



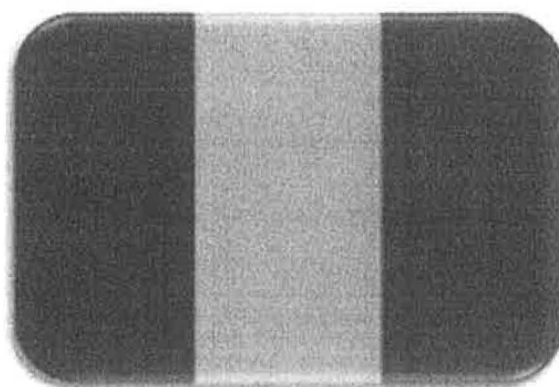
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# Country Overview

Guinea

April 2014



## Table of Contents

<b>1. Background .....</b>	<b>1</b>
1.1. General .....	1
1.2. Geography .....	1
1.3. City Locations .....	2
1.4. General Information .....	2
1.5. Transportation .....	3
1.5.1. Airports .....	3
1.5.2. Railways .....	3
1.5.3. Roadways .....	3
1.5.4. Waterways .....	3
1.6. Demographic Profile .....	4
1.7. Political Profile .....	5
1.7.1. President Alpha Condé:.....	5
1.7.2. Opposition leader Cellou Dalein Diallo .....	6
1.7.3. Political Analysis: Political System .....	7
1.7.4. Government and opposition .....	7
1.7.5. Succession .....	8
1.7.6. Insurable political risks .....	8
1.7.7. External risks.....	9
1.8. Economic Profile .....	10
1.8.1. General Condition .....	12
1.8.2. Government Management .....	13
1.8.3. Foreign Investment .....	13
1.9. Key Sectors .....	14

1.9.1. Mining.....	14
1.9.2. Agriculture .....	15
1.9.3. Fishing .....	15
1.9.4. Hydropower .....	15
1.10. Key Operating issues.....	15
1.10.1. Infrastructure.....	15
1.10.2. Legal system .....	16
1.10.3. Corruption.....	16
1.10.4. Labor issues .....	17
1.10.5. Bureaucracy .....	18
1.10.6. Pressure groups.....	18
1.10.7. Land ownership.....	18
1.10.8. Reputaion Risk.....	18
2. Country Risk Assessment.....	20

## **1. BACKGROUND**

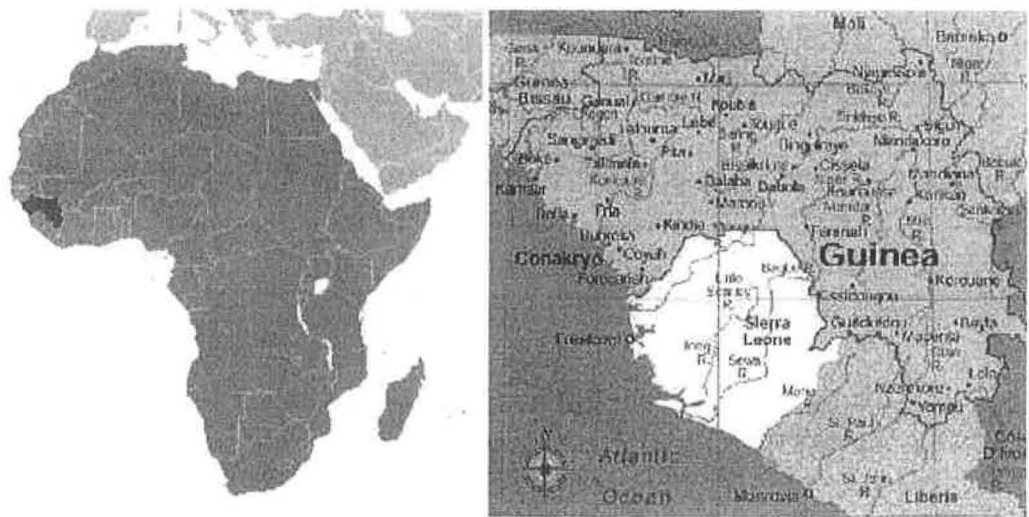
### **1.1. GENERAL**

Guinea is at a turning point after decades of authoritarian rule since gaining its independence from France in 1958. Guinea held its first free and competitive democratic presidential and legislative elections in 2010 and 2013 respectively. Alpha CONDE was elected to a five year term as president in 2010, and the National Assembly was seated in January 2014. CONDE's cabinet is the first all-civilian government in Guinea. Previously, Sekou TOURE ruled the country as president from independence to his death in 1984. Lansana CONTE came to power in 1984 when the military seized the government after TOURE's death. Gen. CONTE organized and won presidential elections in 1993, 1998, and 2003, though all the polls were rigged. Upon CONTE's death in December 2008, Capt. Moussa Dadis CAMARA led a military coup, seizing power and suspending the constitution. His unwillingness to yield to domestic and international pressure to step down led to heightened political tensions that culminated in September 2009 when presidential guards opened fire on an opposition rally killing more than 150 people, and in early December 2009 when CAMARA was wounded in an assassination attempt and exiled to Burkina Faso. A transitional government led by Gen. Sekouba KONATE paved the way for Guinea's transition to a fledgling democracy.



