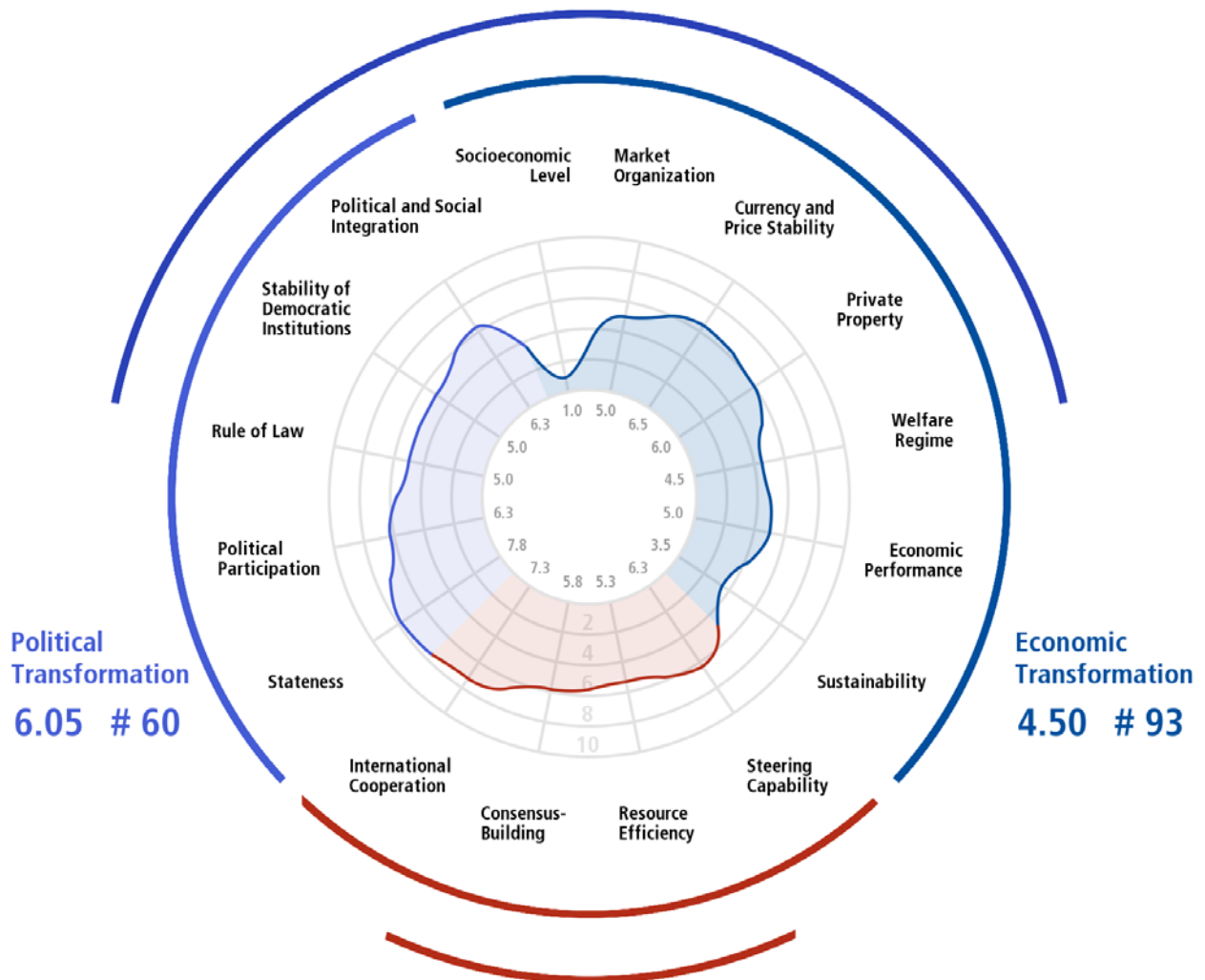


Guinea

Status Index

5.28 # 71

on 1-10 scale out of 129



Political Transformation
6.05 # 60

Economic Transformation
4.50 # 93

Governance Index

5.82 # 38

on 1-10 scale out of 129

This report is part of the Bertelsmann Stiftung's Transformation Index (BTI) 2018. It covers the period from February 1, 2015 to January 31, 2017. The BTI assesses the transformation toward democracy and a market economy as well as the quality of political management in 129 countries. More on the BTI at <http://www.bti-project.org>.

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Key Indicators

Population	M	12.4	HDI	0.414	GDP p.c., PPP \$	1311
Pop. growth ¹	% p.a.	2.5	HDI rank of 188	183	Gini Index	33.7
Life expectancy	years	59.4	UN Education Index	0.365	Poverty ³	% 70.3
Urban population	%	37.7	Gender inequality ²	-	Aid per capita \$	44.5

Sources (as of October 2017): The World Bank, World Development Indicators 2017 | UNDP, Human Development Report 2016. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.20 a day at 2011 international prices.

Executive Summary

After years of mismanagement, corruption, security force abuses, violently contested elections and wars in neighboring countries, Guinea has achieved a plateau of long-sought calm. The advent of this stability had been interrupted by the West African Ebola epidemic, which began in Guinea in 2014 and afflicted the country into 2015. With Ebola under control, soldiers returned to their barracks, regional wars largely over, and President Alpha Condé in the concluding years of his final term, the government should finally have the chance to govern and provide services to its citizens.

The 240-MW Kaleta hydroelectric dam, operational since 2015, is providing electricity to Guineans in the western third of the country as well as surplus electricity for sale to Senegal, Gambia and Guinea Bissau. More dams are planned. Guinea's potential to provide electricity to the entire region will diversify its economy, as will using this new electrical capacity to refine the country's bauxite and iron ore domestically.

Ebola confirmed that the government had made little headway on effectively governing the country at the local level. The Condé government is charged with undoing decades of neglect by the central government, abuses by security forces and local officials, and failures to provide adequate health, education, and infrastructure. Deep mistrust of government outreach during the epidemic at times escalated to violence. The government responded by militarizing public health strategies. Both government officials and international partners should learn important lessons from this experience.

Guinea has once again become a good neighbor, as a member of the Mano River Union, ECOWAS, and the African Union, curtailing the use of its territory for international illicit narcotics transshipment. President Condé is one of West Africa's elder statesmen. Guinea has sent nearly 1,000 peacekeepers to support the United Nations' peacekeeping mission in Mali.

Under the Condé administration, Guinea has joined the Extractive Industries Transparency Initiative, secured debt relief through the Heavily Indebted Poor Countries (HIPC) Initiative and considerably improved in major corruption indices. Paradoxically, it has simultaneously slid downward in the United Nations' Human Development Index, ranking 182 out of 188 countries. Stagnant income and poor education have contributed to this outcome.

Overall, Guinea is primed to rapidly advance, especially if continued progress in the policy areas noted is accompanied by serious interventions in the health and education sectors.

