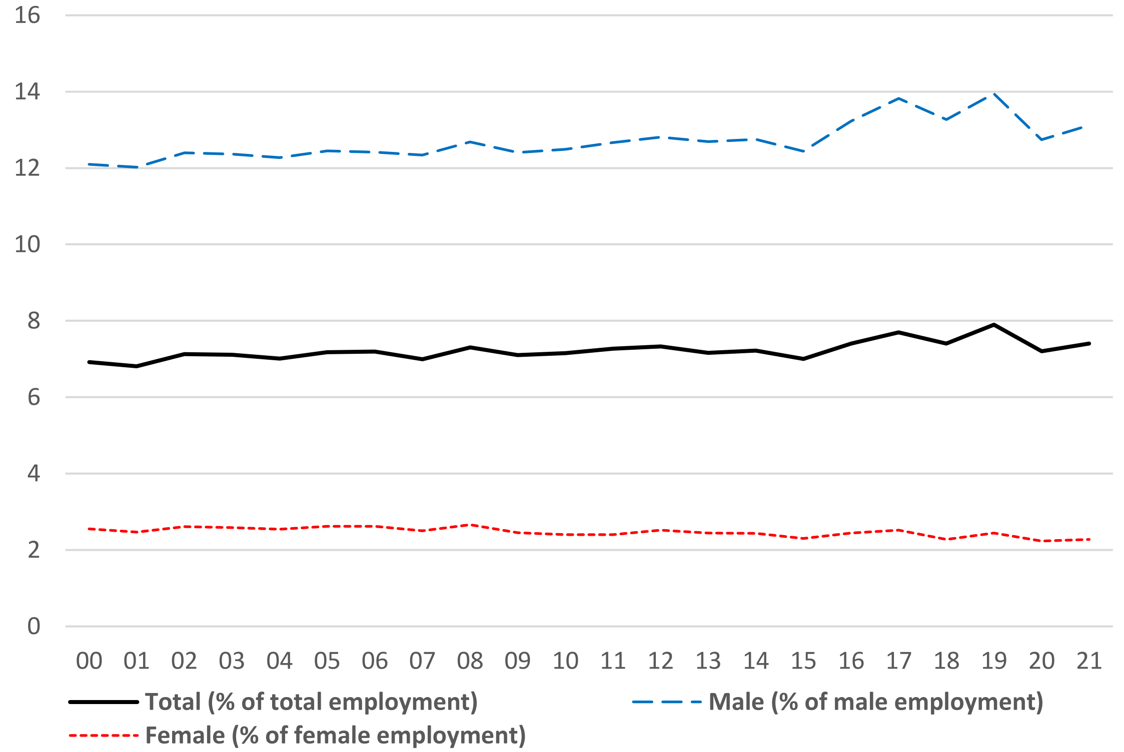
Guinea's labor force is currently growing by around 110,000 people per year, but **the labor force participation rate has slowly declined for more than two decades**; or from 64% in 2000 to 52% in 2021. It is among the lowest in the region: roughly at par with Senegal 51%) and Sierra Leone (53%), but below Liberia (76%), Ghana (69%), Mali (67%) and Cote d'Ivoire (65%). **The decline is almost exclusively due to the lower participation rate of women** (42%).

Guinea has one of the world's lowest shares of wage and salaried workers/employees at 7.4% of total employment. It is 13.1% for men and 2.3% for women. In comparison, Senegal (34%), Cote d'Ivoire (27%), Ghana (25%), Liberia (20%), Mali (19%) and Guinea-Bissau (18%) are way ahead of Guinea. The lack of "paid employment jobs" is likely a major reason why Guinea has a low labor force participation rate and an especially low and declining participation rate for women

Labor force participation rate



Wage and salaried workers*



* Wage and salaried workers (employees) are those workers who hold the type of jobs defined as "paid employment jobs," where the incumbents hold explicit (written or oral) or implicit employment contracts that give them a basic remuneration that is not directly dependent upon the revenue of the unit for which they work.

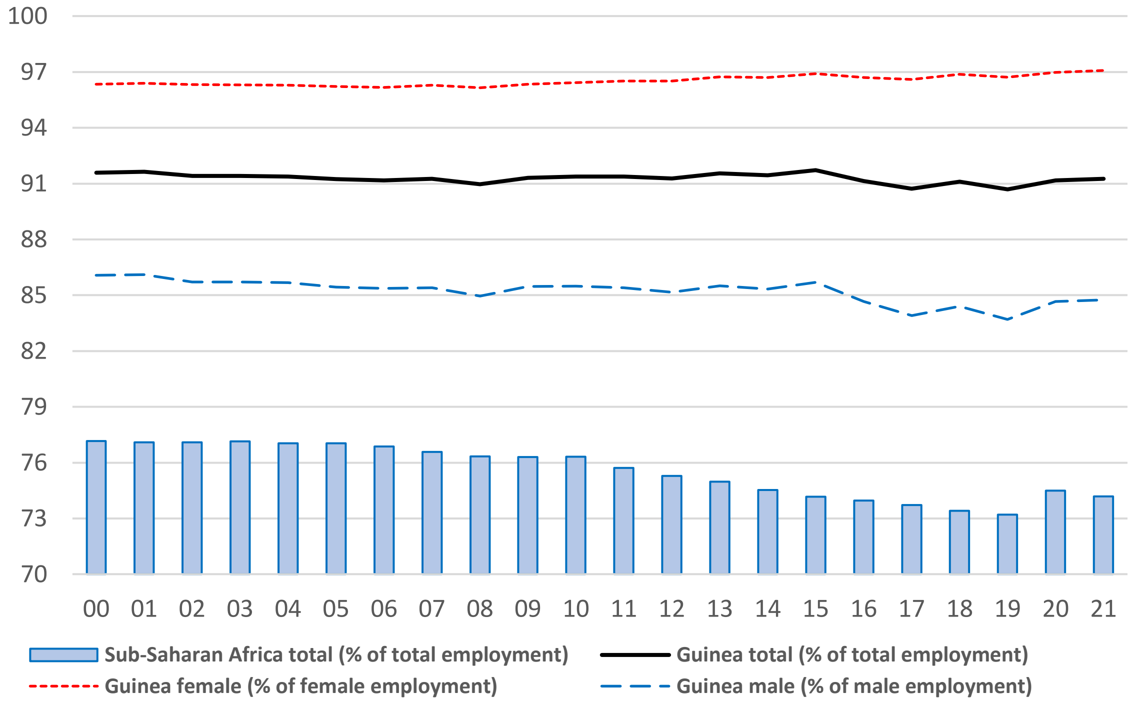
Source: Source: World Bank Open Data drawing on ILO Data.

More then nine out of ten Guineans find themselves in vulnerable employment—a much higher share than in the regional neighborhood—and Guinean women are particularly badly off (2nd highest rate in the world after Niger).

Guinea has one of the world's highest shares of vulnerable employment at 91% of total employment. The situation has hardly changed over the last two decades unlike the average in Sub-Saharan Africa (-5pp pre-COVID-19). Guinea is far behind Ghana (70%), Cote d'Ivoire (71%), Senegal (65%), Liberia (79%) and even Mali and Guinea-Bissau (both 81%). There is a marked difference between men (85%) and women (97%).

Guinea is doing somewhat better on the employer ratio. 1.4% of Guineans employ someone else compared to 2.3% in the average Sub-Saharan African country. Guinean female employers employ 0.7% of Guinean women and 2.1% of male employers employ Guinean men. On this entrepreneur index, Guinea lags Ghana (5.2%), Sierra Leone (2.9%), Senegal (1.9%) and Core d'Ivoire (1.6%) but does better than Mali (0.6%) and Guinea-Bissau (1.2%)

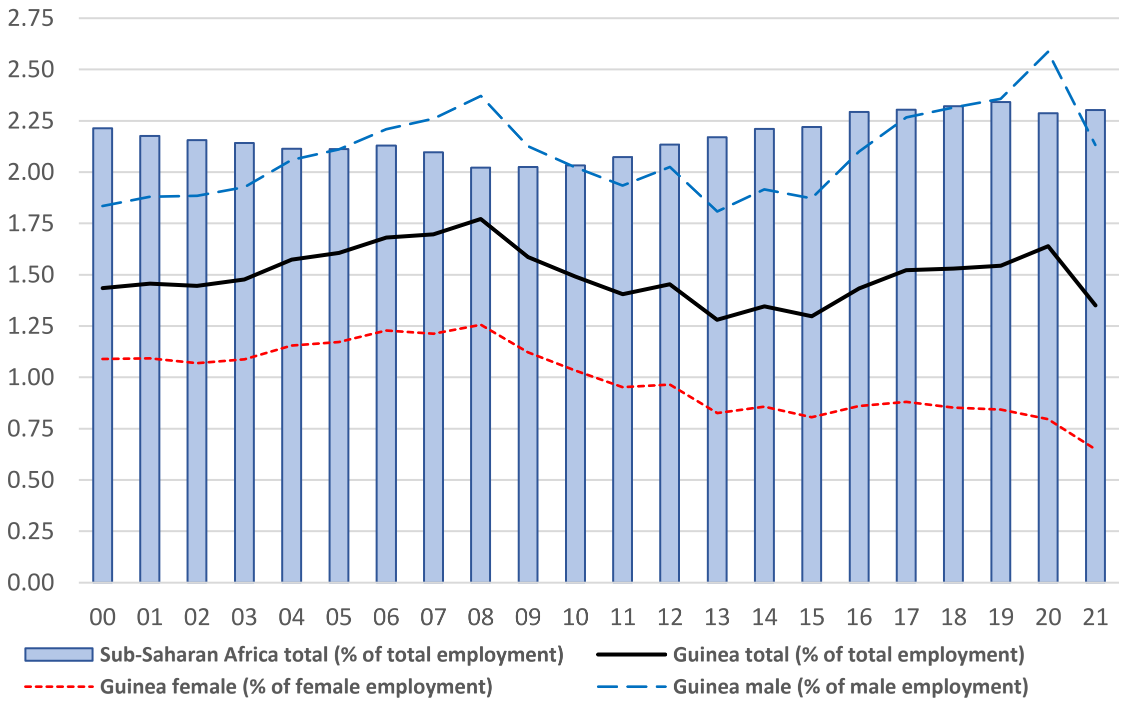
Vulnerable employment* in Guinea vs. Sub-Saharan Africa



* Vulnerable employment is contributing family workers and own-account workers as a percentage of total employment.

***Source: Source*:** World Bank Open Data drawing on ILO Data.

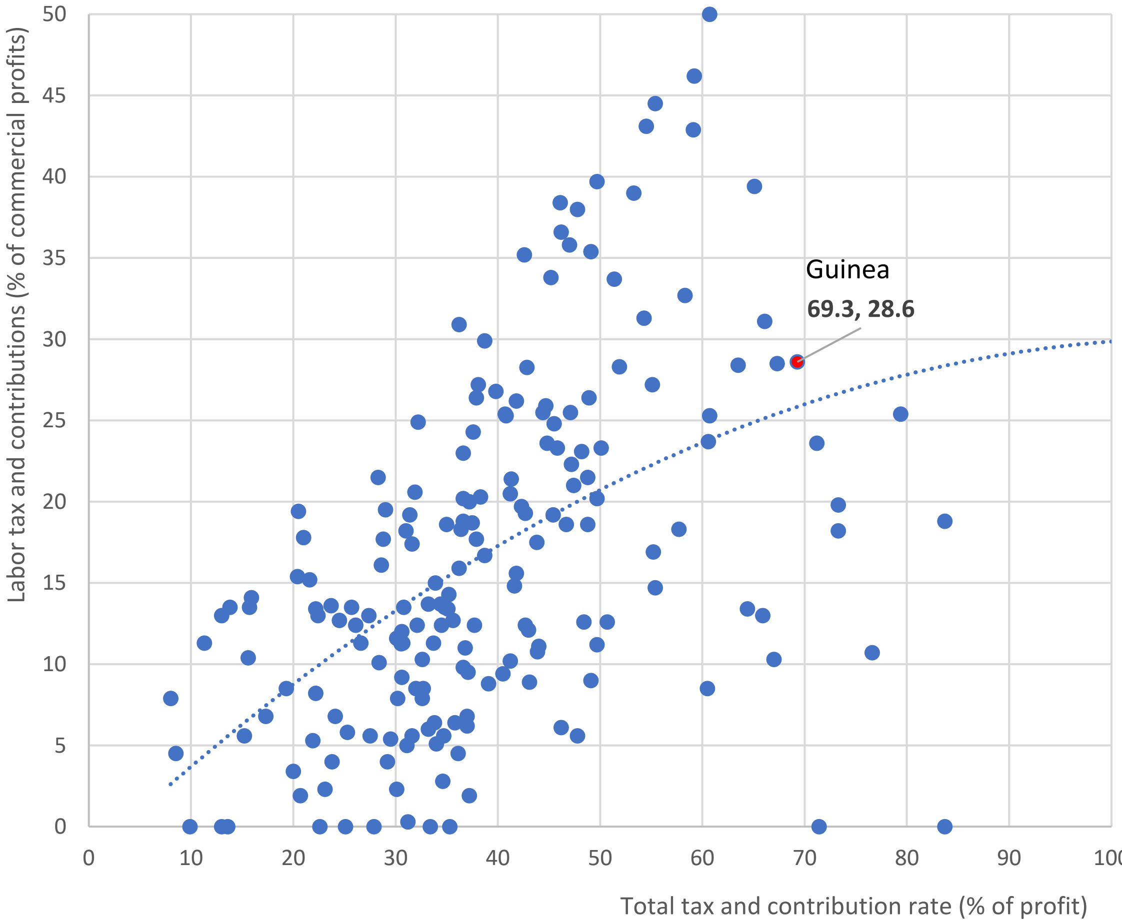
Employers in Guinea vs. Sub-Saharan Africa**



** Employers are those workers who, working on their own account or with one or a few partners, hold the type of jobs defined as a "self-employment jobs" i.e. jobs where the remuneration is directly dependent upon the profits derived from the goods and services produced), and, in this capacity, have engaged, on a continuous basis, one or more persons to work for them

The jobs outcomes are not aided by the combined high tax rates on businesses and on labor. The high rates are a common complaint among small enterprises whereas large enterprises worry more about labor regulations.

Total vs. labor taxation*



In 2019, among 192 countries, Guinea imposed one of the highest combinations of 'total tax and contribution rate' as share of profit (69%, 11th highest) and 'labor tax and contributions' as a share of commercial profits (29%, 23rd highest).

The 25 countries that imposed the highest 'labor tax and contributions' included 10 EU countries, China, Russia (in total 7 FSU countries), Brazil and Argentina in addition to Mali (43%), Congo, Rep (31%), Guinea and Chad (28%).

In the World Bank Enterprise Survey in Guinea:

- 12.0% of small enterprises (5-19 employees) chose 'tax rates' as their biggest obstacle compared to none of medium (20-99) and large enterprises (100+).
- 4.2% of small enterprises chose 'tax administration' as their biggest obstacle compared to none of the medium and large enterprises.
- 7.4% of large enterprises chose 'labor regulations' as their biggest obstacle compared to none of the small and medium enterprises.
- The total tax and contribution rate increased by 8% in 2019 (from 61% to 69%).
- Manufacturers are roughly twice as likely as services companies to complain about tax rates and tax administration.
- On a positive note, the share of companies expected to give gifts in meetings with tax officials dropped from 57% in 2006 to 7% in 2016.

*Labor tax and contributions is the amount of taxes and mandatory contributions on labor paid by the business. Total tax rate measures the amount of taxes and mandatory contributions payable by businesses after accounting for allowable deductions and exemptions as a share of commercial profits.

Source: Source: World Bank Open Data.

Nearly one out of five Guineas with intermediate or advanced education are officially unemployed. At the same time, more than one out of three youth are neither in education, employment nor training. Literacy rates are low but rising.

The official unemployment rate is generally a poor measure in low-income countries since few unemployed can afford to, or gain from, registering as unemployed. Yet 18% of Guineans with intermediate or advanced education were officially unemployed in 2019 compared to 6% for Guineans with basic education. There are marked differences between men and women depending on the level of education

Unemployment among those with advanced education:

- Total: 18%
- *of which men: 17%*
- *of which women: 20%*

Unemployment among those with intermediate education:

- Total: 18%
- *of which men: 22%*
- *of which women: 8%*

Unemployment among those with basic education:

- Total: 6%
- *of which men: 4%*
- *of which women: 9%*

More than one-third of youth are neither in education, employment nor training with women more affected than men.

Share of youth not in education, employment or training (% of youth population) in 2019:

- Total: 34%
- *Of which men: 25%*
- *Of which women: 42%*

The literacy rate for adults (15+ years) is only 45% with the share of literate men twice as high as the share of literate women. Among youth (15-24), it is higher at 60% and the gender gap smaller. Better than in Mali (46/31), but well behind Ghana (93/80)), Cote d'Ivoire (84/90) and Senegal (76/56).

Literacy rate (% of people ages 15 and above) in 2021

- Total: 45%
- *of which men: 61%*
- *of which women: 31%*

Literacy rate (% of people ages 15-24)

- Youth, total: 60%
- *of which men: 71%*
- *of which women: 49%*

***Source: Source**:* World Bank Open Data.

Guinea is ranked 12th from the bottom in the World Bank's 2020 Human Capital Index. It does markedly better than Mali and Liberia, somewhat better than Sierra Leone, worse than Cote d'Ivoire, and markedly worse than Senegal and Ghana. Educational outcomes are improving but from a very low level.

- A child who starts school at age 4 can expect to complete 7 years of school by the 18th birthday: 7.8 years for boys; 6.2 years for girls.
- Factoring in what children actually learn, expected years of school is only 4.6 years: 5.2 years for boys; 3.9 years for girls.
- 82% of 10-year-olds cannot read and understand a simple text by the end of primary school.

- The primary school completion rate was 59%
- The lower secondary school completion rate was 33%
- The tertiary education gross enrollment ratio is 7%

*=> **There are significant regional disparities.** For example, the UN's Human Development Index for 2021 highlights that Conakry has a huge advancement compared to the hinterland.*

	Mali	Liberia	Sierra Leone	Guinea	Côte d'Ivoire	Senegal	Ghana
Probability of survival to age 5	0.90	0.93	0.89	**0.90**	0.92	0.96	0.95
Expected years of school	5.2	4.2	9.6	**7.0**	8.1	7.3	12.1
Harmonized test scores	307	332	316	**408**	373	412	307
Learning-adjusted years of school	2.6	2.2	4.9	**4.6**	4.8	4.8	6.0
Fraction of children under 5 not stunted	0.73	0.70	0.71	**0.70**	0.78	0.81	0.82
Adult survival rate	0.75	0.78	0.63	**0.76**	0.66	0.83	0.77
HUMAN CAPITAL INDEX 2020	**0.32**	**0.32**	**0.36**	**0.37**	**0.38**	**0.42**	**0.45**

*Source: **Source: Source**:* World Bank Open Data and World Bank (2022), Guinea: Human Capital Country Brief, October 2022.

Human capital

The interpretation of the World Bank's Human Capital Index is that a child born in Guinea just before the pandemic will be 37% as productive when s/he grows up as s/he could be if s/he enjoyed complete education and full health.

The low level of human capital productivity does not in turn signal a shortage of entrepreneurial spirit, drive and personal initiative. But the government should prioritize public expenditures on health and education if it wants to accelerate human capital accumulation.

Government spending on education:

- 2.2% of GDP - government expenditure on education in 2020, which was around the average of 2.3% of the preceding decade.
- 12% of government expenditure was on education in 2021, which was around the average of 13% of the preceding decade.

There are numerous estimates of the size of the informal economy in Guinea. It is big but decreasing as a share of the formal economy because more businesses are registering, and the extractive sector is growing in importance.

Depending on the method, data and underlying assumptions, the estimates of the size of the informal economy differ a lot:

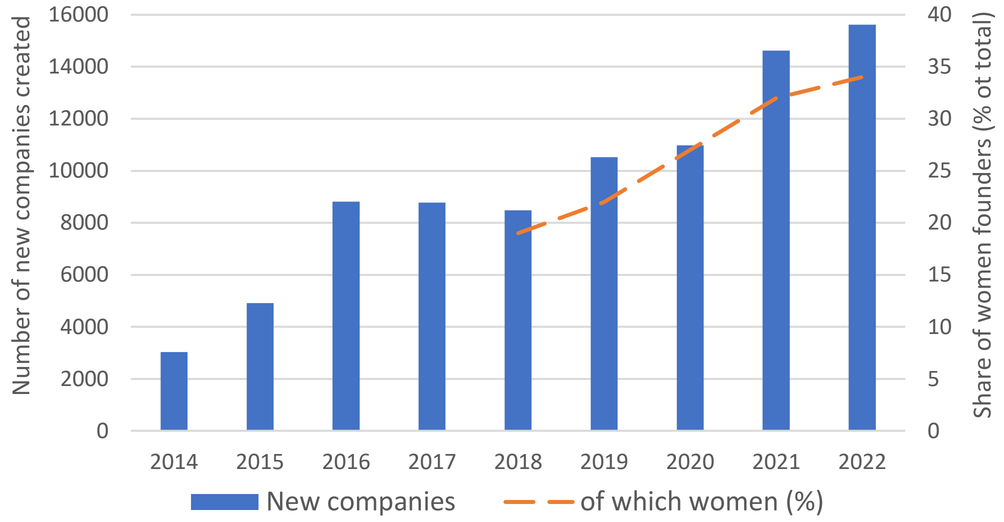
- A dynamic general equilibrium model applied by Elgin et al. (2021) estimated Guinea's informal output to **30%** of official GDP.
- A multiple indicators multiple causes model applied by the same authors estimated the informal output at **37%** of official GDP.
- The Quarterly Informal Economy Survey conducted by World Economics estimated Guinea's informal economy at **39%** of official GDP.
- The IMF has noted that the informal economy contributes between 25% and 65% of GDP and accounts for between 30% and 90% of total nonagricultural employment in Sub-Saharan Africa. Guinea is classified as one of the countries in Africa with a "high sized" informal economy or **>40%** of GDP (IMF (2017), Regional Economic Outlook: Restarting the Growth Engine, Sub-Saharan Africa).
- The WTO (2018) Trade Policy Review noted that Guinea's informal sector exceeded **50%** of GDP.
- National account data produced by INS for 2014-20 concluded that the informal sector makes up **34%** of value added in the primary sector, **39%** in the secondary sector, and **53%** in the tertiary sector.
- Self-employment in Guinea: **90%** of total employment.
- Share of firms competing against unregistered or informal firms: **76%** (World Bank Enterprise Surveys).
- Share of firms identifying practices of competitors in the informal sector as a constraint: **39%** (World Bank Enterprise Surveys).

In terms of JET priorities, the main benefits will be realized through an accelerated transfer of labor from rural to urban and semi-urban contexts, and from agriculture to services, and services to industry (more on this below).

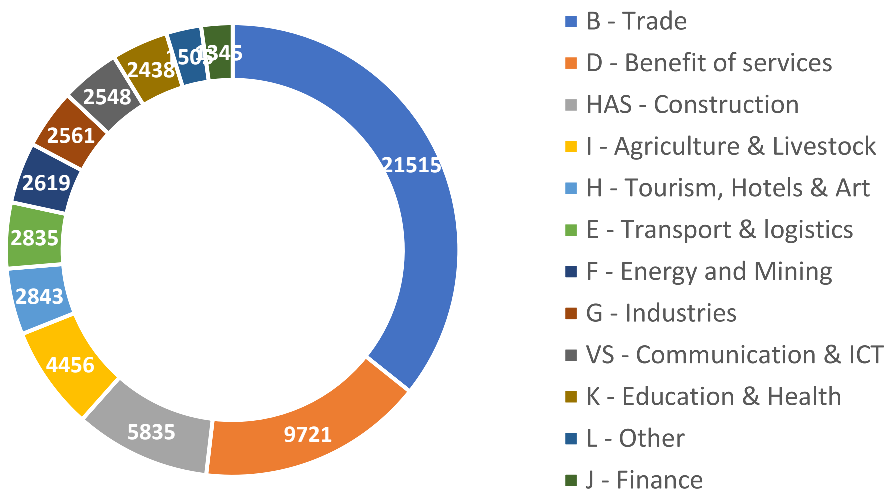
Source: Elgin, C., M. A. Kose, F. Ohnsorge, and S. Yu. 2021. "Understanding Informality", C.E.P.R. Discussion Paper 16497, Centre for Economic Policy Research, London.
World Economics (2023), https://www.worldeconomics.com/National-Statistics/Informal-Economy/Guinea.aspx.

The annual # of new companies increased by >400% in 2014-22 and the share of women founders increased from 19% to 34% in 2018-22. For every 2 new LLCs there were 5 new sole proprietorships. Most new companies are engaged in commerce/trade, services and construction; and 96% of the companies were founded by Africans.

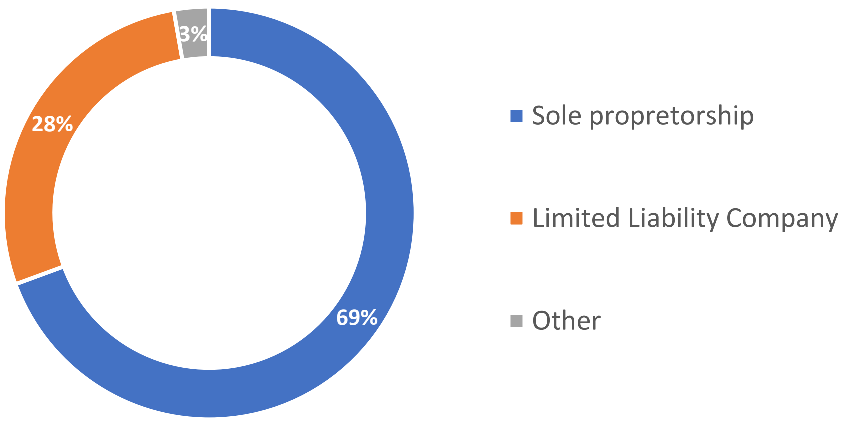
Creation of new companies in Guinea in 2014-22



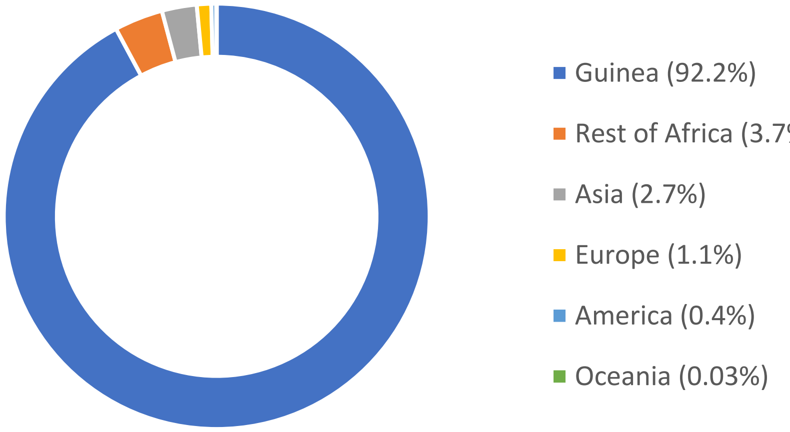
Sector by new companies created in 2018-22



Form of new companies created in 2022



Nationality of company founder in 2022



Source: Government of Guinea (2023).

Company creation is concentrated in the capital region and nearly half of all new companies are established by people who are 35 years old or younger.

In 2022:

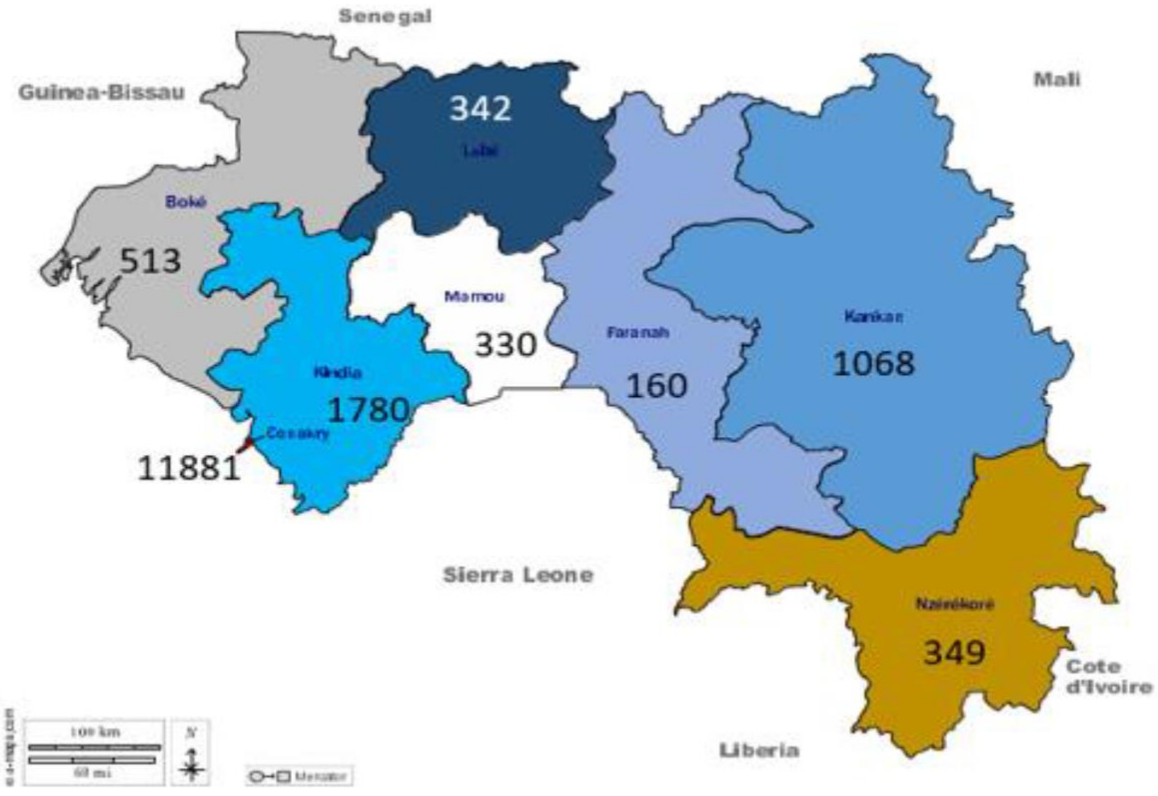
- 72.3% of new companies were established in Conakry.
- Kindia (10.8%) and Kankan (6.5%) both registered more than 1,000 new companies.
- Boké, Mamou, Labe, Faranah and Nzerekore registered relatively few new companies.

Youth entrepreneurship

- Nearly half (47%) of all new companies are established by people <35 years old.
- Around 750 companies (mainly sole proprietorships) are established using the APAP MOBILE—a digital platform created with support of the WBG.

Business mortality

- A recent study of 5,547 companies established in 2014-2018 found that 25% remained active, 10% had closed, and 65% were impossible to find or reach.



Source: Government of Guinea (2023).

Digital development and digital entrepreneurship are global trends in support of creative destruction and economic transformation. Guineans are increasingly connected to the Internet but still relatively poorly equipped to reap the full rewards of digitalization and ICT use.

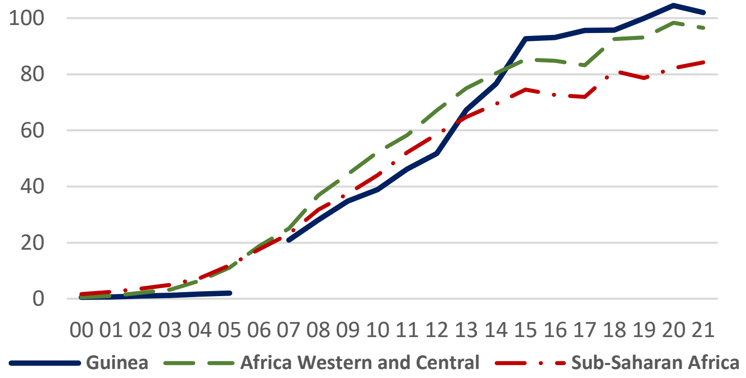
In 2021, Guinea's mobile cellular subscription rate reached 100 per 100 people, exceeding the averages of Western & Central Africa and SSA.

Following a slow start, Guinea is starting to catch up on Internet use: 35% of the population used the Internet in 2021 compared to 36% in SSA and 47% in Western & Central Africa.