### **1.2. GEOGRAPHY**

Guinea is located in Western Africa, bordering the North Atlantic Ocean, between Guinea-Bissau and Sierra Leone. It has a total area of 245,857 sq km<sup>2</sup>, of which 140 sq km<sup>2</sup> is water. The DRC has a total of 3,399 km of land boundaries, and it borders: Cote d'Ivoire 610 km, Guinea-Bissau 386 km, Liberia 563 km, Mali 858 km, Senegal 330 km, Sierra Leone 652 km



1.3. CITY LOCATIONS



1.4. GENERAL INFORMATION

Full Name	Guinea
Capital	Bissau
Most Populated City	Bissau
Area	245,857 sq km

<b>Monetary unit</b>	West African CFA franc
<b>Measurement System</b>	Metric
<b>Dialling Code</b>	+224
<b>Internet domain</b>	go.co
<b>Standard Time</b>	UTC/GMT +1 hour.

## 1.5. TRANSPORTATION

### 1.5.1. Airports

Number of available airports: 16

Airports – with paved runways: total: 4

Over 3,047 m: 1

1,524 to 2,437 m: 3

Airports – with unpaved runways: total: 12

1,524 to 2,437 m: 7

914 to 1,523 m: 3

Under 914 m: 2

### 1.5.2. Railways

Total: 1,185 km

Narrow gauge: 947 km 1.000-m gauge

Standard gauge: 238 km 1.435-m gauge

### 1.5.3. Roadways

Total: 44,348km

Paved: 4,342km

Unpaved: 40,006km

### 1.5.4. Waterways

1,300 km (navigable by shallow-draft native craft in the northern part of the Niger system)

## 1.6. DEMOGRAPHIC PROFILE

<b>Population</b>	11,474,383
<b>Major Languages</b>	<ul style="list-style-type: none"> <li>French (official)</li> </ul>
<b>Major Religions</b>	<ul style="list-style-type: none"> <li>Muslim 85%,</li> <li>Christian 8%,</li> <li>indigenous beliefs 7%</li> </ul>
<b>Life Expectancy</b>	59.6 years
<b>Ethnic Groups</b>	<ul style="list-style-type: none"> <li>Peuhl 40%,</li> <li>Malinke 30%,</li> <li>Soussou 20%,</li> <li>smaller ethnic groups 10%</li> </ul>
<b>Literacy Rate</b>	<ul style="list-style-type: none"> <li>Definition: age 15 and over can read and write</li> <li>Total population: 41%</li> <li>Male: 52%</li> <li>Female: 30%</li> </ul>
<b>Age Structure</b>	<ul style="list-style-type: none"> <li>0-14 years: 42% (male 2,437,142/female 2,387,105)</li> <li>15-24 years: 19.5% (male 1,130,432/female 1,108,834)</li> <li>25-54 years: 30.4% (male 1,748,867/female 1,739,881)</li> <li>55-64 years: 3.6% (male 243,032/female 266,578)</li> <li>65 years and over: 3.6% (male 182,084/female 230,428)</li> </ul>
	<p style="text-align: center;">Male <span style="margin-left: 100px;">Guinea - 2014</span> <span style="float: right;">Female</span></p> <p style="text-align: center;">Population (in thousands) <span style="margin-left: 100px;">Age Group</span> <span style="float: right;">Population (in thousands)</span></p>
<b>Urbanisation:</b>	<ul style="list-style-type: none"> <li>urban population: 35.4% of total population</li> <li>rate of urbanization: 3.86% annual rate of change</li> </ul>
<b>Drinking Water</b>	<b>Improved:</b> <ul style="list-style-type: none"> <li>urban: 89.8% of population</li> </ul>



<b>Source:</b>	<ul style="list-style-type: none"> <li>• rural: 64.8% of population</li> <li>• total: 73.6% of population</li> </ul> <b>Unimproved:</b> <ul style="list-style-type: none"> <li>• urban: 10.2% of population</li> <li>• rural: 35.2% of population</li> <li>• total: 26.4% of population</li> </ul>
<b>HIV/Adult prevalence AIDS</b>	<ul style="list-style-type: none"> <li>• 1.7%</li> <li>• 118,100– People living with AIDS</li> </ul>
<b>Major infectious disease</b>	<ul style="list-style-type: none"> <li>• degree of risk: very high</li> <li>• food or waterborne diseases: bacterial and protozoal diarrhea, hepatitis A, and typhoid fever</li> <li>• vectorborne diseases: malaria, dengue fever, and yellow fever</li> <li>• water contact disease: schistosomiasis</li> <li>• aerosolized dust or soil contact disease: Lassa fever</li> <li>• animal contact disease: rabies</li> </ul>

