

REPUBLIC OF GUINEA

Work - Justice - Solidarity



**Guinea is back and ready for
business**

OCTOBER 2013

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ACRONYMS

ADB	African Development Bank
AGOA	African Growth and Opportunity Act
ANC	Antenatal Care
ANFE	Adult and Non-formal Education
APIP	Private Investment Promotion Bureau
APRM	African Peer Review Mechanism
BOT	Build-Operate-Transfer
BCRG	Central Bank of the Republic of Guinea
CFPP	Post-Primary Vocational Training Centres
DSF	Defense and Security Forces
ECF	Extended Credit Facility
ECOWAS	Economic Community of West African States
EDG	Electricity Company of Guinea
EDS-MICS	Demographic and Health Survey - Multiple Indicators
EITI	Extractive Industries Transparency Initiative
ENAM	National School of Arts and Trades
ENI	Teacher Training College
ERAM	Regional Schools of Arts and Trades
EU	European Union
GDP	Gross Domestic Product
GNF	Guinean Franc
GPHC	General Population and Habitat Census
GRBMPA	General Regulations of Budget Management and Public Accounting
GWh	Giga Watt-Hour
HCSRMA	High Commissioner for State Reform and Modernization of the Administration
HEI	Higher Education Institution
HILF	High Intensity Labor Force
HIPC	Heavily Indebted Poor Countries Initiative
HIV/AIDS	Human immunodeficiency Virus infection / Acquired Immunodeficiency Syndrome

IDA	International Development Association
IFC	International Finance Corporation
IMF	International Monetary Fund
ISSEG	Guinean School of Education
KW	Kilo Watt
LOLF	Organic Law Relating to Finance Laws
MTU	Mobile Training Units
MRU	Mano River Union
MW	Mega Watt
NDB	National Development Budget
NPC-SSR	National Piloting Committee for Security System Reform
NTC	National Transitional Council
OMVS	Senegal River Development Authority
PIP	Public Investment Program
PNRSE	National Socio-Economic Reintegration Program
PPP	Public-Private Partnerships
PRSP	Poverty Reduction Strategy Paper
SME	Small and Medium Enterprise
SSR	Security Sector Reform
STA	Single Treasury Account
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNDP	United Nations Development Programme
USD	United States Dollars
VAT	Value Added Tax
VTC	Vocational Training Centre

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1. GUINEA TODAY

Guinea has become a stable and open country with the election of the President of the Republic Alpha Condé in 2010. Since then, although the political context has sometimes been marked by lack of dialogue between political actors, the tension has eased significantly. In fact, with the support of the international community, dialogue between political actors eventually progressed on June 3rd. It culminated on July 3rd with the signing of an agreement for the organization of legislative elections on September 28, 2013.

In September 2012, Guinea reached the completion point under the Heavily Indebted Poor Countries Initiative (HIPC). The completion point marks the end of a process that began in 2000 when the International Monetary Fund (IMF) and the World Bank's International Development Association (IDA) agreed that Guinea was able to create the conditions and safeguards required to reach the decision point. As the 34th country to take this step, Guinea has benefited from a reduction of its external debt to the tune of \$2.1 billion, a 66% reduction of its external debt over the last 40 years.

Guinea has accomplished major progress in its economic management since 2011 and the successful implementation of reforms consolidating these gains. These reforms included: the preparation and implementation of a Poverty Reduction Strategy Paper (PRSP 3), maintenance of a stable macroeconomic policy framework, development of databases and statistics related to poverty as well as capacity to monitor indicators, publication of annual reports on the activities of the National Agency for Combating Corruption, increased gross enrollment rates in primary education and increased rates of childhood immunization.

Social sectors have experienced a marked improvement in Guinea in recent years. The country relies primarily on education and training for its development through a strategy of improving access and academic achievement at the level of the most vulnerable strata of the population. For more than ten years, the primary school completion rate has been constantly improving, from 32.3% to 67.9% between 2000 and 2012. The same is observed for secondary school enrolment, which rose from 18.6% in 2001 to 34.6% in 2006, and then to 42.7% in 2012.

In addition to the education sector, the improvement of human capital through better access to health is a priority in Guinea as illustrated by the progress observed. Indeed, the attendance rate of modern health centers by the Guinean population increased from 58.2% in 2007 to 61.4% in 2012. Similarly, support to HIV/AIDS patients has markedly improved, especially during the past two years. The progress made in the field of vaccination strongly drove down the infant mortality rate which decreased from 103.5 to 65.2 per 1,000 between 2000 and 2012.

The country nonetheless remains faced with important challenges, including: (i) the completion of the political transition process and sustaining a stable framework of governance and social cohesion, (ii) the renewal of economic development by leveraging the vast natural potential of the country, and (iii) the satisfaction of social needs.

To meet this challenge, the Government has elaborated and started to implement a growth and poverty reduction strategy. The latest PRSP 3 for 2013-2015 focuses on four key strategic thrusts including: (i) governance and strengthening of institutional and human capacities; (ii) acceleration, diversification and sustainability of growth; (iii) development of infrastructure to support growth; and (iv) improvement of access to basic social services and household resilience.

The implementation of this strategy, which benefits from lessons from the implementation of previous PRSPs, is supported by the ambition of the new Government which reflects the vision of Professor Alpha Condé, President of the Republic of Guinea of turning Guinea into an emerging

country and eradicating extreme poverty. The strategy is to seek diversification of the economy by promoting inclusive and green growth and by implementing good governance mechanisms with redefinition and reinforcement of the role of the State. This vision will be published in a Vision Paper, "Guinea Vision 2035", which is scheduled for completion in early-2014.

In order to achieve this structural and employment-generating transformation, the Government projects that Guinea will need to achieve double-digit growth over a long period, by producing goods and services with high added value. If the implementation of economic and institutional reforms is in progress, the pace however must be accelerated and reforms comprehensive so that in line with the huge economic potential of the country (including the agricultural, mining, energy and tourism sectors), they pave the way for sustained and profitable investment, both for the country and foreign investors. However, with regard to the noted human, institutional, technical and financial support capacity weaknesses, support from traditional and non-traditional partners including the private sector, is necessary.

For those wishing to accompany the transformation of the country while taking advantage of its enormous potential and resources, it's time to invest in Guinea.