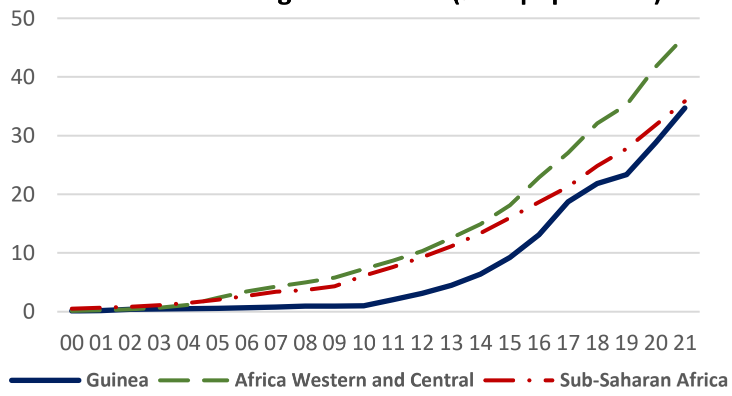
Guinea compares quite favorably on some other ICT indices, including the number of secure Internet servers, and the growth in facilities and services are high.

The literacy rate of 45% (15 years and above) and access to electricity rate (also 45%) may hinder the sophistication of Internet use, but both rates are growing: the former roughly doubled in 2000-20 and the latter tripled over the same period.

Mobile cellular subscriptions (per 100 people)



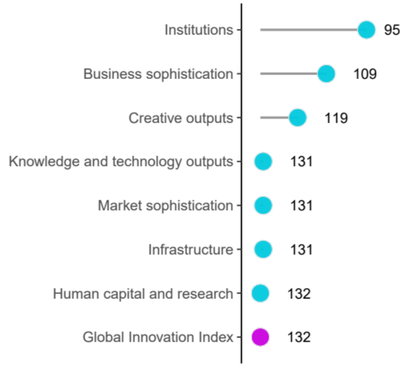
Individuals using the Internet (% of population)



International digital benchmarks still paints a bleak picture of Guinea's digital performance:

- Guinea ranked 132nd out of 132 countries in the World Intellectual Property Organization's Global Innovation Index (GII) in 2022:

The seven GII pillar ranks for Guinea



Note: The highest possible ranking in each pillar is 1.

The WBG's Digital Economy for Africa: Guinea Diagnostic Report also concluded that despite some positive trends, Guinea's digital economy is embryonic, and the country ill-prepared to reap the gains from digitalization.

Source: WBG (2020), Digital Economy for Africa: Guinea Diagnostic Report, WIPO (2022), Global Innovation Index 2022, and data.worldbank.org

Summary and conclusions - section 2

- Value added in industry is elevated from a regional perspective due to the extractives industry, but there has been little movement in terms of economic transformation, industrialization or manufacturing activities in recent decades.
- Recent decades saw a large transfer of labor from agriculture to services, with services employment rising nearly twice as fast as the rise in the urban population ratio.
- Labor productivity in services is more than twice as high as in agriculture, but it has remained flat in recent decades. Labor productivity in industry is nearly 12 times that in agriculture and 5 times that in services. It rose by nearly half in 2016-19.
- Guinea's labor force is currently growing by around 110,000 people per year, but the labor force participation rate has declined for more than two decades almost exclusively due to the lower participation rate of women.
- Guinea has one of the world's lowest shares of 'wage and salaried workers/employees' at 8% of total employment, with one woman in a hundred engaged in wage employment.
- More then nine out of ten Guineans find themselves in vulnerable employment, which is a much higher share than in the neighborhood.
- Guinea imposes relatively high tax rates on both businesses and labor. The high rates are a common complaint among small enterprises whereas large enterprises worry more about labor regulations.
- There is a marked skills mismatch with nearly one out of five Guineas with intermediate or advanced education officially unemployed. At the same time, more than one out of three youth are neither in education, employment nor training.
- Informality is widespread in the business community, but the number of new business licenses are growing fast especially among youth and women, but with significant regional disparities.
- The promise of digitalization and ICT use as a catalyst for productivity growth is not as strong in Guinea as in a lot of other countries: mobile phone penetration is high and Internet use growing, but Guinea is still behind most countries when it comes to ICT preparedness.

SECTION 3: PRIVATE SECTOR COMPETITIVENESS AND THE GOVERNMENT'S POLICY AGENDA

The business enabling environment

- *political instability*
- *general law-and-order issues*
- *taxation and regulation*
- *essential enablers/inputs*

Lessons from the extractive industry

Lessons from agribusiness

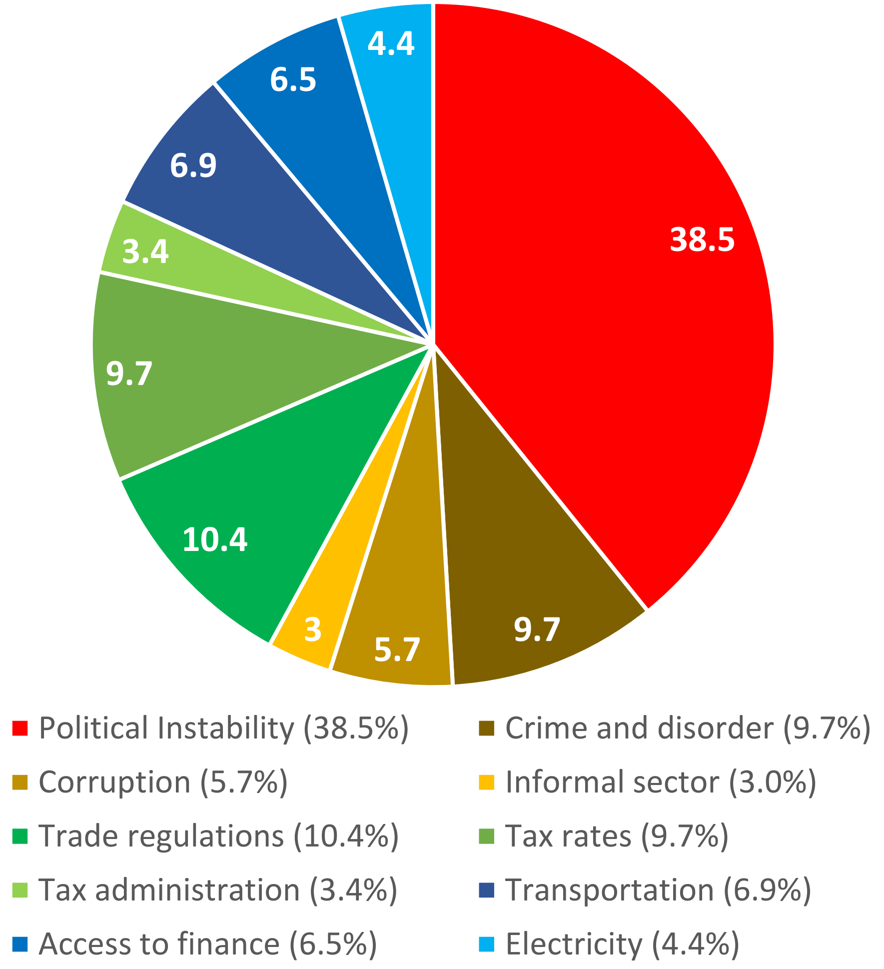
A decade of government policy reforms

What are the main constraints to private enterprise in Guinea according to business owners? The answer to this question holds the key to the articulation of a government policy for job creation and economic transformation. Unsurprisingly, it covers anything from law and order, institutions and regulations to access to essential inputs and enabling services.

The last WBG Enterprise Survey (WBG-ES) in Guinea was conducted before the COVID-19 pandemic, but business roundtable consultations in Guinea in April 2023 indicate that the concerns have not changed materially in most areas. The main challenges that businesses face are divided into four main groups in the following assessment:

1. **Political instability** was identified as the single greatest concern for businesses (39%) even before the 2021 coup d'état, and the political situation remains unstable with the current transition arrangements foreseen for 2023 and 2024.
2. **General law-and-order**: **crime and disorder**, **corruption** and **informal sector practices** were selected by 18% of business leaders as their single greatest concerns.
3. **Taxation and regulation**: **trade regulations**, **tax rates** and **tax administration** were chosen by 24% of business leaders as their single greatest concern. This is noteworthy because few companies trade directly, and trade regulations may thus be a considerable barrier.
4. **Essential enablers/inputs**: **transport**, **access to finance** and **electricity** were selected by 18% of business leaders as their single greatest concern.

It should be noted that surveyed businesses are either based or headquartered in Conakry, which hosts the great majority of Guinea's formal businesses, but small enterprises may nevertheless have somewhat different priorities in rural areas.



Source: www.enterprisesurveys.org/en/data/exploreeconomies/2016/guinea#trade.

Political instability is identified as the single biggest challenge to businesses. General lawlessness—crime, disorder and corruption—is another critical governance failure and the causality runs in both directions between them.

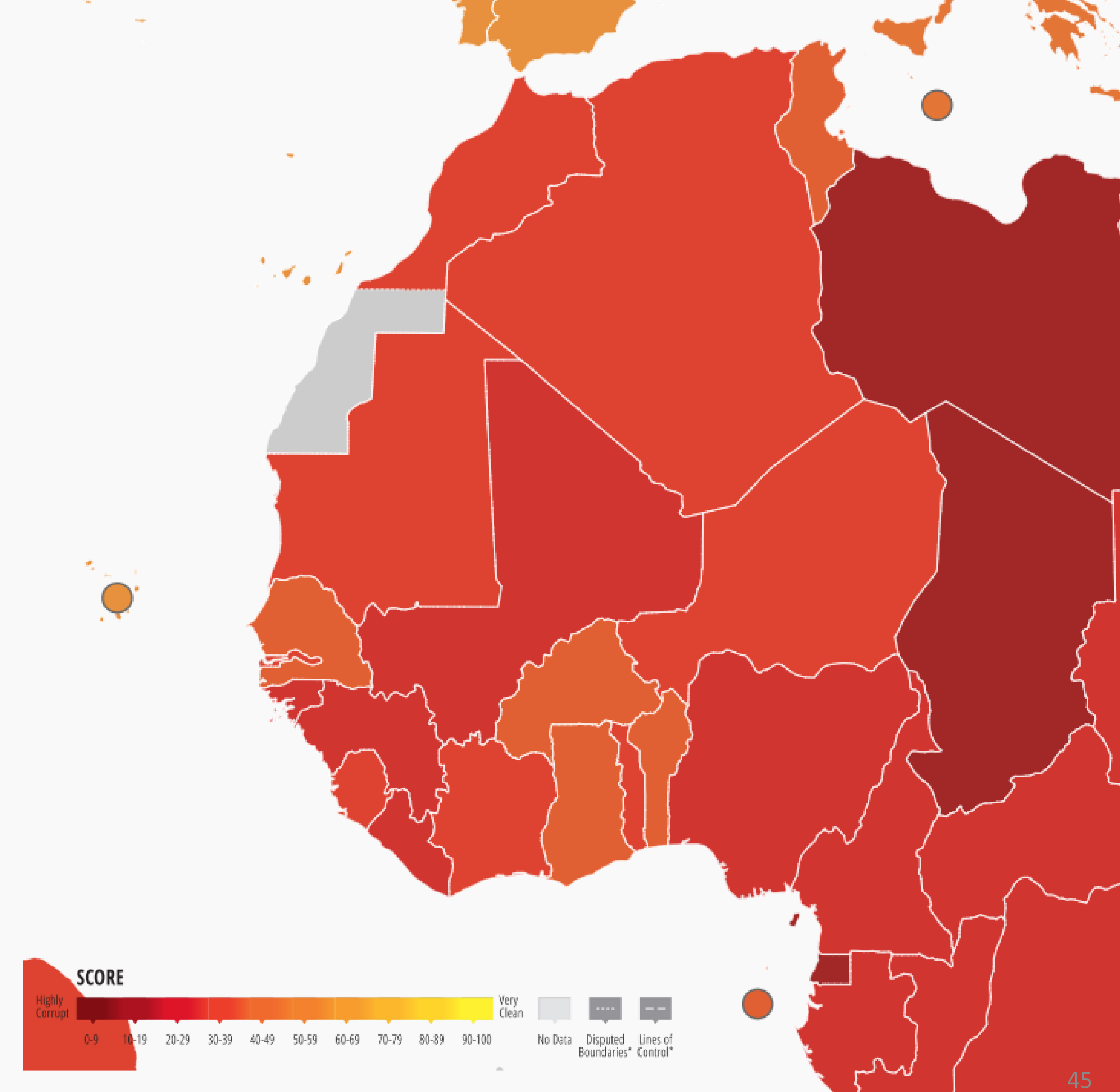
1: Political instability	Political instability gives rise to uncertainty and has a strong adverse effect on the ability of businesses to make positive investment and hiring decisions. It erodes investor confidence and deters FDI especially for efficiency-seeking and market-seeking FDI, but also natural resource-seeking FDI of high-quality enterprises. There is a significant literature on the topic, which goes beyond the scope of this study. Guinea has seen plenty of political and social unrest, including coups d'états in 1984, 2008 and 2021, and there is currently a Transition Government, which means that this concern will remain high in the foreseeable future.
2.1: Crime and disorder	A bit more than one-third of firms in Guinea identified 'crime, theft and disorder' as a major constraint and one-in-ten identified it as their single greatest obstacle. This was significantly higher than the SSA average where one-in-five businesses identified it as a major constraint. SMEs were by far the worst affected and medium-sized businesses (20-99 employees) made the greatest relative losses and were also the most likely to pay for security. Overall, roughly half of surveyed businesses paid for security and paid on average 5% of annual sales; numbers that were close to the SSA average. A lower share of Guinean companies experienced losses than the SSA average, but those that did made relatively higher losses.
2.2: Corruption	Slightly less than one-third of firms identified 'corruption' as a major constraint, which was lower than the two-in-five in the SSA average. On nearly every question, Guinean businesses reported significantly lower bribery incidents and bribery depths, including for public procurement, utility services and bureaucratic administration, than the SSA average. Yet half of the respondents still reported that they were expected to give gifts to public officials "to get things done", which could be seen as contradictory. Medium-sized enterprises were most affected by corruption and complained the most. Small enterprises were mostly exposed to petty corruption.

Source: www.enterprisesurveys.org/en/data/exploreeconomies/2016/guinea#trade.

In 2022, Guinea ranked 147th out of 180 countries in Transparency International's Corruption Perception Index.

- ❑ …ahead of Guinea-Bissau (164th) but behind Liberia (142nd), Mali (137th), Sierra Leone (110th), Cote d'Ivoire (99th) and Senegal and Ghana (joint 72nd).
- ❑ In 2010, Guinea ranked 164th out of 178 countries, which indicate a slow improvement in relative terms.
- ❑ Enterprise survey results find that Guinean businesses on many indices are <u>less</u> exposed to corruption/bribery by the public administration than in the SSA average (and global average) on issues such as obtaining permits, licenses, utility connections, paying taxes and competing for public contracts.
- ❑ In 2022, 62% of respondents thought corruption increased in the previous 12 months; and 42% of public service users paid a bribe in the previous 12 months.

Source: www.transparency.org/en/countries/guinea
www.enterprisesurveys.org/en/data/exploreeconomies/2016/guinea#corruption



Source: www.transparency.org/en/cpi/2022

Informality is widespread in Guinea—as in most SSA countries—and informal businesses that operate below the radar of tax authorities and public regulators often compete heads on with formal businesses.

2.3: Informality

Informality is widespread in Guinea (see slides #19 and #35). Three-quarters of formal businesses report that they compete against unregistered or informal businesses. Two-in-five of the formal businesses identified practices of competitors in the informal sector as a major constraint. Both indicators were somewhat higher than the SSA averages.

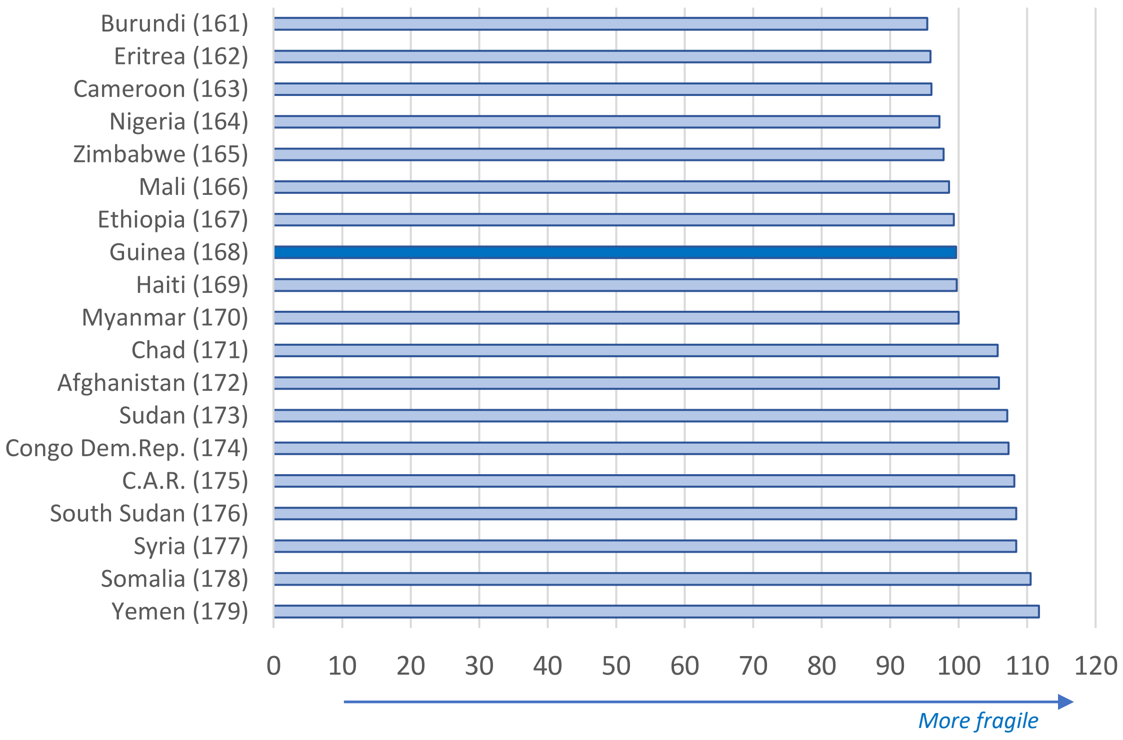
- SMEs are much more exposed to competition from informal firms than large enterprises:
  - ✓ *Small-sized enterprises (5-19 employees): 81%*
  - ✓ *Medium-sized enterprises (20-99): 63%*
  - ✓ *Large enterprises (100<): 18%*
- SMEs are also much more likely to report it as a major constraint and especially the medium-sized segment where a lot of business growth (more and better jobs) potential is found:
  - ✓ *Small-sized enterprises: 37%*
  - ✓ *Medium-sized enterprises: 57%*
  - ✓ *Large-sized enterprises: 20%*
- Overall, businesses in the services sector are more likely than in manufacturing to face competition from informal business, but manufacturing businesses are more likely to identify competition from informal businesses as a "major constraint".

Source: www.enterprisesurveys.org/en/data/exploreeconomies/2016/guinea#trade.

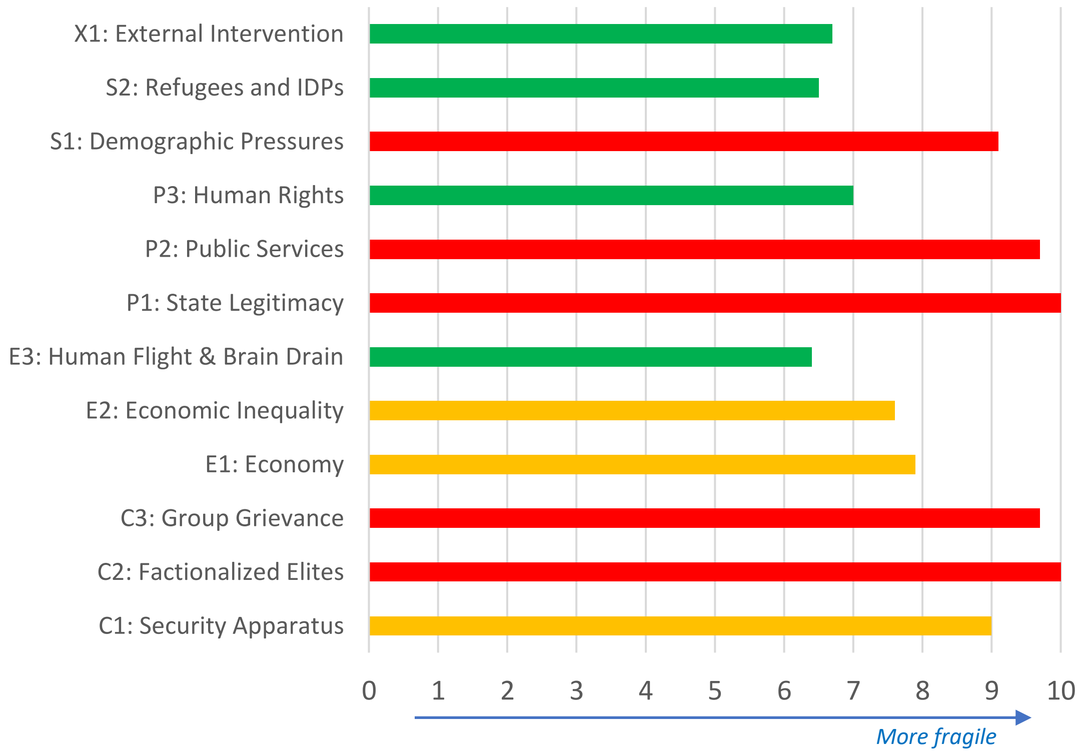
Political instability and law-and-order issues are closely linked to Guinea's weak institutions. In 2022, the Fund for Peace ranked Guinea as the 12th most fragile country out of 179 countries.

The concerns raised by businesses about political instability, crime, theft, disorder, corruption and informality are well documented in measures such as the Fund for Peace's annual Fragile States Index. Guinea ranks at the very bottom on: (i) the **Factionalized Elites** indicator, which considers the fragmentation of state institutions along ethnic, class, clan, racial or religious lines, as well as brinksmanship and gridlock between ruling elites; and (ii) the **State Legitimacy** Indicator, which considers the representativeness and openness of government and its relationship with its citizenry. Guinea also ranks very near the bottom on: (iii) the **Group Grievance** indicator, which focuses on divisions and schisms between different groups in society and their role in access to services or resources, and inclusion in the political process; and (iv) the **Public Services** indicator, which refers to the presence of basic state functions that serve the people, which may include the provision of essential services, such as health, education, water, transport infrastructure, electricity, and ICT. Thus, while Guinea ranks poorly on political and cohesion indicators, it does better on economic, social and cross-cutting indicators.

Fragile States Index 2022 (lower ranking)



Sub-indicators of the Fragile States Index: Guinea in 2022



Trade regulations impede the development of Guinea's manufacturing sector and export diversification efforts. They also add unnecessary costs to imported products on which all Guineans depend.

3.1: Trade regulations

Few businesses export in Guinea and large businesses are much more likely to export than smaller ones (WBG-ES).

- ✓ 1.7% of respondents directly export 10% or more of their sales, which was one-fifth the ratio of the SSA average.
- ✓ 6.3% of respondents indirectly export 10% or more of their sales, which was roughly the same as the SSA average.
- ✓ Manufacturers were five times as likely as services firms to directly export 10% or more of their sales.

Among manufacturers:

- ✓ 77% use foreign material inputs and/or supplies (=imported inputs) compared to 58% in SSA; and
- ✓ The average proportion of total inputs that are of foreign origin is 68% compared to 35% in SSA.

=> The development of the Guinean manufacturing sector – irrespectively of domestic or foreign market focus – is extremely sensitive to tariffs and the efficiency (time, cost and predictability) of border procedures.

42% of all firms identified customs and trade regulations as a major constraint.

=> Any government policy objective aimed at manufacturing-led growth or export promotion will likely be ineffectual unless it seriously tackles customs and trade regulations in parallel.

Source: www.enterprisesurveys.org/en/data/exploreeconomies/2016/guinea#trade.

It is very time consuming and costly to comply with documentary and border requirements: or 5-20 times the average time and cost in high-income countries.

Border performance: time and cost to import and export

Indicator	Guinea	Sub-Saharan Africa	OECD high income
Time to export: Border compliance (hours)	72	97.1	12.7
Cost to export: Border compliance (USD)	778	603.1	136.8
Time to export: Documentary compliance (hours)	139	71.9	2.3
Cost to export: Documentary compliance (USD)	128	172.5	33.4
Time to import: Border compliance (hours)	79	126.2	8.5
Cost to import: Border compliance (USD)	809	690.6	98.1
Time to import: Documentary compliance (hours)	156	96.1	3.4
Cost to import: Documentary compliance (USD)	180	287.2	23.5

Guinea's border performance* measured by the time and cost of border and documentary compliance is very weak.

- The **cost to export** is roughly US$900, or **x5** the high-income country average.
- The **time to comply** with export procedures is estimated at 211h, or **x15** the high-income country average.
- The **cost to import** is roughly US$1,000, or **x8** the high-income country average.
- The **time to comply** with import procedures is estimated at 235h, or **x20** the high-income country average.

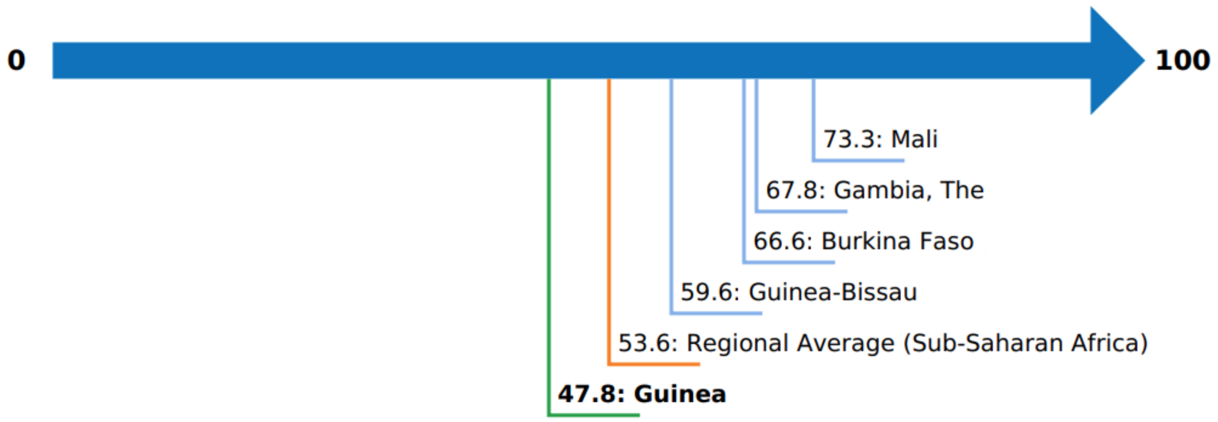
In the WBG-ES, Guinean businesses reported that it took them on average 28 days to clear imports at customs. For a low-income country that is entirely dependent on imports for most products, this adds a lot of unnecessary costs to most goods and services.

** Guinea is not too bad compared to the SSA average, but it compares performance in landlocked countries with sea facing Conakry.*

Source: https://archive.doingbusiness.org/content/dam/doingBusiness/country/g/guinea/GIN.pdf and www.enterprisesurveys.org/en/data/exploreeconomies/2016/guinea#trade.

Guinea performs very poorly in international benchmarks that compare its customs performance to regulatory best practices. There is a lot of scope for improvement if policy makers want to promote manufacturing-led growth and export diversification and reduce the cost of goods and services in the domestic market.

Guinea is very far from the frontier with regards to measures of regulatory best practices at the border. Some of this discrepancy is linked to the overall level of economic and institutional development, but many countries with similar institutional capacity contexts perform considerably better. Guinea's trade regulations and customs performance come at a very high price to exporters who can't compete and consumers who pay inflated prices for imported products.



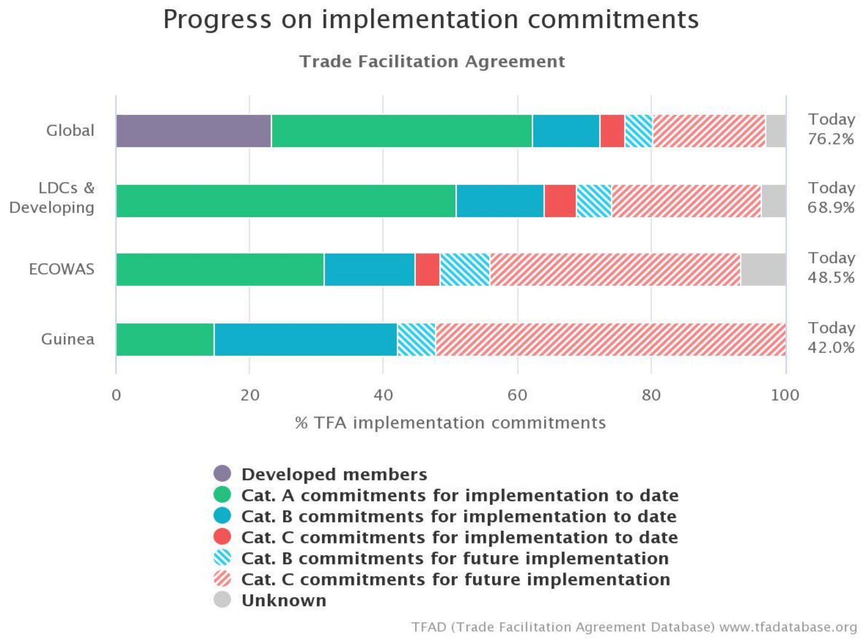
Source: https://archive.doingbusiness.org/content/dam/doingBusiness/country/g/guinea/GIN.pdf.

Accelerating progress in the implementation of the WTO Trade Facilitation Agreement (TFA) would strengthen competitiveness and support export diversification, with a potential reduction in trade costs of 15%.

TFA groups of measures	Cat A	Cat B	Cat C
Publication and Availability of Information		2	2
Opportunity to Comment, Information Before Entry Into Force and Consultations	2		
Advance Rulings			1
Appeal or Review Procedures	1		
Other Measures to Enhance Impartiality, Non-Discrimination, and Transparency	1		2
Disciplines on Fees and Charges Imposed on or in Connection With Importation and Exportation	2	1	
Release and Clearance of Goods	1	1	7
Border Agency Cooperation			1
Movement of Goods Under Customs Control Intended for Import		1	
Formalities Connected With Importation, Exportation and Transit	3	3	3
Freedom of Transit			1
Customs Cooperation		1	

CATEGORY A = developing Members will implement the measure by 22/02/2017 and LDCs by 22/02/2018
CATEGORY B = Members will need additional time to implement the measure
CATEGORY C = Members will need additional time and capacity building support to implement the measure

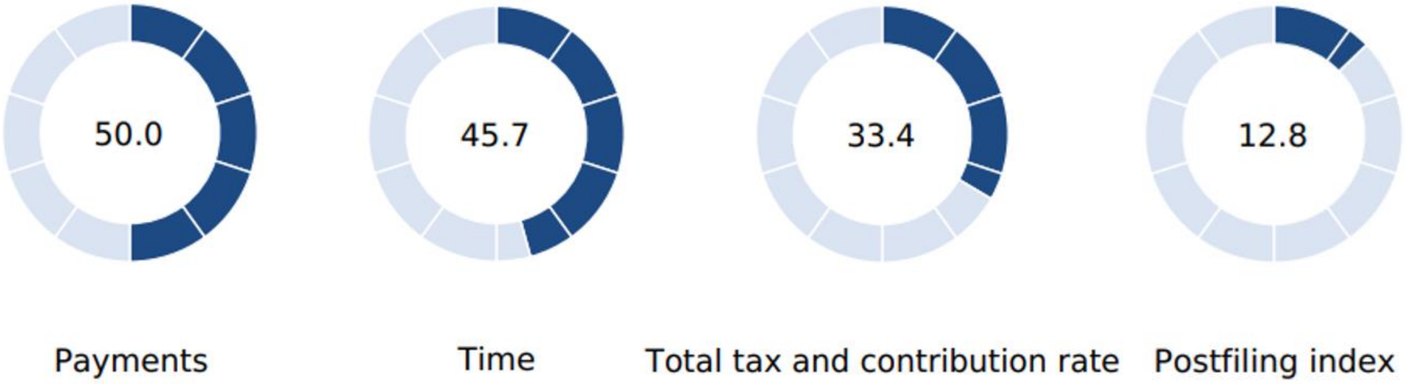
- Trade costs in Guinea are estimated to be the equivalent of an ad-valorem tariff of 214-298%.
- TFA-related trade costs reductions could boost exports by an estimated 9-13%, particularly benefiting agricultural products.
- Guinea lags the region in the implementation of trade facilitation measures, having fulfilled 40% of commitments.
- Most pending measures (52% of total) benefit from donor-funded technical assistance.