### 1.7. POLITICAL PROFILE

**President:** President Alpha Condé

**Ruling party:** RPG-Arc-en-ciel alliance, led by the Rally of the Guinean People (RPG).

**Other parties:** The Union of Democratic Forces of Guinea (UFDG) and the Union of Republic Forces (UFR) are the principal opposition parties in the main opposition alliances, the Alliance for Democracy and Progress (ADP) and the Collective for the Finalization of the Transition (the Collective) respectively.

#### 1.7.1. President Alpha Condé:

Condé is a veteran opposition leader who spent two years in prison when convicted in 1998 for plotting to overthrow the president. He has been forced to spend much of his adult life in France to avoid arrest or harassment. He returned to Guinea for the 2005 local elections, in which his RPG won three major towns. He enjoys widespread



support among his ethnic Malinké, but many ethnic Peul and Forestiers, who suffered harsh abuse under Malinké former president Sékou Touré (1958-84), are highly resistant to having another Malinké president. Having come second in the first round of the presidential poll in June 2010 with only 18.25% of the vote, Condé managed to overturn the considerable margin and win the run-off by rallying minority ethnic support against his rival Peul candidate. There have been allegations that Condé rigged the elections.

Condé is first and foremost a nationalist. This political stance is not simply an effective populist tool, but is born out of more than 50 years' involvement in opposition politics. He has taken an uncompromising stance in pursuing his vision for Guinea's development, prompting accusations of an authoritarian lean. Power has remained heavily centralised under Condé, with presidential advisers providing a parallel authority structure in strategic decision-making in key ministerial portfolios. The opposition has been vehemently critical of his uncompromising ruling stance and perceived manipulation of the state apparatus to benefit his party interests.

#### **1.7.2. Opposition leader Cellou Dalein Diallo**

Having served in government since 1996, and as prime minister between 2004 and 2006, Diallo was the front-runner in the 2010 presidential race, suffering a shock defeat to Condé. Despite securing the vast majority of Peul votes, he was unable to appeal to the wider electorate. However, with his commercial connections and the support of several key political figures, including military junta leader Gen Sékouba Konaté, Diallo is likely to maintain considerable political influence.

Diallo became president of the UFDG in 2007 and took part in a September 2009 political protest in the capital Conakry in which 157 opposition protesters were killed. In the run-up to the September 2013 legislative elections, he led further mass rallies and protests against the government's perceived failure to implement electoral reforms and engage with opposition demands. However, he generally adopted a more moderate tone than some of the hardliners within the opposition's ranks.

### 1.7.3. Political Analysis: Political System

In contrast with many other West African countries, Guinea has not experienced large-scale civil conflict in the years since independence in 1958. However, power has traditionally been concentrated in the presidency; cronyism and corruption are rampant; elections have been neither free nor fair; and opposition parties have faced significant obstacles. There have been multiple coup attempts, and two successful coups, one of which brought former president Lansana Conté (1984-2008) to power. The December 2008 coup following Conté's death and subsequent political disruption underline the continued threat of military intervention in civilian politics. Political parties will continue to be generally organized along ethnic lines, exacerbating ethnic tensions at times of social unrest.

### 1.7.4. Government and opposition

The ruling Rally of the Guinean People (RPG) was founded in exile in 1988 and established in Guinea in 1992 following the legalisation of opposition parties. President Alpha Condé both leads and dominates the party, drawing core support from the eastern ethnic-Malinké majority, which represents around 30% of the national population. Like its leader, the party faced consistent repression under Conté's regime, which was conscious of the potential threat posed by supporters of former president Sékou Touré (1958-84).

In the immediate aftermath of Condé's election victory, relief at the conclusion of a volatile transition period contributed to broad support for his administration. However, continued frustrations over the slow progress of change and development, limited job opportunities and poor public-service delivery have eroded initially high public expectations.

The main opposition Union of Democratic Forces of Guinea (UFDG) is led by Cellou Dalein Diallo. The party has always attracted high-profile political figures, including several defectors from the Conté regime, but leadership squabbles have historically undermined cohesion. However, Diallo has injected the party with renewed impetus and cohesion, and has united the ethnic Peul voting block, which represents approximately 40% of the population. These achievements were underlined in Diallo's sweeping victory in the first round of the 2010 presidential vote, in which he garnered 43% of the vote. However, a failure to create viable alliances or attract

non-Peul votes ultimately led to his narrow and contested defeat in the run-off with Condé. Diallo remains a vocal and powerful critic of the current administration, lambasting the government for its perceived failure to implement reforms ahead of the September 2013 legislative elections during a protracted – and frequently violent – political standoff. He will seek to exploit rising popular frustration over the slow pace of development and reform to mount a concerted challenge for the presidency in 2015.