2. GUINEA IN FACTS AND FIGURES

2.1 GEOGRAPHY AND POPULATION

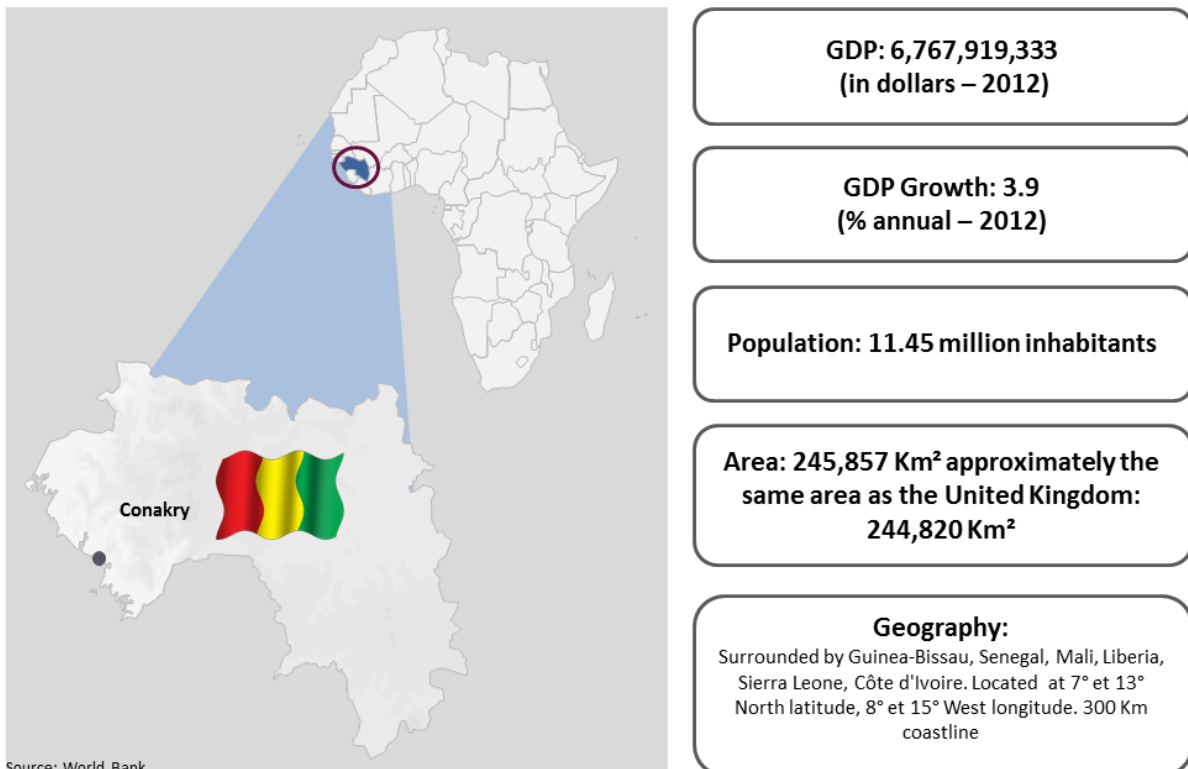
Guinea enjoys rich natural resources due to its soils, the diversity of its landscape, and its surroundings

Located on the west coast of West Africa, the Republic of Guinea shares its borders with six other countries: Côte d'Ivoire, Guinea-Bissau, Liberia, Mali, Senegal and Sierra Leone.

With an area of 245,857 km², the country is divided into four distinct natural regions:

- Maritime Guinea, with an area of approximately 47,513 km², has 300 km of coastline and covers a wide area of 100 to 150 km of coastal strip, which includes formations of mangroves, a set of continental lowlands, and plateaus formed of foothills on the west side of the Fouta Djallon region. The region is crossed by many rivers and receives more than 2,000 mm of rain per year, reaching a maximum of 4,000 mm in Conakry.
- Middle Guinea, which covers about 52,939 km², is the most mountainous region of the country. Its altitude is between 750 and 1,400 meters. The region has an annual rainfall ranging between 1,300 mm in the north and slightly more than 2,000 mm in the south.
- Upper Guinea, meanwhile, has an area of 99,426 km² with an average altitude of 500 meters. It is characterized by subdued topography, resulting in a dense network of rivers and abundance of floodplains. Its rainfall varies between 1,200 mm and 1,600 mm south to north.
- Forest Guinea, at 45,958 km², has a rugged terrain, which rises to 1,752 meters at the level of the Mount Nimba. As its name suggests, this region is abundantly covered by forest and has a climate characterized by a long rainy season, which ranges from seven to nine months, and an average annual rainfall of 2,500 mm.

Figure 1: Introducing Guinea



A young and growing population

A high annual population growth rate of 3.1% has increased the population from 7.15 million, according to the 1996 General Population and Habitat Census (GPHC), to an estimated 11.4 million inhabitants in 2012.

Guinea's population is young: 42.5% of Guineans are under 15 years old. The urban population accounts for 35.9% of the total population, with 20% of residents concentrated in the capital, Conakry.

Unbalanced population dynamics

In terms of spatial development, there is unbalanced development of urban areas coupled with a sharp increase in urbanization (urban population in 2010 reached the threshold of 30% of the population).

- The four (4) capital cities of natural regions account for one sixth of the country's urban population;
- Conakry, which represents less than 1% of the country, accounts for more than half of the urban population and has an annual population growth rate of 6.1%;
- The remaining 1/3 of the population is divided among the other 29 cities.

Analysis of net migration rates reveals significant regional disparities in economic opportunities and demonstrates the attractiveness that Conakry continues to exercise despite its pronounced congestion:

- In Lower Guinea, prefectures have average immigration and emigration rates;
- In contrast, Middle Guinea is a region of emigration as all prefectures have negative net migration rates;
- Upper Guinea experiences both trends: outside of the prefectures of Kérouané, an area of high immigration, and Kouroussa, an area of high emigration, all other prefectures have average net migration rates;
- In Forest Guinea, other than net emigration prefectures Beyla and Kissidougou, all other prefectures have moderate migration rates.

With a net migration rate of 45% already in the 1990s, Conakry is the primary destination of immigration. It owes this position to its administrative, commercial and industrial sectors. This high concentration of population and socio-economic activities is likely to induce degradation of the quality of life of people and natural ecosystems.

Table 3: Guinean population figures

Topic	Indicator
Total population (2012)	11,451,273
Rural population (% of total population - 2012)	64.1%
Female population (% of total population - 2012)	49.9%
Aged 0 to 14 years (% of total population - 2012)	42.5%
Aged 15 to 64 years (% of total population - 2012)	54.4%
Aged 65 years and older (% of total population - 2012)	3.1%
Total fertility rate (TFR)	5.1 children per woman on average *

* Demographic and Health Survey and Multiple Indicators (EDS-MICS-IV), 2012.