History and Characteristics of Transformation

In pre-colonial times, much of Guinea's territory was organized into Islamic theocratic states, especially in the Fouta Djallon mountains and in Upper Guinea. In the coastal and forest regions, village chiefs ruled separated communities. France took an imperialistic interest in Guinea at the end of the 19th century. In Upper Guinea, which borders the old kingdom of Mali, agricultural produce such as peanuts and cotton could be grown; these would secure a connection to Senegal, Western Sudan (present-day Mali), and the Sahel regions. The French met armed resistance from leaders such as Almamy Samori Touré and Yaya Diallo.

Guinea began to attract greater attention when bauxite and other minerals were discovered in the 1930s and, once again, after World War II. Investments were primarily made in infrastructure to facilitate mining. This development nurtured the formation of a working class that became the kernel of Guinea's national movement, soon to be joined by Guinean women and youths. After World War II, a socialist trade union movement mobilized these social groups to demand self-government. On September 28, 1958, Guinea voted against General de Gaulle's referendum on membership in a Communauté Française that encompassed all of French West Africa. France broke off all relations with Guinea, which declared independence on October 2, 1958, under President Ahmed Sékou Touré.

As the Cold War raged, Guinea pursued a nationalist vision of development in an era of transformation. As Guinea's first president, Sékou Touré became one of the foremost leaders of the Non-Aligned Movement and sought to eliminate the deficiencies of the colonial period, particularly in infrastructure and basic needs; he also wanted to end the country's dependence on Europe and proposed the formation of a United States of Africa with Ghana and Mali. As the first Francophone country in Africa to declare independence, Guinea received support from socialist countries, the United States and West Germany. Sékou Touré's regime (first republic until 1982, second republic with a new constitution until 1984) became a dictatorship, infamous for its torture camps where numerous real and imagined opponents were detained and died. Sékou Touré's Guinea also became notorious worldwide for its succession of real and invented coup attempts. After Sékou Touré's death in 1984, the military seized power under Colonel Lansana Conté.

After the Cold War, a new multiparty constitution (third republic) was introduced in 1991 with a formal orientation toward democracy and a market economy. Economic policies focused on the government-owned mining sector and other state or parastatal enterprises. In the 1990s, a more liberal society developed and the economy briefly flourished. However, President Conté never intended to create a genuine democracy – that is, to allow for a change of power. Manipulated elections, oppression and intimidation poisoned the political climate. Donor funds did not translate into improved economic development. After falsified parliamentary and presidential elections in 2002 and 2003, respectively, Guinea’s economy began to severely deteriorate, a situation aggravated by President Conté’s illness.

Beginning in the 1990s, Guinea was seriously affected by civil wars in neighboring Sierra Leone (1991 – 2002), Liberia (1989 – 2003) and Côte d’Ivoire (2002 – 2011). At times, there were more than one million refugees in the country of eight million. By 2006, most refugees had left Guinea or integrated into its population. An attack by Liberian government forces and associated groups in 2000 and 2001 was quickly repelled, but entailed severe destruction in some parts of the border region.

Conté finally died in office at the end of 2008. Three months after its fiftieth year of independence, Guinea had only had two presidents. Captain Moussa Dadis Camara and a group of lower-ranking officers took power in a coup. They ruled in an increasingly erratic and authoritarian manner until the massacre and mass rape of unarmed civilians in September 2009 caused them to lose all credibility. A United Nations Commission of Inquiry into crimes against humanity was ongoing in December 2009 when Dadis Camara’s aide de camp shot Camara in the head out of anger at being made to take the blame for the massacre.

The implosion of the junta quickly led to Guinea’s first ever multiparty presidential elections in 2010 (followed by legislative elections in 2013). These elections were hotly contested, with candidates Alpha Condé and Cellou Dalein Diallo going to the second round and Condé being declared the winner amid claims from Diallo and his supporters that the elections had been rigged. During his first term, Condé gradually restored some order to the economy and reinstated civilian control of the military. At the end of that term, the West African Ebola epidemic hit Guinea and its neighbors Sierra Leone and Liberia. Guinea is now beginning to emerge from that severe shock.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

Transformation Status

I. Political Transformation

1 | Stateness

Police and gendarmerie capacity is limited and there is scattered banditry. While Upper Guinea is generally responsive to state governance, other parts of the country are occasionally resistant. Forested Guinea and parts of Maritime Guinea resisted some public health outreach during the Ebola epidemic, blocking access to villages and in some cases attacking representatives of the state or organizations (e.g., Red Cross and Medecins sans Frontieres) perceived to be working with the government. In the mountainous Fouta Jallon region, the opposition UFDG party is strongest and many citizens contest the legitimacy of the state. As in the capital Conakry, Fouta Jallon towns including Labe and Mamou occasionally experience uprisings of disgruntled youths fighting against security forces in the streets.

The large majority of the population accepts the nation-state as legitimate, despite efforts by the political opposition to disqualify the sitting government. Almost all Guineans recognize the prerogatives and institutions of the state, even if they oppose the individuals filling particular posts, including the presidency.

Although ethnic tensions exist, there are no constraints on who qualifies as a Guinean citizen. Guinean society has a strong sense of nationhood, partly because of the country's history (i.e., Guinea spearheaded independence from colonialism).

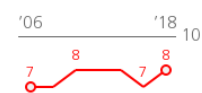
Guinea is a largely Muslim country. Around 85% of the population are Muslims, around 8% are Christians and around 7% adhere to traditional African religions (i.e., Animism).

Guinean state and society recognize the principle of secularism. Religious dogmas have only a minor influence on the legal order and political institutions. The state, however, has historically been anxious to maintain control over religious authorities, who were often integrated into patronage systems. In addition, politicians must consider that most voters and citizens are devout Muslims (or adherents to other faiths).

Question
Score

Monopoly on the use of force

8



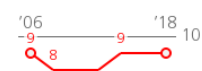
State identity

9



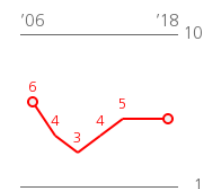
No interference of religious dogmas

9



The state provides basic services, including education, health care (e.g., vaccinations) and policing beyond the capital. Services are often inconsistent and citizens complain that they are forced to pay for services they consider to be entitlements. In 2015, 77% of the population had access to safe drinking water and 20% to improved sanitation.

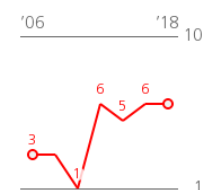
Basic administration
5



2 | Political Participation

Guinea held open multiparty presidential elections in 2010 and 2015 and legislative elections in 2013. Long-postponed local elections were scheduled for 2014, but postponed once again by the 2014 and 2015 Ebola epidemic. Since the beginning of 2016, there has been no convincing justification for their further delay. In October 2016, the government signed a political agreement with the opposition confirming the organization of local elections in early 2017.

Free and fair elections
6

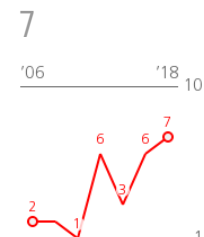


As in the era of the semi-authoritarian Lansana Conté (1984 – 2008), opposition parties complain that elections are not completely free and fair, but African and European observer missions have considered the last legislative and presidential elections as being mostly fair. The U.S. State Department notes limitations, but reports only a few constraints on the electoral process. Political parties must comply with a female quota and a ban on ethnic parties, but are otherwise not restricted. According to U.S. sources, many parties failed to comply with the gender quota and there were cultural restrictions on the participation of women in the elections.