Trade unions have been at the forefront of criticism of past governments and the former National Council for Democracy and Development (CNDD) military junta. With the election of a traditional opposition party in November 2010, unionism and political opposition were expected to experience a lull. Instead, they have remained a vocal source of criticism. Union members are vulnerable to co-option by powerful vested interests in the political environment, contributing to their lead role in some political protests.

#### **1.7.5. Succession**

The next presidential election is due in 2015. As a first-term president, there has been little talk of the succession plan despite Condé's advanced age (he is 75). However, should Condé die or be killed while in office the military would be highly likely to seize power again.

#### **1.7.6. Insurable political risks**

Despite a stated commitment to attracting and retaining foreign investment to drive development, especially in light of extremely limited domestic capacity, policy-making has often been paradoxical, while relations with investors have been tense. Although the risk of outright nationalization of strategic sectors is limited, the government has frequently adopted a nationalist stance in its policymaking in the mining sector in particular.

A new mining code adopted in September 2011 was criticized for imposing excessively stringent terms on the industry in a high-risk operating environment where companies' capital investment requirements are huge. Although the code brought greater clarity to the fiscal, regulatory and legal framework governing the mining sector, it substantially increased state participation and profit share from the sector without providing a 'political risk discount' to operators.

Following sustained industry criticism and a shift in global market conditions, the government in April 2013 amended the 2011 code, providing fiscal cuts that were welcomed by mining operators. However, companies must now embark on a fraught contract renegotiation process to bring mining contracts in line with the new code. Given the legacy of disputes surrounding some contracts, which are highly politicized because of perceptions of corruption and mismanagement under past administrations, it will be extremely difficult for the contract review process to be conducted on purely technical and commercial grounds. Companies holding contested contracts will face somewhat arbitrary 'settlement agreements' to settle outstanding contractual disputes or face the risk of contract revocation. In this context, there is also a credible risk of certain contracts getting tied down in legal action as evidence to substantiate claims repeatedly made by public officials remains limited.

#### 1.7.7. External risks

Guinea borders Sierra Leone, Liberia and Côte d'Ivoire, whose civil wars have had a negative impact on the country. Most recently, the 2010-11 political crisis in Côte d'Ivoire raised concerns over the potential for a protracted conflict to affect broader regional stability. However, the resolution of the Ivorian crisis and the broadly positive trajectory of Sierra Leone and Liberia underline the potential for improvements in the geopolitics of the region.

Guinea has in the past played an active role in regional efforts towards co-operation and integration, including participation in the sub-regional Economic Community of West African States (ECOWAS) and the African Union (AU), and has contributed to diplomatic and military efforts to resolve the conflicts in Sierra Leone, Liberia, Guinea-Bissau and, most recently, Mali. Guinea was suspended from both the AU and ECOWAS following the December 2008 coup, with the latter having imposed an arms embargo over the killing of 157 opposition supporters by the security forces in the

capital Conakry in September 2009. Both institutions have since re-admitted Guinea to their membership committees.

Guinea is a member of the Mano River Union, formed in 1973 to establish a customs and economic union between Guinea, Liberia and Sierra Leone. It has offered asylum to nearly 700,000 refugees from those three countries since 1990, despite the high economic and environmental costs. However, conversely, it was also a major arms supplier to combatants in Sierra Leone and Liberia.

### 1.8. ECONOMIC PROFILE

Guinea is a poor country that possesses major mineral, hydropower, solar power, and agricultural resources. Guinea has historically been an exporter of agricultural commodities, but in recent years has shifted to importing the majority of food crops. Bauxite is Guinea's main mineral resource as well as its main source of foreign currency. Guinea is the second largest producer of bauxite in the world and has the largest reserves of bauxite, estimated at 29 billion tons. The country also has significant iron ore, gold, and diamond reserves. However, Guinea has been unable to profit from this potential, as rampant corruption, dilapidated infrastructure, and political uncertainty have drained investor confidence. In the time since a 2008 coup following the death of long-term President Lansana CONTE, international donors, including the G-8, the IMF, and the World Bank, significantly curtailed their development programs but, following the December 2010 presidential elections, the IMF approved a new 3-year ECF arrangement in 2012. Guinea in September 2012 reached HIPC completion point status. Further international assistance and investment are contingent on the ability of the government to be transparent, combat corruption, reform its banking system, improve its business environment, and build infrastructure. International investors have expressed keen interest in Guinea's vast iron ore reserves, which could propel the country's growth. The government in April 2013 amended the September 2011 mining code to reduce taxes and royalties. Longer range plans to deploy broadband Internet throughout the country could spur economic growth as well. The biggest threats to Guinea's economy are political instability and low international commodity prices.