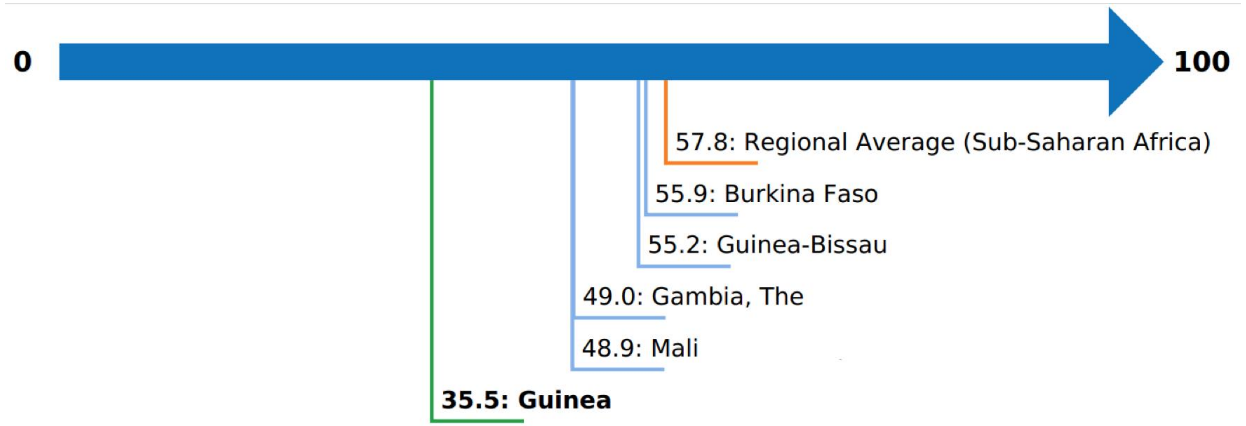


Source: WTO (2015) World Trade Report – Section D. Estimating the benefits of the Trade Facilitation Agreement; and TFA Database, Guinea Country Profile.

Besides high combined tax rates on businesses and on labor, the tax administration itself leaves a lot of room for improvement.

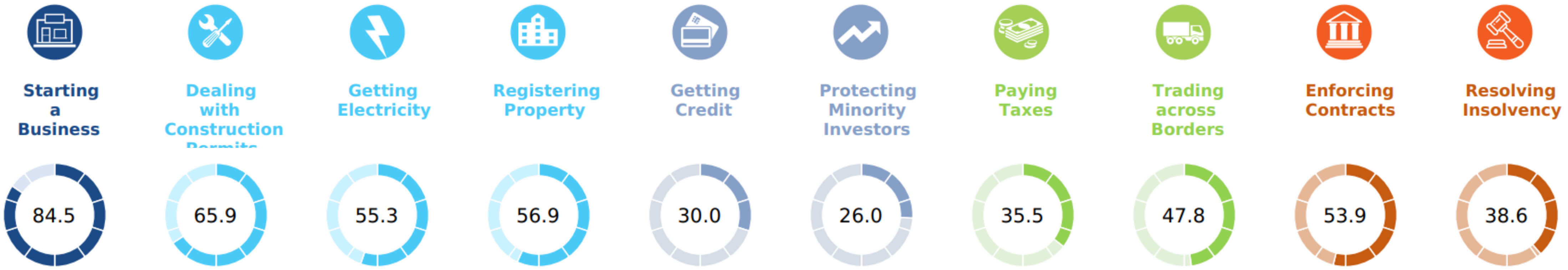
- ✓ 3.2: **Tax rates** and 3.3: **tax administration** have for long been an area where Guinea has compared unfavorably against other countries both in Africa and the rest of the world.
- ✓ It is beyond the scope of this study to comment on the effectiveness of the tax rate policy, but tax administration could be rendered much more effective.
- ✓ In 2020, businesses made on average 33 payments, and spent 400 hours to pay taxes. Guinea also had one of the worst postfiling index performances, covering the time to comply with and obtain VAT refunds; and time to comply and complete corporate income tax corrections.
- ✓ Businesses tend to complain about taxes in most countries, but they do so much more in Guinea: 37% of firms identified tax administration as a major constraint compared in 29% in SSA and 22% globally.





Source: https://archive.doingbusiness.org/content/dam/doingBusiness/country/g/guinea/GIN.pdf and www.enterprisesurveys.org/en/data/exploreeconomies/2016/guinea#trade.

Trade and tax administration were the two areas where Guinea did worst in relative terms in the last Ease of Doing Business report (2020) and the country has a long way to go to streamline, professionalize and digitalize its public interface to businesses.



Guinea's public interface vis-à-vis anything from young, budding entrepreneurs to foreign multinationals leave a lot of scope for improvement. The bureaucracy discourages formalization, adds unnecessary transactions costs to businesses, and deters investment. Continuous reforms and improvements to the public administration should be a priority in any long-term, JET-oriented strategy.

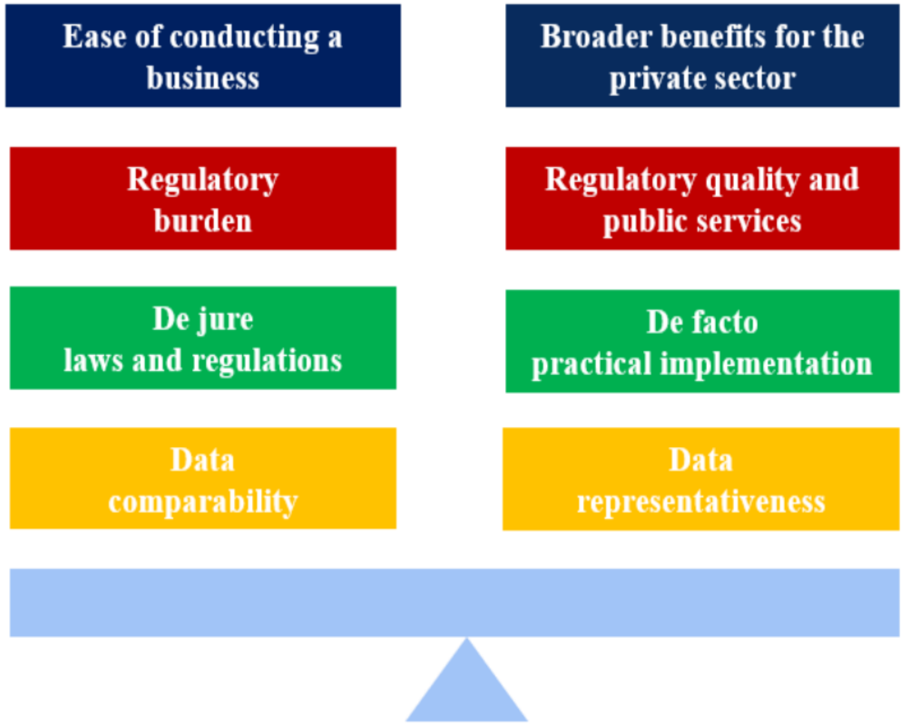
The Government of Guinea has shown in the past that it can implement an ambitious reform program with success if there is political ownership and commitment. 15-20 years ago, Guinea used to rank near the bottom on many administrative indices, but it implemented numerous reforms over the years, which improved its relative performance, and started to build new institutions (more below).

Source: https://archive.doingbusiness.org/content/dam/doingBusiness/country/g/guinea/GIN.pdf

Business Ready (B-READY) is a new, international benchmarking tool that will provide a quantitative assessment of the business environment for private sector development across the world. It will advocate for policy reform and inform specific policy advice to help catalyze reform momentum.

Topic areas in the forthcoming annual B-READY

Balanced approach to assess the business environment

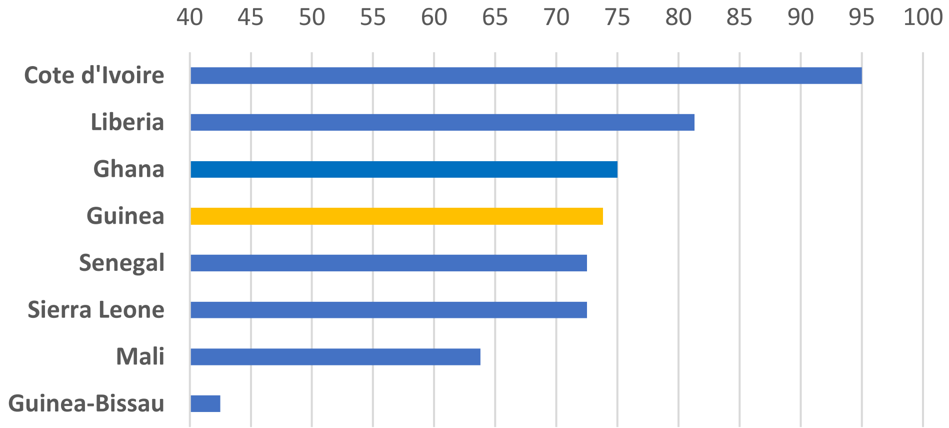


- B-READY focuses on ten topics that are organized following the life cycle of the firm and its participation in the market while opening, operating, and closing a business.
- B-READY collects both *de jure* information and *de facto* measures. While de jure data are collected from expert consultations, de facto data are collected from both expert consultations and firm surveys.
- B-READY offers a practical set of variables on which the Government of Guinea could structure a comprehensive legal and regulatory reform program to render the investment climate and business environment more favorable to job creation and economic transformation.

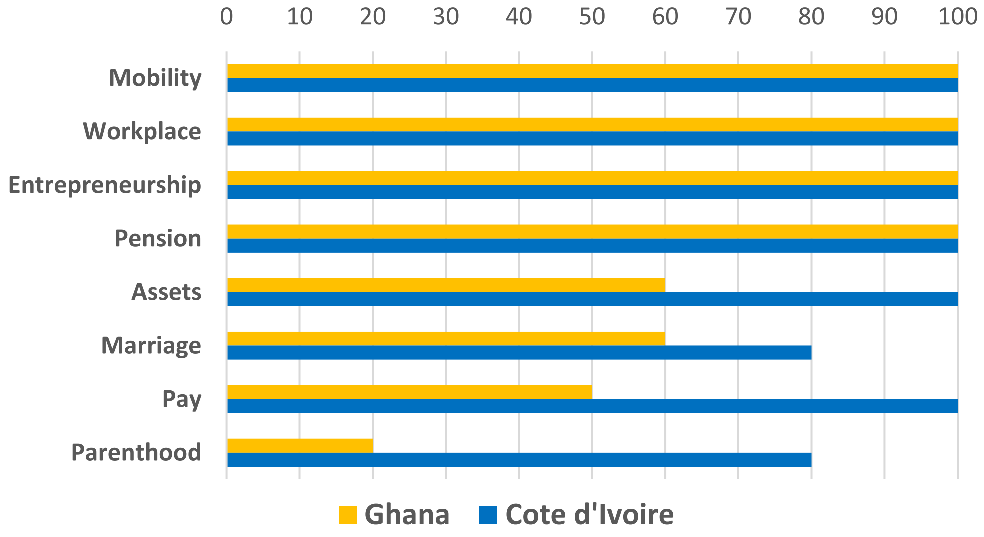
Source: https://www.worldbank.org/en/businessready/b-ready and WBG (2023) Business Ready: Methodology Handbook (May 2023).

Women face discriminatory laws and regulations that impede their ability to thrive in the workplace whether as employer or employee. Guinea could look to Cote d'Ivoire for inspiration on gender equality.

Gender equality: Women, Business and the Law index in 2023



Guinea vs. Cote d'Ivoire: gender equality sub-indicators in 2023



Guinea ranks around the regional neighborhood average in the WBG's Women, Business and the Law Index for 2023. This index is a comprehensive composite measure of gender equality when 100 is full equality.

- Guinea scored 74 out of 100, which placed it well ahead of Guinea-Bissau, ahead of Mali, around the same place as Sierra Leone, Senegal and Ghana, behind Liberia and well behind Cote d'Ivoire (95 out of 100).
- Guinea scored full equality on all sub-indicators under (a) entrepreneurship, (b) mobility, (c) workplace and (d) pension rights.
  - ✓ On assets: (i) female and male surviving spouses do not have equal rights to inherit assets, and (ii) the law does not provide for the valuation of nonmonetary contributions.
  - ✓ On pay, there are restrictions for women in: (i) industrial jobs in mining, construction and factories; (ii) jobs deemed hazardous.
  - ✓ On parenthood: (i) there is no paid parental leave; (ii) there is no parental leave for fathers; (iii) the government does not administer 100% of maternity leave benefits; and (iv) the dismissal of pregnant workers is not prohibited.
  - ✓ On marriage: (i) there is no legislation specifically addressing domestic violence; and (ii) women do not have the same rights to remarry as a man.

With a fertility rate of 4.5 (in 2020), the discrimination with regards to parenthood is a significant barrier, and women have fewer opportunities in several sectors.

Source: World Bank. 2023. Women, Business and the Law 2023. © Washington, DC: World Bank. http://hdl.handle.net/10986/39462 License: CC BY 3.0 IGO.

The fourth and final group of major business constraints refer to 'essential enablers' such as transport, access to finance, and electricity that are essential inputs to nearly all growth-oriented businesses.

Besides concerns about political instability, general law-and-order issues, and taxation and regulation were issues related to the "essential enablers/inputs" of transportation, access to finance and electricity. Among these essential enablers or inputs to businesses:

4.1: Transport — Transport infrastructure and logistics remains a serious constraint—from urban congestion to the lack of rural road connectivity—due to the deterioration of road infrastructure, but new investments in railways driven by the extractive industry offer opportunities to create and strengthen transport corridors, and by extension connect secondary and tertiary towns to the capital and main port.

4:2: Access to finance — MSME finance remains another constraint despite some recent progress. Guinea lags peers on most major performance indicators. The growth in mobile internet access and mobile money accounts could catalyze growth in digital financial services for years to come, and there is much that could be done to accelerate this process.

4:3 Electricity — Energy may be the area where Guinea has made most progress since the last WBG-ES. Businesses and households have benefited from rapid electrification and large investments in hydroelectric capacity in recent years are reducing power outages and turning Guinea into an exporter of electricity. This sector also holds the key to export diversification as elaborated below.

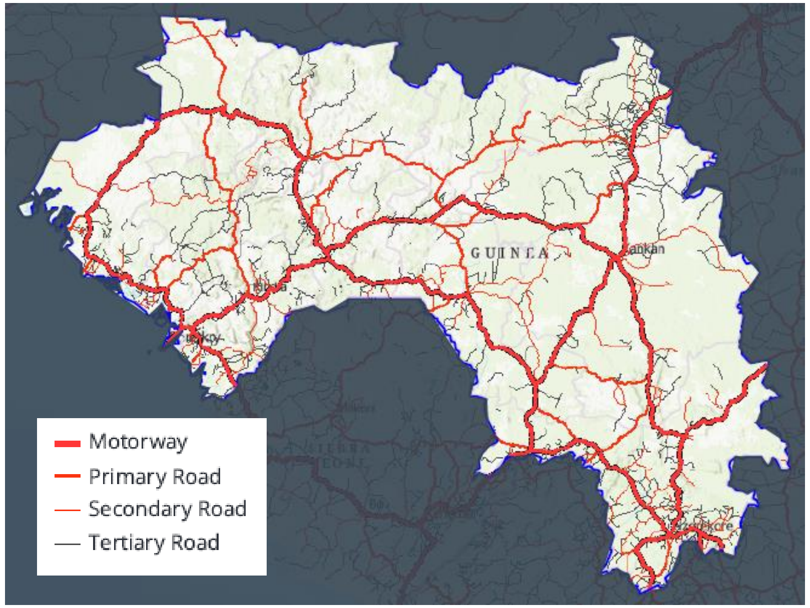
Each enabler is covered next.

*Readers are encouraged to access the **WBG's Guinea CPSD (2020)** that covers some of these sectors but also provides analysis of the housing sector, agribusiness and the telecom sector.*

Guinea's transport infrastructure gap hinders and private sector growth: poor road conditions, limited infrastructure sharing, and congested ports are key challenges.

- Challenges in the transport sector include a poor road network, weak regional and international connections, inadequate mobility for the population, institutional and financing shortcomings, and urban mobility issues in Conakry.
- Transport infrastructure is severely underdeveloped. The road network (30,000 km) has few high-capacity roads and large areas of the country have average to poor connectivity (17% paved roads).
- Rail and water transport accounting for a small share, primarily for mining products. The 383 km of operational railroad is focused on handling freight for the extractive industry (14mn tons per year).
- The port of Conakry handles most external trade, and traffic has been growing due to bauxite exports, but the bad condition of the Conakry urban roads limit its competitiveness. The government is proposing a new dry port in the Kagbelen district 15km into the hinterland, that could ease traffic pressures.
- In the WBG's Container Port Performance Index 2021, the Port of Conakry did well in a Sub-Saharan Africa perspective (3rd out of 35 ports) but relatively poorly in a global perspective (242 and 239 out of 360 ports, depending on the measure).
- Mining-associated infrastructure development in Guinea has progressed, with updated laws, a model agreement, and a master plan to enable multiuser transport and expand port and rail facilities. However, challenges remain in requiring vertically integrated rail operators to make infrastructure available for other users, e.g. by means of regulated public service obligations.

Road network



Railroads and ports

Source: WBG (2022) The Container Port Performance Index 2021; U.S. Department of Defense (2023) Open Street Map and National Geospatial-Intelligence Agency; IMF (2018) Public Investment Management Assessment.

As a result, larges swathes of the Guinean territory do not benefit from all-season accessibility, hindering the competitiveness of hinterland areas.

- The lack of transport connectivity, low road maintenance and annual rainfall of 1,600-5,000 mm drastically reduce land-based market access. Most of Guinea's territory lies within over two hours of the nearest large urban settlement.

- Inadequate maintenance of infrastructure assets contributes to accelerated deterioration, decreased performance, and increased vulnerability to extreme weather events, which tend to increase in frequency as a result of climate change.

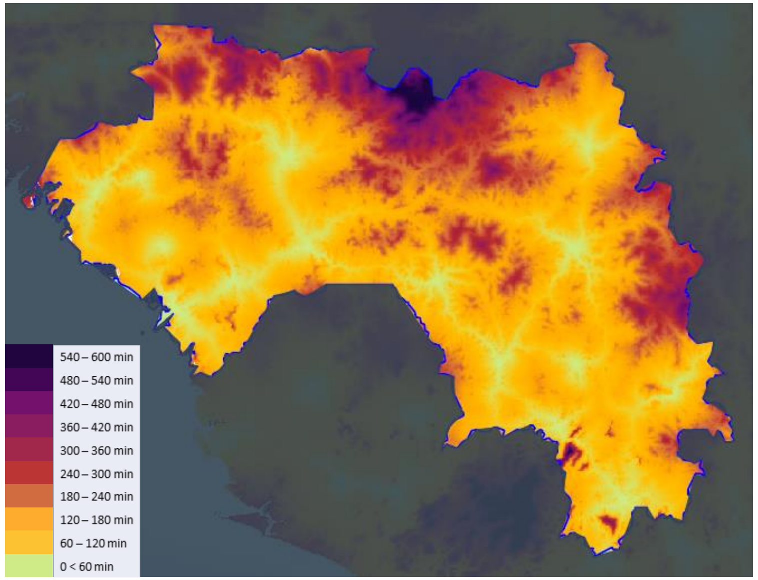
- A possible solution for improving the condition and performance of the road network involves adopting an asset management approach, in addition to ensuring sustainable financing by means of a maintenance fund. Both instances require a clear definition of responsibilities and significant capacity building of public sector agencies involved.

- Inadequate sharing arrangements for railways leave sectors such as agriculture underserved. Both the capital and the Port of Conakry are heavily congested partly due to their unique geography.

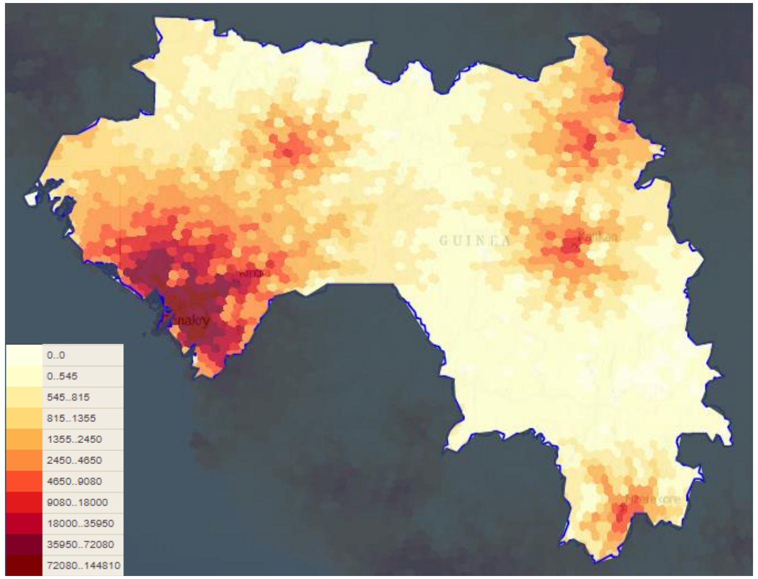
- Policy options include operationalizing the road management agency (AGEROUTE), optimizing road maintenance management and financing, strengthening assets protection, and implementing an Urban Transport Authority.

- The legal framework governing land, forestland, water, and minerals is fragmented and incomplete, with a shortage of implementing regulations and programs. The Land Code was not designed with rural land in mind, and the Rural Land Policy remains largely unimplemented.

Access to urban areas



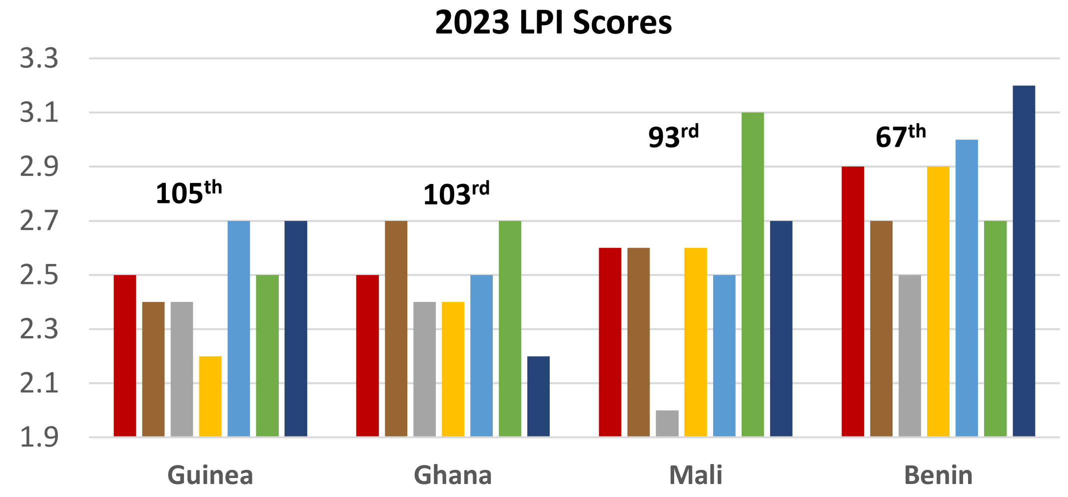
Access to markets index

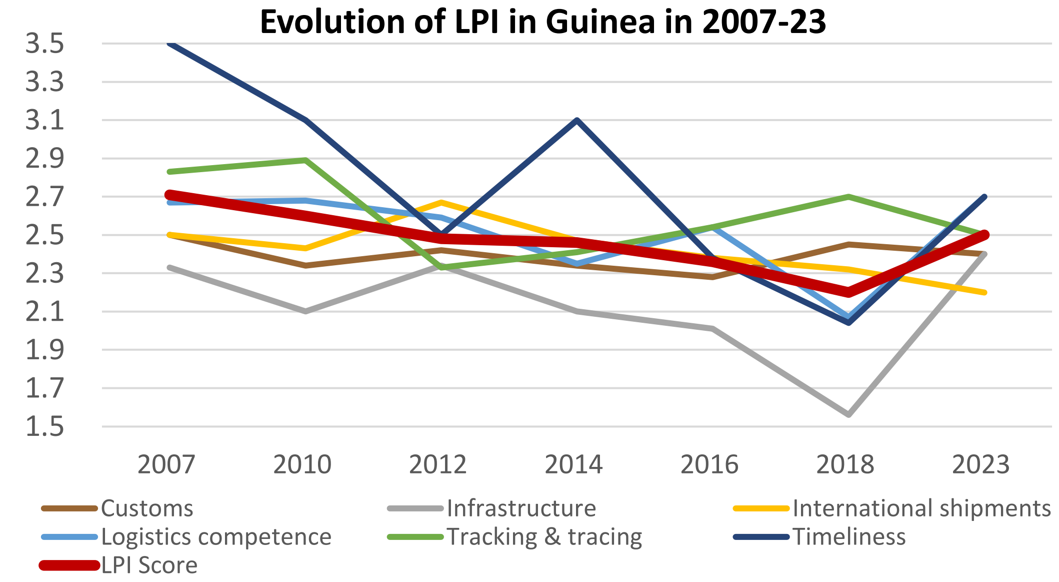


Note: Climate adaptation concerns will be further addressed in the forthcoming Guinea Country Climate and Development Report (CCDR).

Source: Malaria Atlas Project and globe.umbc.edu/; https://climateknowledgeportal.worldbank.org/country/guinea/climate-data-historical; www.land-links.org/country-profile/guinea/#1529114425359-87b213d1-e275

Besides transport infrastructure, Guinea's lags regional peers in terms of logistics performance. Following years of slow deterioration, it recently reversed and improved. International shipments are particularly poorly rated, and customs and infrastructure are also very low, with logistics competence and timeliness somewhat better.





The long-term decline across most dimensions of the LPI was likely driven by:

1. The lack of an enabling environment for competitive logistics services.
2. Deteriorating infrastructure due to lack of systematic management of public assets, including maintenance.
3. Fast-growing demand due to mining boom, worsening congestion.

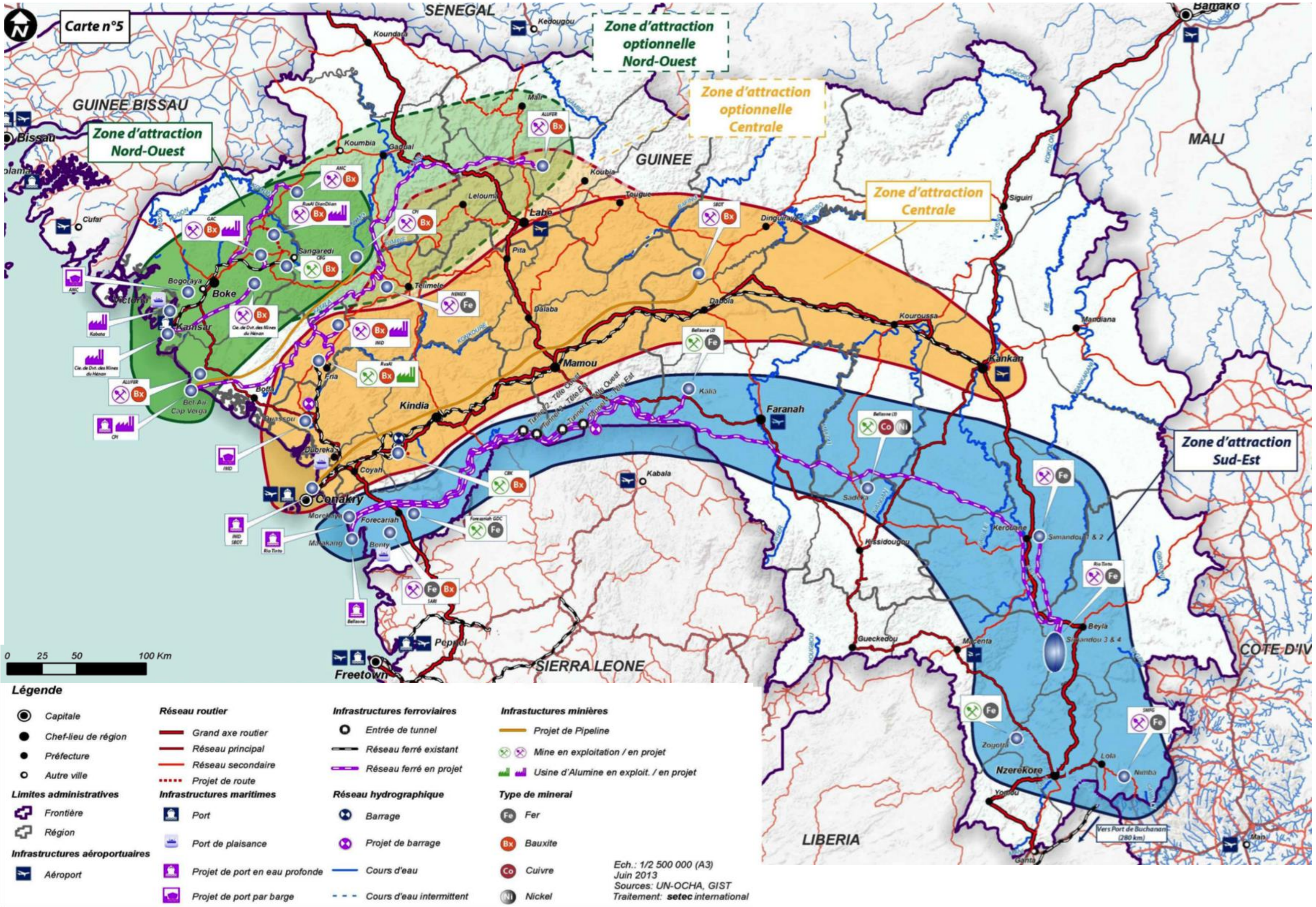
Recent recovery in the LPI was mainly due to increases in timeliness and infrastructure scores, which may be associated to the recent implementation of the Single Trade Window.

Logistics performance (LPI) - six key dimensions:

1) **Customs**. Efficiency of the clearance process (i.e., speed, simplicity, and predictability of formalities) by border control agencies, including customs;
2) **Infrastructure.** Quality of trade and transport-related infrastructure (ports, railroads, roads, information technology);
3) **International shipments**. Ease of organizing shipments at competitive prices;
4) **Logistics competence.** Competence and quality of logistics services (transport operators, customs brokers);
5) **Tracking and tracing.** Ability to track and trace shipments;
6) **Timeliness.** The speed with which shipments arrive at their destination on time.

Source: World Bank, Logistics Performance Index (2023).

There are significant opportunities for infrastructure-driven regional development associated with the upgrading of old and especially the building of new transport corridors—driven by mining mega investments—that can be realized with the help of social and urban planning, infrastructure sharing arrangements, and development of SME linkages.



The extractive industry is dependent on efficient transport and logistics corridors to be competitive.

Areas around major mining corridors will benefit from improved access to markets, especially export-oriented agribusiness, and facilitate local economic development.

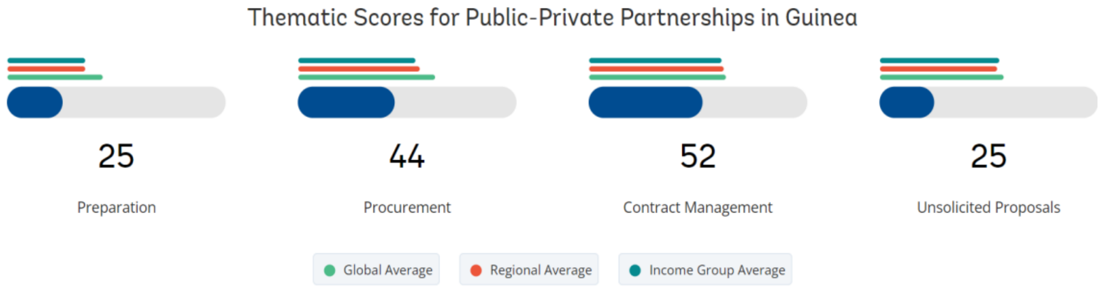
Without adequate infrastructure sharing arrangements with mining-linked operators there is modest scope to leverage the infrastructure investments. There is an urgent need to adopt a revised Railway Law to facilitate shared infrastructure arrangements.

It is equally important that the government adopts complementary policies and programs around entrepreneurship, agriculture extension, skills development and expansion of public services for the wider benefits of economic corridors to materialize.

Source: Malaria Atlas Project and globe.umbc.edu/.

Public Private Partnerships (PPP) could catalyze infrastructure development and improve service delivery. Guinea has little experience with PPPs, but a new legal framework has been enacted to support the practice. Legal compliance and serious capacity building are basic requirements to make progress on PPPs.

- PPPs could become an important tool to leverage private participation in infrastructure development, while ensuring long-term maintenance and enabling more efficient service performance.
- Thus far mining-related infrastructure has been developed without competitive tendering and relied on bilateral negotiations.
- Opportunities exist in the transport sector, including making better use of existing infrastructure through sharing arrangements and reconditioning; and in the energy sector, including for independent renewable energy power producers and mini-grid operators.
- Guinea adopted a new PPP Law in 2017, but implementation of the law is incomplete. Guinea scores below income and regional peers in metrics of PPP framework maturity.
- A new PPP unit is presently benefiting from comprehensive, donor-funded capacity-building and is expected to develop PPPs as per the prospective pipeline in the table.