The most severe limitation to free and fair elections in Guinea is electoral violence. During demonstrations before, during and after the 2015 presidential elections, Amnesty International and Human Rights Watch documented and reported several incidents (most in the capital Conakry) involving the security forces that left at least 10 people dead. In addition, dozens of people were arbitrarily arrested and tortured. One year after the incidents, Amnesty International and Human Rights Watch jointly issued a letter of complaint urging the government to end its inaction and hold the security forces and party activists involved in these incidents responsible.

The government is elected democratically and elected officials have considerable ability to govern Guinea. A potential anti-democratic veto actor is obviously the military that controlled the country for decades. The military is less of a political force than it used to be (e.g., the threat of an imminent coup is low), but still enjoys great influence, which explains the impunity of security forces for various human rights abuses. Given Guinea's history of coups, the Economist Intelligence Unit (EIU) estimates that the relationship between the military and the civilian government is a matter of considerable political sensitivity. According to the EIU, Condé will continue his efforts to limit the influence of the military in civil affairs. Ethnic and

Effective power to govern
7



political party elites can also constitute power blocs with the ability to sway government policies.

Guinea's constitution guarantees freedom of assembly and association. The government generally respects freedom of association, but opposition demonstrations have frequently been met with force. International observers such as the U.S. State Department and Amnesty International have reported excessive and often lethal use of force by security forces. Several activists were killed in demonstrations leading up to the 2015 elections. While the numbers killed or injured have been far lower than under past administrations, they remain in the high double digits for the Condé government since its December 2010 inauguration.

In addition, as reported by the U.S. State Department, the law bans any meeting that has an ethnic or racial character and any gathering "whose nature threatens national unity." The government requires 72-working-hours advance notification for public gatherings. The law permits local authorities to prohibit a demonstration or meeting if they believe it poses a threat to public order. Authorities may also hold event organizers criminally liable if violence or destruction of property occur.

Despite a long history of muzzling the press, the Guinean constitution ensures freedom of expression. Guinea has only one state-owned television station, but private radio has grown rapidly since being legalized in 2006. According to foreign observers such as the U.S. State Department, independent and opposition-owned media were active and generally expressed a wide variety of views. Print media, however, had limited reach due to the low literacy rate and the high cost of newspapers. For many, radio remained the most important source of information and numerous private stations broadcast throughout the country. FM radio call-in shows were popular and allowed citizens to express broad discontent with the government.

However, libel laws, censorship and harassment have all been used in the period under investigation against Guinean journalists, though many continue to risk the consequences. Call-in radio programs and print newspapers are often deeply critical of the president and his administration. The U.S. State Department reports numerous limitations on press freedom, including the penalizing of stations and journalists who broadcast reports critical of government officials, their policies and conduct. For instance, in March 2015, as the U.S. State Department reports, Dabola's Prefect threatened to arrest a Guinean Press Agency correspondent after he reported on the presence of Tuaregs in the district. In August 2016, during a political rally, the communication minister declared his intent to "correct the behavior" of "unscrupulous journalists" before the presidential election. Some journalists accused government officials of attempting to influence the tone of their reporting with inappropriate pressure and bribes. Others had to protect themselves by hiring bodyguards and many practiced self-censorship.

Association /
assembly rights

6

'06 '18 10



1

Freedom of
expression

6

'06 '18 10



1

3 | Rule of Law

Guinea's constitution stipulates the separation of executive, legislative and judicial powers. Under the socialist (1958 - 1984), Conté (1984 – 2008) and Camara (2008 – 2010) governments, such separation was rarely upheld in practice. Under Alpha Condé, a legislature was elected in 2013. Condé's Rally of the Guinean People (RPG) party holds a plurality, but not a majority of legislative seats, though more seats than the next four parties combined. As in many other African presidential systems, there is a certain dominance of the executive.

The judiciary is not fully independent, but there are signs that judicial independence has slightly increased. Judges on the Supreme and Constitutional Courts are variously appointed by the head of state in consultation with the National Assembly, appointed by the President without consultation or chosen by their peers.

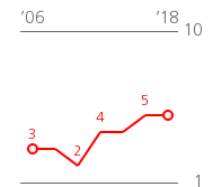
Judges on the Supreme and Constitutional Courts are variously appointed by the President of the Republic in consultation with the National Assembly, appointed by the President without consultation or chosen by their judicial peers. The judiciary is independent in principle, but many Guineans question the extent to which judicial decisions are swayed by money or political influence. Trust is generally low despite the fact that the situation is improving. In one older survey by the government's own National Institute of Statistics, only 20.5% of respondents expressed confidence in the judicial system and 18.1% in the Supreme Court. According to comparative Afrobarometer data from 2017, 42% of respondents have experienced problems in dealing with the courts (e.g., access, delays and paying bribes).

Officeholders who benefit illegally from their positions are perceived as getting away with their crimes without consequences. Officeholders who break the law are typically moved out of government rather than prosecuted. The Guinean press is attentive to wrongdoing, so abusers of public office are likely to at least be publicly shamed. President Condé is perceived as still being beholden to many of the interest groups who helped him to power and, consequently, as either uninterested in or unable to punish those who illegally enrich themselves. Corrupt members of the government can often return to official positions after a moratorium or are directly transferred to a different position (e.g., the present Minister of Fisheries Moussa Condé). Overall, the situation does seem to have improved since the time of President Conté (1984 – 2008) and the CNDD junta (2008 – 2010).

Civil rights are guaranteed by law but only partially respected in practice. Conditions in Guinean prisons are harsh to the point of being life-threatening and security forces continue to be accused of rape, torture, and using excessive force. Such abuses are probably at an all-time low historically, but they have not been eliminated.

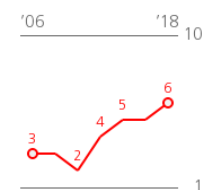
Separation of powers

5



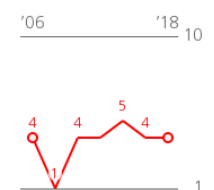
Independent judiciary

6



Prosecution of office abuse

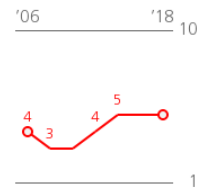
4



Civil rights

5

According to Human Rights Watch and other international observers, there were less reports of human rights violations by security forces. However, security forces were implicated in numerous incidents of excessive use of force and unprofessional conduct, including theft and extortion, as they responded to election-related protests. As already detailed in the section “Free and fair elections,” most of these wrongdoings were not properly prosecuted.



Nevertheless, the government made some progress in the dispensation of justice and in ensuring accountability for past atrocities, including the 2009 stadium massacre of unarmed demonstrators by security forces. However, concerns about unprofessional conduct by judicial personnel and the lack of judicial independence remained.