<b>GDP</b>	\$12.56 billion
<b>GDP (official exchange rate)</b>	\$6.544 billion

<b>GDP – real growth rate</b>	2.9%
<b>GDP – per capita (PPP)</b>	\$1,100
<b>GDP – composition, by end use</b>	<ul style="list-style-type: none"> <li>• household consumption: 84.7%</li> <li>• government consumption: 12.4%</li> <li>• investment in fixed capital: 37.1%</li> <li>• investment in inventories: 0%</li> <li>• exports of goods and services: 22.8%</li> <li>• imports of goods and services: -57%</li> </ul>
<b>GDP – composition, by sector of origin</b>	<ul style="list-style-type: none"> <li>• agriculture: 22.9%</li> <li>• industry: 46.5%</li> <li>• services: 30.5%</li> </ul>
<b>Agriculture – products</b>	<ul style="list-style-type: none"> <li>• rice,</li> <li>• coffee,</li> <li>• pineapples,</li> <li>• palm</li> <li>• kernels,</li> <li>• cassava (manioc),</li> <li>• bananas,</li> <li>• sweet potatoes;</li> <li>• cattle,</li> <li>• sheep,</li> <li>• goats;</li> <li>• timber</li> </ul>
<b>Industries</b>	<ul style="list-style-type: none"> <li>• bauxite,</li> <li>• gold,</li> <li>• diamonds,</li> <li>• iron ore;</li> <li>• alumina refining;</li> <li>• light manufacturing,</li> <li>• and agricultural processing</li> </ul>
<b>Industrial production growth rate</b>	4.6%
<b>Labour force</b>	5.409 million
<b>Unemployment rate:</b>	NA

**Exchange rate:**

Guinean francs (GNF) per US dollar -

- 6,875
- 6,986
- 5,726.1
- 5,500
- 5,500

**1.8.1. General Condition**

Until the death of former president Sékou Touré (1958-84) in 1984, Guinea was a closed, socialist economy. However, it is working towards reform and the development of an open market economy. Guinea is rich in mineral resources, and a combination of high commodity prices and global growth in demand for minerals before the economic downturn generated optimistic economic forecasts. However, the economy remains underdeveloped, exacerbated by the fact that relations with international donors remain strained because of the country's failure to ensure political freedoms and prosecute state abuses. Donor streams remained largely suspended during the extended period of democratic limbo in 2010-13. Meanwhile, poor policymaking and institutional capacity shortfalls have stalled development in the private sector.

Despite positive growth projections and improvements in economic management, the economic situation remains difficult. According to the IMF, real GDP growth reached 4.8% in 2012, but a disruptive political standoff over the legislative elections and continued policy drag saw growth slip to an estimated 2.9% in 2013. The IMF forecasts growth of 5.2% in 2014.

High inflation and substantial currency depreciation have combined to make Guinea one of the poorest countries in the world and, despite growth in the commodities sector, the standard of living has fallen. The poverty rate, which stood at 49% in 2002, reached 55% in 2010. In the UN Development Program's 2013 Human Development Index, Guinea was ranked 178th out of 186 countries. Prices for basic commodities and fuel continue to rise, and nearly half the population lives below the poverty line.



### **1.8.2. Government Management**

The government has achieved some notable successes in its economic management, such as improving monetary and fiscal responsibility to stabilize the economy, and achieving a two-thirds write-off of the country's \$3.2bn public debt in collaboration with the IMF. Although such progress provides a foundation for future progress and growth, it has done little to alleviate immediate socio-economic woes, perpetuating frustration among a large section of the population.

In recent years, aid from the World Bank, the IMF, the African Development Bank, the Islamic Development Bank, France and the EU has been suspended for a variety of reasons, including the government's failure to rein in spending and its poor human rights record. International assistance and investment are expected to recommence following the holding of legislative elections in September 2013, but levels will depend on the ability of Condé's government to combat corruption, improve governance and effectively manage public finances.

### **1.8.3. Foreign Investment**

The country has a wealth of mineral resources, including the world's largest bauxite (aluminum ore) reserves, billions of tons of high-grade iron ore, significant diamond and gold deposits, oil, and undetermined quantities of uranium. There is also considerable potential for growth in the hydropower, agricultural and fishing sectors.

The country in 1998 revised its private investment code to stimulate growth and encourage foreign investment. The code does not discriminate between foreigners and nationals, and provides for the repatriation of profits. It also permits more favorable terms for investments outside Conakry. A new mining code was published in 2011 and amended in 2013 with the dual intention of facilitating greater foreign investments in Guinea's mining sector by creating a clearer legal and regulatory framework, and increasing the government's stake in projects. Nonetheless, the previous government's erratic and autocratic governance style, corruption and mismanagement, and entrenched political interests at the highest level of government illustrate that significant obstacles are likely to persist for foreign investors.