2.2 PRECONDITIONS FOR DEVELOPMENT

Guinea held on November 7, 2010 a free and fair presidential election, bringing Professor Alpha Condé to the position of Head of State. This election marked the beginning of the return to constitutional order after the coup of December 23, 2008, which brought a military junta to power. The junta suspended the constitution and dissolved the National Assembly, plunging the country into a constitutional vacuum that affected the functioning of the State. This political revival sparked great hope in Guineans and opened new prospects for the country.

With the new context that is offered to Guinea, it is now possible to put an end to the corrupt practices that prevailed in management of public resources. This opportunity allows the new authorities to improve macroeconomic and financial management by initiating and implementing better policies, including fiscal and monetary policies. These accomplishments partly explain the conclusion of an IMF-supported program and the achievement of the completion point of the HIPC Initiative. However, prospects for renewed economic growth remain hindered by the weak recovery of international aid, lack in basic infrastructure (electricity, water and transport in particular), and the delayed start of mining megaprojects, among other factors. GDP growth in 2011-2012 is estimated at 3.9%, compared to 1.9% in 2010 and a regional average of around 5%.

With support from the United Nations System, reform of the defense and security forces has occurred through demilitarization of the capital, a biometric census of the armed forces, the retirement of approximately 4,000 military forces, and renovation of the current legal and regulatory framework governing the forces of defense and security. These efforts will be continued. The goal is to turn these units into republican bodies committed exclusively to the defense of territorial integrity and the protection of persons and property. Also, judicial reform and the fight against corruption will take on a new dimension with the aim of providing the country with an independent and professional justice system that will reassure investors and secure the necessary investment to economic and social growth. This new situation will help improve the business climate and will attract domestic and foreign investment.

On a social level, progress has been made in several sectors such as health (free monitoring and care for pregnant women during pregnancy and delivery, procurement and distribution of drugs for surgical-medical emergencies), food (support for the 2011-2012 crop year and supply of certain key food items, etc.), and education.

Ultimately, the long period of political instability that severely impacted the Guinean economy is henceforth closed.

a. A DEMOCRATIZED COUNTRY

Guinea is now at a key moment in its history.

Since its independence in 1958, the country has experienced a succession of military or autocratic regimes marked by the absence of a republican state, multiparty democracy, and free and transparent presidential, legislative and municipal elections.

An interim period that began in January 2010 under the leadership of General Konate allowed, for the first time in the history of the country, the organization of free and transparent presidential elections in June and November 2010. The peaceful transition was described by some observers as an "extraordinary opportunity." This marked the return of Guinea to constitutional order. Professor Alpha Condé was declared the winner with 52.52% against 47.48% of votes for his opponent, El Hadj Cellou Dalein Diallo. The latter recognized his defeat and Professor Alpha Condé was established as the first truly democratically elected President of the Republic of Guinea on December 21, 2010.

These elections in Guinea marked the end of authoritarianism and human rights violations that had prevailed since independence.

The newly found political stability and social peace created a healthy environment for a better public governance framework and resumption of international cooperation, a substantial reduction of the external public debt and an improved macroeconomic environment in general.

b. A GROWING COUNTRY

Policies implemented in 2011-2012 helped reduce the budget deficit from 14% of GDP in 2010 to about 2% of GDP in 2011-2012, contain monetary supply, reduce inflation and stabilize exchange rates, reducing premium rates from 12% in 2010 to less than 1%. The growth rate improved to about 4% after an average of only about 1% during the military transition. The coronation of this period is the achievement of the completion point under the HIPC Initiative on September 26, 2012.

Guinea has thus become a potentially rich country.

c. A COUNTRY WITH ACHIEVED SOCIAL ADVANCEMENTS

With a young population and vast natural resources, Guinea has the necessary conditions for rapid development.

If Guinea has been slow to initiate a social development beneficial to its people, this is in part due to several constraints, including political and institutional instability, bad governance and the vulnerability of its economy. In recent years, the country has seen most of its social indicators improve.

Poverty reduction is one of the major concerns of the Government.

In recent years, the Government has focused on improving several non-monetary indicators such as population, health and nutrition, education and training, quality of life, social protection, fairness and equality, and employment and culture which all affect the welfare of households.

Although the level of human development for Guinea is well below the average for Sub-Saharan Africa, the country is progressively achieving major improvements in this area. The use of relatively tight fiscal and monetary policies is aimed at stopping the erosion of real household incomes, attracting private investment and creating more productive jobs. But these policies, if they are not accompanied by a significant recovery of the productive sectors, remain insufficient.

In terms of households, most of their income is generated from labor. Labor market analyses show that it is important that initiatives to promote employment growth are accompanied by measures to improve workers' productivity. This is a real challenge for the social future of the country, but necessary for the preservation of peace and stability.

Access to education and retention in school have experienced significant improvements.

According to the results of the Rapid Survey for Poverty Assessment carried out in 2012 (ELEP-2012), the vast majority of the population (72.2%) is uneducated. A little more than one person in ten has a level of education, primary or secondary. Only 8% of the population has completed university studies or vocational training. The literacy rate over 15 years was 34% in 2012 against 32.9% in 2007. Only one in three over the age of 15 years is literate, and the ratio of male literacy to female literacy is 2:1. The gross enrollment of children aged 7 to 12 years in school increased from 56% in 2007 to 59.5% in 2012. The enrollment rate for 13-16 years rose from 21.2% in 2007 to 21.7% in 2012. Enrollment of 17-19 year olds also increased from 10.9% and 13.1% in the same time interval¹.

Access to care and medical support is extended to the level of vulnerable populations.

In the area of health, the Government's policy focuses on strengthening the prevention and fight against priority diseases, as well as improving access for the poor to essential health services. In 2012, slightly more than six out of ten, 61.4% attended modern health centers, against 58.2% in 2007.

According to data from the Demographic and Health Survey (EDS-2012), the infant mortality rate dropped to 67 ‰ per live births between 2008 and 2012 against 86 ‰ of live births between 2003 and 2007. The risk of child mortality was reduced, in turn, from 59 ‰ in the period 2008-2012 from 64 ‰ in 2003-2007. Overall, the infant mortality rate, that is to say, the risk of death before the age of five years, decreased from 145 ‰ for the period 2003-2007 to 122 ‰ for the period 2008-2012. To reduce maternal and infant mortality, the Government has made efforts to increase access to free cesarean sections. They have also raised the immunization coverage for polio to 86% and to 91% for measles.