According to a human rights report by the U.S. State Department, the law does not provide women with the same legal status and rights as men, including on inheritance, property, employment, credit, and divorce. The labor code adopted in February 2014 prohibits gender discrimination in hiring. Women nevertheless routinely experienced discrimination in employment, pay and education. Traditional laws discriminate against women and sometimes took precedence over formal law, particularly in rural areas. Likewise, ethnic discrimination extends to the courts.

4 | Stability of Democratic Institutions

Guinean institutions, including the National Assembly, judiciary, public administration, and local government, perform their functions in principle and some of the time in practice. There is widespread dissatisfaction with the fact that local government elections continue to be postponed, seven years after the Condé government took power. Local officials are thus perceived as representatives of the central state and not of local populations.

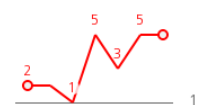
Performance of democratic institutions



Commitment to democratic institutions



Although opposition parties complained of irregularities in the legislative elections, the National Assembly is generally considered legitimate by relevant actors. The judiciary is questioned more and local government is largely considered illegitimate. Tensions between local populations and local government became evident during the Ebola crisis, when many communities rejected and even attacked health outreach and burial teams.



5 | Political and Social Integration

The political party system is relatively stable, with the three biggest parties (i.e., Alpha Condé's RPG, Cellou Dalein Diallo's UFDG, and Sidya Touré's UFR) all having existed for over a decade. As only one legislative election has been held since the end of the authoritarian regime, there is only limited information on voter volatility. RPG, UFDG and UFR altogether gained more than 80% of the vote share in the 2013 legislative elections, with Condé's RPG securing almost 50%. This result was more or less replicated in the 2015 presidential elections among the presidential candidates of these parties.

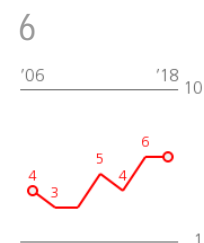
The RPG and UFDG have tended to treat the two largest ethnic groups as ready-made electoral constituencies, but other parties, including the UFR have more even support in all regions of the country. The tendency toward ethnic parties has resulted in significant polarization between (though not within) parties, including electoral violence. In addition, political parties are highly personalized and dependent on their leaders.

Guinea has relatively strong unions and professional organizations. Though controlled by the one-party state during the socialist period, they have been independent and outspoken for at least a decade. Civil society groups must constantly seek patronage from international donors or local actors, risking political cooptation. At key moments over the past decade, disparate groups have worked together, counterbalancing tendencies toward polarization.

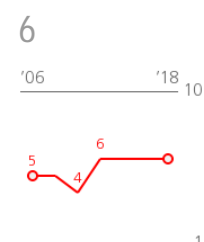
Polling suggests that 82% of Guineans support democracy. At the same time, only 43% reject a presidential dictatorship, a one-party system and military rule. According to the most recent Afrobarometer survey, only 43% of respondents want democracy (more detailed results refer to the period before 2015). This paradox expresses ambivalence with a political system that has yet to deliver serious economic improvements and has often opened a Pandora's box of intercommunal tensions, especially around election time.

Many years of authoritarian rule, which included pressure on citizens to inform against their neighbors and relatives, eroded relations of trust. Trust may also have decreased as a result of rising ethnic tensions, especially between Peul and Malinke. High levels of poverty also mean that many Guineans have to compete with one another for scarce material and political goods. Despite this, there is a strong sense of national unity and identity in Guinea, partly forged by many years of isolation and deprivation. Many Guineans belong to civic and cultural organizations. Exact data from opinion polls on social trust and other pertinent indicators is unavailable, dated or unreliable.

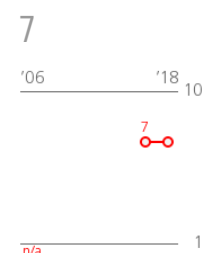
Party system



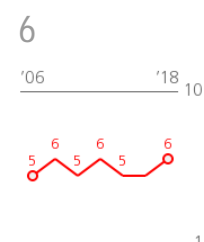
Interest groups



Approval of democracy



Social capital



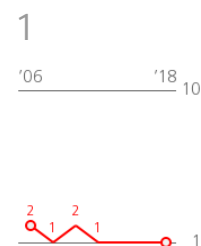
II. Economic Transformation

6 | Level of Socioeconomic Development

Guinea is one of the poorest countries in the world. It currently ranks 182 out of 188 countries assessed by the United Nations' Human Development Report, representing a slide of almost 20 places since 2005, though this may be due to the fact that current data is more accurate. Like other post-socialist countries, Guinea has a relatively low Gini coefficient (33.7), indicating moderate income inequality. A very large percentage of Guineans (68.7%) live in poverty, placing Guinea 22nd from the bottom (among countries reporting such data), despite having the world's largest bauxite reserves, major untapped iron ore reserves and many other economic resources. Women are relatively well-represented in the workforce, another legacy of the socialist era, when women were actively promoted in schools and workplaces. However, both girls and boys are held back by the failing education system, which provides the average Guinean student with only 2.4 years of schooling. There is no quantitative data available on gender inequality. However, according to international sources such as the U.S. State Department, women continue to suffer from disadvantages, sometimes due to traditional or religious attitudes within the population.

Question
Score

Socioeconomic
barriers



Economic indicators		2013	2014	2015	2016
GDP	\$ M	6231.7	6624.1	6699.2	6298.9
GDP growth	%	2.3	0.4	0.1	5.2
Inflation (CPI)	%	11.9	9.7	8.2	8.1
Unemployment	%	7.0	7.0	6.9	6.8
Foreign direct investment	% of GDP	0.0	-1.1	-0.8	24.0
Export growth	%	1.2	1.1	0.6	0.7
Import growth	%	6.3	4.7	1.3	3.1
Current account balance	\$ M	-1161.0	-	-	-

Economic indicators		2013	2014	2015	2016
Public debt	% of GDP	34.0	35.1	42.1	42.9
External debt	\$ M	1404.5	1419.8	1389.4	1378.2
Total debt service	\$ M	83.7	75.6	99.7	64.3
Net lending/borrowing	% of GDP	-	-	-	-
Tax revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	9.7	9.1	8.6	7.6
Public education spending	% of GDP	3.5	3.2	-	-
Public health spending	% of GDP	2.4	2.7	-	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	3.2	3.0	3.3	2.5

Sources (as of October 2017): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

7 | Organization of the Market and Competition

The Condé government has worked to bring in a market framework, lessening government interference (e.g., fixing currency conversion rates and granting no-bid contracts to cronies) in the economy. The Guinean franc (GNF) floats and, after almost six years of hovering at an exchange of about GNF 7,000/\$1, the exchange rate climbed to around GNF 9,000/\$1 in mid-2016. Several international court cases against business owners who paid bribes to gain advantageous positions in mining negotiations with the prior government are helping to establish a principle of non-government interference in the economy.

