

Shaping policy for development

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Guinea elections: a watershed for the private sector?

The Guinean population should have been voting to elect a new legislative assembly on Tuesday this week. Instead, in an all-too-familiar pattern, the [elections were postponed](#) ↗ once again – for the fifth time in three years. Guinea today is in a condition of [political stalemate](#) ↗ which reflects both the deep-rooted mistrust that exists between the country's political elites and their debilitating inability to agree on how to consolidate the democratic transition process that began in December 2010.

The country's last – and only – legislative elections were held in 2002, and they were boycotted by opposition parties, including Alpha Condé's party the Rassemblement du Peuple Guinéen (RPG), assuming that the result was a foregone conclusion. From the other side of the fence now, President Alpha Condé and his party face a comparable situation in which a fractious [opposition has repeatedly threatened to withdraw](#) ↗ from an election it characterises as suspect. In this context, the [UN has installed a mediator](#) ↗ to facilitate dialogue between parties so that the elections are indeed held. The donor community in general views elections as absolutely critical to bring needed legitimacy to the Guinean state, and Condé's government knows that continued development aid depends upon this.

How the private sector in Guinea - largely dominated by international firms – views the prospect of elections and their impact is more ambivalent.

It is clear that many international investors consider the legislative elections essential to building legitimacy and accountability in the business environment, given the important role the future parliament should play, at least in principle, in approving new legislation and large contracts. Guinea's drawn-out and politically charged process to put in place an elected parliament has been paralysing and confusing. Successful legislative elections are seen as an important staging post to get things moving again – even if the elections and their outcome are unlikely to change the way that firms operate on a day-to-day basis.

What is less clear, however, is whether these elections will generate the certainty and predictability that has largely been missing in Guinea and that investors need to invest with confidence in the country.

Despite [early hopes accompanying Condé's election in 2010 as Guinea's first democratically chosen President](#), [the investment climate has since stagnated](#) [↗](#). This has been particularly problematic in the mining sector, where a climate of uncertainty that grew out of delayed, badly implemented and inadequately communicated reforms, has been toxic. A new Mining Code was issued and then withdrawn within days; a politicised process of reviewing contracts proceeded in fits and starts without transparency of method or timeline; the role of the state mining company SOGUIPAMI has remained unclear; and the government has struggled to meet the financial obligations it had set for itself in large infrastructure projects. The President has also undermined the authority of his own Mines Minister, [contradicting him in public](#) [↗](#) and making most decisions in an autocratic manner.

Investor confidence reached a trough in the first quarter of 2013, when most major mining companies in Guinea froze their projects or manifested serious doubts about further investment. Vale, for instance, a key investor in Guinea's iron ore industry put their operations [on hold in October 2012](#) [↗](#); Rio Tinto [cut spending](#) [↗](#) by March 2013; BHP Billiton [continued to look for a buyer](#) [↗](#) for their aluminium project, while a panoply of potential new investors from financial services, infrastructure and construction, courted by Condé's government over the course of 2012, melted away. This has been highly problematic for an illiquid government that, confronted with an extremely poor population and high levels of unemployment, especially among the youth, desperately needs to attract foreign investment.

From a private-sector perspective, then, a key issue is one of policy implementation: will the elections provide greater certainty around contracts and agreed formal rules and ensure that laws have greater binding power, or will informal and less predictable understandings and interactions continue to predominate?

The latter seems more likely. The Conseil National de Transition (CNT), the temporary, non-elected national assembly that has been in place since February 2010, has been unable or unwilling to review any major government policy thus far. The President himself has been involved in all decisions. As such, it seems unlikely that the legislative process will build a mandate which will change existing rules of the game, and so agreements reached today are highly susceptible to unpredictable alteration in the future.

This kind of uncertainty and risk is likely to leave Guinea with two types of investors: on the one hand, those who demand that official, formal decision-making processes are respected; and on the other, those – often smaller and unlisted – who are happy to engage with informal practices. The former are likely to proceed only very slowly and with caution, and will continue to see the country as high risk; the latter may invest more quickly, but are likely to shrug off both [international and domestic pressures](#) [↗](#) to behave in transparent and accountable ways.

The real challenge for the private sector thus lies in [navigating](#) between the need for certainty in an uncertain environment on the one hand, and [the need for transparency and accountability](#) [↗](#) in a highly opaque context on the other. The role that legislative elections can play in facilitating this – beyond providing window dressing for legitimacy – remains unclear.

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