In regard to other priority diseases, 23,016 people infected with HIV/AIDS were provided with care in 2012, a total of 60% of the infected population, against 58.24% in 2011. Government spending of 19 billion GNF in 2012 (up from 2 billion GNF in 2010) helped increase the number of clinics for the prevention of mother-child transmission from 89 to 159. It also helped to reduce disease prevalence in high-risk populations: 16% in 2012 against 24% in 2005 for sex workers, 5.6% against 6.5% for men in uniform, and 5.4% against 5.5% for road workers in 2012.

2.3 A COUNTRY OF SUBSISTING CHALLENGES

The new Government inherited a difficult situation at all levels.

After December 2008, Guinea was controlled by a junta not recognized by the international community. The junta plundered public funds, printed vast sums of money, and signed project contracts of which the amounts were exorbitant. In addition, the Government did nothing to reduce external debt, and the IMF program and other forms of external assistance were suspended. But the challenges of Guinea began well before the junta. For decades, the huge potential of the country had never been realized. In 2002, after four decades of independence, the poverty rate was estimated at 49%. At the end of the military regime, it reached 55.2%.

The political, economic and social challenges facing the Government of the Third Republic are enormous. Issues concern all sectors of activity since the vision is based on a dynamic of accelerated and diversified growth which should benefit all layers of the population. These challenges are among others:

- *A weakness of infrastructure and development support services*
- *A deficit in governance*
- *An insufficiency of human resources*
- *A business climate that requires strengthening for private sector development*

3. GUINEA HAS ALREADY DRAFTED ITS VISION

What is needed to consolidate Guinea's socioeconomic assets? In this regard, the President of the Republic, Professor Alpha Condé has already laid his vision: "**Turn Guinea into an emerging country.**"

Studies of emerging countries to date indicate that **Guinea will need to ensure double-digit growth over a long period of time and create a diversified economy through production of high value-add goods and services.** These achievements should give rise to a middle class that would generate a level of consumption and investment that helps to maintain economic growth. New businesses producing new products will develop and expand to new markets. These companies will need to innovate and use a more sophisticated labor force; so that the economy's competitive advantage

comes from creative genius and not only from favorable natural or geographic conditions. Simultaneously, it will need to achieve the stage of middle-income country in which employment and income are better distributed and poverty will remain only residual.

This effort for the acceleration and diversification of the economy must obviously be based on the development of infrastructure, improvement of the business climate, reduced production costs and a financial system fully assuming its mission of financial intermediation, more innovative and more open to the world. The challenges faced by women in terms of access to education and productive resources should be addressed so that they can contribute to the creation of wealth.

Moreover, guiding Guinea towards the path of emergence requires a paradigm shift. The task of engaging Guinean society to participate in the new development perspective will be a multifaceted challenge. To this end, the implementation of a **rigorous framework of good governance** is necessary. The administration will position itself as the leader of this transformation. It must be modernized and oriented towards the production of effective services to support private sector development.

Finally, **orienting Guinea towards emergence requires the development of social sectors.** This is an essential prerequisite to sustain growth and reduce poverty.

Management tools for that path to emergence are available. In fact, the vision set by the President of Guinea was rolled out in the PRSP 3 (2013-2015). For the Government's economic policy in the medium term, there is the 2011-2015 Five Year Plan from which certain lines of action have been operationalized in the extended PRSP 2 (2011-2012). The third PRSP (2013-2015) continues the implementation of the policy of the Five Year Plan with particular attention to the restoration of the authority of the State, public administration reform, acceleration and diversification of economic growth, the development of social sectors, and the reduction of regional disparities.

The Five-Year Plan to set the course for 2015

The Five Year Plan is the instrument that reflects the strategic vision of the President of the Republic of Guinea for 2015. This document sets targets to be achieved, namely: (i) establish a state of law respectful of human rights, (ii) enhance the credibility and authority of the State and public administration reform to make it an effective instrument in the service of the citizens and the economy, and (iii) achieve strong economic growth, sustained and sustainable, (iv) reduce poverty and achieve the Millennium Development Goals, (v) raise the income of the general population and improve their living conditions, (vi) increase employment opportunities and populations' incomes, especially vulnerable ones, (vii) improve infrastructure and ensure people's access to quality social services, (ix) strengthen human capabilities and promote women and youth, and (x) reduce inequalities and regional disparities.

These objectives are supported by macroeconomic policies and appropriate strategies and sectoral programs.

The PRSP 3 to operationalize the transformation and economic diversification

The PRSP 3 is the new development strategy, which now serves as the basis for economic policies and medium-term objectives of the Government. This is the results-based framework for all developmental activities and provides the strategic direction instrument. It completes the architecture as a tool to operationalize the Five Year Plan.

This Poverty Reduction Strategy expresses a triple commitment of the Government: first lay the foundations for emergence, then promote a participatory approach in the formulation, implementation and monitoring of public policies, and finally propose a unique and coherent

framework which can rely on the strengthening of cooperation between Guinea and the international community.

The credibility of this strategy is primarily based on the vision and commitment of the Government. In its political program, the Government has focused on three major areas: (i) improving the coverage and quality of basic social services, especially in education and health, (ii) intensifying efforts to promote the private sector in order to get them to play a key role in economic growth and in the management of certain social services, and (iii) improving the management of public resources in budget preparation (so that it reflects the priorities of the PRS) in streamlining scripts and transparent accounting procedures.

On the basis of these commitments and the demands of growth, the Poverty Reduction Strategy was built around four strategic axes which are: (i) governance and institutional and human capacity, (ii) acceleration, diversification and sustainability of growth, (iii) development of infrastructure to support growth, and (iv) reinforcement of access to basic social services and household resilience.

These strategic directions are accompanied by the following major reforms and measures: (i) Reforms of Security, Justice, State and Modernization of the Administration and Decentralization sectors to create the conditions of a good political, administrative and local governance in Guinea; (ii) reform of public finances to promote good governance, improve the efficiency of public funds and integrate the PRS in the current management of development; and (iii) redefinition of the role of stakeholders in the implementation of the strategy, in particular the complementarity of the State and the private sector in several areas: recovery of agricultural production, management of social services or monitoring and evaluation.

4. GUINEA ALREADY HAS AN EFFECTIVE STRATEGY

The Third Republic, born in a difficult context, began the implementation of policies based on the economic and social vision of Professor Alpha Condé. The strategic priorities are identified below; they aim to promote investment and to achieve the economic potential of the country.