In the Heritage Foundation's Index of Economic Freedom, Guinea ranks 169th out of 180 countries and 42nd out of 47 countries in Sub-Saharan Africa. The Heritage Foundation comments that the advancement of economic freedom in Guinea has been uneven. Dynamic gains from relatively high openness to global trade are largely undercut by lack of progress in improving the investment regime and regulatory efficiency. A lack of a consistent commitment to structural reform continues to prevent more dynamic investment in the mining sector. The informal sector is large, but its scope is difficult to quantify.

Market-based competition

4

'06 '18 10

4 3 4

1

Guinea has a long history of state monopolies, both under the socialist government (1958 –1984) and under the post-socialist government, in which the president, the Guinean army and various cronies controlled large portions of the economy (importation of rice, cement, large-scale construction).

There is some regulation to prevent monopolies in Guinea, but enforcement and investigative capacity is low. Cellular telecommunications are competitive and the financial sector is open, offering Guinean customers more services.

Trade within the West African Economic and Monetary Union is subject to an average 12% most favored nation tariff. There are other additional taxes and levies; total tariffs and duties can surpass 40%. In principle, both people and goods can travel freely across borders within the Economic Community of West African States zone, but crossing Guinea’s borders can be slow and costly in practice. Guinea has been a member of the WTO since October 25, 1995, and a member of GATT since December 8, 1994. Given the country’s dependence on the export of natural resources, Guinea’s integration in the world market is uneven and one-sided.

The banking system was characterized by a state monopoly under socialism and gradually liberalized over the course of the 1990s and 2000s. There is little de facto supervision. The financial sector remains underdeveloped according to the Heritage Foundation’s Index of Economic Freedom and continues to provide a very limited range of services. Many people still rely on informal lending and have no bank accounts.

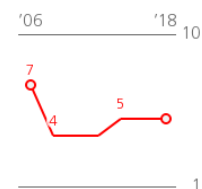
Most economic activity remains outside the formal banking sector, as there are fewer than ten commercial banks. The banking sector is dominated by two French companies and the Togo-based Ecobank. Local SMEs are severely underserved by the international brands. Regional banks such as Ecobank operate in Guinea, but the banking system and capital markets are still poorly differentiated. According to 2016 World Bank data, the ratio of non-performing loans stands at 10.1% and the bank capital to assets ratio at 9.3%.

8 | Currency and Price Stability

Since the Condé government took power in late 2010, inflation has steadily declined, from over 20% in 2011 to 8.6% in 2016. After some five years at an exchange rate of GNF 7,000/\$1, the Guinean franc jumped to just over GNF 9,000 to \$1 in mid-2016. While controlling inflation and allowing the value of the Guinean franc to float have been policy goals, the Ebola epidemic and other shocks have rendered this difficult. The Banque Centrale de la République de Guinée (BCRG), the central bank, has adopted a prudent monetary policy stance according to the Economist Intelligence Unit, with a gradual tightening in response to rising inflationary pressures and in an attempt to raise international reserves.

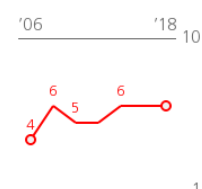
Anti-monopoly policy

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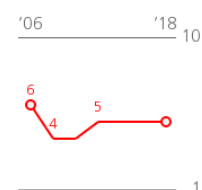
Liberalization of foreign trade

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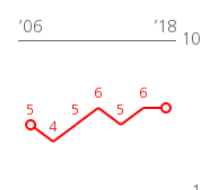
Banking system

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Anti-inflation / forex policy

6



The Condé government has attempted to promote macroeconomic stability, but this work has been rendered more difficult by several factors beyond its control. The 2008 global financial crisis was followed by a 2008 coup d'état and a period in 2009 during which the military junta pillaged most of the state's reserves and entered into corrupt deals with international investors. In 2014 and 2015, the West African Ebola epidemic – which began in Guinea – brought almost all mining activities to a halt. Current accounts balances since 2011 have stood at about \$1.1 billion. Public debt for 2015 stood at about 53% of GDP, a third of what it was a decade earlier. External debt in 2015 was \$1.4 billion, after hovering around \$3.5 billion from 2005 to 2012. 2015 total reserves were about \$250 million, down slightly from 2014, but more than twice the 2011 level.

9 | Private Property

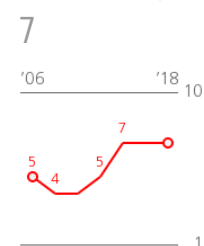
Property rights and regulations on acquisition, use and sale are well defined, but as a formerly socialist and authoritarian society, such rules are not always enforced. It takes 44 days to register property in Guinea according to the World Bank's Doing Business report. The Heritage Foundation has also assessed property rights to not be effectively protected. Although both foreigners and citizens have the right to own property and businesses, enforcement of these rights depended on a corrupt and inefficient legal and administrative system. In addition, land sales and business contracts generally lacked transparency. The pervasive impunity and corruption of public institutions additionally hampers the effective protection of private property.

In principle, private companies are legally allowed and can operate in the country. They are also viewed as important engines of growth; legal safeguards exist. However, private companies coexist in Guinea with habits and expectations inherited from the socialist period: a preference for a strong state responsible for a large share of employment and welfare provision. The state, however, is weak and poorly funded and thus not able to satisfy these expectations. Over time, barriers to doing business have diminished; today it takes only eight days and six procedures to start a business in Guinea.

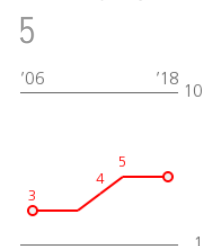
10 | Welfare Regime

Social safety nets are rudimentary and cover only a limited number of risks for relatively few beneficiaries. The Caisse Nationale de Sécurité Sociale (CNSS; National Fund for Social Security) is the government body responsible for providing social welfare, but is inadequately funded. The majority of the population is at risk of poverty. People often must rely on extended family networks and private charity for social security.

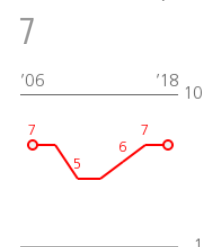
Macrostability



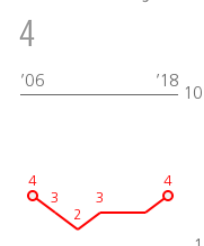
Property rights



Private enterprise



Social safety nets



Guinea is poor despite its massive mineral wealth. Performance on some indicators has improved. For example, life expectancy in 2014 was 58 years, having steadily risen from 52 years in 2004. Over the same period, the percentage of GDP spent on health has tripled, from 0.9% to 2.7%. Nonetheless, the social safety net remains extremely fragile and most Guineans are forced to rely on extended family (including Guineans living overseas who can send home remittances) when confronted with health or other emergencies.

There remains significant gender inequality in Guinea, though both pre-colonial institutions and socialist era policies reserved important political and economic roles for women. Literacy rates for males were 38% and females 23%, according to the 2016 issue of World Bank Development Indicators. While female students attend primary school at 90% the frequency of males, this ratio fallen to 50% in tertiary education. Still, it is important to contextualize this by noting that fewer than 11% of Guineans attend tertiary educational institutions. Alongside these educational disparities, it remains the case that women have consistently made up 45% of the workforce. There is no pronounced ethnic or religious denial of equal opportunity, though Guineans do complain of ethnic or regional favoritism practiced in both the public and private sectors.