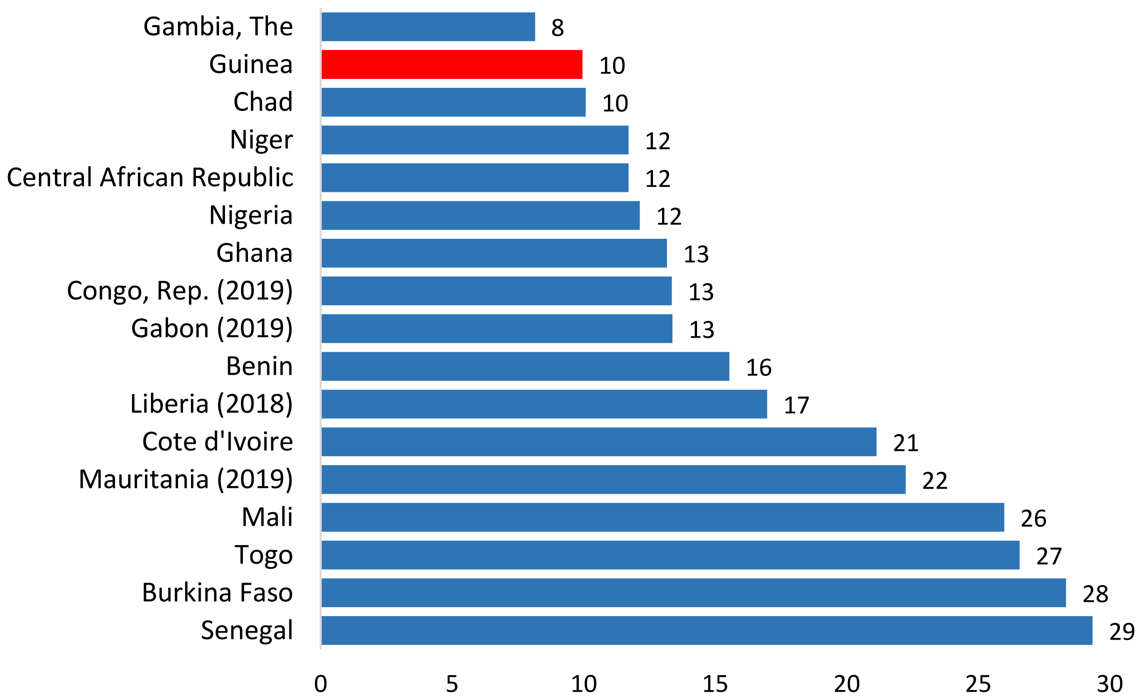
2023 PPP pipeline	
Energy	Amaria Hydroelectric Dam operation and management
Transport	2x2 Motorway on the route Conakry-Kindia
	2x2 Motorway on the route Kagbélen-Tanèrè
	BRT in the Leprince corridor, Conakry
	Railway project connecting the Kouria Dry Port
	Regional airports rehabilitation
Agriculture	Irrigation and drainage on 1,000 ha of the Koundian plain
	Construction and operation of two cold chambers in Matoto and Ratoma
Water supply and sanitation	Water supply project for cities of Siguiri and Kouroussa
	Water supply project for seven capitals (Boké, Kindia, Mamou, Labé, Faranah, N'zérékoré, Kankan)
	Greater Conakry water supply reinforcement project (base on Banéah reservoir)
	Greater Conakry sanitation project
Public administration	Civil service biometric identification
	Construction and operation of two convention centers in Ratoma and Matoto

Source: Governemtn of Guinea (2023) and WBG (2020) Guinea CPSD. Benchmarking Infrastructure Development (2020); IMF (2018), Public Investment Management Assessment.

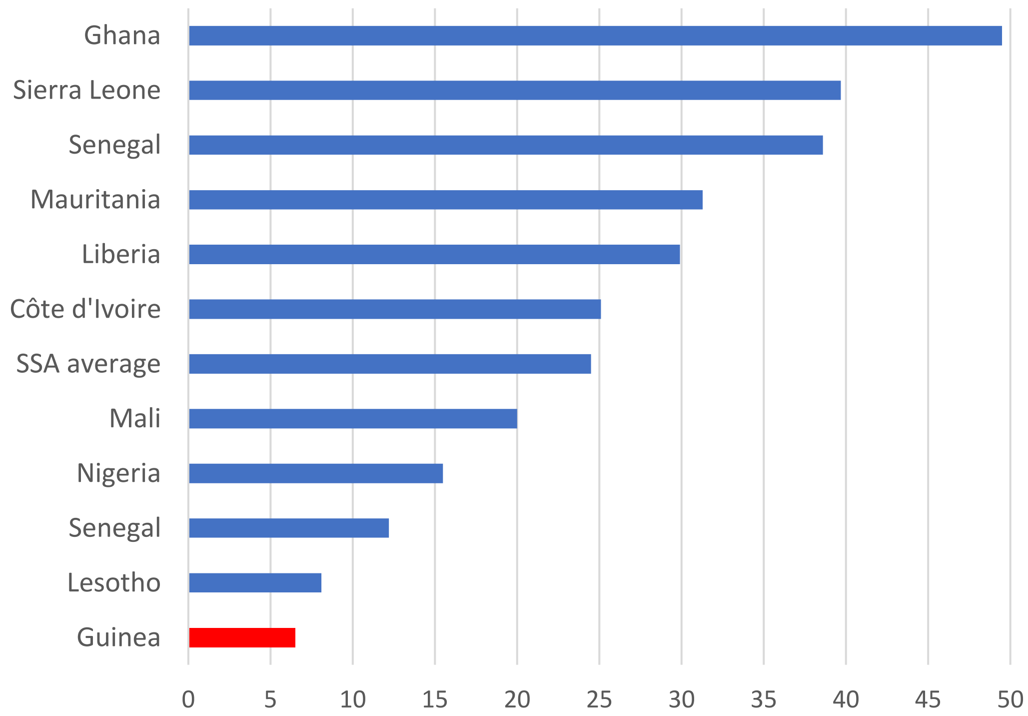
Access to finance is a major constraint for the growth and investment of many SMEs. It is a predominant barrier especially to the growth-oriented middle-sized enterprise segment.

In 2020, Guinea had one of the world's lowest shares of domestic credit to the private sector at 10% of GDP. In 1990-2010, this rate fluctuated around 4% before it tripled from 4% to 12% between 2010 and 2015. Since the peak in 2015, it has fluctuated around 10% ± 1%. Some 30% of formal businesses identified access to finance as a major constraint whereas 6.5% identified it as their single biggest constraint (WBG-ES). Medium-sized enterprises (45%) found it more of a major constraint than small enterprises (28%) and large enterprises (19%).

Domestic credit to private sector by country (% of GDP) in 2020

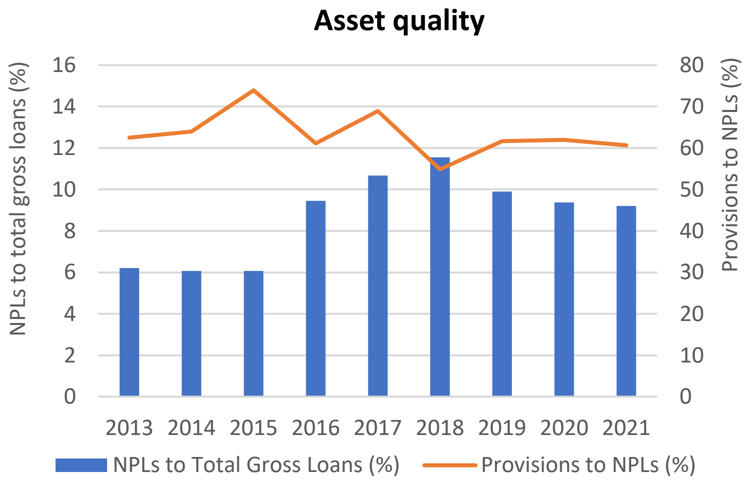


Share of businesses identifying access to finance as their biggest obstacle

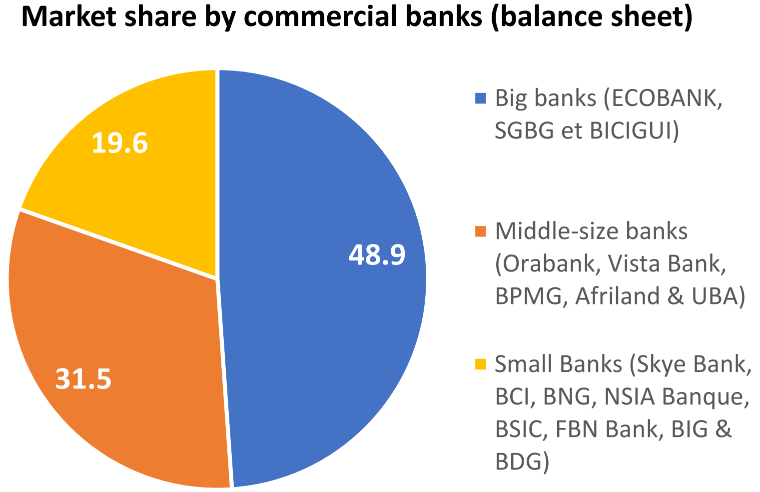


Source: Word Bank Development Indicators (2023) and www.enterprisesurveys.org/en/data/exploreeconomies/2016/guinea#trade.

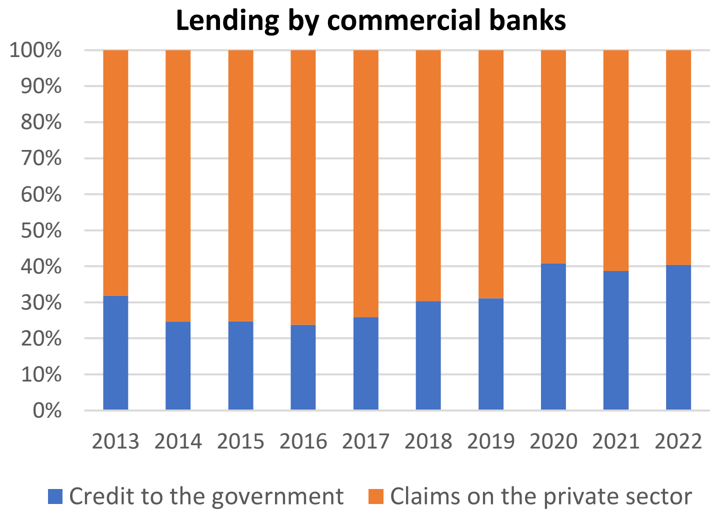
The financial sector is shallow, dominated by banks, and relatively stable. The government's share of commercial bank lending has increased from 25% to 40% since 2016.



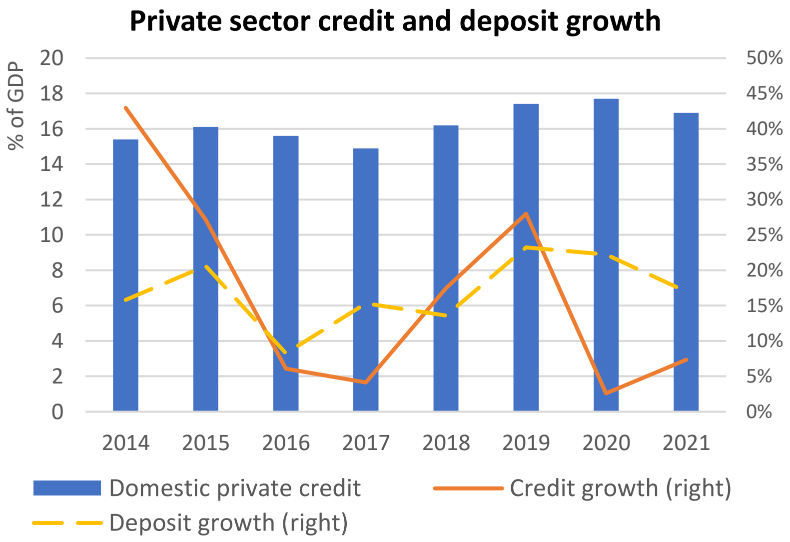
Non-performing loans (NPLs) at <10% may be underestimated and the asset quality is lower in commerce and transport. Provisions to NPLs are >60%, which is good for sector stability but limiting the credit offer. An FSAP is planned for 2024.



The financial sector is small and dominated by banks. In 2022, banks held 55% of assets, 58% of deposits and 56% of loans. Eight banks have 80% of the market share.



Banks are expanding their exposures to the government, which limits the financing of the private sector ("eviction effect").



Deposit growth has exceeded 15% in recent years. Credit growth has been much more muted in recent years with an exception in 2019.

Source: Word Bank Development Indicators (2023), World Bank (2023) FINDEX.

At the firm level, few companies have a bank loan/line of credit, and Guinea is near the bottom in global benchmarks. At the household level, there is relatively more progress in terms of financial inclusion, but Guinea still lags most peers.

At the firm level, external financial sources are scare.

Limited access to finance constitutes one of the binding constraints to MSME development and growth in Guinea. In the WBS-ES:

- Nearly all businesses had a checking or savings account (98%)…

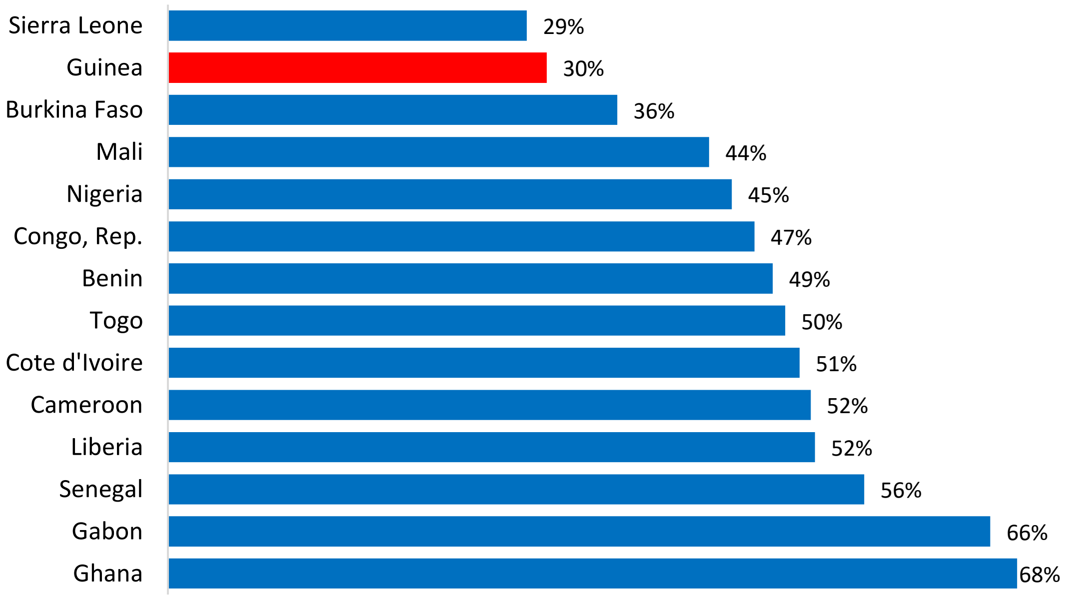
  …but only 4% of businesses had a bank loan or line of credit. This was well below Sierra Leone (9%), Liberia (13%), SSA average (20%), Cote d'Ivoire (21%), Senegal and Ghana (23%) and Mali (26%).

  …and in a breakdown in terms of size represented: small enterprises: 2.5%, medium-sized enterprises: 8.0%, and large enterprises 19.3%.

- Private investments in Guinea are primarily financed internally (92%) rather than by banks (2.8%) compared with SSA averages of 76% and 9%, respectively.
- 100% of bank loans require collateral and the requirements exceed 150% of loan amounts.
- 55% of the businesses responded that they did not need a loan, but 15% had had a recent loan application rejected.

At the household level, digital financial services could grow rapidly in the coming years due to rising use of mobile banking and electronic money services. In 2021, 22% of adults had a mobile money account. Mobile cellular subscriptions exceed the population (104%) and mobile internet subscriptions of 49% indicate the growth potential. In addition, demand is strong due to high transport costs and a recent cut in telecom fees.

Share of adults with a financial institution or mobile money account



Source: Word Bank Development Indicators (2023), ARTP (2020) and www.enterprisesurveys.org/en/data/exploreeconomies/2016/guinea#trade.

The constraints to the development of the digital financial services market are well known.

ACCESS: 22% of Guinean adults have a mobile money account, but women are 13 percentage points less likely to have an account compared to men, and adults from the poorest 40% of households are 11 percentage points less likely to have an account compared to adults from the richest 60% of households.

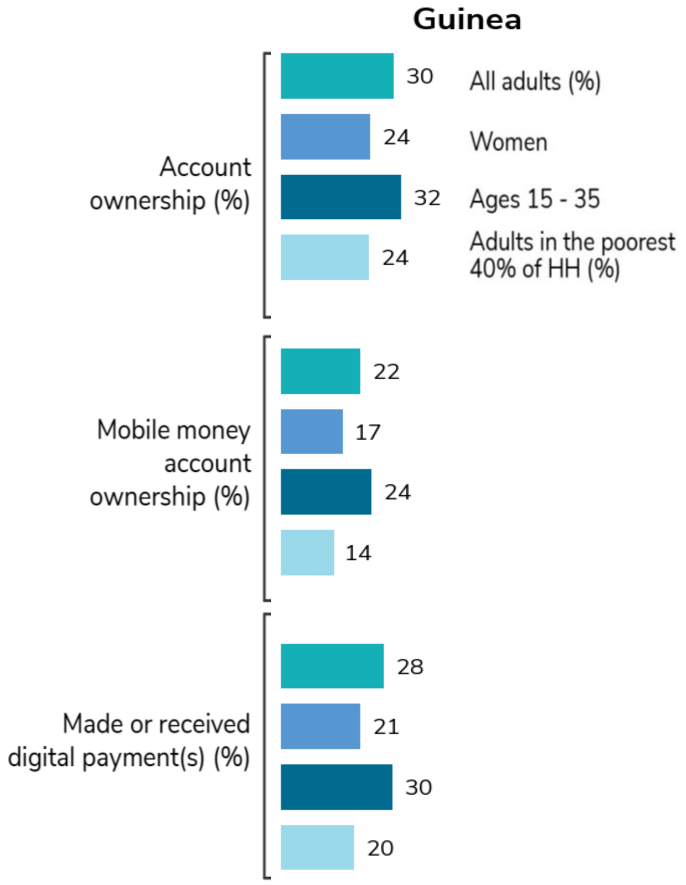
Major constraints to mobile money account access are:

- Distance: 35% of unbanked adults cite distance and lack of documentation as a barrier to ownership.
- Cellphone access: 31% of adults cite the lack of a cellphone as a barrier to ownership.
- Lack of appropriate documentation: a national ID is a requirement.
- Lack of resources (high poverty rate) and poor financial literacy (modest overall literacy) are other issues.

USAGE: more than 9-in-10 adults with accounts use them to make or receive payments. However, more than three-quarters of adults receive agricultural payments in cash only. Similarly, two-thirds of adults paying utility bills do so in cash only. The percent of adults who save is slowly increasing (45% of adults in 2021) but those who save using a formal account is only 13% of adults of which 9% of adults save using a mobile money account.

Major constraints to usage are:

- Relatively high cost of financial services despite a recent decrease.
- Payment infrastructure: lack of interoperability, but a National Switch due for launch in 2023.
- Lack of a developed payment acceptance ecosystem.

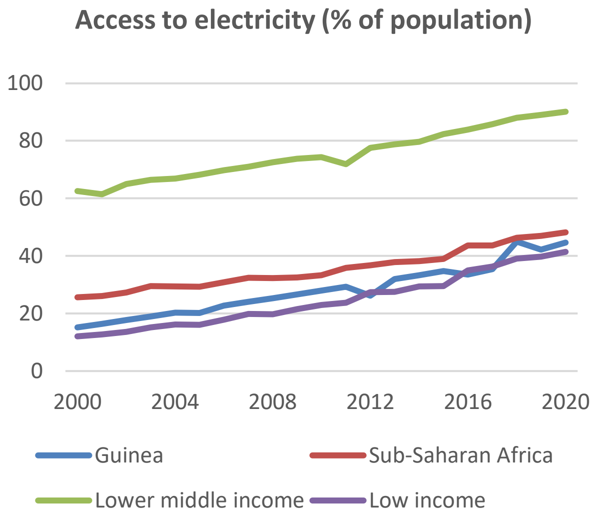


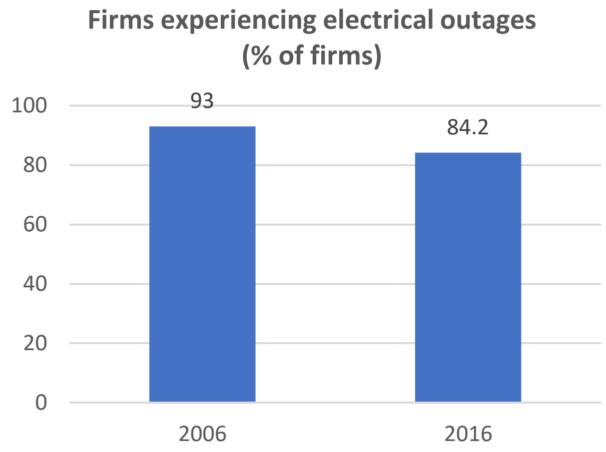
Source: World Bank (2023) FINDEX.

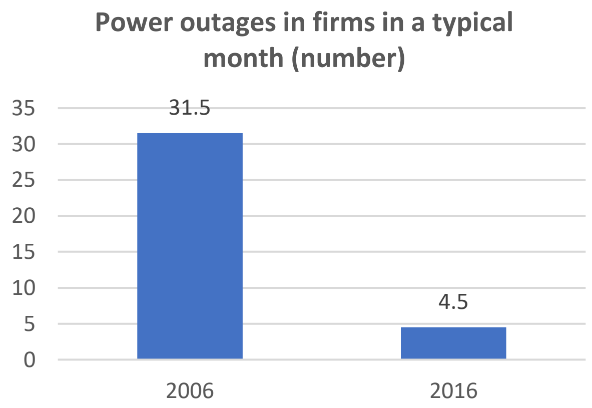
Basic credit infrastructure and financial product markets are missing. The government could play a more active role in promoting MSME finance and financial inclusion.

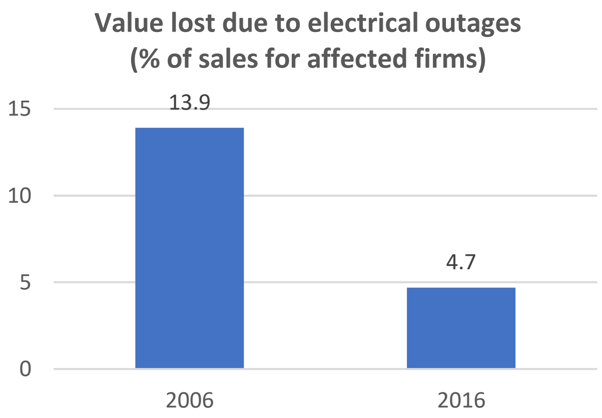
- There are other issues such as an underdeveloped credit infrastructure. Despite the development of a legal and regulatory framework for a private credit bureau in 2021, none has been established.
- There are ongoing efforts to: (a) modernize the public credit registry at the Central Bank, (b) promote secure transactions and develop a new electronic collateral registry, and (c) strengthen the insolvency regime.
- There is a lack of development of SME products such as e-lending platforms as well as use of alternative data for credit decisions, e-invoicing, e-factoring and supply chain financing. The legal and regulatory framework on leasing has not helped create a leasing market.
- On early-stage SME finance and long-term finance, there are no long-term equity products with maturities of more than one year.
- There are emerging risk-sharing SME programs supported by the government. Due to the COVID-19 pandemic, two subsidized credit lines were established and in 2023, the national public-private guarantee scheme was operationalized with the setup of a portfolio guarantee scheme.
- Trade finance is mostly provided by multilateral or bilateral donor organizations.

The performance of the energy sector has improved a lot in recent decades, but access is scarce outside urban centers both for businesses and households.









- Progress in the past 15 years has been driven in part by the improvement in governance and management at the national electrical utility *Electricité De Guinée* (EDG):
  - Expanding the paying customer base and increasing collection rates helped to mitigate EDG’s dire financial situation, allowing more investment in expanding access and reducing operating losses.
  - The process was aided by the delegation of EDG’s management to a consortium led by Veolia Group.
  - Operational subsidies worth 1.4% of GDP remain a sensitive political issue that compromises cost-recovery and long-term commercial stability.
- Progress was aided by substantial investment in new low-cost generation capacity leveraging Guinea’s hydroelectric potential.
- As a result, metrics of the quality of electricity supply for firms have improved across the board, although much work remains to be done to achieve competitive levels of efficiency and reliability.

Source: data.worldbank.org/ and IMF (2023) Guinea Country Report, No. 23/43, January 2023. and World Bank (2023) MPO.

The promise of abundant, low-cost, and renewable energy represents an extraordinary opportunity for driving economic transformation in Guinea, but it depends critically on ensuring adequate transmission and distribution connectivity.

- ❖ Abundant rainfall and a favorable geography offer advantageous conditions for hydroelectric energy generation in Guinea.
  - The 240MW Kaletá dam started operating a first hydro turbine in May 2015.
  - The 450MW Souapiti dam project started operating in 2021, according to the Souapiti Management and Operating Company (SOGES), and the China International Water and Electric Corporation officially handed over the dam to the Government of Guinea on June 24, 2022.
  - The 300MW Amaria dam is under construction since January 2019 and may be operational in 2027 or 2028.
  - The three dams were financed and built by Chinese companies for roughly US$4 billion. New transmission lines must connect the dams to population centers and neighboring countries.
- ❖ The new hydropower capacity gives Guinea's a power mix that is 57% renewable and low-cost.
  - Risks associated to less favorable hydrological patterns as a result of climate change remain a concern for the long-term evolution and competitiveness of Guinea's power sector.
- ❖ The expansion of hydropower may enable downstream linkages to the bauxite industry through alumina refining and aluminum smelting, which depend on reliable, low-cost supply of electricity.
  - There is an economic case for bauxite processing in Guinea to reduce the need for large-scale, imported transport services to ship raw ores overseas, in addition to substantially mitigating the value chains' carbon footprint.
  - Adequate grid connections between hydropower plants and processing plants are critical, but regulations impede private participation in transmission lines.

Kaletá Hydroelectric Power Plant (240 MW)

Souapiti Hydroelectric Power Plant (450 MW)

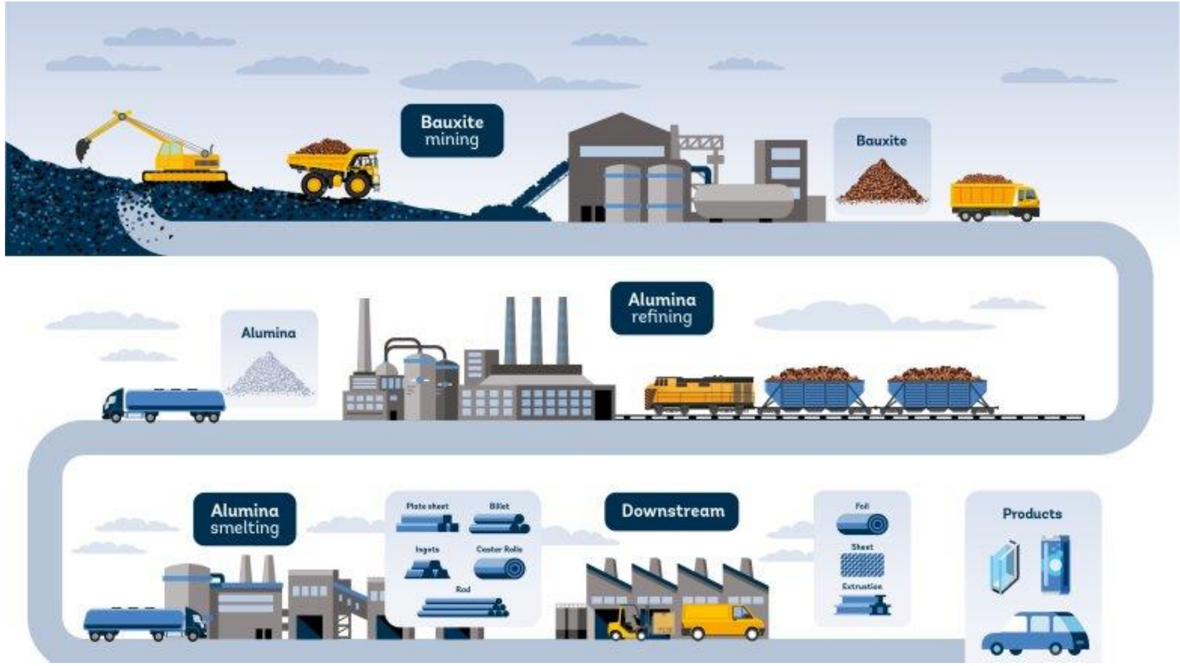
Note: Climate adaptation concerns will be further addressed in the forthcoming Guinea Country Climate and Development Report (CCDR).

Source*:* World Bank Open Data and IMF (2023) Guinea Country Report, No. 23/43, January 2023. and World Bank (2023) MPO.

There is considerable potential for downstream value addition in the bauxite sector and a non-negligible contribution to decarbonizing the aluminum sector at the global level. A simple back-of-the-envelope calculation illustrates how.