## **1.9. KEY SECTORS**

### **1.9.1. Mining**

Mining is the country's largest source of income, accounting for around 80% of foreign exchange. The country is home to about a third of the world's reserves of bauxite, of which around 18m tons per year are exported to Russia, Ukraine and South Korea. Bauxite accounts for approximately 34% of total revenue from goods exports. The Guinea Bauxite Company (CBG) is the main player in the bauxite industry. CBG is a joint venture in which 49% of the shares are owned by the government, and 51% by an international consortium led by Alcoa and Rio-Tinto-Alcan. Russia's Rusal is also a major player in the bauxite industry. Both the Alcoa-Rio Tinto-Alcan consortium and the Guinea Alumina Corporation (GAC) – whose stakeholders include BHP Billiton – have signed conventions with the government to build large alumina refineries with a combined capacity of around 4m tons per year.

In 2004, the GAC joint venture began feasibility studies on a 250 sq mile (650 sq km) bauxite mining site. Although production was originally scheduled to commence in mid-2012, it is unlikely to begin until 2015. Meanwhile, Alcoa and Rio Tinto-Alcan are in the early construction phase of a small refinery. Taken together, they represent the largest private investment in sub-Saharan Africa since the Chad-Cameroon oil pipeline, and could see a 40% increase in Guinea's bauxite production on completion. China in 2008 likewise announced that it would fund a \$1bn hydropower dam in return for bauxite concessions.

Rio Tinto in December 2008 postponed development of its Simandou iron ore concession, the world's biggest undeveloped iron ore deposit, with an estimated 2.25bn tons of ore. After the announcement, the government said that it planned to retract rights to the northern part of the deposit, which it later awarded to Beny Steinmetz Group Resources (BSGR). The site remained in dispute until April 2011, when Rio Tinto signed an agreement with the government to develop its two remaining blocks of Simandou in exchange for a once-off \$700m payment to the government, which settled outstanding disputes. However, issues surrounding the financing of the government's substantial stake in the project's infrastructure continue to stall the project. Meanwhile, the BSGR blocks remain embroiled in a heavily politicized dispute that will require difficult negotiations to resolve.

### **1.9.2. Agriculture**

Agriculture accounts for only around 20% of GDP, but employs more than three-quarters of the working population. The main agricultural exports include bananas, pineapples, and coffee and palm products.

### **1.9.3. Fishing**

With a 188-mile (300km) coastline, and a continental shelf that reaches up to five miles (8km) from the shore, Guinea has significant potential fishing resources. European countries compensate the government for the right to fish in its waters, but many local people are also engaged in artisanal fishing and processing. However, as elsewhere in West Africa, decreasing fish supplies and other factors are making it harder to earn a living in this sector.

### **1.9.4. Hydropower**

Guinea is home to the sources of the Senegal, Niger and Gambia rivers, and there is significant potential for the development of hydroelectric power. However, only two hydroelectric plants have so far become operational. China has agreed to build a new hydropower dam for \$1bn in return for rights to bauxite concessions, but this project is in the very early planning stages.

## **1.10. KEY OPERATING ISSUES**

### **1.10.1. Infrastructure**

Infrastructure suffers from major problems. There are widespread power and water shortages. Less than 10% of the country is on the power grid and the power company suffers greatly from non-payment of bills. Most businesses rely on costly generators. There is a lack of clean, potable water. Roads are poorly maintained, often unpaved and generally inadequate. It is often necessary to build or upgrade existing roads to improve access to a remote site. Private companies are developing the port at Kamsar.

There are several active railway lines for industrial use, connecting Debele, Fira and Sangaredi mines to the harbour in the capital Conakry. There are other railway lines that are not currently in use, and ones planned for the future. These tend to be built or maintained by private industry. Some big mining investors are also planning to build new cross-country railway links, including some that would link Guinea with its neighbours, such as Liberia.

Businesses are not required to commit to development projects. However, in the interest of maintaining good community relations, the vast majority undertake such projects, including constructing health centres and schools, and improving roads.

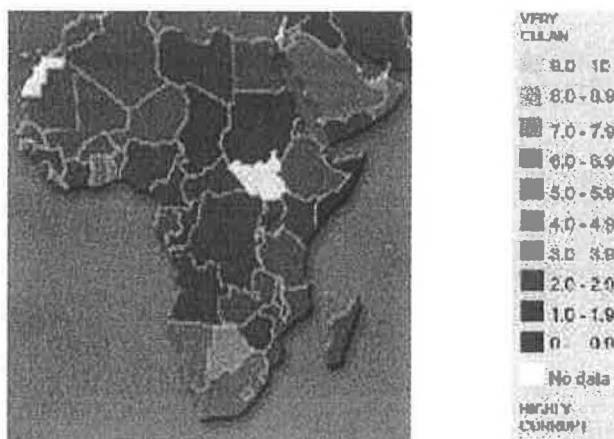
#### **1.10.2. Legal system**

The penal code, which is based on French civil law, provides for a fair and independent judiciary, including presumption of innocence, right to counsel and right to appeal. However, in practice, the system is corrupt, and in politically sensitive cases judges often defer to executive influence. Many citizens rely instead on traditional systems of justice at the village or urban neighbourhood level. Businesses have reported disillusionment with the judicial system because of corruption, bribery and duration of process, but note that in cases where it is in Guinea's economic interest, the courts can perform better.