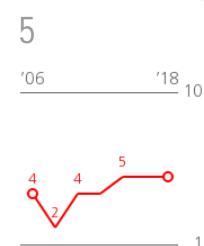
The U.S. State Department reported in 2015 that while the law prohibits racial or ethnic discrimination, discrimination by members of all major ethnic groups occurred in private sector hiring; also noted was ethnic segregation of urban neighborhoods and ethnically divisive rhetoric during political campaigns. In addition, ethnically targeted violence occurred during the period under investigation.

11 | Economic Performance

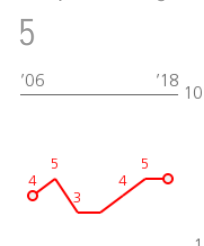
Guinea's recent GDP growth has been hampered by the recent Ebola epidemic, which caused most mining and other foreign operations to close down, in some cases permanently. While FDI accounted for 19% of GDP in 2011 and 11% in 2012, it fell to just 1% in 2014 and 2015. After several years of growth between 2.3% and 3.9%, the economy plummeted to 0.4% in 2014 and 0.1% in 2015. This was partly due to the Ebola crisis, but also because of the slump in commodity prices. More tellingly, GDP per capita, adjusted for purchasing power, has remained stagnant over the past decade, ranging between \$1,100 and \$1,200.

Inflation has steadily diminished from over 30% in 2005 to about 8% in 2016. Unemployment is estimated at about 2% by the World Bank, but underemployment is surely much higher. Despite the shock of the Ebola epidemic, Guinea spent 13% of GDP on gross investment in 2015.

Equal opportunity



Output strength



12 | Sustainability

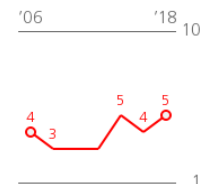
Like most other nations in its economic group, there is no pronounced awareness of ecological issues and the government does not integrate environmental goals into its tax and other policies. Guinea does conduct environmental impact studies for development and business projects, including dams and mining sites. The opening of the Kaleta hydroelectric dam in 2015 opened a new era of increasing renewable electricity production. The government has also attempted to engage in policies to promote more sustainable ways of fishing. However, the Ministry of the Environment has never seen robust budgets or politically powerful ministers at its helm. While the ministry has noted the environmental degradation caused by several mining operations, it has done little to force any changes in mining practices.

Guinea spent 3.5% of GDP on education in 2013, double that spent in 2005. With a literacy rate of just over 30%, tertiary enrollment of 11% (primary and secondary enrollment stand at 91% and 39%, respectively), and universities that have been handicapped by years of neglect, the country is poorly positioned to support research and development. There is no estimate for expenditures in this area.

The ratio of gross enrollment for women and men also shows an unfavorable gender balance in the education sector, standing at 0.9 for primary, 0.7 for secondary, and 0.5 for tertiary education. This is, however, less pronounced than in many other Sub-Saharan countries.

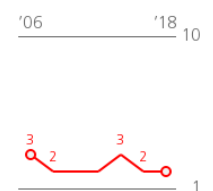
Environmental policy

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Education policy / R&D

2



Governance

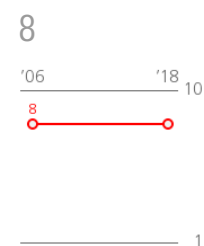
I. Level of Difficulty

Guinea faces many challenges to pushing forward reforms. Deep poverty, poor education, an unskilled labor force, the reliance on natural resources as the backbone of export and the economy, weak infrastructure and the recent Ebola epidemic each amplify one another. The country also suffers from decades of poor economic policies and human rights violations, especially during the socialist era and subsequent military regimes. The Condé government has made substantial progress in setting the foundation for economic predictability and growth, but most of Guinea's structural challenges will take decades to fully redress. The country has a favorable geography and, unlike its neighbors Liberia, Sierra Leone, and Côte d'Ivoire, has not experienced a major civil war.

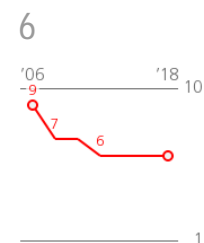
Civil society in Guinea has been valiant and there are many civic associations, but they are challenged by the same massive structural constraints that face all members of Guinean society. In addition to economic and infrastructural constraints, a history of authoritarianism has eroded trust among Guineans and the practice of arbitrary violence by security forces has instilled fear. Despite this, Guineans have regularly fought for justice and often been able to recognize (and demand) the collective good, even when it competed with the short-term interests of a subset of society. Much of this sense that “we are Guineans first and members of a religion or an ethnicity only second,” was developed during the Sékou Touré period between 1958 and 1984.

Guinea has experienced serious intercommunal clashes, with the most recent large-scale conflict taking place in Forested Guinea in 2013, killing about 500. Since that time, such clashes have become fewer in number and lower in intensity. There were small violent events at the time of the Ebola epidemic (including the stoning of an Ebola sensitization team), but these were not fueled by factors (e.g., identity) that would facilitate their escalation to large-scale violence. As the Condé government has gradually become more present in the work of day-to-day governance and exerted greater control over the security forces, the root causes of many conflicts are being addressed before they result in violence. Both the rhetoric and actions of political parties that draw on largely ethnic constituencies have also calmed during the last two years, leading to fewer clashes between party supporters or between supporters and security forces.

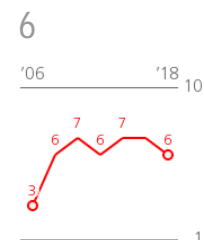
Structural constraints



Civil society traditions



Conflict intensity



II. Governance Performance

14 | Steering Capability

The government has set clear priorities under President Condé, a major change from the prior two administrations. Establishing civilian control over the military, providing electricity to an increasing number of citizens and businesses, reestablishing macroeconomic stability and creating an environment conducive to foreign investment (especially in the mining sector) have been the top priorities of the government. Condé is in his second and last term, and so does not need to worry about reelection. His government has made significant progress on the first three priorities, though the fourth (i.e., FDI in the mining sector) was dealt a heavy blow by the Ebola epidemic.

Other issues, including providing health and education to citizens and tamping down corruption, have seen less progress and are still in desperate need of policy reforms.

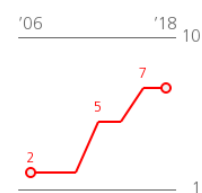
The government has had relative success in implementing its own policies. First, it has clearly articulated priorities and plans for achieving them, something not much seen in Guinea since the end of the socialist period in 1984. Second, Guinea has benefited from the ending of wars in neighboring countries, which has facilitated a focus on domestic issues. Much needed reforms of the military, reintroduction of an economic policy framework after several years of chaotic pillage, and construction of hydroelectric dams to provide electricity to Guinea and the wider region have all moved forward. Guinea reached the HIPC decision point in 2012; the forgiveness of some of its debt has favored economic prosperity. The Ebola outbreak was a devastating and unexpected blow, exposing how fragile Guinea's progress out of its recent, chaotic past has been. Guinea's health system was shown to be weak and underfunded and trust between citizens and government also appeared tenuous.