The calculation below illustrates the potential upside of introducing and/or expanding alumina refining and aluminum smelting in Guinea:

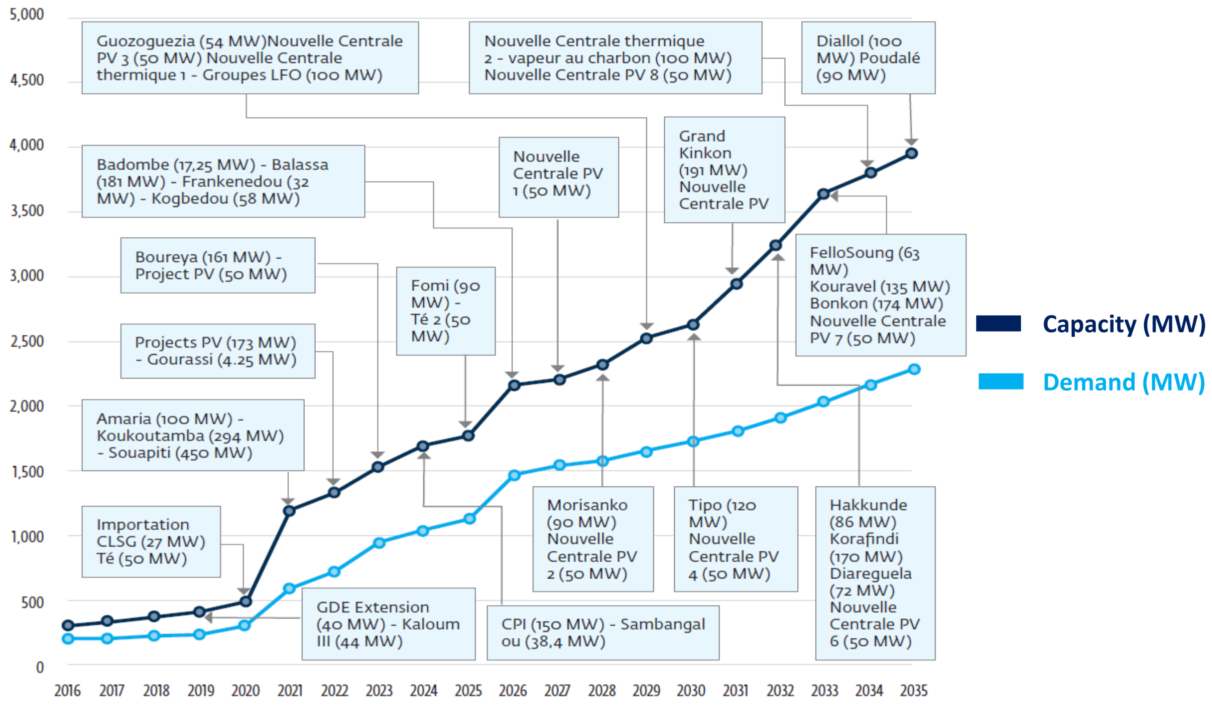
- Guinea exported 85 million tons of bauxite in 2021 at roughly \$37/ton, earning **\$3.2 billion in revenue for producers**.
- The volume rate of conversion of bauxite into alumina can be roughly 2.3 to 1 (Bayer refining process). The import price of metallurgical-grade alumina in the United States (2021) was \$450/ton. Guinea has a small capacity installed, having exported \$92.5 million in 2021.
- The volume rate of conversion of alumina into aluminum is roughly 2 to 1 (smelting process). The 2018-2022 average international price of aluminum was \$2,067/ton.
- If refining facilities were available with capacity to process half of Guinea’s production, i.e. 42m ton of bauxite into 18m ton of alumina, export value could increase **threefold to \$9.7 billon.**
- Alternatively, if smelting facilities were available with capacity to process all refined alumina as per above, i.e. 18m ton of alumina into 9m ton of aluminum metal, export revenues could increase **more than six-fold to \$20 billion**, or equivalent to 125% of Guinea’s GDP in 2021.
- The price differential between products is significantly due to energy-intensive industrial processes, strengthening Guinea’s competitive position due to availability of cheap hydroelectricity

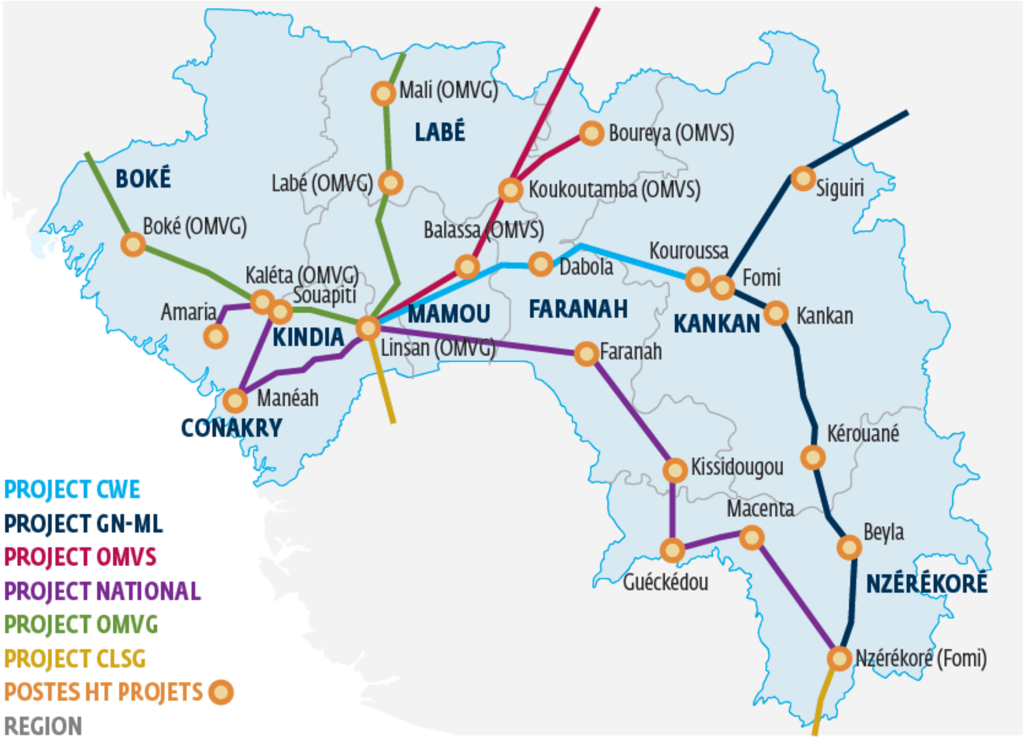


- Global aluminum demand is approximately 75 million tons/year and growing 5.5%/year. It is an indispensable input in solar panels and electrical cars.
- Additional benefits accrue if GHG emissions are considered:
  - Displacing expansion elsewhere of energy-intensive industrial processes in favor of Guinea-based plants running on clean hydroelectricity would entail substantial emissions reductions.
  - Downstream processing in Guinea would also entail a reduction in volumes of raw ore that are internationally shipped, reducing emissions further.

***Source**:* Competitiveness of Global Aluminum Supply Chains under Carbon Pricing Scenarios for Solar PV.

Electricity exports is another important source of income as generation capacity is set to expand well in excess of domestic demand and regional interconnection projects are completed.





- ❖ Guinea has expansion plans for its generating park with a concentration of renewables – hydro, solar and wind.
  - To attract substantial volumes of private investment to renewables, Guinea needs to strengthen the regulatory framework for independent power producers, for instance through PPPs
- ❖ As generating capacity grows faster than domestic demand, there is potential to substantially increase electricity exports to countries in the West African Power Pool (WAPP)

- ❖ With several transmission line projects under development, Guinea is creating the conditions to improve the domestic grid's resilience and reliability, in addition to improving EDG's financial standing from external electricity sales.
  - The WBG supports regional electric integration by contributing finance and technical assistance to the institutional set up of WAPP's single market (see Section 4 – Portfolio Analysis)

Source: data.worldbank.org/ and IMF (2023) Guinea Country Report, No. 23/43, January 2023. and World Bank (2023) MPO.

EXTRACTIVES

CREATING BUSINESS LINKAGES, INVESTING IN SKILLS, BUILDING SHARED INFRASTRUCTURE




The extractive sector is Guinea's principal growth engine. It maintains relatively few direct jobs and offers modest opportunities for value addition beyond smelting. Large inflows of natural resource-seeking FDI and growth in related exports would maintain this low equilibrium without improvements in fiscal management and better integration of the sector in the local economy, possibly through an economic corridor approach.

The extractives sector is central to a discussion about Guinea's future development trajectory and realization of its JET potential. Mining does not generate a lot of direct jobs and will probably never do so in Guinea. But it has the potential to still be transformative if the Government manages the sector well and reinvests the revenue it generates wisely.

Consultations with officials and business leaders in 2023 indicate that there is a near consensus that extractives will remain the engine of growth in the foreseeable future. Economic forecasters agree! High expectations are especially linked to the decision by a Sino-Anglo-Australian consortium to develop the iron ore area of Simandou.

Much of Guinea's private sector wants to get involved in the development of mining-related infrastructure and provide support services. The integration of mining-related mega projects in the local economy is critical for inclusive economic development as well as for the long-term viability of new mines.

It will require the upgrading of firm capabilities and new technology adoption; the compliance and use of international standards and certifications for goods providers and service suppliers; skills formation and accreditation of local professionals; improved access to financial services for MSMEs in addition to a more capable government interface for investors and entrepreneurs.

Attracting credible investors to a low-income country with turbulent politics is one thing; retaining them is another. The government faces a considerable challenge in turning Simandou into a success story of inclusive growth.

Recapitulation of Guinea's main extractive assets

- The world's largest **bauxite** exporter (87 million tons in 2021) with 23 percent of the world's reserves of aluminum ore (7.4bn tonnes).
- Large **gold** and diamond deposits. In 2021, Guinea exported 61 tonnes of gold. IMF reports 83 tons of artisanal gold exports in 2021 but assesses that 40 percent of the artisanal gold exports was smuggled for reexport from neighboring countries due to tax arbitrage between countries.
- An estimated 4 billion tons of high-grade **iron ore**. The world's largest untapped iron ore deposit (in Simandou, >2 billion tonnes) could become the largest greenfield project in Africa.

Natural resource endowments are estimated at US$7,300 per citizen (or >US$100 billion in total).

Source: World Bank (2020) CPSD for Guinea, World Gold Council (https://www.gold.org/goldhub/data/gold-production-by-country), US Department of Commerce (2023) *International Trade Administration on Guinea*, Mijiyawa, A.G. and L. Conde (2020), "Structural Change and Productivity Growth in Guinea", Policy Research Working Paper, No.9341.

Guinea's policymakers cannot rest on their laurels: Fraser Institute surveyed nearly 2,000 exploration, development, and other mining-related companies around the world in late 2022. It found Guinea to have one of the world's most attractive mineral potentials but least attractive policy environment for exploration and extractive sectors.

- Guinea (Conakry) ranked 61^{st} out of 62 jurisdictions in the Policy Perception Index* (PPI), which is a composite index that measures overall policy attractiveness. It was ahead only of Zimbabwe (62^{nd}) and far behind African countries such as Botswana (2^{nd}), Morocco (17^{th}) and Namibia (26^{th}).
- Guinea's PPI ranking has jumped up and down in recent years. In terms of percentiles, where 1% is top and 100% bottom, Guinea went from 89^{th} in 2019, to 57% in 2020, to 61% in 2021, to 98^{th} in 2022. This is far from ideal since investors in capital-intensive sectors with lengthy payback periods tend to reward stability.
- All the survey respondents indicated that: (a) the legal system, (b) the quality of infrastructure, and (c) the availability of labor/skills are major deterrents to investment in Guinea.
- The great majority (>67%) of respondents also indicated that: (a) uncertainty concerning the administration, interpretation and enforcement of existing regulations, (b) socioeconomic agreements/community development conditions, (c) trade barriers, (d) political stability, (e) the geological database, and (f) security are major deterrents to investment.

Guinea's score in terms of the so called 'Best Practices Mineral Potential Index'— i.e. "the mineral potential of jurisdictions, assuming their policies were based on best practices"—put Guinea as 5^{th} out of 62 jurisdictions. This was by far the highest in Africa.

The perception among international miners is thus that Guinea is near the bottom in terms of its policy environment but near the top in terms of mineral potential.

** The index is composed of survey responses to policy factors that affect investment decisions. Policy factors examined include uncertainty concerning the administration of current regulations, environmental regulations, regulatory duplication, the legal system and taxation regime, uncertainty concerning protected areas and disputed land claims, infrastructure, socioeconomic and community development conditions, trade barriers, political stability, labor regulations, quality of the geological database, security, and labor and skills availability.*

Source: Fraser Institute (2023), Fraser Institute Annual Survey of Mining Companies 2022, Julio Mejia and Elmira Aliakbari.

How could Guinea’s policy makers leverage the extractive sector to strengthen JET outcomes?

Guinea needs to break out of the low-level equilibrium that has produced poor social outcomes and cycles of political unrest. The private sector is the solution when it comes to job creation and economic transformation, but it will only deliver if the government creates conditions for private investment and entrepreneurship. The extractive sector holds the key on many aspects in this process.

The first priority is to strengthen **sector governance and fiscal management**, including environmental management. This includes the collection, management and reinvestment of royalties and other fees generated by the sector at the central and local levels.

In 2003-18, the total natural resource rents was at or above 14% of GDP whereas in 2019-21, it was 4.5-4.8% of GDP. This was partly due to the drop in mineral rents that went from 8-10% of GDP in 2017-18 to 0% of GDP in 2019-21. Fiscal management goes beyond the scope of this presentation, but IMF has reported extensively on the issue of bauxite transfer pricing, profit shifting from bauxite mispricing, generous tax holidays, and the fact that tax revenues to GDP went from 14% to 11% between 2016 and 2022 (projected) at the same time as mining production and exports increased multifold (see IMF sources, below). The Mining Code is often undermined by mining contracts that violate its articles and by poor implementation and enforcement. A decree signed in July 2022 was an important step to clean up the situation, but much more needs to be done to ensure that mining companies pay their share in taxes that is then reinvested in public goods and services. See the forthcoming WBG (2023) Country Economic Memorandum for related concerns.

The WBG is financing technical assistance to improve environmental management and sector coordination as well as to enhance local linkages. In the past (see section 4) it also supported implementation of Guinea’s commitments to the **Extractive Industries Transparency Initiative** (EITI) to improve transparency and accountability in the sector. In 2022, Guinea achieved a high overall score (88 points) comprising dimensions of “outcomes and impact”, “stakeholder engagement” and “transparency”.

Sources: IMF (2023), Guinea, IMF Country Report No.23/43, and IMF (2021), Guinea: Selected Issues, IMF Country Report No. 21/147. Guinea 2019-2020 EITI Report (April 2022).

How could Guinea’s policy makers leverage the extractive sector to strengthen JET outcomes? …*cont.*

There are numerous other public initiatives that could be pursued to create stronger backward and forwards business linkages, increase positive economic spillovers, and produce better jobs outcomes. The following initiatives would strengthen long-term growth prospects and JET-related outcomes:

1. Adopt a Local Content (LC) policy based on good international practices and with a long-term vision to build and integrate Guinean businesses in the extractive value chains.
2. Adopt a labor migration policy based on good international practices that ensures that FDIs invest and integrate Guinean workers of all skillsets—from manual work to senior management—in their operations.
3. Build strong capacity for PPPs, investment promotion, investment facilitation, and investment retention/aftercare with the view to crowd in more private capital and expertise around shared infrastructure, services and facilities.
4. Assess and facilitate linkages between the rapidly emerging hydropower industry and the extractive sector, to strengthen potential downstream linkages such as aluminum refining and smelting (but only if proven feasible).
5. Plan for and invest in turning new transport (rail, road) corridors into economic corridors with the help of urban planning, expanded networks of utility services, local administrative capacity building, new facilities for technical and vocational education and services, etc.
6. Facilitate participation of local businesses in public and private procurement, including through procurement rules, but also by addressing information asymmetries, and programs that promote the use of quality standards and accreditations.
7. Launch a public program that facilitates and promotes technology adoption in the MSME segment, with particular focus on the use of digital technologies and services.

Guinea recently introduced a LC framework to promote the upgrading and integration of Guinean businesses in extractive value chains. This initiative requires an update since it is opaque with unrealistic requirements that could deter rather than attract investment and impede competitiveness.

An effective LC policy can help create jobs, strengthen economic linkages with the extractive industry, and contribute to economic diversification over time. To be effective, a LC policy needs to:

- Present clear definitions, avoid unnecessary administrative burdens, and avoid ambiguity and scope for attempts to game the system.
- Find an appropriate balance—based on local conditions—between multiple objectives: (i) promoting local sourcing of inputs, (ii) employing local workers, (iii) generating horizontal spillovers, (iv) promoting downstream value addition, and (v) building local capacity.
- Avoid the creation of disincentives for business innovation, operational efficiency and overall sector competitiveness.
- Mind the extent to which LC requirements could conflict with international trade and investment law.

A new LC law was enacted in 2022 with unclear inputs from the private sector despite existing dialogue channels. Its complex requirements, burdensome compliance, and discretionary enforcement add cost and uncertainty that may impair productivity and deter investors. The implementation timeframe (1 year) does not seem compatible with the time needed to issue infra-legal regulations, let alone set up the responsible agency with adequate staff and training to oversee compliance of firms in the formal economy.

Brief assessment of the 2022 Local Content Law

- **Definition of LC.** Based solely on controlling ownership of suppliers; subject to breaches but simpler to enforce.
- **Complex LC requirements.** Range from a list of locally-restricted goods and services to subcontracting in public projects. Include requirements on hiring Guinean workforce, local capacity building, and technology transfer.
- **Discretionary enforcement.** The LC certificate, obtained upon approval of yearly submitted LC plans and reports, becomes a requirement for any issue or renewal of permits, licenses and authorizations in all sectors. Violations are subject to financial penalties and sanctions.
- **Heavy administrative burden.** A new agency (*Agence de régulation et de contrôle du contenu local* – ARCCL) was created to oversee the implementation of the LC Law, tasked with approving LC plans, issuing LC certificates, and imposing sanctions. Compliance procedures and documentation remain untested and will pose a challenge for operators and ARCCL alike.
- **Ambiguous funding provisions.** Resources for LC policies shall come from a 0.5% fee levied on all firms' revenues, in addition to public contributions and other sources. The law does not specify how the resources are to be applied.

Positive LC policies. With support from the WBG, Guinea has created a new online platform for matching mining firms with local suppliers (BSTP), implemented capacity building programs for local businesses, and promoted local development hubs (see Section IV – Portfolio Review).

Source: Business roundtable discussions in Conakry in April 2023, WBG (2020) Guinea CPSD and IGF Guidance on Local Content Policies (2018).

The case of Botswana holds important lessons in terms of implementing local content policies and harnessing the long-term benefits of mineral wealth in a sustainable manner

Key policies that support positive spillovers from the mining sector:

Upstream linkages. Provision that local goods and services will be given preferential treatment or purchased to the extent feasible, combined with supplier development programs. Local procurement defined based on vendors' national ownership, without specifying value-added requirements.

Downstream linkages. Introduction of diamond beneficiation activities after direct negotiation with the main mining company in the country. Vision for further ventures into more sophisticated activities, such as jewelry design and manufacturing; but adversely exposed to competition from Asia.

Stabilization fund. The Pula Fund was established in 1994 to preserve part of the income created by diamond exports for the benefit of future generations. It serves for short-term stabilization when the economy or mineral prices face downturns. It is jointly managed by the Central Bank and the Ministry of Finance, to maintain the target level of international reserves (and thus neutralizes excessive currency appreciation) and to finance budget deficits or productive investments in accordance with national development objectives. There is no numerical trigger for fund withdrawals.

Key data:

Population: 2.6 million (2021)

GDP/capita PPP: $16,304 (2021)

Mineral exports: 93% of total | $7.1 billion (2021)

Main products: diamonds, copper, nickel

Mineral rents/GDP: 0.1-2.7%

Lessons:

1. Clearly articulated vision for mining linkages and carefully crafted implementation strategy, including dedicated institutions, an industrial park with the necessary infrastructure, and a specific arrangement to make the downstream activity viable (secured raw material supply).
2. Strong record of implementing supplier development programs encompassing capacity building, MSME support and access to finance, under a quality monitoring framework. Non-mandatory nature of demand-side policies diminish their effectiveness.
3. Success of downstream linkages came at expense of wider economic diversification if they divert policy efforts and attention.

Source: International Monetary Fund (IMF). (2017). Botswana - 2017 Article IV consultation. IGF (2018) Guidance for Governments: leveraging local content decisions for sustainable development – Case Study: Botswana downstream and upstream linkages. World Bank (2018) Note on stabilization / wealth funds: a case study analysis.

The case of Mongolia represents another relevant experience in terms of converting mining revenues into sustainable local development with the adoption of stabilization and wealth funds

Key policies that support positive spillovers from the mining sector:

Mining and development. Mongolia benefited greatly from the 2000-16 mining boom, though its mining sector has been dominated by state participation in ownership and operations. Public revenue linked to mining enabled an expansion of public services and, consequently, living conditions. Economic performance has remained volatile given the failure to diversify exports and FDI, and governance issues remain.

Stabilization fund. The Fiscal Stability Fund was established in 2011 to support the fiscal framework by smoothing public spending in response to mineral price and production fluctuations. Assets are managed by the Central Bank, but withdrawal decisions are made by the Treasury. Deposits are based on excessive mining revenues (from taxes and SOE dividends) compared to a benchmark, while withdrawals follow the same, inverted rule. Another fund was established in 2017, the Future Heritage Fund, to ensure a fair distribution of mineral wealth across generations.

Key data:

Population: 3.3 million (2021)

GDP/capita PPP: $12,819 (2021)

Mineral exports: 92% of total | 9.6 billion (2021)

Main products: copper, coal, gold, iron ore

Mineral rents/GDP: 3-26%

Lessons:

- ❖ Channeling mining revenues to the public budget can be accomplished by other means than direct state ownership, such as using royalties, corporate income taxes, and resource rent taxes.
- ❖ Strategic investment funds can serve the purpose of smoothing expenditures, neutralizing capital inflows, ring-fencing natural resource revenues and earmarking funds for public investments. Governance risks can be mitigated by adopting a sound management structure and oversight, having clear rules for deposits/withdrawals, and in addition to sensible and transparent investment rules.

Source: International Monetary Fund (IMF). (2021).) Mongolia - 2021 Article IV consultation. World Bank (2018) Note on stabilization / wealth funds: a case study analysis. World Bank (2022) The role of the State in Mongolia's mining sector. World Bank (2021) Mongolia's Proposed Sovereign Wealth Fund in the Broader Fiscal Framework.

The case of Madagascar also offers lessons for Guinea when it comes to leveraging mining mega investments to support local governance, expand basic services, and strengthen local economic spillover effects.

Key policies that support positive spillovers from the mining sector:

QIT Madagascar Minerals (QMM) is a joint venture between Rio Tinto (80%) and the Government of Madagascar (20%) that produces ilmenite near Fort Dauphin in the southeastern region of Anosy. The Government's partnership with Rio Tinto was supported by the World Bank through a multiphase IDA project, which led to a productive collaboration on numerous activities:

1. The construction of the deep-water Port d'Ehoala became a multiuse rather than mining port to support local development.
2. The Government expanded distribution networks of potable water and electricity to households and businesses whereas Rio Tinto provided electricity to the local grid through captive generation.
3. Fort Dauphin's solid waste management system was updated with Rio Tinto building the solid waste station to international standards, while the government organized pre-collection, collection, recycling and storage management for civilian and commercial use.
4. The Governments strengthened local governance and decentralized business facing public administration to allow for improved land registration, business registration, tax administration, etc.
5. Local MSME development programs supported entrepreneurs and local businesses in anything from agribusiness and tourism to various services sectors.

Key data:

Population: 29 million (2021)

GDP/capita PPP: $1,608 (2021)

Mineral exports: 34% of total | 1.1 billion (2021)

Main products: Nickel, Gold, Titanium Ore, Cobalt

Mineral rents/GDP: < 0.5%

Lessons:

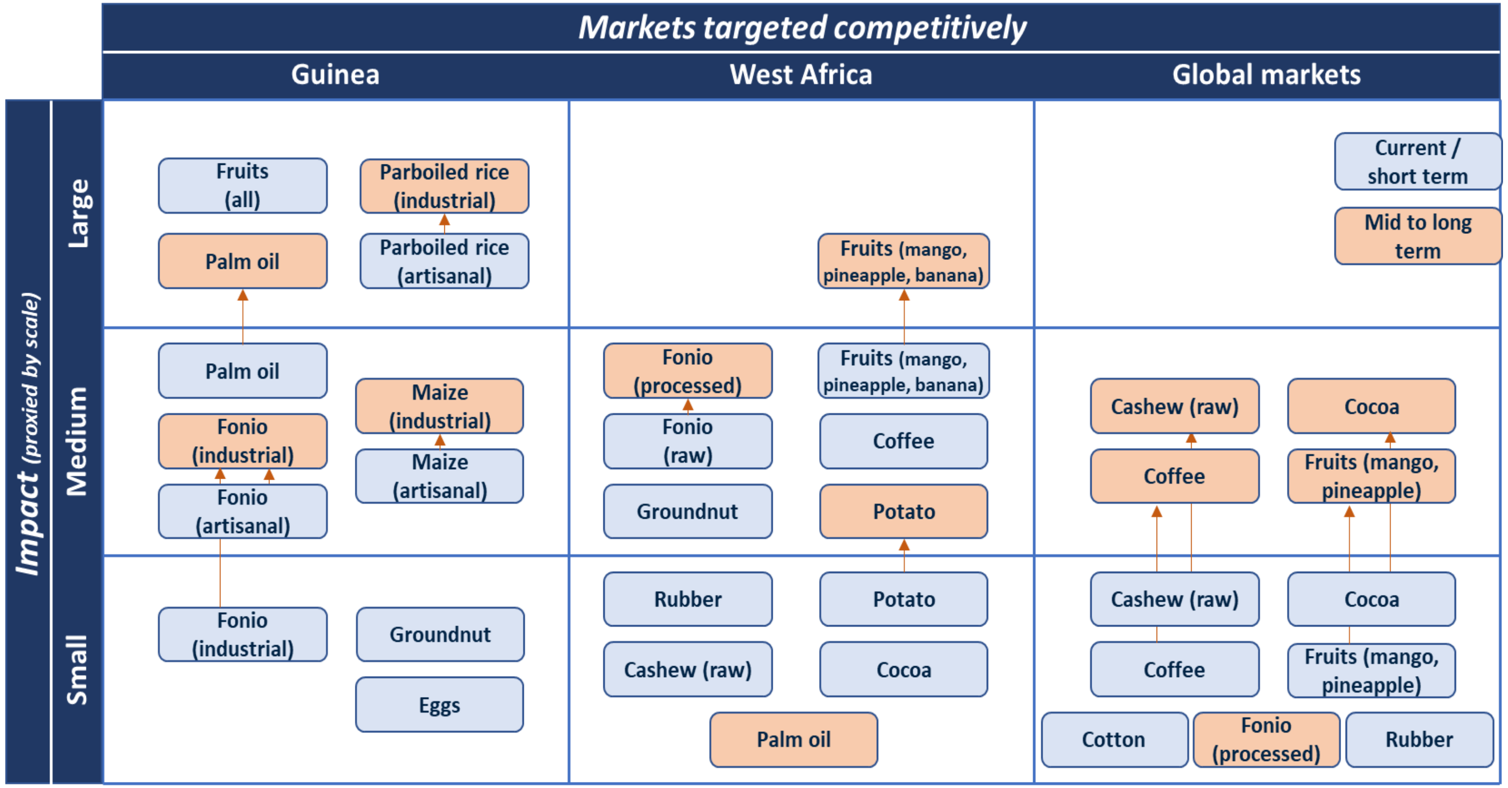
- ❖ The collaboration between a large mining company and the Government can have strong positive effects on local economic development.
- ❖ The focus on improving local governance and expanding access to basic services such as water, electricity and waste collection raised local living standards in an inclusive manner, which made QMM a respected partner in a particularly poor and disconnected area of Madagascar.
- ❖ The early engagement of the World Bank and joint Government-Rio Tinto-WBG planning of the pillars of the PPP allowed for appropriate planning and structuring of social interventions.

Source: World Bank (2016) Madagascar - Integrated Growth Poles Project (English). Washington, D.C. : World Bank Group. http://documents.worldbank.org/curated/en/587341473931807877/Madagascar-Integrated-Growth-Poles-Project and www.riotinto.com/en/operations/madagascar/qit-madagascar-minerals.

THE ROLE OF COMMERCIAL AGRICULTURE

COFFEE & COCOA: COMMODITIES WITH OPPOSITE GROWTH STORIES

Commercial agriculture is a primary source of employment and livelihoods, and it has the potential to contribute to economic diversification given the country's abundance of arable land and water. The right policies could return Guinea to be the "orchard of West Africa", but there is no evidence that Guinea is about to realize this potential.



An abundance of water and arable land: (*)

- ✓ Fertile alluvial soil + ideal agro-climatic conditions.
- ✓ An est. 25% of arable land potential is exploited.
- ✓ Reliable rainfall with less than 10% of land with irrigation potential developed.
- ✓ Abundant hydro-power resources with an est. potential of 6 GW and 27,000 m^3 water per capita.

With this backdrop it is remarkable that Guinea's exports of agricultural products have been static or declined while imports of food is projected to shortly reach US$1 billion despite numerous donor-funded agriculture sector projects.

The cocoa (+) and coffee (-) sectors offer some insights and lessons.

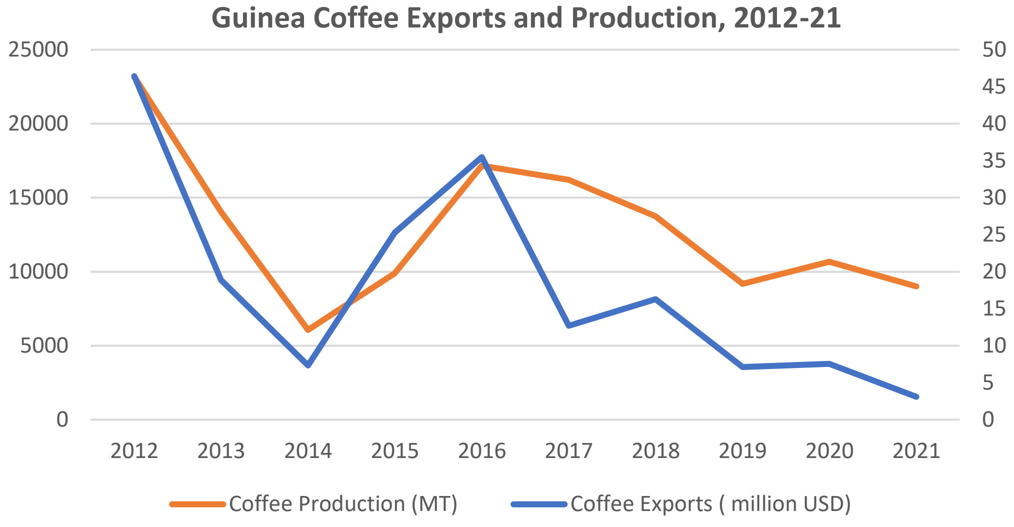
Note (*): Favorable natural conditions for the development of a competitive agribusiness sector remain nonetheless vulnerable to long-term trends of changing rainfall patterns, desertification and extreme events such as floods and drought. Climate adaptation concerns for relevant value chains will be further addressed in the forthcoming Guinea Country Climate and Development Report (CCDR).

Source: World Bank (2018) " Guinea Agribusiness Deep Dive" CPSD background study.

Coffee used to be an important source of jobs and export revenue. Over time, a lack of sector coordination, value chain organization, replanting, and ability to absorb price fluctuations and adjust to demand trends led to its demise.

Coffee is an example of a once significant cash crop that has slowly lost ground in Guinea and today almost disappeared in formal trade.

- In 1995, Guinea exported US$62mn of coffee (mostly beans, some of it decaffeinated, a small proportion roasted).
- In the early 2000s, coffee exports started to decline, and by 2021, it reached US$3mn (caffeinated beans, husks, skins).
- Rumors about informal, cross-border trade in coffee for re-exports are not backed up by data evidence in any neighboring country.
- Guinea produces the Robusta coffee variety and Ziama-Macenta coffee has a geographic indication recognized by the Organisation Africaine de la Propriété Intellectuelle (2013) and a green coffee label.
- There is one major specialty coffee importer (Germany) that buys Ziama coffee from Guinea directly from farmers associations and sells it online.
- A consulting report noted in 2020 that farm-gate prices of US$1,400 per metric ton provided a small margin on FOB prices of between US$1,750 per metric ton for export of lower quality beans to Europe for production of instant coffee and US$1,900 for Grade 2 Robusta to Morocco.
- Over the last decade, the average price for Robusta has swung between US$1.4/kg and US$2.7/kg on markets in New York and Le Havre/Marseilles.
- Guinea's inability to adjust to international demand has left the country producing very little Arabica coffee, which fetches a price around 50% to 150% higher than Robusta coffee.

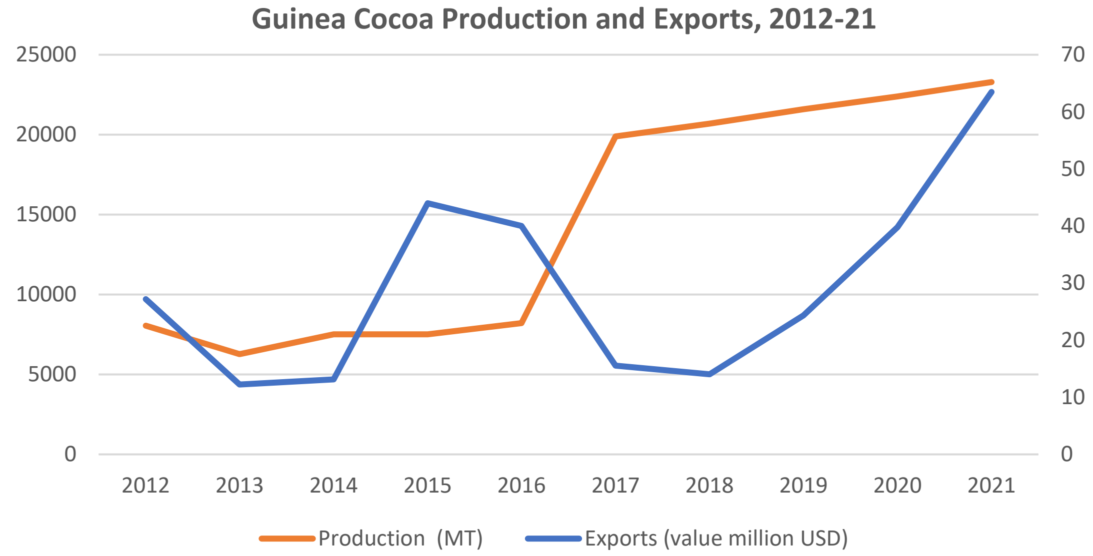


Consultations with coffee producers and exporters in Guinea highlight that there is not a single incident or constraint that led to the demise of the sector. Besides price and variety issues, they point to local issues:

1. **Production**: the sector is characterized by unstable supply, low volumes, low yields, high unit cost, and a lack of investment in replantation and renewed genetic stock.
2. **Sector organization**: the sector is disorganized and lack coordination across the value chain with a lack of anchor investors and aggregators. Recent support by bilateral donors has focused on strengthening sector organization/coordination.
3. **Transport and logistics**: the largest producing area is the Nzérékoré Region, and it is also the most remote area of the country and furthest from the Port of Conakry.