#### **1.10.3. Corruption**

Corruption is a serious and pervasive problem, ranging from small bribes to avoid hassle at roadblocks to paying to reverse a judicial decision. Guinea was ranked 150th out of 177 countries in corruption watchdog Transparency International's 2013 Corruption Perceptions Index (where first place is occupied by the country perceived to be least corrupt), placing it just above Angola (153rd), but below Central African Republic, Cameroon and Nigeria (144th). The most common forms of corruption include payments to secure a public contract and obtain public services. Businesses are sometimes asked to pay up to 20% of the value of a contract in bribes and forfeit

additional amounts from the invoice to receive payment. Bribes to customs officials are also common.



**INTERNATIONAL CORRUPTION INDEX: GUINEA SCORING – 150/177**

#### 1.10.4. Labor issues

Trade unions were suppressed under former president Sékou Touré (1958-84), but made legal again in 1990. They are currently active and increasing in political prominence. Unions are not antagonistic towards industry; nationwide strikes in 2006, 2007 and 2008 were motivated by grievances against the government, not private-sector employers. Similar reasons have largely driven continued union activism since President Alpha Condé's election in 2010. For example, output at the Friguia refinery was almost completely halted by a 16-day strike over pay in April 2010, with further strikes also recorded on the project in 2012-13.

There are no laws concerning local employment requirements, though businesses are encouraged to employ as many people as possible from the local labour pool. In mining and related industries, there is to an extent a trained workforce, which can, for example, operate heavy mining machinery. However, even in this field, companies should expect to have to implement training programmes for large-scale projects.

Generally, there is a dearth of workers with adequate training in technical and professional fields. The country suffers considerably from 'brain drain', with educated people tending to leave the country to pursue better opportunities elsewhere.

**1.10.5. Bureaucracy**

Guinea performed poorly in the World Bank's 2014 Doing Business report, ranking 175th of 189 countries. Bureaucracy can be very slow and inefficient. Companies are advised to find a local partner who will deal with the many layers of paperwork and expedite the process. However, while patience is required, bureaucracy should not be considered a major obstacle to business.

**1.10.6. Pressure groups**

Deforestation and pollution are growing problems. However, there are no widespread, organized initiatives to address them. NGOs are active in the mining sector, as are labour unions, which in recent years have been at the forefront of increasing political pressure on the government on a range of issues.

**1.10.7. Land ownership**

The government does not restrict foreign land ownership and does not have a history of seizing or nationalising land. Under Touré, the economy followed a largely socialist model, but under former president Lansana Conté (1984-2008) the government changed course, and encouraged private and foreign investment.

**1.10.8. Reputaion Risk**

The country's human rights record has in the past been cited as among the reasons for the suspension of various types of international aid. Problems include serious infractions by the security forces, such as during a September 2009 opposition protest in the capital Conakry, when 157 opposition supporters were killed, and inhumane and life-threatening prison conditions.