The Guinean government under President Condé has shown considerable flexibility. In the political realm, he has found a way to bring long-time opponent Sidya Touré into his coalition. Condé appears to be more reconciliatory than during his first term, perhaps partly because of learning and partly because he has effectively weakened his more dangerous rivals. Possibly the biggest learning effect could be seen in the process of developing the mining code. On the economic side, the government has pivoted from its almost total reliance on mining operations for revenue to a more balanced approach that incorporates Guinea's massive hydroelectric potential into the economic strategy.

Question
Score

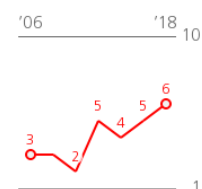
Prioritization

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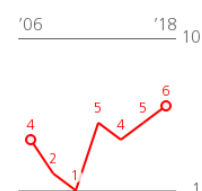
Implementation

6



Policy learning

6



15 | Resource Efficiency

The government’s record on its use of resources is mixed. The state balance remains unbalanced and debt may rise to fund future projects such as hydroelectric dams. The Economist Intelligence Unit expects the fiscal deficit to widen from 4.3% of GDP in 2016 to 4.5% of GDP in 2017 as subsidies on fuel and election-related spending weigh on the government’s purse.

The Ebola epidemic demonstrated how thinly stretched government capacity is in Guinea as well as the major gap between the government’s involvement in party politics and courting international investment and the day-to-day business of governing at the village/neighborhood level. Health facilities were totally inadequate and citizens’ trust in the information they received from local administration and international public health actors was met with deep skepticism. This indicates that while the present government is much better organized than its predecessors, it has a long way to go before it governs effectively nationwide (i.e., from the capital down to the local level).

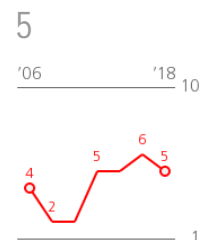
The government has the will to juggle and coordinate conflicting objectives, but limited means with which to do so. Civil-military relations are a case in point. On the one hand, President Condé has justifications to further weaken the security forces’ potential to exert political influence. On the other hand, he must do so extremely carefully and cannot always take action against members of the security forces, for instance, when they are responsible for human rights abuses.

Another challenge refers to abject poverty and the need to improve macroeconomic stability. The government intended to address the deep suffering of most of the population, who survive without electricity or clean water, and with poor health and educational services. Either they intended to take on these challenges at the same time as the macroeconomic clean-up and they failed, or they never even intended to address the quality of life for the majority of Guineans.

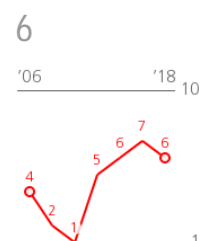
Horizontal coordination within state administration is limited and there are few consequences for failing to deliver results.

Guinea has joined the Extractive Industries Transparency Initiative under the Condé administration, which is one of the major international body to promote good governance in mining and other extractive sectors. Domestically, President Condé established a National Audit Commission in June 2011, which joined the preexisting (but moribund) National Anti-Corruption Commission, National Anti-Corruption Agency and Auditing Committee for Oversight of Strategic Sectors of the Economy. The Agence Nationale de la Promotion de la Bonne Gouvernance et de Lutte contre la Corruption (ANLC), created in 2004, is the only state agency focused solely on fighting corruption. It is an autonomous agency, but reports directly to the president.

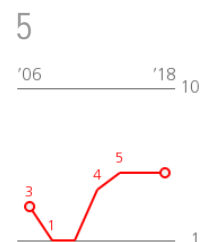
Efficient use of assets



Policy coordination



Anti-corruption policy



The ANLC investigates anonymous tips concerning possible corruption cases received by the Bureau of Complaint Reception. According to U.S. sources, however, during the period under investigation, there were no prosecutions based on any of these tips. Notwithstanding, Guinea's placement in international assessments of corruption have been constantly improving. Despite this improvement, however, most Guineans continue to see corruption as a major challenge. The Heritage Foundation, similar to other observers such as the EIU and the U.S. State Department, laments that "lingering corruption further undermines judicial effectiveness and government integrity, impeding more vibrant private sector economic activity."

16 | Consensus-Building

Major political actors including political leaders, parties, civil society, and intellectuals agree in principle on the value of democracy and a market economy. Under this rhetorical agreement, however, lie several deep-seated reservations. Some see the "game" of multiparty democracy as an all-or-nothing affair in which the winners and their constituents enjoy the economic spoils of their victory and others are frozen out of the game.

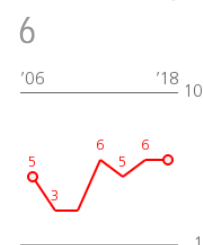
Most major political actors subscribe to market economics as an ideal. As in many other African countries, however, the observation that "you can't eat democracy" points to some degree of frustration with a political and economic package of reforms prescribed from outside the continent which has not led to immediate or obvious benefits in the lives of ordinary people. Alongside this skepticism is the fact that though Guinea's socialist experience also involved considerable poverty and suffering, there was greater social cohesion during that period.

It is difficult to identify clear-cut anti-democratic actors. Most Guineans, including major political actors, are convinced that multiparty electoral democracy is the least bad form of government, despite their recognition that election seasons often lead to violent clashes. Still, Guineans generally complain that they have too few opportunities to weigh in on the work being done by politicians in their name, as in the case of the long-delayed local elections. The army has long been seen as the most powerful spoilers, but both officers and rank-and-file seem convinced that they should refrain from involvement in politics.

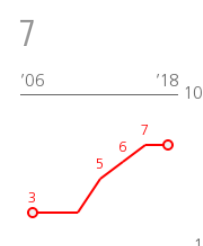
The main political cleavage is ethnic. Divisions can be observed between mainly ethnic Maninka (Malinke, Mandingo) and Fulbe (French: Peul, Portuguese: Fula, Hausa: Fulani). The ethnic cleavage is intertwined with the political cleavage between the government and opposition forces; confrontations between government and opposition sometimes turn violent.

The Condé government has softened slightly since coming to power, but there is still a strong perception that Condé and his RPG government have placed most positions

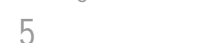
Consensus on goals



Anti-democratic actors



Cleavage / conflict management



of significant power in the hands of ethnic Maninka and members of their party. Tensions between the RPG and the ethnic Fulbe-dominated UFDG party remain high, though Condé has brought Sidya Touré, the head of the UFR party and a former ally of the UFDG's Cellou Diallo, into his government.

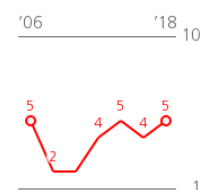
Alpha Condé has developed a reputation for being relatively uninterested in collaborating with civil society actors. The government has followed his lead, although several former civil society actors have been incorporated into government.