Source: The International Coffee Organization (2023), The Observatory of Economic Complexity (2023) and the Netherlands Ministry of Foreign Affairs (2020), "EU Market Research - Guinea Coffee", June 2020.

Cocoa is becoming a useful source of jobs and export revenue. Improvements in plant variety, sector coordination, favorable prices and a focus on quality standards are paying off.



Consultations with cocoa producers and exporters in Guinea highlight:

Production: is still relatively low in terms of volumes and yields with high unit costs. The cocoa needs to be fermented properly to be stored, and very little is fermented in Guinea, but the practice is growing. Distribution of improved plantings have made a big impact.

Sector organization: the sector would benefit from better organization and coordination across the value chain, but recent efforts to establish cooperatives showing some results.

Smuggling: there is anecdotal evidence of Guinean cocoa at times being re-exported from Liberia, Sierra Leone and Cote d'Ivoire and Ghanaian and Ivorian cocoa at times re-exported from Guinea as a result of changes in national export tariffs and exchange rate policies.

Guinea's cocoa sector has grown slowly but continuously over the years.

- Cocoa bean exports rose from US$3mn in 2000 to US$9mn in 2010 to US$40mn in 2020. In 2021, Guinea exported US$64mn of cocoa beans.
- The EU (mainly Holland) absorbs 2/3 and Asia (Malaysia, Indonesia) 1/3 of cocoa bean exports.
- In 2021, Guinea produced cocoa of the highest grade for the first time. At least one Conakry-based producer of chocolate, Zeïna Cacao, sells abroad.
- The price of cocoa has fluctuated between US$1,800-3,400/tonne over the last decade. This can be compared to lows of US$700/tonne in 2000.
- The sector is mostly made up of small-scale producers, local aggregators, and foreign niche buyers.
- A public agricultural research institute has distributed plantings of the Ivoirian stock 'Mercedes', which is a faster growing hybrid, over the years through two nurseries.
- Private buyers are also bringing seedlings from Cote d'Ivoire to renew community-owned cocoa farms.
- Almost all cocoa falls short of international standards, but the National Cocoa Quality Standard was recently established.
- A Government decree issued in 2017 requiring all cocoa exports (and coffee) to leave Guinea through the Port of Conakry has not been implemented.

***Source**: FAOSTAT (2023) and Observatory of Economic Complexity (2023).*

How could Guinea’s policy makers leverage commercial agriculture to strengthen JET outcomes?

The preceding analysis of agribusiness—cocoa and coffee—and export performance in the sector indicate that there are entrenched, or binding, constraints that impede sector development. The lack of sector development is striking given the seeming consensus that Guinea has the natural attributes and conditions in place to not only feed its own population but develop export-oriented value chains. Previous sector-oriented projects have not succeeded in turning around the negative trend (see more in the portfolio overview).

1. The examples of cocoa and coffee highlighted the challenges of international commodity price fluctuations. Part 1 also showed how the Guinean Franc has appreciated by 100% (REER) since 2010. The COVID-19 and Ebola outbreaks were other shocks that disrupted value chains by reducing access to inputs, labor and product markets. The way to deal with such shocks include initiatives to increase the ability to store output, the development of insurance products, and price smoothing mechanisms.

2. Small publicly funded projects can still have an impact on sector development, including the use of better hybrids offered at nurseries that encouraged communities to buy improved stock, European coffee and cocoa buyers that began to buy directly from producers and wholesalers in fair trade schemes, skills building and advocacy improvement of associations, etc.

Sustainable sector development is built around businesses and entrepreneurs first, with social safety net or subsistence as secondary objectives. Commercial agriculture is a disappointment in Guinea and there is not a clear solution that would lift the sector and more work is needed to identify mistakes of the past and opportunities in the future.

The economic policy objectives of the Transition Government are not notably different than from other recent administrations when it comes to job creation and economic transformation: the issue is less “what” needs to be done than “how” to do it.

The Transition Government has thus far adopted a program and a plan for its economic development objectives:

1. The **Interim Reference Program** (PRI, Programme de Référence Intérimaire de la Transition) for 2022-25 covers five pillars to respond to various challenges, including the establishment and focus on: (a) the institutions needed to return to constitutional order; (b) the necessary macroeconomic and financial framework; (c) the legal and governance framework; (d) social action for employment; and (e) infrastructure and sanitation.

2. The **Economic Recovery Plan** (PRE, Plan de Relance Économique) from October 2022, serves as the action plan for the PRI. The principal objectives are to improve productivity, diversify exports, and improve living standards. The main interventions are to improve the productivity of the primary sector by investing in infrastructure that link rural and urban areas; improving agricultural, livestock, fishing, and forestry practices; establishing special economic zones; and promoting agribusiness as well as SME development.

In short, these broad objectives are worthy for sensible policy making, but they are short on detail. The Transition Government maintains Guinea’s commitment to the 2040 Vision, the Sustainable Development Goals, ECOWAS’ Vision 2050, and the African Union’s Agenda 2063.

Legal and regulatory reform and institutional capacity building: ten years of landmark initiatives

2011 Adoption of the **Mining Code** (Law L/2011/006/CNT) and its 2013 amendments bring a series of reforms to the mining sector, to ensure that the country's natural mining resources contribute sustainably and effectively to the country's economic and social growth. Among the main reforms undertaken in this area is the reform of the legal, administrative and institutional framework. The aim of these reforms is to promote investment and research, and to encourage the exploitation of resources based on a mutually beneficial, transparent and equitable partnership.

2012 Adoption of the **Leasing Law** (Loi L/2012/05/CNT), which includes measures such as (i) flexible conditions for the approval of leasing companies (minimum capital level of GNF7.5 billion); (ii) the lessee benefits from the deductibility of VAT, in derogation of the General Tax Code; (iii) the transfer to the lessor of the tax advantages granted to the lessee; (iv) physical depreciation for the lessee and financial depreciation for the lessor; (v) eligibility of leasing companies to the Central Bank's money market; (vi) the granting of loans in foreign currencies and their amortization in foreign currencies for certain companies, in derogation to the foreign exchange regulations; and (vii) the setting up of a credit information system.

2013 Adoption of the **Bank Regulation Law** (Loi L/2013/060/CNT) which lays down the rules governing the operation and supervision of credit institutions in the Republic of Guinea, irrespective of their legal status or the nationality of the owners of their capital or their directors.

2015 Adoption of the **Investment Code** (Loi/2015/008/AN) integrated the national policy for the promotion of investments and the improvement of the business climate. It covers all investment projects and enterprises that are in good standing with respect to domestic taxation and that creates at least five permanent Guinean jobs for a minimum investment of GNF200 million. It grants customs and tax advantages to eligible projects according to project phase and location. However, the implementing decree was not enforced until 2022.

2016 Launch of a website to increase transparency and streamline investment procedures for new investors since investors would wait months or even years to receive final approval from a line ministry or the Presidency.

Legal and regulatory reform and institutional capacity building: ten years of landmark initiatives, *cont.*

2017 Adoption of the **Public-Private Partnerships (PPP) Law** (Loi L/2017/032/AN) which replaced the Build-Operate-Transfer Law of 1998 (that was never implemented) offered a more secure legal, regulatory, and institutional framework for PPP projects, including with regards to partnership agreements, BOT schemes, concessions, public leasing, delegated public service, and PPP procurement tender processes. Under the law, the Parliament does no longer need to approve government contracts with private companies apart from mining contracts. Obligations to conduct feasibility studies and to precisely define public needs were strengthened. However, the implementing regulations were only issued in 2021.

2017 Adoption of the **Law on Inclusive Financial Institutions** (Loi L/2017/031/AN) and its regulations, which modernized the preceding law from 2005, strengthened the regulatory tools, and extended the scope of supervision of the Central Bank to institutions of electronic money and postal finance. It also gave legal basis to electronic money institutions and broadly to all financial payment institutions. Finally, it integrated the postal financial services in a legal regulatory framework allowing the BCRG to assume the responsibilities that will be entrusted to it.

2017 Issuance of a **Presidential Decree** (D/2017/089/PRG/SGG) established a **Special Economic Zone in the Administrative Region of Boké**. This decree provided for a Law that would determine the rules for the organization and operation of Special Economic Zones in Guinea. In accordance with the Law, an implementing decree was meant to specify the rules for the administration and management of the 'Boké SEZ'. However, since 2017, there has been no development in the enactment of an SEZ Law.

2018 Creation of the autonomous **Authority for the Development and Administration of Special Economic Zones** (ADAZZ) to manage the institutional and legal framework of SEZs under the authority of the Presidency of the Republic.

2018 Inauguration of the **Commercial Court of Guinea**, which is a court of first instance specialized in the judgment of disputes between traders as defined by the OHADA uniform acts. Exceptionally, it is competent to hear disputes between traders and non-traders in restrictive cases. The operationalization of this jurisdiction constitutes a guarantee of confidence for local and foreign investors wishing to invest in Guinea because it allows the reduction of costs and delays in the settlement of commercial disputes, the agility of the judicial system, and the settlement of commercial disputes by professionals.

Legal and regulatory reform and institutional capacity building: ten years of landmark initiatives, *cont.*

2019 Adoption of the **Credit Bureau Law** (L/2019/0056/AN), which established the terms and conditions for the creation, approval and organization of the activities of the Credit Information Bureaus in Guinea. It also defined the legal framework for the control and supervision of their activities as well as the participation and obligations of the Users and Suppliers of the data.

2021 Launch the annual **Guinea Investment Forum** (GUIF) in Conakry in February was followed by the second GUIF in Dubai in February 2022. It's an anticipated event by local economic actors and the third edition (in 2024) will host high-level panels presenting investment opportunities in Guinea, the incentives offered by the government, and networking sessions and deal-rooms dedicated to investment projects.

2021 Legal establishment of the **SME Guarantee Fund** (FGPE), which became operational in the first half of 2023 and is a public limited company with the goal to share risk with financial sector participants to facilitate access to finance for SMEs.

2021 Adoption of the **Anti-Money Laundering and Counter-Terrorist Financing Law**, which aims to prevent the misuse of the financial system by financial criminals, and to ensure economic and financial security. It established the legal framework for the fight against money laundering and terrorist financing, created the **National Financial Information Processing Unit** (CENTIF) and facilitated the investigation and prosecution of financial offenses.

2022 Implementation of the **Investment Code**, which was promulgated in 2015 but never enforced, through three ministerial decrees: (i) a decree appointing the members of the technical committee for monitoring investments (ARRETE A/2021/2668/MCIPME/SGG); (ii) a joint order fixing the fees for processing applications for the incentives of the investment code (ARRETE CONJOINT A/2022/033/MCIPME/MEFP/SGG); and (iii) an order on the organization of the functioning of the Technical Committee for Investment Monitoring (ARRETE A/2021/2668/MCIPME/MEFP/SGG).

2022 Adoption of the **Local Content Law** (Loi L/2022/010/CNT) which generalized local content obligations and harmonized the legal framework for both public and private projects regardless of sector. Some of the obligations were previously presented in the Petroleum Code, the Mining Code and a 2019 decree on local content for public and private projects (see slide #73 for an overview).

Legal and regulatory reform and institutional capacity building: ten years of landmark initiatives, *cont.*

2023 Launch of the **Guinea Business Forum**—a public private dialogue mechanism—under the Prime Minister to offer a framework for consultations between the government and the private sector, and reform of the business environment. It is tasked to and responsible for: (i) leading the dialogue between the government and the private sector; (ii) participate in the elaboration of the Government's policies and strategies towards the private sector; (iii) submitting to the Government the assessment of the reforms carried out, the constraints in the process of their adoption, their implementation and the prospects for the creation of a favorable climate for business; (iv) propose any reform to improve the business climate; (v) ensure the publication and popularization of all adopted reforms through the establishment and implementation of a communication plan; and (vi) ensure the monitoring and evaluation of the implementation of the adopted measures.

2023 Legal establishment of the **SME Support Center** (CAPME) as a public institution with the mission to assist and support the creation, installation, development and transformation of MSMEs as part of the implementation of the national private sector development policy.

Besides sector-specific line ministries, key champions for private and financial sector development include:

- The Ministry of Trade, Industry and SMEs | Ministère du Commerce, de l'Industrie et des Petites et Moyennes Entreprises
  - *The Private Investment Promotion Agency | Agence de Promotion des Investissements Privés (APIP)*
  - *The Guinean Export Promotion Agency | Agence Guinéenne de Promotion des Exportations (AGUIPEX)*
  - *The Industrial and SME Development Fund | Fonds de Développement Industriel et des Petites et Moyennes Entreprises (FODIP)*
- The Central Bank of the Republic of Guinea | Banque Centrale de la République de Guinée (BCRG)
- The Chamber of Commerce, Industry, and Handicrafts of Guinea | Chambre de Commerce, d'Industrie et d'Artisanat de Guinée (CCIAG)
- The General Confederation of Guinean Enterprises | La Confédération Générale des Entreprises de Guinée (CGE-GUI)

Summary and conclusions – section 3

- The predominant concerns for most businesses are linked to ‘political instability’ and ‘general law-and-order’ issues such as crime, disorder, corruption and informal sector practices. These concerns are to quite some extent interrelated and connected, and lead to high transaction costs and great uncertainty with huge downside risk to investors and employers. They reflect the fragility of Guinean institutions.
- Trade and tax administration are two other areas where Guinea does particularly poorly in relative terms in international benchmarks and the country has a long way to go to streamline, professionalize and digitalize its public interface to businesses to bring it closer to good international practices. Guinea also taxes labor higher than nearly all other low-income countries.
- Trade regulations impede the development of Guinea’s manufacturing sector and export diversification efforts. Any policy aimed to support manufacturing-led growth or export promotion will likely be ineffectual unless it seriously reforms customs and trade regulations in parallel. It is time consuming and costly to comply with documentary and border requirements: or 5-20 times the average time and cost in high-income countries; and it is striking that a large share of businesses—most who do not trade directly—identify trade regulations as a serious business constraint.
- Guinean women have few opportunities in the formal private sector and only 1 in 100 is engaged in wage employment. Women face discriminatory laws and regulations that impede their ability to thrive in the workplace whether as employer or employee. Guinea could look to neighboring Cote d’Ivoire for inspiration on gender equality in the workplace to reverse the flight of women from the workforce.
- Transport infrastructure and logistics represent another pain point—from urban congestion to the lack of rural road connectivity—but new investments in railways driven by the extractive industry offer opportunities to create and strengthen transport corridors, and by extension connect secondary and tertiary towns to the capital and main port. Guinea could strengthen related development outcomes if it is serious about implementing the PPP Law in an open and transparent manner.

Summary and conclusions – section 3, *cont.*

- Access to finance is a major constraint for growth-oriented businesses and private investment. At the firm level, few companies have a bank loan/line of credit, and Guinea is near the bottom in global benchmarks. At the household level, there is relatively more progress in terms of financial inclusion, but Guinea still lags most peers. It is a predominant barrier especially to the growth-oriented middle-sized enterprise segment. The growth in mobile internet access and mobile money accounts could catalyze growth in digital financial services for years to come, and there is much that could be done to accelerate this process.

- Energy is one of the areas where Guinea has made most progress in the last decade. Businesses and households have benefited from rapid electrification and large investments in hydroelectric capacity are reducing power outages and turning Guinea into an exporter of electricity. The expansion of hydropower capacity holds the key to export diversification given growing regional connectivity and the possibility to turn bauxite into aluminum.

- The extractive sector has been Guinea's principal growth engine over the last decade, and it will likely remain so for the foreseeable future. The construction of the Simandou iron ore project over the next 5 years will likely be Africa's largest greenfield investment. The sector creates relatively few direct jobs and offers modest opportunities for value addition beyond smelting. However, if managed well, it offers a tremendous opportunity to create a lot of indirect jobs in supporting and enabling sectors. And it tends to turbo-charge urbanization in affected areas. Guinea must leverage the large investments in extractives and transport corridors to reinvest resource rents in education and infrastructure, facilitate backward and forward business linkages, and turn transport corridors into economic corridors.

- PPPs could help catalyze infrastructure development and improve service delivery. Guinea has little experience of the concept, however. The new legal framework enacted to support the practice is not implemented, and serious capacity building is a basic requirement to make progress on competitive and transparent private participation.

Summary and conclusions – section 3, *cont.*

- An overview of the last twelve years of landmark public initiatives to strengthen the legal and regulatory environment, sharpen policies and strengthen institutions for private and financial sector development—complemented with feedback obtained in business roundtables in Conakry and consultations with WBG task team leaders focused on Guinea—highlight the following:

    1. Guinea has demonstrated quite some success in reforming and adjusting the public administration—especially in the early 2010's—including the adoption of the Mining and Investment Codes, and the establishment and strengthening of APIP. It also attracted substantial FDI in the extractive and hydropower sectors in the last decade.

    2. Guinean policy makers have been active in drafting supportive legislation and enacting it in Parliament. However, the issuing of regulations/decrees for their implementation have sometimes not materialized or been done with considerable delay, including the SEZ Law and the BOT Law.

    3. The enforcement of some laws have been incomplete or ignored partly because of missing or confusing implementing guidelines or because of the lack of institutional capacity notwithstanding external financial support and technical assistance opportunities.

    4. Guinea has established several new institutions and mechanisms to promote private and financial sector development that are sound on paper but that lack the autonomy, budget security and human resources to do an adequate job.

    5. Some critical pieces of legislation or decrees that affect the investment climate have been issued with little or unclear consultations with the private sector that is being regulated, including the recent Local Content Law.

    6. Following the considerable inflows of FDI, and the advanced negotiations to develop the Simandou iron ore complex, Guinea's policy makers now need to accelerate the reforms, empower and strengthen the capacity of core public institutions to turn its finite subsoil assets into longer-term ones, specifically human capital, shared infrastructure and a more competitive private sector.

SECTION 4: WBG PORTFOLIO AND PIPELINE REVIEW

World Bank lending operations

IFC technical assistance

At 10,000m: the JET Framework in IDA-19/20 as applied in the review of WBG engagements

This part reviews the WBG portfolio and pipeline of JET-related engagements to assess recently closed, ongoing and planned projects. The objective is to identify potential gaps and priorities for future WBG engagements and to synthetize lessons to be incorporated in future project design. Besides project documents (PADs, ICRs, ICRRs, IFC advisory), this assessment also draws on selective IEG thematic reports on SMEs and FCV as well as structured interviews with WBG staff.

The JET framework as of the IDA-19 policy commitments was somewhat different in terms of thematic organization, but virtually the same in essence to the one presented in IDA-20. The JET commitments confirm the role of the private sector to drive investment and employment towards more productive resource allocations in IDA countries and emphasized the role of digital transformation as a key area of intervention.

SECTOR DIVERSIFICATION & COMPETITIVENESS

Expand into new sectors with potential for jobs and higher value-added activities, move into more sustainable production

CONNECTIVITY AND INTEGRATION

Increase scale and access to larger markets through trade and FDI, urbanization, firm linkages

UPGRADING AND TECHNOLOGY

Raise quality and efficiency with better skills, technology adoption, innovation, entrepreneurship

ENABLING FOUNDATIONS TO EXPAND PRIVATE INVESTMENT

Ensure incentives to invest are sound: macro-financial stability, strong governance, enabling business environment with open and contestable markets, access to infrastructure and financial services. Boost institutional capacity to improve data for policy decision-making and to monitor impacts of crisis, and crisis response measures.

Source: IDA20 Special Theme : Jobs and Economic Transformation (English). IDA20 Washington, D.C. : World Bank Group.

At 1,000m: the JET Framework in IDA-19/20 as applied in the review of WBG engagements

The review covers relevant lending and technical assistance projects in Guinea to assess gaps in the JET areas of intervention that could form the basis for future engagements. Projects were selected according to their components' extent of coverage of priority areas listed below. Annex 1 presents an overview of each project.

SECTOR DIVERSIFICATION AND COMPETITIVENESS	Agribusiness Power generation Mining and natural resources	*IDA20 aims out to remove constraints to sectors with high potential for growth and job creation by addressing regulatory barriers, tackling restrictions on competition, encouraging greater innovation and expanding participation in trade and global value chains. Agribusiness, power generation and extractives were the main sectors identified in the Guinea CPSD to have high potential to drive private sector investment and employment.*
CONNECTIVITY AND INTEGRATION	Trade and investment facilitation Regional connectivity and integration Urbanization and firm linkages	*These three areas can help create more economic opportunities in an inclusive manner. The first such area is the digital economy, including broadband access and coverage. Infrastructure more broadly provides critical enabling services for enterprises to produce and move products to markets, and for workers to access jobs. Another area is integration into international and regional trade, deepened spatial linkages, and to support inclusive, productive urbanization.*
UPGRADING AND TECHNOLOGY	Skills development, including TVET Technology adoption, including digital Entrepreneurship and support to MSMEs	*IDA 20 will support inclusive private sector recovery, ensuring quality of programs' design, targeting and inclusiveness of the most disadvantaged (smaller, informal, women-owned), and focused on constraints to adopting new technologies. Improving workers' skills is also critical to ensure that the benefits of economic transformation are more widely spread.*
ENABLING FOUNDATIONS TO EXPAND PRIVATE INVESTMENT	Macro stability Strong institutions and governance Business environment Competition policy Infrastructure development, including utilities Financial services	*IDA 20 commitments to enabling foundations of JET include strengthening the resilience, inclusion and depth of the financial system. Also includes removing constraints to economic transformation by promoting a sound business enabling environment and a level playing field for the private sector to flourish. Macro-fiscal stability and overall quality of governance, as well as overall infrastructure development remain highly relevant especially in high-debt and fragile environments, but those areas were not prioritized in the present assessment.*

Overview of the WBG JET-Portfolio: closed and ongoing projects

ID	PRODUCT	GPS (*ADM)	PROJECT NAME	US$'mn	PERIOD
P077317	IPF	EEX	Electricity Sector Efficiency Improvement	28	Jun 2006 — Jun 2016
P122065	IPF	AGR*	West Africa Agricultural Productivity Program	23	Mar 2011 — Dec 2019
593707	IFC AS	IFC	Investment climate: business regulation	2	Mar 2012 — Jun 2016
P128443	IPF	FCI*	MSME Development Project	10	Jun 2013 — Dec 2017
P146474	IPF	EDU*	Stepping Up Skills Project	20	Sep 2014 — Dec 2022
601367	IFC AS	IFC	Investment climate: mining	2	May 2016 — Mar 2020
594887	IFC AS	IFC	Investment climate: investment policy and tax	2	Dec 2012 — Oct 2015
602004	IFC AS	IFC	Local economic development	4	Jun 2018 — Jun 2023
P164326	IPF	AGR*, FCI	Integrated Agricultural Development Project	40	Jul 2018 — Jun 2023
P166042	IPF	EEX*	Guinea Mali Interconnection Project	42	Jul 2018 — Jun 2024
602283	IFC AS	IFC	Investment climate: agribusiness	2	Nov 2018 — Jun 2022
P164543	IPF	TRA*, AGR	Rural Mobility and Connectivity Project	40	Dec 2018 — Jun 2024
P164283	IPF	FCI*	Support to MSME Growth, Development and Access to Finance	30	Jun 2019 — May 2024
P166322	DPF	MTI*, AGR, EEX, GOV, TRA	Fiscal Management, Competitiveness, and Energy Reform DPF I	90	Nov 2019 — Dec 2020
P171225	DPF	EEX*, MTI, POV	West Africa Regional Energy Trade DPF	30	Jul 2020 — Jun 2021

Note: See the Annex for more details of each operation and the respective JET areas assessed to covered.

Overview of the WBG JET-Portfolio: closed and ongoing projects (continued)

ID	PRODUCT	GPS (*ADM)	PROJECT NAME	US$'mn	PERIOD
P174063	DPF	MTI*, EEX, FCI, GOV, HNP	COVID-19 Crisis Response DPF	80	Jul 2020 — Jan 2022
P164184	IPF	AGR*, ENV, FCI, TRA	Commercial Agricultural Development Project	100	Sep 2020 — Jan 2026
P168613	IPF	ENV*, EEX	Nat. Resources, Mining, and Environmental Management Project	65	May 2021 — Sep 2027
605707	IFC AS	IFC	SME Linkages 2	1	Nov 2021 – Dec 2024
P172407	*DPF*	*MTI*, AGR, EEX, FCI, IPG*	*Fiscal Management, Competitiveness, and Energy Reform DPF II*	*20 (cancelled)*	*Mar 2022 — Mar 2023*

Overview of the WBG JET-Portfolio: pipeline projects

ID	PRODUCT	GPS (*ADM)	PROJECT NAME	US$'mn	Expected Approval
P177214	IPF	SPJ*, EEX, HNP, Gender	Emergency Response and Nafa Program Support Project AF	80	Apr 2023 — Jun 2026
P176932	IPF	DD*, FCI	Western Africa Regional Digital Integration Program - SOP1	60	Oct 2023 — Dec 2028
P180906	IPF	ENV*, AGR	Guinea - Climate resilience, food security and fisheries	100	Oct 2024 — Oct 2030

Note: See the Annex for more details of each operation and the respective JET areas assessed to covered, except for projects for which there are no details to date.

Portfolio analysis methodology

The methodology calculates “coverage scores” to each of the fifteen JET focus areas, in order to assess the extent of attention and funding allocated by the WBG recent, ongoing and planned engagements in Guinea.

- Each project is assigned a score in each JET area depending on the proportion (percentage) of the project that directly addresses each area’s description.
- For DPFs, if one prior action is considered pertinent to a JET area, the percentage equals to one over total number of prior actions.
- For IPFs, if one component/subcomponent is addressing a JET area, the percentage equals the cost of that component over total project cost.
- One component/PA can be considered as addressing more than one JET area (hence total project percentages need not add to unity).
- Percentages are summed across all projects; scores are classified according to "extent of coverage" on a four-point scale (below).
- Total allocated financial resources are obtained from summing component values and PA values (1/n) across one given JET area.

0-1	Low	Less than one project-equivalent covering the JET area; gap area
1-2	Moderate	One to two project-equivalents covering the JET area; attention area
2-3	Substantial	Two to three project-equivalents covering the JET area; well-covered area
3+	High	Over three project-equivalents covering the JET area; saturated area

Portfolio coverage of JET areas

ID	Project Name	Close FY	Sector diversification and competitiveness			Connectivity and integration			Upgrading and technology			Enabling foundations					
			Agribusiness	Power generation	Mining and Nat. Resources	Trade and investment facilitation	Regional connectivity and integration	Urbanization and firm linkages	Skills development, including TVET	Technology adoption, incl. digital	Entrepreneurship and support to MSMEs	Macro stability	Strong institutions and governance	Business environment	Competition policy	Infrastructure development, incl. utilities	Financial services
594887	Investment climate: investment policy and tax	FY16				50%								50%			
P077317	Electricity Sector Efficiency Improvement	FY16		84%									17%				
593707	Investment climate: business regulation	FY16												100%			
P128443	MSME Development Project	FY18				19%											25%
P122065	West Africa Agricultural Productivity Program	FY20	86%						35%	52%							
601367	Investment climate: mining	FY20			50.00%			50%									
P166322	Fiscal Management, Competitiveness, and Energy Reform DPF I	FY21	10%	30%		10%						30%	50%	10%		10%	
P171225	West Africa Regional Energy Trade DPF	FY21		100%		20%	40%										
P174063	COVID-19 Crisis Response DPF	FY22								14%	29%		29%				29%
602283	Investment climate: agribusiness	FY22	50%											50%			
P146474	Stepping Up Skills Project	FY23							88%								
P172407	Fiscal Management, Competitiveness, and Energy Reform DPF II	FY23	8.3%	25%						8.3%	36%	25%	8.3%	17%		8.3%	8.3%
P164326	Integrated Agricultural Development Project	FY23	90%							9.4%	9.4%		12%				16%
602004	Local economic development	FY23			50.00%			50%									
P164283	Support to MSME Growth, Development and Access to Finance	FY24									60%						60%
P164543	Rural Mobility and Connectivity Project	FY24											17%			92%	
P166042	Guinea Mali Interconnection Project	FY24		82%		3.6%	41%										
605717	SME Linkages 2	FY25						50%			50%						
P164184	Commercial Agricultural Development Project	FY26	93%								2.8%		11%			53%	25%
P177214	Em. Response and Nafa Program Support Project AF	FY26								5.3%	9.4%						
P168613	Nat. Resources, Mining, and Env. Management Project	FY28			52.31%			9.2%					35%				
P176932	Western Africa Regional Digital Integration SOP1	FY29					12%			42%			4.5%			45%	2.3%
Score			**3.4**	**3.2**	**1.5**	**1.0**	**0.9**	**1.6**	**1.2**	**1.3**	**2.0**	**0.6**	**1.8**	**2.3**	**-**	**2.1**	**1.7**
Resource allocation (USD million)			159.9	119.9	37.0	19.3	36.5	9.5	25.5	58.3	62.6	32.0	122.4	16.0	-	127.3	78.3

JET gap assessment in Guinea engagement

	Score	Assessed extent of coverage	Allocation (USD million)
Competition policy	-	*Low*	-
Macro stability	0.55	*Low*	32.0
Regional connectivity and integration	0.93	*Low*	36.5
Trade and investment facilitation	1.03	*Low*	19.3
Skills development, including TVET	1.22	*Moderate*	25.5
Technology adoption, incl. digital	1.31	*Moderate*	58.3
Mining and Nat. Resources	1.52	*Moderate*	37.0
Urbanization and firm linkages	1.59	*Moderate*	9.5
Financial services	1.66	*Moderate*	78.3
Strong institutions and governance	1.83	*Moderate*	122.4
Entrepreneurship and support to MSMEs	1.96	*Substantial*	62.6
Infrastructure development, incl. utilities	2.08	*Substantial*	127.3
Business environment	2.27	*Substantial*	16.0
Power sector	3.21	*High*	119.9
Agribusiness	3.37	*High*	159.9

Some observations:

- Macroeconomic issues and competition policy remain important areas of engagement but were not prioritized in the context of the present study.
- Agribusiness and power sector are extensively covered by the existing portfolio, though implementation issues are common, especially in agribusiness.
- Mining-related interventions with firm linkages are modestly covered and a high priority engagement.
- Trade and investment facilitation is only modestly covered and is also a high priority engagement.
- Regional integration is covered from the perspective of power grid and (soon) digital networks integration, whereas gaps remain in strengthening Guinea's regional economic ties (transport, trade).
- Skills development remains a significant gap going forward, since engagements were modest and recently closed.
- Transport infrastructure and connectivity are reasonably well covered by existing operations, but opportunities remain linked to the development of economic corridors.
- Support to entrepreneurship and MSMEs and, to some extent, financial sector and A2F, are substantially covered by the portfolio.

Remarks on priority JET areas in the Guinea WBG portfolio

SECTOR DIVERSIFICATION & COMPETITIVENESS

AGRIBUSINESS

The WBG has provided comprehensive support to the agriculture sector, from regional engagements targeting productivity to a more recent operation specifically promoting commercial agriculture. The operations' design comprehensively targeted several constraints to agribusiness development and featured expressive volumes (three $100 million serial projects), but implementation lagged mainly due to low capacity on the client's side and lack of high-level support to address the situation.

MINING & NATURAL RESOURCES

The main highlight from the Bank side has been support to improved mining governance, with adoption of the EITI framework, and a joint-environmental project with a modest component to support local suppliers to mining companies. From the IFC side the engagement has been substantial, though restricted to technical assistance activities: support to local content policies, including the creation of the successful BSTP platform, and support to overall investment climate in the extractive industries.

POWER SECTOR

The power sector is comprehensively covered by the recent and ongoing Guinea portfolio. Several operations supported improved sector management, including the national utility EDG's performance, and expanding rural access, while regional engagements supported cross-border grid interconnection by means of the WAPP development program. There are still gaps to be addressed, but the sector is not regarded as a major contributor to JET unless combined to downstream mining linkages (e.g. hydropower for bauxite processing).

Remarks on priority JET areas in the Guinea WBG portfolio

CONNECTIVITY AND INTEGRATION

TRADE AND INVESTMENT FACILITATION

The Guinea portfolio features little emphasis on the trade facilitation agenda. There was DPO support to a single window for trade and specific support to regional electricity trade, but it remains an important gap. Possible synergies with regional integration – e.g. border crossing modernization linked to enhanced logistics. Investment policy, however, appears well covered by IFC activities and under the MSME Project's support to APIP.

URBANIZATION | FIRM LINKAGES

Urban development is another gap in the Guinea portfolio. Specifically, urban transport investments and urban rehabilitation geared towards efficiency are needed given increased congestion. Fostering linkages to local firms is the subject of a number of low-scale interventions, e.g. in a subcomponent of the Natural Resources project and in a number of recently concluded and ongoing IFC technical advisory projects.