4.1 GUINEA TURNS THE PAGE OF ITS POLITICALLY DIFFICULT AND UNSTABLE PERIOD

A new start possible with the will of the President and the institutional and policy reforms since 2010

The Government of the Third Republic began with the support of its development partners, the dynamics of policy and institutional reforms to promote democracy and good political governance and resolutely fight against corruption and economic crimes. In this perspective, free presidential elections, held in two rounds between June and November 2010, opened a new chapter in the history of the country.

The Constitution promulgated on May 7, 2010 establishes the separation of executive, legislative and judicial powers. It establishes for the first time, formally, the office of the Prime Minister as Head of Government responsible for policies before Parliament. It redefines the country's institutions, which aims to correct the excesses of the past from the concentration of power and failure of republican institutions. This development represents a significant advance in regards to prior texts in which all the powers were reserved to the President.

With the new political context that is given to the country, it is now possible to stop the institutional, legal and regulatory shortcomings, and it also will end the lack of dialogue with not only political parties but also with civil society and the private sector, as well as bad practices that prevailed in the management of public resources.

The Government thus expresses its willingness to ignite change and lay the foundations for a new democratic Guinea. Among these reforms, the most important are: the State and Modernization of the Public Administration Reform, Security Sector Reform (SSR), Justice Sector Reform, Public Finances Reform and Reorganization in the mining sector.

A State Reform and Administration Modernization Program (PREMA) was developed and validated by the Government. This program offers a series of actions in three areas: institutional development and administrative organization, management and human resource development, and economic and financial governance. In addition, rigorous economic and financial policies have been diligently implemented since January 2011, with the support of development partners. This is the case of the reform of public financial management, including the adoption and implementation of the organic law on finance laws, the Law on the single treasury account and the new procurement code, and strengthening audits of State finances.

To accelerate the implementation of this important institutional reform, the Government will seek to operationalize the bodies in charge of piloting, implementation and monitoring of the reform. It is the role of the National Committee of State Reforms Piloting and Administration (i) to guide and stimulate the work of the various components of the program, (ii) to ensure consistency between sector reforms and the objectives of the State policy in terms of reforms, (iii) to review and validate the drafts of sector reforms by ministries, and (iv) to monitor and evaluate the implementation of the PREMA. It is assisted in its duties by a Permanent Secretary insured by the High Commissioner for State Reform and Modernization of the Administration (HC-REMA), Chairman of the "Technical Monitoring Committee".

The process of decentralization and local governance also continues. The long-term vision is to have functional local communities, pillars of local development in their territory, operating in a renovated institutional sector with a qualified territorial administration, territorial development facilitator and guarantor of compliance institutional framework, decentralized technical services articulating their actions with those Communities.

The President makes of the Security Sector Reform (SSR) a high priority.

The President pleaded in March 2011, for the need to re-engage all stakeholders and resolutely engage the reform process. To promote the adoption of these positive changes by the Guinean authorities and the coordination of efforts in the field, a National Piloting Committee of the SSR, composed of representatives of all relevant national authorities, civil society and donors was established in April 2011 by presidential decree. Also a Technical Monitoring Committee and five sector technical committees (defense, police and civil protection, customs, environment, justice) responsible for designing and developing projects and sectorial reform programs, in accordance with the decisions and recommendations of the National Piloting Committee were created.

Special attention is given to questions of insecurity and violence.

These are one of the root causes of the fragile political, social and economic stability. To this end, the strategic direction is chosen to continue the SSR in the following aspects:

- Strengthening governance in Defence and Security Forces (DSF)
- Institutional strengthening and modernization through a more suitable human resources management system
- Reinforcement of DSF capacities

To implement the reform, the Government will ensure the proper functioning of the bodies in charge, including the National Piloting Committee for Security System Reform (NPC SSR), the sector committees and technical committees.

Finally, in the area of justice, after the organization of the Justice Consultation in March 2011, a diagnostic study project was initiated to formulate a comprehensive strategy for recovery and capacity building, with the support of development partners.

The Justice Reform Program will provide Guinea with an independent fair and professional judiciary system.

This judiciary system will be able to reassure investors and secure investments essential to all economic and social development, including improving the business climate. Priority actions (reforms, investments, etc.) susceptible of removing various challenges have been identified around the following four strategic areas: (i) Consolidation of the rule of law, (ii) Access to ethical and effective Justice, (iii) Recast of the prison system, and (iv) Reform Control.

To fight against corruption, economic and financial environment measures are in motion. These measures are essentially based on sustainable maintenance of a healthy and credible macroeconomic framework, and a rigorous budgetary discipline through reinforced surveillance by institutions and supervisory bodies monitoring fiscal discipline. This will be enhanced by an effective fight against impunity, and the active involvement of civil society in the entire process. This desire is materialized partly by the decision to set up a Court of Auditors and to open a National School of Administration and Magistracy.

To strengthen and maximize results, the focus is on (i) improving transparency in the management of natural resources under the Extractive Industries Transparency Initiative (EITI), which aims to improve transparency through the publication of tax payments of companies operating in the mining sector and the disclosure by governmental organizations of the revenues from these companies; (ii) socializing the African Peer Review Mechanism (APRM) in view of the rapid accession of Guinea to the mechanism of good governance; (iii) the development and adoption of a national policy to fight against corruption and fraud; and (iv) the adoption and implementation of the national strategy to fight against money laundering and terrorist financing.

The political context was also marked by the cabinet reshuffle in October 2012 which saw the departure of the military Government. A Ministry of Human Rights and Public Freedoms was created to commemorate the willingness of the Government to engage resolutely in strengthening the democratic process. The holding of the elections on September 28, 2013 marked a turning point in the political history of Guinea with the realization of the democratic process.

In addition, an accelerated, inclusive and sustainable employment generating growth is not possible without the establishment of institutions guaranteeing political stability and respect for human rights and individual freedoms. Social peace is an important factor to attract foreign investors and ensure proper implementation of the reforms. Pursuing their implementation at national and local levels will strengthen the foundations of the democratic process (generating confidence in the process) and help ease the political situation, especially the Security Sector Reforms.

Renewed support from the international community

The political and democratic renewal in Guinea opened the door to new economic opportunities for the country.

With the launch of the transition in 2010, relations with development partners were able to resume. The election of Professor Alpha Condé has allowed these actors to recognize the New Guinean authorities and consider a resumption of funding programs. This recovery support from the international community has provided support for the political process for its consolidation.

This political transition was completed by the organization of parliamentary and local elections which were the subject of an agreement between the ruling party and the opposition. The agreement was welcomed by the Secretary General of the UN who found "encouraging the progress made so far by the actors of inter-Guinean political dialogue."