While the government has not invited civil society actors to help them set a governance agenda, civil society has forced its priorities onto the Guinean scene in collaboration with international actors. Guinean human rights activists thus work closely with Human Rights Watch and Amnesty International. Democracy activists cultivate their relationships with the International Foundation for Electoral Systems and the OSCE. Transparency activists work closely with Transparency International and the Extractive Industries Transparency Initiative. In all of these cases, these national–international coalitions make their cases to the embassies of the United States, France, and the EU mission, lobbying them to use their diplomatic and financial leverage to put these agendas at the center of their discussions with the Guinean government. The Condé administration is thus constrained to collaborate with civil society, if only via these international intermediaries.

The previous governments of Touré, Conté and the military junta all committed serious human rights violations against their citizens. The most recent substantial event was the 28 September 2009 stadium massacre that followed the coup d'état of December 2008. When 50,000 demonstrators protesting against the new junta gathered in the national stadium, the security forces opened fire, killing at least 157 and injuring 1,253. More than six years on, the domestic investigation continues into the September 2009 massacre, largely by members of the elite Presidential Guard, of opposition supporters at a rally in Conakry.

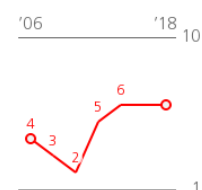
While legal actions and other attempts to address the injustice were initially slow, the situation has improved, as recognized by international advocacy groups such as Human Rights Watch (HRW). Since legal proceedings began in 2010, the panel of judges appointed to investigate the massacre has made important strides, as HRW reports, having interviewed more than 400 victims and charged 14 suspects, including several high-level members of the security forces. Meaningful steps taken in 2015 included the charging of former coup leader Moussa Dadis Camara and his then-vice president, Mamadouba Toto Camara.

In addition, there are two major cleavages in Guinea that require reconciliation: between ethnic Maninka and members of the small ethnic groups in the southeastern Forested Guinea (especially the Kpelle) and between ethnic Fulbe and Maninka. The former cleavage has not received sufficient government attention, with postures on



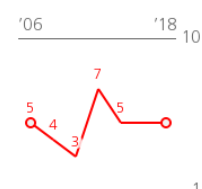
Civil society participation

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Reconciliation

5



both sides potentially explosive, especially in and around the city of N'Zerekore. The Fulbe-Maninka cleavage mirrors the electoral competition between the UFDG and RPG parties, respectively; histories of abuse and oppression have become articles of faith within the parties, effectively blocking the path toward reconciliation.

17 | International Cooperation

The Guinean government has used foreign investment and diplomatic support to generally beneficial effect in the areas of infrastructure construction (especially hydroelectric power) and restructuring the military. In particular, the institutional framework of the mining sector and overall macroeconomic stability have been improved with the help of donors.

The Ebola crisis, however, demonstrated significant shortcomings. The Guinean government's response to the outbreak in its first nine months was largely one of denial amid worry that foreign investors would be scared away. For this and other reasons (e.g., insufficient health system capacity and widespread distrust of government), the outbreak grew to a full-blown epidemic between April and September 2014.

The Condé government has been far more credible than the Camara and Conté governments before it. Under this government, Guinea reached the HIPC decision point (providing much needed debt relief), joined the Extractive Industries Transparency Initiative and combated corruption more efficiently. The present government also has a much better record in terms of human rights and democracy. It has also made significant strides in curtailing Guinea's use as an international illicit narcotics transshipment hub. Nonetheless, much work remains to be done, as exemplified by the fact that Guinea participates in principle in the Kimberley Process regulating diamond production, but only a tiny fraction of the diamonds mined in Guinea actually pass through the process.

Guinea is an important member of the Mano River Union (along with Sierra Leone, Liberia, and Côte d'Ivoire) and Economic Community of West African States (although it is not a member of the monetary union, the West African CFA franc). In the context of international peacekeeping, the Guinean Army has sent a battalion of peacekeepers to the MINUSMA peacekeeping mission in Mali.

Tensions with neighboring countries eased in recent years. The Ebola epidemic required considerable cooperation with Liberia and Sierra Leone, as the disease did not stop at borders. Guinea was able to resolve its long-standing diplomatic dispute with Sierra Leone on Yenga, a Sierra Leonean town at the border of both countries. During Sierra Leone's civil war, the Republic of Guinea sent troops into Yenga to help the army of Sierra Leone. After the rebels were defeated, Guinean troops remained in Yenga. The two heads of state settled this dispute in May 2013 and Yenga was returned to Sierra Leone.

Effective use of support

7

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Credibility

7

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Regional cooperation

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Strategic Outlook

Guinea has long been a contradictory nation. Containing the world's largest bauxite reserves and some of the largest high-quality untapped iron reserves, it also has diamond, gold, and uranium reserves and is the source of most of West Africa's rivers. Yet it remains one of the poorest countries on earth. Among its neighbors, it is the only country never to have experienced a civil war or separatist insurgency, yet levels of ambient violence, including abuses perpetrated by the security forces, has remained high.

While many aspects of the Condé administration's governance are laudable, especially in comparison to the violent and chaotic military government that preceded it, there remains much room for improvement. President Condé has demonstrated a disinclination to compromise or include his political opponents, though the December 2015 rapprochement with opposition leader Sidya Touré is a sign that this may change. Instances of violent clashes between supporters of Cellou Dalein Diallo's UFDG party and the security forces have also diminished in number and intensity.

Economic factors generally look promising. Guinea's debt burden has diminished, its mining contracts are now made public for citizens to scrutinize and the country is diversifying its economy, with a new emphasis on electricity generation afforded by the geography's many rivers. Long-term plans should include industrial plants for refining and smelting metals; when world prices for iron and steel rise, Guinea will be well-placed to negotiate deals to exploit the Simandou and Nimba iron reserves while retaining more jobs and income within the country, rather than shipping raw ore or alumina out to be processed overseas.

The government has also made major progress in reforming the military and reinstating civilian control. Given the Guinean military's history of interference in politics, this must remain a priority for years to come, though it does appear that the most perilous period has passed.

The government's political legitimacy is seriously undercut by its failure to hold local elections. These elections were already overdue when Condé was elected in 2010 and there is no convincing justification for their further delay. The absence of elected local officials allowed Condé's opponents to call into question the results of the legislative elections, which were overseen at the local level by presidential appointees. Mistrust between the population and government officials also became evident during the Ebola epidemic, when citizens in several parts of the country rebuffed public health outreach.

Along with long-term planning to diversify Guinea's economy on the back of new infrastructure, provision of government services at the local level should be the most pressing medium-term priority. Once officials are elected, they should be supported with resources to deliver education at the primary and secondary levels and build a robust health infrastructure. It is instructive that even poor but better organized neighboring countries Nigeria, Mali and Senegal experienced cases

of Ebola, but were able to swiftly stop the disease's spread using standard public health techniques. Guinea did no better than its neighbors Sierra Leone and Liberia, both of whose health systems had been destroyed by war in the 1990s and early 2000s. Guinea, in contrast, had faced no such grievous challenge.