REGIONAL CONNECTIVITY AND INTEGRATION

There are some high-profile projects supporting the regional integration of energy and telecom infrastructure. In the past, Guinea was an important supplier of agricultural products to the region ('Orchard of West Africa'), and while informal cross-border trade goes on, fostering formal ties in trade and investment with regional partners is an area of opportunity. Full implementation of the protocols of ECOWAS and AfCFTA would strengthen synergies and facilitate regional trade and investment.

Remarks on priority JET areas in the Guinea WBG portfolio

UPGRADING AND TECHNOLOGY

SKILLS DEVELOPMENT | TVET

A recently closed skills operation enhanced the capacity of local institutions to equip youth with market-relevant skills and enhanced job-readiness. The project faced implementation difficulties and its relevance for the Guinean context merits re-engagement. The focus on digital skills is strongly supported by the IDA-20 policy commitments and has synergies with the technology adoption and digital transformation agendas.

TECH ADOPTION | DIGITAL

A few recent operations target technology adoption to a modest degree and specifically agricultural productivity. The digital agenda was unaddressed until recently except for support to regional integration in telecom infrastructure (not included in the review). Given the strong focus of IDA-20 commitments on digital transformation, there is a $60m regional operation expected for FY24.

ENTREPRENEURSHIP | MSMEs

Support to MSMEs as well as the formation of entrepreneurial skills and business development services were the subject of a series of operations targeting the Conakry metropolitan region. This engagement has been reasonably successful, exploiting synergies with improvements in financial infrastructure in support of MSME access to finance, but the latest project is about to close. The entrepreneurship and access to finance agendas merit continuation as MSMEs represent a major driver of formal job creation and improved productivity in services sectors.

Remarks on priority JET areas in the Guinea WBG portfolio

ENABLING FOUNDATIONS TO EXPAND PRIVATE INVESTMENT

INSTITUTIONS | GOVERNANCE

Support to build institutional capacity is included in most operations in the Guinea portfolio, including specific sectors relevant to project interventions. A more comprehensive approach to reforming institutions relevant for the business environment would go a long way in improving private sector confidence and strengthening competitiveness over time. Institutions from public procurement to policy formulation, to public staffing policies, would benefit from the adoption of international good practices.

BUSINESS ENVIRONMENT

Aside from a limited set of activities under IFC's investment climate project and one pillar of a cancelled DPO series, business enabling environment reforms receive scant attention in the Guinea portfolio. Yet it represents one of the main challenges for private sector development in Guinea. An ambitious future engagement that tackles several business environment constraints in a coordinated manner could be effective to achieve more favorable JET outcomes.

FINANCIAL SERVICES | ACCESS TO FINANCE (A2F)

Activities focusing on the financial sector featured under the MSME A2F project, including support to financial infrastructure (collateral registry, credit reporting); as well as a policy theme under the Covid-19 response DPF. Nonetheless, access to finance on competitive terms remains a massive obstacle for private sector development in Guinea, and further engagements addressing financial sector development are of high relevance for JET outcomes.

Summary and conclusions – section 4

What WBG engagements would likely be most effective from a JET-centric perspective in Guinea?

Section 4 and Annex 1 applied the JET framework outlined in IDA-19 and IDA-20 policy commitments to review and assess former, ongoing and forthcoming WBG engagements in Guinea. The findings do not indicate that the WBG should engage across all areas but that some critical issues are missing or little covered by WBG engagements in JET-related projects.

- ❑ The **business enabling environment (BEE)** used to be extensively covered in the WBG country engagement, but this agenda has received scant attention in recent years. Trade and investment facilitation have very limited coverage despite being a key priority to promote positive JET outcomes. A comprehensive BEE reform program could have strong positive effects in the short-, medium- and long-term perspectives and the imminent launch of the global B-READY benchmarking initiative provides baseline data and policy guidance for a new project. It should be of high priority in any JET program even if the level of ambition is entirely dependent on the motivation of the government.
- ❑ 'Financial services' / **access to finance** is a major obstacle and an existing WB operation that supports MSME finance is scheduled to close in the coming year. This is an area where Guinea is at, or close, to the bottom in regional benchmarks. There are well defined solutions to Guinea's sector issues, and this is an area that warrants further support to boost JET outcomes. It should be of high priority in a JET program.
- ❑ The **agribusiness** and **energy** sectors are extensively covered in the WBG country engagement, but they face considerable implementation challenges. Regional integration aspects are also well covered with focus on power grid expansion and digital networks integration. While both sectors are critical to the JET agenda, they are well covered for years to come. Guinea could export much more electricity but is unlikely to develop a more prominent, export-oriented agribusiness sector.

Summary and conclusions – section 4, *cont.*

- There is a large **skills mismatch** with a considerable shortage of skilled technicians with formal credentials, and a relative abundance of graduates with skillsets for which there is limited demand. This issue warrants more data collection, deeper analysis, and future World Bank engagement from a JET perspective.
- Guinean **women** are increasingly opting to not participate in the labor force and any JET-centric engagement would need to develop a clear theory of change to seek to arrest and possibly reverse this negative trend. However, an increasing number of women entrepreneurs operate in the formal economy and this trend may offer lessons more broadly of how more women can be attracted to join the labor force.
- The WBG's **mining**-related interventions focus mainly on sector governance and environmental management. No sector will have a stronger influence on Guinea's growth trajectory and JET outcomes in the coming decade than extractives. There is both a large upside and downside in extractives depending on the way the government deals with the industry and integrates it in the local economy. Guinea's policymakers must improve sector governance, raise more public revenues for investments in public goods such as health, education and infrastructure, and accelerate the integration of the mines and new transport infrastructure in the local economy to turn natural resource endowments into improved livelihoods and living standards.

  => The WBG's convening power, technical expertise, IDA & IFC financing, and ability to commit to and support a long-term vision offer a unique value proposition to the Government of Guinea and its private partners who need to tackle a complex set of challenges. The timing to scale up our engagement is opportune given the recent announcements that the construction of the Simandou greenfield projects are moving forward with first-tier investors.

Summary and conclusions – section 4, *cont.*

- A JET-centric WBG engagement would help design an **integrated economic corridor project** along a priority transport corridor. It would require a longer than usual implementation horizon and could be covered by a multi-phased approach over ten years. Such a project would:
    a) Strengthen urban planning and land registration;
    b) Build municipal capacity to provide basic services (electricity, potable water, solid waste management) in select emerging population centers in mining areas and along the railway line;
    c) Help establish local institutions that would facilitate the emergence of a formal economy with decentralized administrative capacity to handle business registration, tax administration, construction permits, trade licenses, etc.;
    d) Support productive public private partnerships with select private investors who are planning to sink billions of dollars into infrastructure, logistics, mines, and compliance with local content provisions. The PPPs should focus on sub-projects of public interest with high social returns and the government could learn from experiences in for example Madagascar.
    e) Support local MSMEs by improving access to information, training, business development services, finance and sector coordination.
- The **Simandou** iron ore corridor is seemingly the best suited but not only entry point given its greenfield nature and scope for advanced planning, size of private investments (>US$15bn), the international reputation and track record of social investments (Rio Tinto) of key partners, and the expected economic impact. This mega project is too big to fail from a social and economic perspective.
- The growing number of bauxite projects in and around Boké could also be considered for an integrated economic corridor approach, but the coordination challenges are considerably higher given the large number of investors and smaller sub-projects, and the risks involved are therefore higher.

SECTION 5: RECOMMENDED PRIORITIES FOR MORE FAVORABLE JET OUTCOMES

Recommended priorities for more favorable JET outcomes

Identify, empower and provide long-term funding for a few champions—like APIP—to develop and implement phased, strategic JET-related initiatives based on private sector interest and investment. Priority initiatives could be to turn an emerging transport corridor into an economic corridor (such as the Simandou corridor) over a 10-year horizon; structure a series of PPP pilot transactions of increasing complexity and impact; and pilot and scale up linkages programs to mining as part of a revised Local Content Law based on international good practices.

Support a new effort to improve the investment climate through a reform program partly guided by the new B-READY to streamline, professionalize and digitalize key government functions facing the private sector; and complement this program with efforts to issue pending regulations to constructive laws, and build human resources in key authorities overseeing and enforcing laws covering the private sector.

Launch a trade facilitation program aimed at modernizing and professionalizing the Customs Authority to streamline customs procedures, reduce unnecessary trade barriers, and implement commitments made at the AfCFTA and the WTO. This measure is essential to improve competitiveness, attract private investment beyond extractives, and to reduce the cost of imported inputs, given Guinea's poor performance in global benchmarks on trade transaction costs.

Recommended priorities for more favorable JET outcomes

Study and learn from failures in developing export-oriented agribusiness value chains in Guinea's agriculture, forestry and fisheries sector; and take the necessary action to change course and strategy if realistic, viable and more sustainable business cases are found. Seek to address genuine market and government failures and reduce reliance on small grant programs and other forms of business charity programs.

Strengthen technical and vocational education and training programs to equip the workforce with market-relevant technical skills. The ambitious goal should be to address the skills mismatch, improve employability, and support productive sectors that are growing. The reforms would focus on select industry collaborations, investment in training infrastructure and curricula, and focus on quality assured and accredited programs.

Adopt a national gender strategy with clear policies and programs to: (a) promote women's economic empowerment, including business development services support, and skills training and access to finance; and (b) reverse the declining labor force participation rate and almost complete lack of wage employment for women—possibly by studying and replicating successful policies in Cote d'Ivoire that has enjoyed the opposite trend growth.

Recommended priorities for more favorable JET outcomes

Work closely with the private partners of the Simandou iron ore project to plan for turning an emerging transport corridor into an economic corridor. Focus on developing shared infrastructure and utility services, provide integrated urban planning (given emerging migration pressures), establishment of TVET facilities for workers and enabling services sectors, and providing facilities and business development support for growth-oriented local businesses that will need to adopt new technologies and comply with quality standards to take part in procurement procedures and allow compliance with Local Content regulations. Adopt a balanced expatriate policy that allows for rapid construction while ensuring that the local labor force is integrated across all skill categories.

Explore the feasibility of using hydropower to develop a green aluminum industry if, first, domestic power supply can be guaranteed for domestic electrification of households and businesses, second, if it would avoid subsidization of power producers or miners; and third, if extractive companies are contributing a fair/agreed share in terms of mining royalties to the public treasury.

Consider turning the PPP unit into a more transparent, autonomous and technically sound institution with a clear task to leverage private sector resources and expertise for infrastructure development and service delivery. This measure is relevant to improve efficiency and service delivery, safeguard public interests in inclusion, and it would require a long-term view and significant resources. It’s a high-risk intervention that could pay off if properly implemented.

Summary of recommendations

Key Policy Reforms	▪ Prioritize strategic JET initiatives by setting out a clear roadmap for the next 10 years with broad support from the public administration, complemented by a national jobs strategy. ▪ Adopt and implement a new generation of investment climate and business environment reforms, streamlining government functions, issuing pending regulations, and building capacity in key authorities. ▪ Launch a trade facilitation program to modernize the Customs Authority, streamline procedures, reduce trade barriers, and align with international commitments. ▪ Strengthen technical and vocational education and training programs to address the skills mismatch and improve employability, with a special focus on addressing barriers to women entrepreneurship and labor force participation.
Key Institutional Reforms	▪ Empower and ensure adequate resourcing for public sector champions to lead JET initiatives and attract private sector investment, like the Ministry of Trade, Industry and SMEs and key agencies like APIP. ▪ Strengthen the PPP framework by ensuring all new projects follow a transparent and competitive award procedure, while improving the capacity and autonomy of the PPP unit to leverages private sector resources for infrastructure development.
Public Investment Priorities	▪ Focus on turning the emerging Simandou transport corridor into an economic corridor, including shared infrastructure, urban planning, and support for local businesses. ▪ Explore the feasibility of a green aluminum industry powered by hydropower, considering domestic power supply constraints, fair contributions from extractive companies, and avoidance of subsidies.

ANNEX 1: COVID-19 CRISIS RESPONSE DPF – P174063

PDO

"To: (i) protect lives and livelihoods in the context of the COVID-19 emergency; and (ii) protect the future by supporting financial inclusion and debt transparency"

Prior Actions (relevant)
Prior Action 3. To relieve liquidity constraints for businesses, the Recipient has adopted through circular n°1727/MB/DNI/DRPC/2020 dated 16 April 2020 the following tax measures: (i) a three-month extension for the deadline for filing tax returns and paying taxes / duties for the tourism and hotel sector; (ii) a waiver for three months of VAT on water and electricity bills of companies in the tourism and hotel sector; (iii) the cancelation, for a period of three months (April to June 2020), tax charges weighing on small trade and crafts; and (iv) the postponement, for a period of three months (April to June 2020), the payment of all tax and social security charges for the tourism and hotel sector and SMEs
Prior Action 5. To support financial inclusion and the digitization of government payments including public cash transfers, the Recipient's BCRG has issued a circular n°0033/DGSIF/DSIFI/2020 dated May 28, 2020 to simplify customer due diligence procedures for opening electronic money accounts and executing operations
Prior Action 6. To enhance access to finance, the Recipient has issued a presidential decree n° D/2020/098PRG/SGG dated May 29, 2020 to establish a Partial Guarantee Fund for credits to MSMEs.

Results indicators	Baseline	Actual	Target
Percentage of eligible businesses benefiting from short-term tax relief measures	0.0 May-20	100 Dec-21	85 Dec-21
Number of simplified money accounts opened	0.0 May-20	2,568,005 Dec-21	300,000 Dec-21
Number of simplified accounts opened that received cash transfers from ANIES	0.0 May-20	19,092 Dec-21	150,000 Dec-21
Number of guarantees granted by the Guinea PPG	0 May-20	0 Dec-21	250 Dec-21

Highlights:

- The main emergency support operation of the World Bank to Guinea in response to the Covid-19 pandemic also featured a pillar dubbed "Protect the Future by Supporting Financial inclusion and Debt Transparency", which supported measures facilitating the digital transformation of finance. Specifically, the government streamline procedures for opening simplified electronic money accounts, in parallel to rolling out e-payments linked to government emergency handouts.
- The operation also supported a partial guarantee fund to support MSMEs, but this has not become operational by project closing.

Tech adoption Digital

Macro stability

Institutions Governance

Financial services A2F

Product Line	Financing	Dates	Contributing GPs	Implementing agencies	WB-IFC Collaboration	Ratings
DPF	IDA Grant: 40 million IDA Credit: 40 million	Approval: Jul 2020 Closing: Jan 2022	MTI* EEX, FCI, GOV, HNP	Ministry of Economy and Finance	No	Overall: MS PA Relevance: S Efficacy: MS

ANNEX 1: FISCAL MANAGEMENT, COMPETITIVENESS, AND ENERGY REFORM DPF I (P166322)

PDO

"To (i) strengthen fiscal management; (ii) enhance the institutional and regulatory framework to promote competitiveness; and (iii) improve the financial performance of the energy sector"

Prior Actions (relevant)

Prior Action 4. The Recipient's Ministry of Agriculture (a) has launched a pilot e-voucher system for agricultural inputs to improve the transparency, the targeting, and monitoring and evaluation of the distribution of subsidized agricultural inputs and a digital platform to interact with farmers for the delivering of e-vouchers; and (b) has delivered e-vouchers in four prefectures out of 33.

Prior Action 6. The Recipient has made operational the Commercial Court of Conakry (*Tribunal de Commerce du Conakry*) by making available to the Court the allocated budget under the 2019 Revised Budget Law, and through: (a) Presidential decree dated August 6, 2018, appointing the judges sitting at the Commercial Court of Conakry; (b) ministerial order dated August 1, 2019, issued by the Ministry of Justice, approving the internal rules of the Commercial Court of Conakry; and (c) joint ministerial order dated April 25, 2019 and decision dated February 14, 2019 issued by the Ministry of Justice, staffing the Commercial Court of Conakry.

Prior Action 7. To simplify business procedures, the Recipient has established and made operational a single window pilot project for external trade ("*Guichet Unique du Commerce Extérieur*") at Conakry Port through a unique online platform that dematerializes the management of commercial transactions and facilitates the submission of customs declarations and the management of certifications and authorizations for imports and exports.

Results indicators	Baseline	Actual	Target
Number of smallholders (less than 5 hectares) receiving agricultural input subsidies through the e-voucher system	2,900 Dec-18	9,000 Dec-19	20,000 Dec-21
Time to settle commercial dispute (days)	311 Dec-18	311 Dec-19	180 Dec-21
Time to import – documentary compliance (hours)	156 Dec-18	139 Dec-19	90 Dec-21
Time to register property (days)	44 Dec-18	44 Dec-19	22 Dec-21
Time to deal with construction permits (days)	151 Dec-18	151 Dec-19	90 Dec-21

Highlights:

- This was the first DPO in a series of two foreseen to, as part of a wider reform package, implement reforms to improve the business environment in Guinea.
- In particular, the operation supported the adoption of a single window for trade, being the only instance of a trade facilitation activity in the Guinea portfolio except for those concerning regional electricity trade.
- However, due to Covid-19 and subsequent political upheaval the intended outcomes mostly fell short of targets, leading to an unsatisfactory assessment.

Agribusiness

Trade/investment facilitation

Tech adoption Digital

Macro stability

Institutions Governance

Business environment

Infrastructure Utilities

Product Line	Financing	Dates	Contributing GPs	Implementing agencies	WB-IFC Collaboration	Ratings
DPF	IDA Credit: 90 million	Nov 2019 — Dec 2020	MTI* AGR, EEX, GOV, TRA	Ministry of Economy and Finance	No	Overall: MU PA Relevance: S Efficacy: MU

ANNEX 1: FISCAL MANAGEMENT, COMPETITIVENESS, AND ENERGY REFORM DPF II (P172407)

PDO

"To (i) strengthen fiscal management; (ii) enhance the institutional and regulatory framework to promote competitiveness; and (iii) improve the financial performance of the energy sector"

Prior Actions (relevant)
Prior Action 5. To improve the efficiency of agricultural extension services, the Recipient has: (a) launched a pilot e-extension system for delivering agricultural extension services, delivering e-extension services in three prefectures out of 33.
Prior Action 7. To facilitate the settlement of commercial disputes, the Recipient has submitted [adopted] the Commercial Court Law, which establishes a court of appeal for commercial matters and expand the geographical coverage of the Commercial Court.
Prior Action 8. To simplify business procedures, the Recipient has: (a) launched the operations of single window for construction permits and (b) created the single window for land registration.
Prior Action 9. To support e-financial services, the Recipient's Ministry of Posts, Telecommunications and the Digital Economy has revised its Arrêté A/2021/086/MPTEM/CAB/SGG Order A / 2021/086 that liberalized access to USSD (Unstructured Supplementary Service Data) codes to: (a) include price ceilings, mechanism for obtaining prices and (b) removed technical prerequisites

Results indicators	Baseline	Actual	Target
Number of smallholders (less than 5 hectares) receiving agricultural input subsidies through the e-voucher system	2,900 Dec-18	-	30,000 Dec-22
Time to settle commercial dispute (days)	311 Dec-18	-	180 Dec-22
Time to import – documentary compliance (hours)	156 Dec-18	-	90 Dec-22
Time to register property (days)	44 Dec-18	-	22 Dec-22
Number of USSD codes granted	4 Dec-21	-	8 Dec-22

Highlights:

- The operation was first postponed due to the onset of the Covid-19 pandemic, but later was cancelled after the 2021 coup and consequent suspension of relations with the Bank.
- Important elements of the policy matrix would have included the continued improvement in commercial justice administration and simplification of business procedures (construction permits, land registration).
- It was included in the present analysis for its relevance as part of a policy package aiming at improving the business enabling environment in Guinea, which could merit continuation eventually.

Agribusiness

Trade/investment facilitation

Tech adoption Digital

Macro stability

Institutions Governance

Business environment

Infrastructure Utilities

Product Line	Financing	Dates	Contributing GPs	Implementing agencies	WB-IFC Collaboration	Ratings
DPF	Ida Credit: 20 million Ida Grant: 20 million	Mar 2022 — Mar 2023	MTI* AGR, EEX, FCI, IPG	Ministry of Economy and Finance	No	Cancelled

ANNEX 1: MSME DEVELOPMENT PROJECT – P128443

PDO

"To support the development of MSMEs in various value chains and to improve selected processes of Guinea's investment climate"

Components	USD million
1. Establishment of Support Centers for SME Development	3.4
2. Support to Investment	4.2
2.1. Facilitating Investment / support to the investment promotion agency APIP	1.8
2.2. Credit information system and payment systems	2.4
3. Project Implementation and M&E	1.9
Total	**9.5**

APIP Guinée
Agence de Promotion des Investissements Privés

Results indicators	Baseline	Actual	Target
Increase in sales of MSMEs supported by the SCs (percentage)	0.0 Dec-13	67.3 Dec-17	20.0 Dec-17
Number of investments generated above $200,000	0 Dec-13	20 Dec-17	10 Dec-17
Loans awarded to firms included in the credit reporting system as a percent of all lending	0.0 Dec-13	57.0 Dec-17	15.0 Dec-17
Value of yearly transactions settled in Real Time Gross Settlement system / Annual GDP	0.0 Dec-13	148.7 Dec-17	150.0 Dec-17

Highlights:

- This was the first Bank engagement geared towards fostering entrepreneurship in Guinea in recent times, motivated by the need to diversify economic activity beyond mining.
- Project activities centered around operationalizing entrepreneurship learning centers in Conakry and strengthening the Investment Promotion Agency (APIP). Also supported financial sector enhancements such as the credit reporting system and a payments-clearing system.
- Project outcomes were overall satisfactory despite challenges associated with the Ebola outbreak during implementation.

Trade/investment facilitation

Entrepreneurship MSMEs

Financial services A2F

Product Line	Financing	Dates	Contributing GPs	Implementing agencies	WB-IFC Collaboration	Ratings
IPF	IDA Grant: 10 million	Approval: Jun 2013 Closing: Dec 2017	FCI	Ministry of Industry and SMEs	No	PDO: MS WB Perform: MS M&E: *Modest*

ANNEX 1: MSME GROWTH, COMPETITIVENESS AND ACCESS TO FINANCE – P164283

PDO

"To support micro, small and medium enterprises access to markets and access to finance in the urban Conakry area"

Components	USD million
1. Support entrepreneurship and MSME development	10.0
1.1. MSME business development services / institutional support for the Conakry SME Support Center	1.0
1.2. Connect MSMEs to sales contract opportunities	4.0
1.3. Support to entrepreneurship and ecosystem providers	5.0
2. Support financial infrastructure	10.0
2.1. Retail payment infrastructure	5.0
2.2. Digitization of microfinance activities	2.0
2.3. Strengthening credit reporting	2.0
2.4. Creation of a collateral e-registry for lending and leasing	1.0
3. Develop financial services tailored toward MSMEs	8.0
3.1. Risk sharing facility (joint with IFC)	6.0
3.2. TA to financial institutions on serving MSMEs	1.6
3.3. Equity investment ecosystem	0.4
3. Project management and monitoring	2.0
Total	**30.0**

Results indicators	Baseline	Actual	Target
Value of sales contracts won by MSME supported by the project, USD million	0.0 Jun-21	21.0 Mar-22	25.0 May-24
Number of startups and innovative companies supported by the project	0 Dec-19	30 Mar-22	150 May-24
Monthly volume of transactions processed by the National Switch, USD million	0.0 Dec-19	0.0 Mar-22	10.0 May-24
Credit registry coverage (% of individuals and firms listed in a credit registry)	0.03 Dec-19	3.86 Mar-22	5.00 May-24
Loans provided to MSMEs by the participating financial institutions in the RSF	0 Dec-19	0 Mar-22	350 May-24

Highlights:

- The project was a follow-up to "MSME Development" (P128443) and expanded its scope beyond entrepreneurship development to support wider financial sector improvements geared to MSMEs, such as retail payments and an electronic collateral cadaster.
- Included a Risk Sharing Facility (RSF) set up in partnership with IFC to promote direct private financing to micro and small enterprises.
- Approach to entrepreneurship training prioritized mindsets over hard skills, emphasizing attributes such as confidence, grit and personal initiative; shown to work better at catalyzing growth and improving access to finance, particularly for women.

Product Line	Financing	Dates	Contributing GPs	Implementing agencies	WB-IFC Collaboration	Ratings
IPF	IDA Grant: 15 million IDA Credit: 15 million	Approval: Jun 2019 Closing: May 2024	FCI	Ministry of Industry and SMEs	Yes	PDO: MS IP: MU Risk: *High*

ANNEX 1: INTEGRATED AGRICULTURAL DEVELOPMENT PROJECT (PDAIG) – P164326

PDO

"To increase agricultural productivity and market access for producers and agricultural SMEs in selected value chains in project areas"

Components	USD million
1. Increasing agricultural productivity	20.37
1.1. Improving water management	16.0
1.2. Increasing access to technology, innovation, and advisory services	4.0
2. Increasing market access	12.66
2.1. Strengthening producer organizations	3.0
2.2. Promoting business development services	1.0
2.3. Financing productive investment projects / matching grants	7.0
3. Strengthening institutional capacity	5.20
3.1. Strengthening the public agricultural statistics system	5.0
3.2 Contingency emergency response	0.0
3. Project coordination and implementation	4.33
Total	**42.6**

Results indicators	Baseline	Actual	Target
Percent increase in yield of targeted products achieved by project direct beneficiaries (rice, maize, potato, egg and fish)	0.0 Feb-18	22.0 Dec-22	20.0 Jun-23
Percent increase in volume of market sales of targeted products achieved by project direct beneficiaries (rice, maize, potato, egg, fish)	0.0 Feb-18	32.0 Dec-22	40.0 Jun-23
Farmers reached with agricultural assets or services	0 Feb-18	132,000 Dec-22	150,000 Jun-23

Highlights:

- Interventions related to technology adoption (inputs, techniques, equipment) and fostering cooperativism for increased productivity of smallholder farming, focusing on specific value chains: rice, maize, potatoes, eggs and fish.
- Featured a matching grant funds for productive investment proposals, selected competitively.
- Project design aimed to directly address the challenges identified at the economic analysis, while keeping a flexible design, focusing on personalized technical assistance, training, and carefully devising eligibility criteria.
- PIU was in the Ministry of Agriculture, and delegated implementation to a competitively-selected management firm (domestic, experienced in managing similar projects).

Product Line	Financing	Dates	Contributing GPs	Implementing agencies	WB-IFC Collaboration	Ratings
IPF	IDA Grant: 40 million Government: 1.1 million Beneficiaries: 1.5 million	Approval: Jul 2018 Closing: Jun 2023	AGR* FCI	Ministry of Agriculture	Yes	PDO: S IP: S Risk: *Substantial*

ANNEX 1: COMMERCIAL AGRICULTURE DEVELOPMENT PROJECT – P164184

PDO

"To increase the number of farmers and rural households benefitting from commercial agriculture value-chains in Program's areas"

Components	USD million
1. Improving Market Access in Targeted Areas	57.0
1.1. Rehabilitation of rural roads	37.0
1.2. Establishment of aggregation and logistics centers	13.0
1.3. Support sustainable management of market infrastructure	2.0
2. Supporting Private Investment	30.0
2.1. Support to potential investors / business development services. TA to investors, dedicated finance facility	3.0
2.2. Private investment financing for inclusive supply chains / matching grant fund	27.0
3. Enabling Environment for Commercial Agriculture	12.0
3.1. Strengthening relevant public agencies	2.5
3.2. Strengthening coordination along targeted value chains	2.5
3.3. Enhancing SPS control, quality, norms, and standards	7.0
3. Project coordination and implementation	8.0
Total	**107.0**

Results indicators	Baseline	Actual	Target
Number of jobs created along the agricultural value-chains [of which, women]	0 [0] Mar-20	0 [0] Dec-22	24,000 [12,000] Jan-26
Number of farmers and rural households provided with commercial opportunities in the agricultural value-chains [of which, women]	0 [0] Mar-20	0 [0] Dec-22	145,000 [72,000] Jan-26

Highlights:

- This project was the first in a programmatic series of three foreseen, aiming to catalyze transition from subsistence to market farming and thus improve income, formality. It overlapped temporally with PDAIG (P164326) despite a similarity in scope, particularly the matching grant component.
- Integrative approach with complementary interventions in access infrastructure, productive facilities, direct grants for small farmers to kickstart commercial operations. and soft institutional improvements as the sanitary control system; in addition to providing
- Regional focus on both the Boké/Kamsar and Kindia/Conakry corridors, geared towards supplying domestic markets and export to regional and international markets
- Challenging implementation: the project is facing serious issues in terms of delayed activities and low disbursement, mainly due to low capacity at the implementation unit and high turnover of key staff, in addition to a low-performance by the firm hired to support implementation.

Product Line	Financing	Dates	Contributing GPs	Implementing agencies	WB-IFC Collaboration	Ratings
IPF (1st SOP)	IDA Grant: 50 million IDA Credit: 50 million Counterpart: 7 million	Approval: Sep 2020 Closing: Jan 2026	AGR* ENV, FCI, TRA	Ministry of Agriculture	Yes	PDO: MU IP: MU Risk: *High*

Agribusiness

Trade/investment facilitation

Reg connectivity Integration

Tech adoption Digital

ANNEX 1: WEST AFRICA AGRICULTURAL PRODUCTIVITY PROGRAM – P122065

PDO

"To generate and accelerate the adoption of improved technologies in the countries' top agricultural commodity priority areas that are aligned with the sub-region's priorities as outlined in the ECOWAS"

Components	USD million*
1. Enabling conditions for sub-regional cooperation in the generation, dissemination, and adoption of agricultural technologies	2.7
2. Strengthening national centers of specialization / strengthening of the research system	12.2
3: Support to demand-driven technology generation, dissemination, and adoption	15.6
3.1: Demand-driven technology generation	-
3.2: Support to accelerated adoption of released technologies	-
3.3: Facilitating access to improved genetic material	-
4: Project coord., management, and monitoring and evaluation	4.8
Total	**35.3**

*Estimate for Guinea on a pro-rata basis.

Results indicators (selected)	Baseline	Actual	Target
Direct project beneficiaries – Guinea [of which female, %]	0 [0] Mar-11	817,923 [42] Dec-19	800,000 [41] Dec-19
Technologies generated by the Project with at least 15% productivity increase over the control technology – Guinea	0 Mar-11	16 Dec-19	15 Dec-19
Area under improved technologies disseminated under the project – Guinea , '000 Ha	0 Mar-11	616.4 Dec-19	600.0 Dec-19
Processors/producers who have adopted at least one new technology, made available by the project– Guinea	0 Mar-11	515,057 Dec-19	500,000 Dec-19
Producer with knowledge of technologies released by the project – Guinea, %	0 Nov-16	80 Dec-19	75 Dec-19

Highlights:

- The program aimed to implement ECOWAS directives on agricultural inputs and quality control, in addition to developing local agricultural R&D capacity. Did not initially include Guinea, which was later added due to a special cooperation with a Japanese trust fund on agri. technology adoption.
- Though the project achieved all its target indicators for Guinea, the sector lacked a comprehensive strategy for adoption of productivity improvements at scale.

Product Line	Financing	Dates	Contributing GPs	Implementing agencies	WB-IFC Collaboration	Ratings
IPF	IDA Grant: 23 million Trust Fund: 9 million	Approval: Mar 2011 Closing: Dec 2019	AGR	WECARD/CORAF Ministry of Agriculture	No	PDO: S WB Perform: S M&E: *Substantial*

ANNEX 1: NATURAL RESOURCES, MINING, AND ENVIRONMENTAL MANAGEMENT PROJECT – P168613

Mining
Nat Resources

Entrepreneurship
MSMEs

Institutions
Governance

PDO

"To strengthen institutional capacities for integrated management of mineral and natural resources in Guinea and enhanced benefits from the mining and environment sectors"

Components	USD million
1. Improve the institutional framework for mining and environ.	5.0
1.1. Coord. of mining and environ. strategy and regulation	1.5
1.2. Tools to enhance mining and environment coordination	2.5
1.3. Strengthening Guinea's capacity to address its global commitment on climate change	1.0
2. Mining policies, institutions, gov. and economic integration	29.0
2.1. Mining policies, institutions and access to resources	20.0
2.2. Economic integration of the mining sector and governance	9.0
2.2.1. Local content and economic integration enablers	6.0
2.2.2. Transparency and citizen engagement	3.0
3. Environmental and natural resources management	28.0
3.1. Institutional, logistical support and ESS management	9.6
3.2. Protected area management in selected areas	18.4
3. Project management	3.0
Total	**65.0**

Results indicators	Baseline	Actual	Target
Forest areas brought under management plans, '000 Ha	0 Dec-20	119.2 Sep-22	1,191.8 Dec-26
Annual environmental inspections of large infrastructure projects undertaken	0 Dec-20	30 Sep-22	150 Dec-26
Annual technical monitoring and control completed on industrial mines,%	100 Feb-20	100 Oct-22	100 Dec-26
Value of goods and services procured by mining companies through the online purchasing platform, USD million	9.00 Dec-21	9.25 Oct-22	60.00 Dec-26

Highlights:

- The Local Content subcomponent aims to create stronger linkages between mining and other sectors of the Guinean economy. It sponsors the operationalization of the local sourcing e-platform (*Bourse de Sous-Traitance et de Partenariats* – BSTP) to (i) enable increased capacity and access to business opportunities for SMEs, and (ii) to promote local purchasing of goods and services by all mining companies; it also builds capacity of the Chamber of Mines to facilitate local linkages.
- The project also supports capacity building at local communities in the Boké region to make the most of the Local Development Fund (FODEL), which is capitalized with levies on mining revenues. The project support the preparation of an overall development strategy for the region.