4.2 GUINEA HAS INITIATED REFORMS TO ACHIEVE MACROECONOMIC STABILITY

Guinea has made remarkable progress in stabilizing its macroeconomic situation

Following the normalization of Guinea's relations with development partners, budget financing has benefited from the assistance from external financing. In 2011, after the accumulation of new arrears during the period 2009-2010, the Government began to normalize its financial relations with external creditors, despite funding constraints. Arrears to multilateral financial institutions were cleared in 2011. Arrears to the Bank World were cleared through budgetary support. A part of arrears towards the European Investment Bank has been discharged through a donation. Furthermore, an agreement has been obtained for the clearance of the remainder. End 2011, the good performance of the economy and Guinean public finances allowed the IMF Board to approve on February 24, 2012, an Extended Credit Facility (ECF) for three years (\$ 200 million). This program has paved the way for the resumption of negotiations with the Paris Club that resulted, on April 11, 2012 to an Interim Agreement regarding the Guinean debt rate over the period 2012-2014.

Guinea reached the completion point under the Initiative for Heavily Indebted Poor Countries (HIPC) in September 2012. These actions and the normalization of relations with partners in general, led to the resumption of budget and projects support.

Efforts on fiscal consolidation

Regarding the management of public finances, the Government has undertaken since 2011, sanitation efforts that were focused on the renovation of the legislative and regulatory framework, improving the management and mobilization of domestic resources including tax and customs, improving the transparency and financial governance, strengthening of public expenditure management, and in particular the reform of public procurement to support needs to improve the business climate, the development of SMEs and private industry.

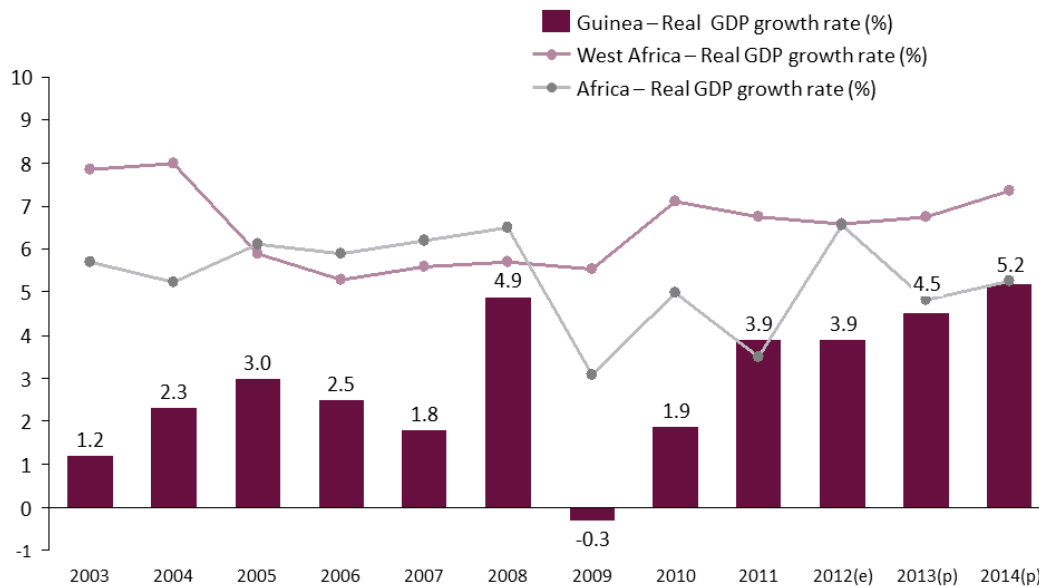
The results are noticeable. Indeed, tax revenues rose from 14.9% of GDP in 2009 to 19.2% in 2012, but this rate is still below the ECOWAS target set at 20%. The tax incivility in Guinea and the limited capacity of services in charge of fiscal, administrative and customs revenue mobilization are the main causes of low tax yield. Total public expenditure represented 25.6% of GDP in 2012 against 30.3% in 2010. The striking feature of the evolution of budgetary expenditure is the trend reversal. The budget deficit excluding grants reduced from 7.5% of GDP in 2009 to 5.5% in 2012. The Government will continue its efforts to meet the dual challenge of a substantial increase in revenue and enhancing the effectiveness of public spending.

Rapid GDP growth in recent years

After a recession in 2009 (-0.3%) and limited growth of 1.9% in 2010, due to political instability, Guinea recorded an economic recovery from 2011, thanks to the stability found in the first democratic and civilian rule. Guinea reconnects with the growth of its GDP per capita. The development of agricultural production and improved performance of the secondary sector, combined with the effectiveness of financial and economic policy contributed to GDP growth at a rate of 3.9% between 2011 and 2012 close to the average of 5.1% in Sub-Saharan Africa. The short-

term ambitions are to increase the rate of growth of real GDP to 5.0% over the period of 2013 to 2015, starting from 3.9% in 2012 to 4.5% in 2013 and 5.2% in 2015; this should lead to a growth per capita GDP of 1.8%.

Figure 2: GDP growth in Guinea compared to those of West Africa and Africa in general (annual %)²

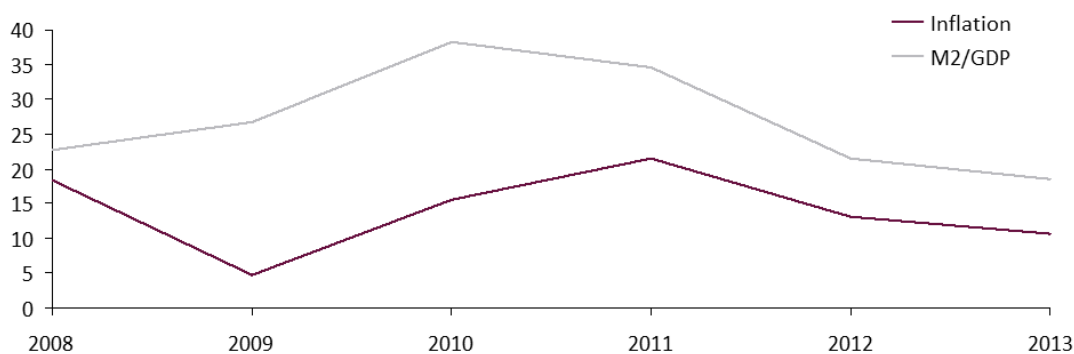


Source: African Economic Outlook

Notably slowed Inflation Inflation has remarkably decreased between 2011 and 2012. This performance is due to a restrictive monetary policy to stop the financing of fiscal deficit by money creation, to the increase in rice production and to measures taken by the Government to facilitate the supply of essential goods, the control of public finances, and exchange rate stability. These factors have helped to contain inflation, which is in steady decline to a level of 21.4% in 2011, 13.1% in 2012 and 10.6% expected in 2013. The objective is to reduce the inflation rate to 5.5% in 2015.