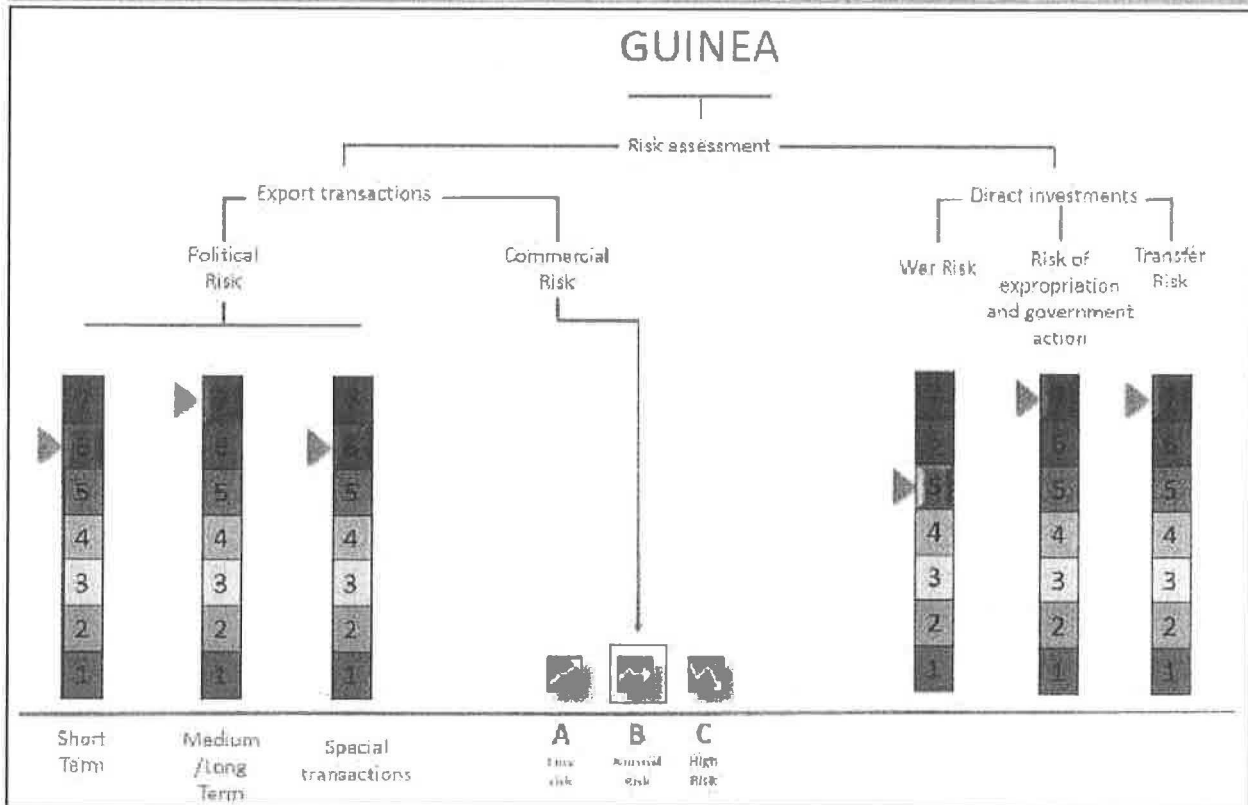
Guinea is a source of, transit point and destination for international people trafficking. It is also a key transit point within West Africa because fraudulent passports are easily obtained and Economic Community of West African States (ECOWAS) nationals do not need visas. However, trafficking of people within the

country, from poor rural areas to urban centres, is most common. Women are forced into domestic labour, the sex trade and other industries. Children are trafficked to provide forced labour in agriculture and diamond-mining camps, as well as for domestic labour.

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## 2. COUNTRY RISK ASSESSMENT

### Risk overview



### Political Risk – High

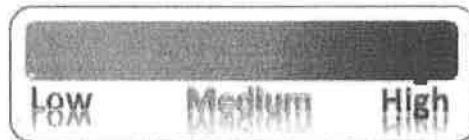


The November 2010 election victory of President Alpha Condé and the installation of a civilian government marked a milestone in Guinea's history. Condé's administration not only represented a return to civilian leadership after two years of military rule, but was also the country's first democratically elected government since independence in 1958. However, political stability remains fragile, underlined by a June 2011 assassination attempt on Condé and a protracted – and frequently violent – political standoff between the government and opposition in the build up to legislative elections that were eventually held in September 2013.



Ethnic competition, corruption, military interference and popular expectations regarding living standards and public-service delivery will remain destabilising factors, and have led to socio-economic and political unrest. Meanwhile, persistent political squabbling and debate over electoral reforms are likely to distract the government from important sector reform initiatives and business engagements.

#### Operational Risk – High



Poor infrastructure poses major problems for operators. Water and power shortages are widespread, and most businesses rely on costly generators. Roads are poorly maintained, often unpaved and generally inadequate, and companies frequently have to build or upgrade roads to improve access to remote sites. The judicial system is corrupt, and in politically sensitive cases judges often defer to executive influence. Corruption is a serious and pervasive problem, which most commonly manifests in demands for payments to secure a public contract and obtain public services. Unions are not antagonistic towards industry. The amendment of the 2011 mining code in April 2013 has brought greater clarity to mining-sector policy, but uncertainty persists over contractual terms and stability as the government seeks to bring existing contracts in line with the new code.

#### Security Risk - Medium




The main security threats include socio-economic and political unrest, which can manifest in protests, general strikes and looting. The threat of unrest increases substantially during election periods. Since Condé assumed office, public expectations have gradually given way to frustrations over the slow pace of progress and development, elevating the threat of unrest. Meanwhile, the threat of unrest among the security forces is likely to persist as the military protests over long-standing grievances such as treatment and pay. An attack on the presidential residence in 2011 by renegade military elements underscores the continued threat to democratic rule posed by factions within the army, which remains overbearing and heavily

politicised. Street crime is the most common issue in cities and foreigners are often targeted because of their perceived wealth. Security planning is advisable for operations in all areas.

#### **Terrorism Risk – Low**



There is no recent history of terrorism and there are no local terrorist groups. The risk of terrorist activity of any kind is low.



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