Product Line	Financing	Dates	Contributing GPs	Implementing agencies	WB-IFC Collaboration	Ratings
IPF	IDA Grant: 32.5 million IDA Credit: 32.5 million	Approval: May 2021 Closing: Sep 2027	ENV* EEX	Ministry of Mining and Geology Min. of Environment	No	PDO: MS IP: MS Risk: *Substantial*

ANNEX 1: WESTERN AFRICA REGIONAL DIGITAL INTEGRATION PROGRAM SOP1 – P176932

Pipeline

PDO

"To increase broadband access and usage in participating countries and to advance integration of digital markets in Western Africa"

Components	USD million
1. Enabling environment for a continental SDM (*not applicable*)	-
2. Connectivity Market Development and Integration	29.0
2.1 Legal, regulatory, and institutional capacity for telecommunications sector and digital economy	2.7
2.2 International and national backbone network infrastructure	26.8
3. Data Market Development and Integration	4.2
3.1 Data safeguards: legal, regulatory, and institutional capacity for cybersecurity and data protection	4.2
3.2 Data enablers: data regulations for regional data flow and data infrastructure	0
4. Online Market Development and Integration	21.1
4.1 Digital adoption for regional integration: e-commerce, digital entrepreneurship, and digital skills	5.1
4.2 Access to and use of digital financial services	1.4
4.3 Digital government services for regional integration	14.6
5. Project Management and Implementation Support	5.2
Total	**60.0**

Results indicators	Baseline	Actual	Target
People provided with new or enhanced access to broadband internet (CRI, Number)	0 Oct-23	-	300,000 Dec-28
Used international bandwidth per mobile internet user (Kbit/s) (Number)	4.21 Oct-23	-	22.62 Dec-28
Increased Volume of transactions in domestic retail payment system. (Percentage)	0 Oct-23	-	23 Dec-28
Users accessing e-services supported by the project (Number)	0 Oct-23	-	2,000,000 Dec-28

Highlights:

- The project revolves around three interconnected layers: (i) single connectivity market, (ii) single data market, and (iii) single online market. Advancements in each layer will reinforce regional digital market integration, promote affordable internet access, digital trade, and innovation.
- The project aims to empower individuals and businesses with safe broadband, digital financial services, and necessary skills for active participation in the digital marketplace.
- Key activities include policy development, infrastructure investments, strengthening of digital institutions, and upgrading existing digital infrastructures to support regional integration and digital transformation.

Tech adoption Digital

Entrepreneurship MSMEs

Institutions Governance

Product Line	Financing	Dates	Contributing GPs	Implementing agencies	WB-IFC Collaboration	Ratings
IPF	IDA Credit: 60 million	Approval: Oct 2023 Closing: Dec 2028	DD* FCI	MPTEN	No	N/A

ANNEX 1: EMERGENCY RESPONSE AND NADA PROGRAM SUPPORT PROJECT – P177214

Recently Approved

PDO

"To develop the building blocks of a national shock-responsive social protection system and increase access to shock-responsive safety nets for poor and vulnerable households."

Components	USD million
1. Emergency Cash Transfers	34.2
1.1. Emergency Cash Transfers	30.0
1.2. Communications, Sensitization, and Accompanying Measures (mobilie phones)	4.2
2. Support to Unconditional Cash Transfers and Accompanying Measures under the Nafa Program	89.5
2.1. Unconditional Cash Transfers and Accompanying Measures	82.0
2.2. Productive Inclusion Program	7.5
3. Strengthening Social Protection Delivery Systems and Poverty Data	12.0
3.1 Strengthening Social Protection Institutions and Shock-responsive delivery systems	9.0
3.2 Strengthening Poverty Data	3.0
5. Project Management, Monitoring and Evaluation	14.3
Total	**80.0**

Results indicators	Baseline	Actual	Target
Design, development and utilization of a Management Information system (MIS)	No Jul-20	No Aug-22	Yes Jun-26
Beneficiaries of emergency cash transfers for COVID-19 and other shock response	0 Jun-20	20,000 Aug-22	160,000 Jun-26
Beneficiaries of regular cash transfers under the Nafa Program	0 May-20	0 Aug-22	136,000 Jun-26
Beneficiaries of social safety net programs (CRI)	0 Jul-20	120,000 Aug-22	960,000 Jun-26

Highlights:

- The project focuses mostly on implementing a non-conditional cash transfer program to targeted vulnerable beneficiaries in Guinea in addition to accompanying measures, aimed to stimulate a number of desirable outcomes in health, education and productive inclusion.
- The productive inclusion activities involve mobilizing NGOs with capillarity in targeted regions to provide capacity building and small productive grants ($200 per household), so they can better insert into market activities.
- The reach and scale of the project means a significant potential to contribute to JET outcomes in underserved areas, though the scope of support is not geared towards achieving competitive scale of operations (e.g. fostering export-oriented agribusiness)

Tech adoption Digital

Entrepreneurship MSMEs

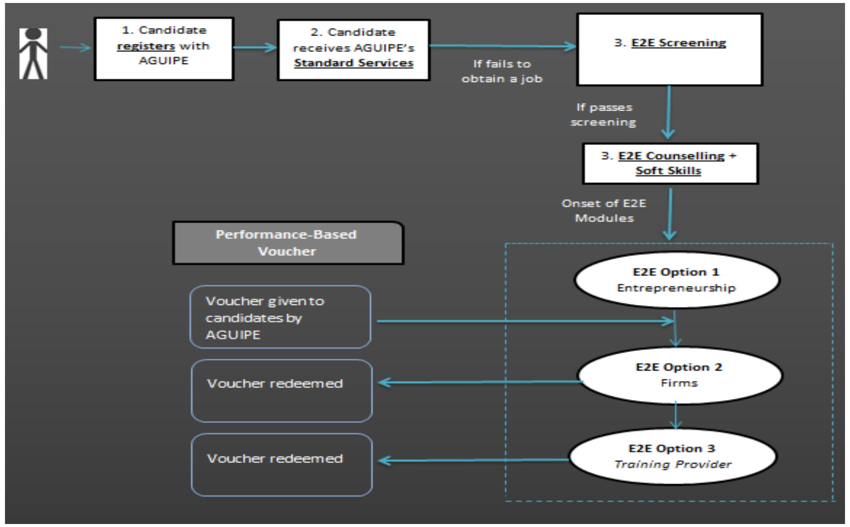
Product Line	Financing	Dates	Contributing GPs	Implementing agencies	WB-IFC Collaboration	Ratings
IPF	IDA Credit: 80 million	Approval: Apr 2023 Closing: Jun 2026	SPJ* EEX, HNP, Gender	ANIES	No	N/A

ANNEX 1: STEPPING UP SKILLS PROJECT – P146474

PDO

"To boost the employability and employment outcomes of Guinean youth in targeted skills programs."

Components	USD million
1. Fund for Skills and Employability / support to 2/3-year professional training programs adhering to international certifications	8.83
2. Education-to-employment (E2E) Program	6.53
3. Project management and monitoring	2.65
Total	**17.50**



Indicator name	Baseline	Actual	Target
Students completing professional degrees fostering market relevant skills developed through the Competitive Fund	0.0 May-14	61.0 Dec-22	80.0 Dec-22
Programs accredited by the new National Quality Assurance and Accreditation Agency	0 May-14	118 Dec-22	8 Dec-22
Students benefiting from direct interventions to enhance learning	6,343 Dec-20	13,808 Dec-22	13,200 Dec-22
Targeted trained youth employed in an area relevant to training twelve months after completing the training, %	0.0 May-14	45.0 Dec-22	70.0 Dec-22
Employers satisfied with trainees and placing them, %	0.0 May-14	59.2 Dec-22	50.0 Dec-22

Highlights:

- Project focused on indirect provision of technical training and professional skills development, via funding of local competitively-selected accredited programs, to address market failures in Guinea labor markets.
- Strong gearing towards fostering entrepreneurship and employment-readiness in program participants; actual employability achieved was below target.
- Engagement on skills upgrading and TVET has since been discontinued, though the agenda clearly scores high as a driver of JET in Guinea.
- Project rating reflects split evaluation of before/after restructured objectives, weighted by proportional disbursement in each phase.

Skills development TVET

Entrepreneurship MSMEs

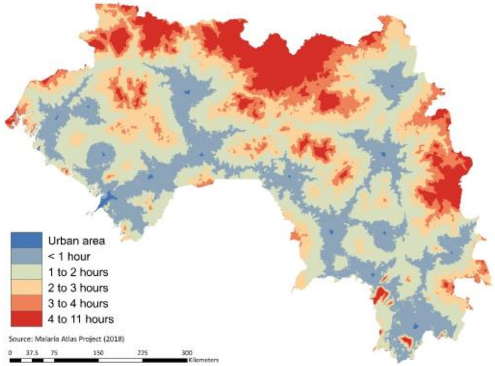
Product Line	Financing	Dates	Contributing GPs	Implementing agencies	WB-IFC Collaboration	Ratings
IPF	IDA Grant: 20 million	Approval: Sep 2014 Closing: Dec 2022	EDU	Ministry of Higher Educ. Min. of Youth and Employ. Ministry of TVET	No	PDO: MU IP: MU Risk: *Substantial*

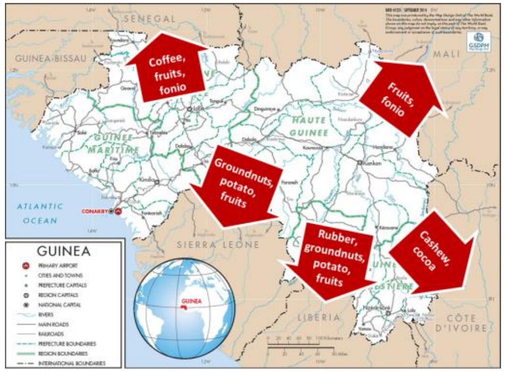
ANNEX 1: RURAL MOBILITY AND CONNECTIVITY PROJECT – P164543

PDO

"To improve and sustain the rural population's road access to markets and basic services"

Components	USD million
1. Rural Roads and small community facilities rehabilitation	30.0
1.1. Rural Roads Rehabilitation prep. and technical studies	2.5
1.2. Selected Rural Roads Rehabilitation works (800km)	25.0
1.3. Small community facilities / storage, water	2.5
2. Capacity building for road maintenance and road safety	6.6
2.1. Road Asset Management	2.0
2.2. Rural Roads Maintenance	3.0
2.3. Road Safety	1.6
3. Project management and monitoring	3.4
Total	**40.0**





Indicator name	Baseline	Actual	Target
People provided with an all-season road	0 Nov-18	11,500 Oct-22	314,824 Jun-24
Number of markets reached by an improved road	0 Nov-18	1 Oct-22	65 Jun-24
Number of accessible schools and health centers	0 Nov-18	7 Oct-22	325 Jun-24
Proportion of project roads under communities' routine maintenance, %	0.0 Nov-18	0.0 Oct-22	100.0 Jun-24

Highlights:

- The legacy of past transport projects in Guinea has been partly lost as road networks and facilities have been lacking appropriate maintenance and allocation of resources after the project closing.
- Operation designed with a narrow geographic area of intervention to maximize impacts, and a strong focus on community-based maintenance arrangements.
- Results chain emphasis on market access for small producers; intervention area defined to regions with high potential in rice, maize, poultry, vegetable production in consultation with other projects supporting agriculture.
- Difficult implementation due to lack of capacity in the implementing unit (Ministry of Agriculture) and interrupted engagement due to the 2021 coup d'état.

Product Line	Financing	Dates	Contributing GPs	Implementing agencies	WB-IFC Collaboration	Ratings
IPF	IDA Grant: 40 million	Approval: Dec 2018 Closing: Jun 2024	Transport* AGR	Ministry of Agriculture	No	PDO: U IP: U Risk: *Substantial*

ANNEX 1: POWER SECTOR OPERATIONS

Electricity Sector Efficiency Enhancement Project – P077317		
PDO	*To improve the electricity sector's commercial and operational efficiency. These results will be achieved through critical investment support and capacity building, impacting the financial viability of the sector and quality of service delivery*	
Components	1. Distribution efficiency improvement 2. Generation efficiency improvement 3. TA for energy efficiency and institutional strengthening	19.35 m 4.14 m 4.68 m
Results indicators	Number of low voltage customers in Kaloum Total distribution losses in Kaloum, % Bill collection rate in Kaloum, % Project Beneficiaries [of which women]	14,963 / 13,693 14.7 / 16.0 81.5 / 95.0 94,566 [50%]

Guinea Mali Interconnection Project – 166042		
PDO	*To: (i) increase electricity supply to the Eastern part of Guinea; (ii) enable electricity trade between Guinea and Mali; and (iii) increase Guinea's electricity export capability towards other WAPP countries*	
Components	1. Power Transmission Infrastructure 2. Implementation Support and Capacity Building … 2.C. Trade facilitation TA	343.8 m 37.0 m 1.5 m
Results indicators	Energy supplied to Eastern Guinea, GWh Energy traded between Guinea/Mali, GWh Guinea added export capability to WAPP, GWh	0 / 200 0 / 800 450 / 150

Legend: "Actual / Target"; "Baseline | Target"

West Africa Regional Energy Trade DPF – P0171225		
PDO	*To increase energy security, reduce vulnerability to international oil price fluctuations and reduce the fiscal burden of the electricity sector through increased energy trade in the six participating countries*	
Pillars	1. Increase confidence in the enforcement of commercial arrangements 2. Implement least costs investment decisions that consider regional options and regulation that enable cross border trade 3. Support transparency on financial sustainability plans of regional market participants.	Total financing: 300 m of which, for Guinea: 30 m
Selected indicators	Gross electricity imports, GWh Avg cost of electricity supply, USc/kWh No. countries with less concentrated domestic supply (HHI<1000)	1,817 | 2,800 18.5 | 16.5 2 | 4

Highlights:

- Operations aimed to improve efficiency of the SOE-dominated domestic electricity sector (EDG), i.e. formalize customers, reduce losses, and improve financial sustainability; as well as promote regional electric integration by harmonizing regulations and building transmission lines within the West Africa Power Pool (WAPP).
- Engagement has been relatively successful to enable Guinea to exploit its power generation export potential and improve electric reliability for the domestic private sector.

Product Line	Financing (combined)	Dates (order of appear.)	Contributing GPs	Implementing agencies	WB-IFC Collaboration	Ratings (most recent)
IPF DPF	IDA Credits: 67.5 million IDA Grants: 74.7 million Trust Funds: 4.5 million	Jun 2006 — Jun 2016 Jul 2020 — Jun 2021 Jul 2018 — Jun 2024	EEX* MTI, POV (DPF only)	Eletricité de Guineé (EDG) Ministry of Economy and Finance	No	PDO: MS IP: MS Risk: *Substantial*

Power generation

Trade/investment facilitation

Reg connectivity Integration

Infrastructure Utilities

ANNEX 1: IFC INVESTMENT CLIMATE ADVISORY SERVICE PROJECTS

IC Business regulation – AS 593707

The project supported the Ministry of Industry and Small and Medium Enterprises in Guinea to introduce regulatory reform in the country. It is structured into two main phases:

1. Diagnostic and solution design phase, which aims to identify key regulatory constraints to starting and operating a business for firms (primarily small and medium enterprises) in both the formal and informal sectors and design appropriate reform solutions to address these constraints; and
2. Implementation phase, which expects to assist the government of Guinea in implementing these solutions in partnership with the private sector.

Project achievements:

- The number of registered businesses increased from a baseline of 3,581 to 21,196, surpassing the target of 4,655.
- The time to obtain a building permit in Conakry reduced from 287 to 173 days, according to the Doing Business 2016 report.
- The time to register a business decreased by 50%, from 40 to 8 days, thanks to streamlined procedures at the Guichet Unique.
- The cost of property transfer decreased from 14.4% to 8.5% of the property value, exceeding the original baseline.
- The implementation of the OHADA *Entreprenant* legal status, aimed at formalizing 1,000 businesses, was discontinued due to the impact of the Ebola pandemic outbreak.

JET Areas:

IC Investment policy and tax – AS 594887

The project aimed to implement reforms in three key areas, to remove barriers for investors, simplify taxes for SMEs, and ensure a fair tax administration and appeals process.

1. Investment policy and incentives by revising investment, tax, and customs codes and improving the administration of fiscal incentives.
2. Simplifying the tax system for Small and Medium Enterprises (SMEs), reducing the number of taxes and improving compliance.
3. reforming the tax appeals system, establishing a fair and progressive mechanism for resolving tax disputes.

Project achievements:

- Establishment of a public-private dialogue (PPD) and working groups, facilitating coordination between the government and private sector for reform efforts.
- Delivery of an Investment Policy Letter and revised Investment Code, aligning with international best practices and strengthening investor protection.
- Improvement of SME tax regime, streamlining the tax appeals system, enhancements to VAT refund system, Tax Code, Tax Administration's communication strategy, and administrative improvements to reducing processing time.

The project addressed development challenges and supported multiple institutions, including the Ministry of Mines, APIP, Ministry of Industry, Tax Administration, Tax Appeal Commission, Customs Administration, and Ministry of Budget.

JET Areas:

ANNEX 1: IFC INVESTMENT CLIMATE ADVISORY SERVICE PROJECTS

IC Agribusiness – AS 602283

The IC Agribusiness project aimed to attract investments and improve the business climate in Guinea's agribusiness sector. It focused on implementing business environment reforms, strengthening investment promotion and facilitation services, and developing investment-ready projects. The project aimed to increase private investments, open markets, and generate inclusive growth, benefiting rural areas and farmers. It was coordinated between the IFC and World Bank to target specific reform areas and sub-sectors to drive economic growth and diversification.

Objectives:

Its objective was to contribute to creating markets for increased private investment in the agribusiness sector by i) helping implementing of investment climate reforms using PPD and ii) reducing the time to obtain construction permits and land titles

Components:

1. Implement business environment reforms in pre-identified reforms areas and sub-sectors
2. Strengthen the country's investment promotion and facilitation services for agribusiness investors
3. Build a pipeline of investment ready projects in the agribusiness sector

JET Areas:

IC Mining – AS 601367

The project focuses on three main areas:

(i) establishing a mining licensing one-stop shop and an informational portal to support licensing activities, providing updated information and streamlining the licensing process;

(ii) implementing licensing reforms to improve the investment climate by simplifying processes and enhancing the institutional/regulatory framework; and

(iii) supporting the development of local content in the mining sector by drafting and disseminating a policy, assisting key stakeholders in creating a strategic plan and implementing the policy.

Objectives:

The project aimed to improve the institutional and business environment and private sector development in Guinea. In particular, it aimed to streamline licensing processes for mining activities, reduce compliance costs, and enhance transparency. Additionally, it supported the establishment of a policy framework for promoting local content in the mining sector and strengthening links between multinational enterprises and domestic firms. The project aimed to improve the business environment, increase fiscal revenues, and provide opportunities for local employment and procurement.

JET Areas:

ANNEX 1: IFC INVESTMENT CLIMATE ADVISORY SERVICE PROJECTS

Local economic development – AS 602004

The project focuses on improving business practices, specifically for women and youth-owned entities, to enhance their access to market opportunities in mining supply chains. It consists of three components: local content development, local economic development, and institutional capacity building. The project aims to improve local procurement policies, access to information and finance, and promote sustainable practices. It also strengthens institutions, fosters good governance, and emphasizes cross-cutting themes like gender, youth inclusion, and the environment.

Objectives:

- Contribute to foreign and domestic investments in the agribusiness sector [USD 10 million investments facilitated three years post-completion];
- Help improve the business climate for agribusiness [3 investment reforms implemented by the end of project] through the establishment a public-private dialogue (PPD) platform focusing specifically on agribusiness and
- Reduce by 10% the time required to obtain land titles and 20% the time to obtain construction permits through the establishment of an efficient One Stop Shop for land registration and construction permits

Components

1. Institutional capacity building
2. Development of long term partnerships with mining companies
3. Creating opportunities for women and youth

JET Areas:

SME linkages 2 – AS 602004

The project aims to strengthen the marketplace for buyers and suppliers, enhance stakeholder capacity, and improve access to finance for small and medium enterprises (SMEs). It consists of two parallel components: increasing purchases from local SMEs by improving the marketplace and advocating for a fair playing field and supporting SMEs' access to finance by addressing regulatory issues and connecting them with financial institutions.

Objective

The objective of the project is to increase large mining firms’ purchases of goods and services from domestic SMEs in Guinea, while helping domestic banks identify opportunities to increase financing to SMEs that supply larger firms.

Components

1. Increasing purchases from local SMEs
    a) Technical assistance to the marketplace
    b) Institutional capacity building
    c) Supplier development program
2. Supporting access to finance for SMEs

JET Areas:

ANNEX 2: SUMMARY OF LESSONS LEARNED

- ✓ Successful project implementation requires ownership, leadership, and support from the government at all levels, along with strong institutional setup and effective communication strategies.
- ✓ In fragile environments, improving the effectiveness of institutions and instruments for MSME development is crucial, including early consideration of financial sustainability and a simple and relevant results framework.
- ✓ Project design should focus on selectivity, spatial distribution, and selecting clearly attributable indicators.
- ✓ Mindset-oriented entrepreneurship training emphasizing psychological attributes can have significant impacts on business growth and access to finance, particularly for women.
- ✓ Support for innovative MSMEs is often missing, hindering their ability to develop and transform inventions into innovations.
- ✓ Financial infrastructure development requires strategic partnerships, local and global expertise, and sustainability through increased human capacity.
- ✓ Value chain development, multisector approaches, access to finance, and gender targeting are crucial for successful agricultural sector projects.
- ✓ Integrated value chain approaches, access to finance through competitive grants, and continuous capacity building are essential for commercial agricultural development.
- ✓ Upskilling and professional education programs require long-term reforms, targeted initiatives, incentive structures, involvement of private sector federations, competency-based training, and stakeholder engagement and communication.
- ✓ Public-private partnerships can bring pragmatic wins, and stakeholder engagement through purpose-driven platforms is crucial.

Source*: "Lessons Learned"* sections incorporated into Implementation Completion and Results (ICR) reports, when available, and Project Appraisal Documents (PAD) of projects analyses in the present study.

ANNEX 2: SUMMARY OF LESSONS LEARNED, *CONT.*

IEG special reports on Small and Medium Enterprises (SMEs)

- **Consistency and clarity.** Harmonize approaches and clarify objectives, justification, and evaluation of SME support to ensure a clear understanding of how it addresses constraints and contributes to employment, growth, and economic opportunity.

- **Relevance and additionality.** Shift support towards frontier states, regions, and underserved segments, particularly in low-income and fragile and conflict-affected contexts, to maximize impact.

- **Strengthen guidance and quality control.** Clearly define support mechanisms, identify beneficiary groups, and include meaningful outcome indicators in monitoring and evaluation frameworks to ensure effective implementation and assessment.

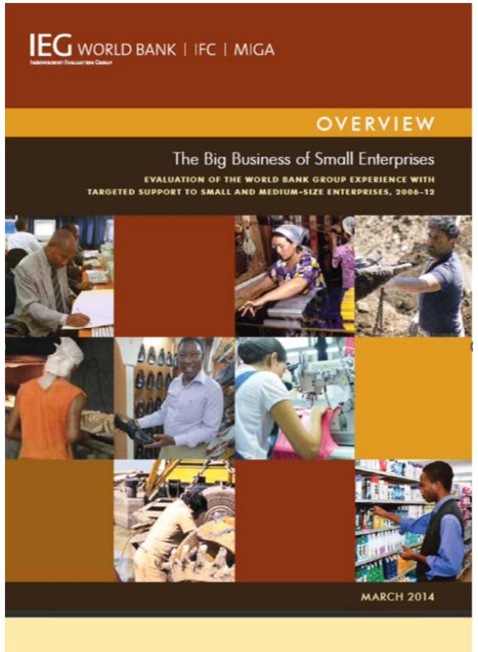
- **Drivers of performance.** Key factors include technical project design, quality supervision and implementation units, risk assessment and mitigation, prior analytic work, and client engagement. Continuous and coordinated support across the WBG and the use of multiple instruments yield superior performance.

- **Enhancing SME capabilities.** Improve mechanisms that build and strengthen SME management and entrepreneurial capabilities, focusing on productivity and employment growth through well-designed business development services and institutional reforms.

- **Effective eligibility criteria.** Establish and enforce eligibility criteria for financial intermediaries to direct resources to finance-constrained SMEs, based on a thorough understanding of participating institutions' lending portfolios.

- **Longer-term effects and sustainability.** Track and evaluate the longer-term effects of SME interventions to ensure sustainability, learn from the outcomes, and refine approaches for continuous improvement.

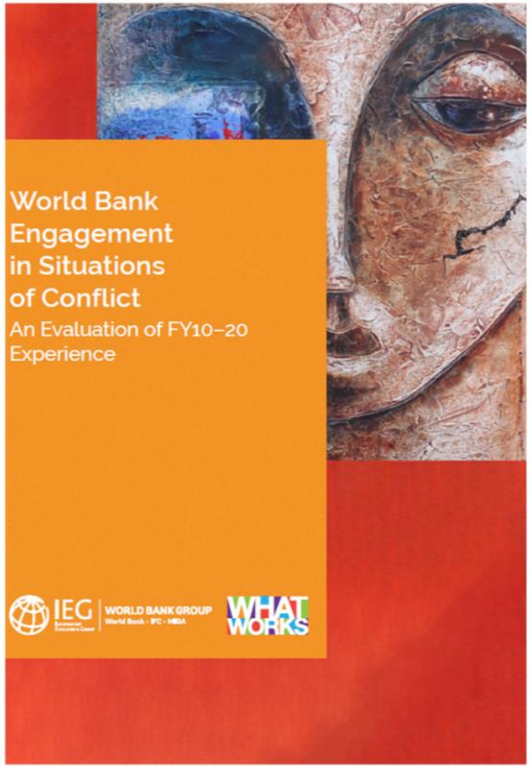
Source*:* Independent Evaluation Group (2014) The big business of small enterprises: evaluation of the World Bank Group experience with targeted support to small and medium-size enterprises, 2006-12; and IEG (2019) World Bank Group support for small and medium enterprises: a synthesis of evaluative findings.



ANNEX 2: SUMMARY OF LESSONS LEARNED, *CONT.*

World Bank Engagement in Situations of Conflict (2021): recommendations relevant to the Guinean context:

- **Confidential political economy analysis.** Maintain confidential political economy analysis to enhance conflict sensitivity and provide valuable insights to future staff working on specific countries. Confidentiality is necessary to address the potential risks associated with broad distribution and client-facing nature of conflict analyses within the World Bank.
- **Risk-informed country engagement.** Incorporate timely conflict analysis into country engagements, ensuring that strategies and operational decisions are informed by an understanding of conflict dynamics and risks. This includes monitoring shifts in societal perceptions, identifying peacebuilding opportunities, and promoting adaptive decision-making.
- **Rethink what success looks like.** Revise outcome-related metrics in conflict-affected countries by moving away from quantitative metrics, attribution, and short time frames. Instead, focus on higher-order outcomes that align with transition aims and develop monitoring and evaluation systems to track these outcomes effectively.
- **Country engagement.** Enhance the integration of conflict considerations into Country Partnership Frameworks by including a clear conflict and/or fragility narrative, integrating conflict-related objectives, and establishing adaptive results frameworks to capture conflict reduction aims.
- **Learning and evaluation.** Strengthen evaluation and learning systems for trust-funded activities in conflict-affected contexts. Ensure compliance with evaluation requirements for smaller projects funded by trust funds and reconsider the validation threshold for Implementation Completion and Results Reports.



***Source**:* Independent Evaluation Group (2021) World Bank engagement in situations of conflict: an evaluation of FY10-20 experience.

ANNEX 3: LIST OF PEOPLE CONSULTED IN GUINEA CONAKRY IN THE SPRING OF 2023

Mr. Bah Alpha Mamadou Djouldé, Deputy CEO, Amifa Guinée
Mr. Bah Diawadou, CEO, ECOBANK
Mr. Bah Mamadou, CEO, Banki trurks
Mr. Bah Mamadou Kadjaliou, COO, Industrial and SME Development Fund, FODIP
Mr. Bah Oumar Sylla, IT Manager, TRANSMAR SA
Mr. Balde Thierno Mountaga, Logistics operator, Guinea Business Corporate
Mr. Bangoura Mohamed, Administrative Manager, Credit Kash
Mr. Barry Mamadou, Deputy CEO, Industrial and SME Development Fund, FODIP
Mr. Barry Souleymane Thierno, CEO, ANAVIG
Mr. Beavogui Famoi, Entrepreneur / Former Secretary General of the Ministry of Agriculture, Entrepreneur / Former Secretary General of the Ministry of Agriculture
Ms. Bérété Fanta, National Director, National Directorate of SMEs and Local Content
Ms. Camara Salematou, CEO ONIG, ONIG
Ms. Condé Fatoumata, Investment Promotion Director, APIP
Ms. Coulibaly Diaka, Deputy CEO, African Lease
Mr. Diakité Sekou Oumar , CEO of COFINA Microfinance / Chairman, APIM
Mr. Diallo Abdoulaye, CEO, Guarantee Fund for Business Loans, FGPE
Mr. Diallo Boubacar, Sales Director, SFA BANK
Ms. Diallo Halimatou Sirandou, National Director, National Directorate of Animal Production
Mr. Diallo Mamadou (Bobo Deinkin), Chaiman, Bobo Deinkin
Mr. Diallo Mamadou Dian, Monitoring and Evaluation Manager, PDAIG
Mr. Diallo Mohamed Moustapha, CEO, Saboutech
Mr. Diallo Thierno, CEO, Société Générale
Mr. Diallo Thierno Safaiou, CEO, NLS SARL
Mr. Doré Labila, CEO, Lanala Finance
Mr. Doumbouya Aboubacar Sidiki, Consultant, Firm Vision Consulting International
Mr. Doumbouya Alpha Bacar, Marketing Manager, Subcontracting & Partnership Marketplace, BSTP
Mr. Gassama Ibrahima, Project Coordinator, PDAIG
Mr. Haba fassou, Deputy CEO, Wakili Microfinance
Mr. Kourouma Amara, CEO, Crédit Rural de Guinée
Ms. Kouyaté Diana, CEO, Private Investment Promotion Agency, APIP
Mr. Kpoghomou Bernard, Deputy CEO, National Confederation of Socioprofessional Organizations of the Livestock Sector, CONASEG
Mr. Magassouba Diamadi, CFO, CPECD Yètè Mali
Mr. Maher Naouvah, Sales Director, VFCI BANK
Mr. Mara Mamadou, Deputy CEO, Guinean Export Promotion Agency, AGUIPEX
Mr. Mbaye Adama, General Secretary, Professional Banking Association
Mr. Mevi Carlos, CEO, ORABANK
Mr. Mohamed Sacko, Specialist Marketing Grant, PDAIG
Mr. Ousmane Bah, Project Coordinator , PDACG
Mr. Peter, Austin, General Manager, Regional Economic Development (Acting), Rio Tinto Guinea
Mr. Samoura Aboubacar Demba, National Director, National Directorate of Agriculture
Ms. Sanoko Diaraye, Project Manager, Guinean Export Promotion Agency, AGUIPEX
Ms. Soumah Kadiatou, Deputy CEO, Ministry for the Promotion of Women and Vulnerable Persons, FAAEFF
Ms. Soumano Mariame, Sales Manager, APEX Trading
Mr. Sow Aboubacar, General Secretary, Professional Association of Microfinance Institutions, APIM
Mr. Sow Ibrahima, Project Manager, Banki trurks
Mr. Tenguiano Hélène, Project Manager Private Sector Promotion, National Directorate for the Promotion of the Private Sector
Mr. Tolno Eloi Cesar, Deputy CEO, Agro pastoral society of Guinea
Mr. Touré Oumar, Human Ressources Manager, APEX Trading
Ms. Touré Virginie, Deputy CEO, Ministry for the Promotion of Women and Vulnerable Persons, FAAEFF
Ms. Wilhelm, Cindy, Manager - Regional Economic Development, Rio Tinto Guinea