Figure 3: Inflation M2/GDP³

Inflation based on consumer prices (% annual)



Sources: Direction Nationale du Plan, *Cad战略 macroéconomique annuel 2012*.

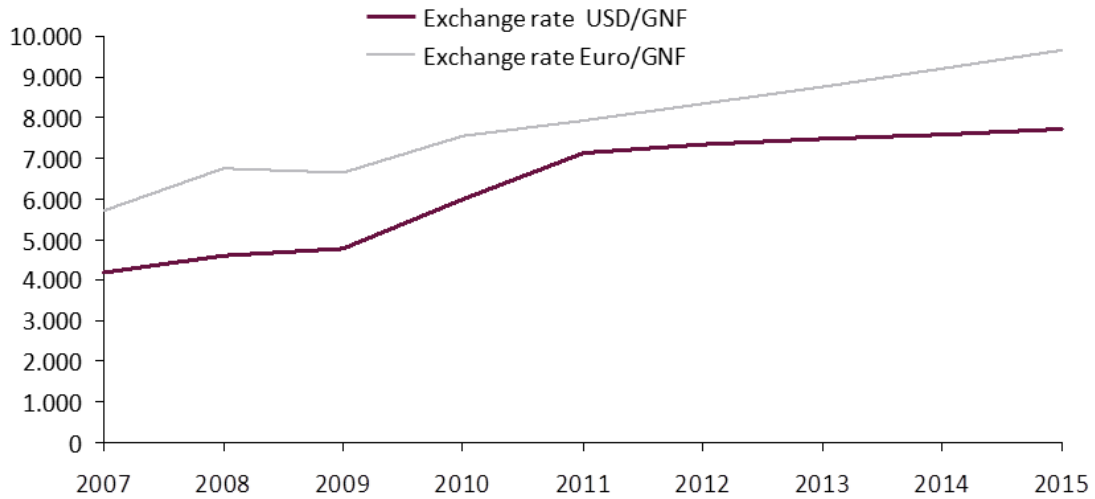
² www.africaneconomicoutlook.org

³ Direction of the Plan, 2012 Annual macroeconomic framework

A stable exchange rate

One of the achievements of the Government is also the stability of the exchange rate over the period 2011-2013. The instability in the exchange rate experienced during the transition period correlated with a high level of inflation and a higher import bill. The stability of the exchange rate obtained in 2011-2013, allowed the State to achieve savings in its expenditure on imports but also to control inflation originating from importation. The goal by 2015 is to reduce the inflation rate to 5.5%.

Figure 4: Real exchange rate (USD / GNF and Euro / GNF)⁴

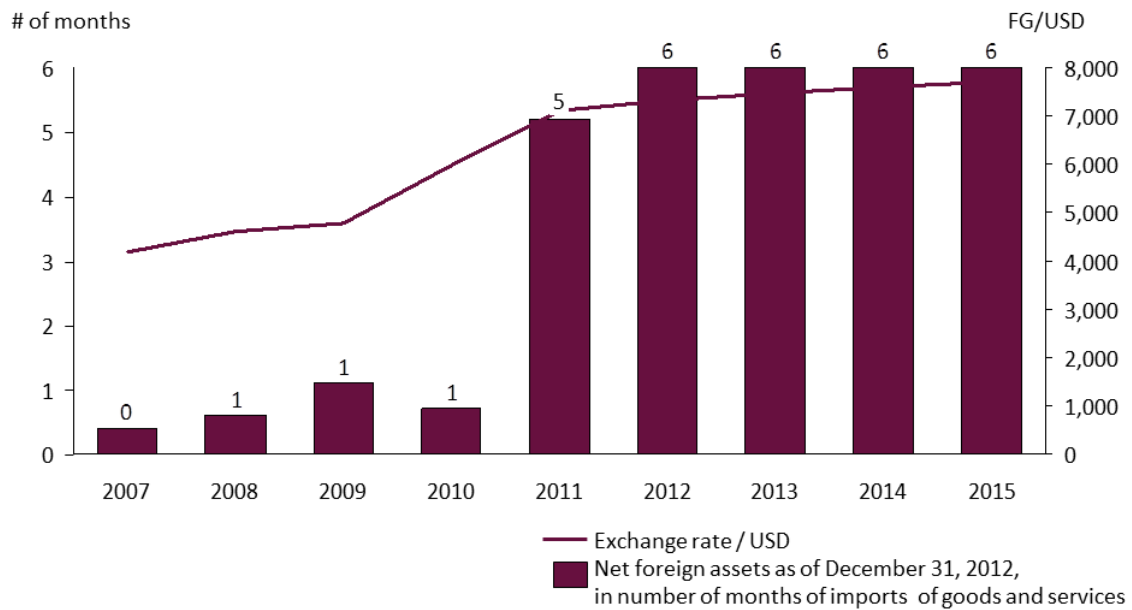


Source: Direction Nationale du Plan, *Cadrage macroéconomique annuel 2012*.

Increasing net foreign assets. Foreign assets increased from 78.20 million USD in 2010 to 852, 01 million USD in 2011, representing foreign exchange reserves estimated at 5.2 months of importation of goods and services in 2011 against 0.7 months of importation in 2010, contributing to the stabilization of exchange rates and greater investor confidence in Guinea. The amount of foreign exchange reserves is expected to be in the order of about six months of importation of goods and services in 2014 and 2015.

⁴ Ibid

Figure 5: Exchange Rates / USD Gross foreign assets in months of imports of goods and services⁵



Source: MEF 2012 statistiques cadrage macroéconomique; Dalberg analysis

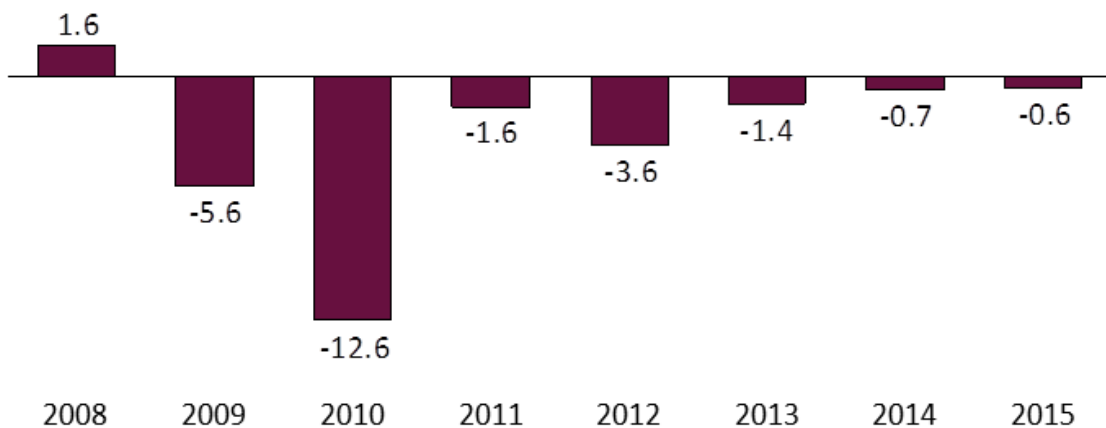
A sharp decrease in the budget balance of GDP

With the increase in domestic revenues and tighter public spending, the budget balance of GDP significantly improved from -12.6 % to -1.6 % in 2011. Forecasts for 2014 and 2015 are less than 1%.

Monetary policy continues to be tightened, which helps control inflation. The Central Bank of the Republic of Guinea (BCRG) kept its 22% and the mandatory reserve bank rate of 22% compared to the rates of early 2011, which were respectively, 16.75% and 7.5%.

In 2012, broad money growth was 5.3% against 9.4% in 2011, a decrease primarily due to the fact that the contribution of mineral resources was exceptional in 2011.

Figure 6: Budget balance as % of GDP from 2008 to 2015 (values from 2013 to 2015 are projections)⁶



⁵ Ibid, data of the Ministry of Economy and Finance

⁶ International Monetary Fund

Considerable progress on debt

Guinea has met the requirements for debt relief under the Enhanced Initiative for Heavily Indebted Poor Countries (HIPC) to reduce its external debt to sustainable levels. Thanks to its good performance, Guinea has benefited from a reduction of \$ 2.1 billion in its debt. The Paris Club allocated on September 25, 2012 a debt relief of 99.2%, to Guinea, amounting to \$ 655.9 million. In this same respect, the African Development Bank (ADB) also alleviated Guinea's debt by 90.0%, amounting to \$ 449.7 million. The Government is preparing an external debt policy and strategy and a medium-term action plan to strengthen the management of the external debt and ensure its sustainability.

Considerations in the fight against corruption

To correct the shortcomings related to corruption, the Government has prepared an anti-corruption law and pursues reforms, including the reform of public procurement. It intends to place a particular emphasis on aspects related to decentralization and fiscal decentralization, transfer of resources and procurement at the local level.

All these developments and initiatives show a strong commitment of the Government to achieve its objectives through sustained reform of public finances

The Government has continued to implement its major program to strengthen tax administration and public finance management. At the end of September 2012, it adopted a three-year public investment program (PIP) 2013-2015 with the support of the United Nations Development Programme (UNDP) and the African Development Bank (ADB). The PIP was the basis for preparation of capital expenditure for the 2013 budget. After promulgation, on August 6, 2012, of the organic law relating to finance laws (LOLF) that was elaborated in collaboration with the Fiscal Affairs Department of the IMF, the Government continued to implement its reform program of public financial management.

In particular, it: (i) promulgated legislation and a new Public Procurement Code, (ii) signed a new decree on the General Regulations of Budget Management and Public Accounting (RGGBCP) and started working on a manual of procedures for budget management and accounting, as well as a decree on governance and transparency in budget preparation and execution, (iii) established a new medium business unit to National Taxes and Customs Department, and expanded the scope of VAT to finance SMEs (in April 2013), and (iv) signed a framework agreement between the BCRG and the Ministry of Economy and Finance. The Government has also strengthened the rules of functioning of the Single Treasury Account (CST) with the help of the IMF. Finally, it strengthened procedures for closing Government accounts on December 31, 2012, implementing new closing instructions transmitted through the entire network of accounting. A law on texts relating to public entities (public institutions, public companies) is also in preparation to bring them in line with the new texts (OBL, RGGBCP).

All these reforms will be pursued under the revised program of fiscal reform in preparation and that is supported by the results of the evaluation of systems, procedures and institutions of public finance management in the PEFA methodology carried out with assistance from the IMF.

Although the institutional and policy framework is not yet able to optimally manage foreign investment, with the implementation of reforms already made in various codes and regulations, Guinea can achieve its goal of becoming a business destination

The Private Investment Promotion Bureau (APIP) was created by decree in 2011. The mission of this agency is to revise the regulations in place in Guinea and make recommendations for necessary changes for attraction and protection of private investors. This will be done, in order to ensure a safe and profitable investment in Guinea, while protecting national interests through fair trade.

With the renewed commitment of development partners

Guinea maintains excellent relations with several foreign investors and also has many development partners. These partners bring their support in various areas and economic activities including: Budget support , Governance, Public service and justice Modernization and Decentralization, Security Sector, Health and Nutrition, Basic education and vocational training related to mining, Urban Development, Energy, Transport, Environment, Water and sanitation, Agriculture, Rural infrastructure, Youth employment , Social welfare etc.

Figure 7: Selection of development partners of Guinea (non-exhaustive)



The World Bank, the African Development Bank (ADB), the European Union (EU) and the International Monetary Fund (IMF), for example, are involved in budget support. The World Bank and ADB also finance agriculture, transportation, basic education and vocational training related to mining, but also governance.

The International Finance Corporation (IFC) is particularly involved in supporting major infrastructure projects, as well as in support of small and medium enterprises (SMEs).

The United Nations Development Programme (UNDP) supports areas such as security, public service and justice modernization, decentralization, health and nutrition, environment, rural infrastructure and social security.

Funding and cooperation agencies from some countries such as Spain (National Agency for International Cooperation), Japan (Japanese Agency for International Cooperation), France (French Development Agency), and Kuwait (Kuwait Development Fund) are involved in various sectors such as agriculture, health and nutrition, education, rural infrastructure, among others.

4.3 GUINEA IS ABLE TO SECURE ITS ECONOMIC DEVELOPMENT

Guinea has abundant and diverse natural resources and began a phase of democratic political development that could allow it to implement a successful strategy to diversify its economy.

The rich natural resources that Guinea possesses are important and revolve around three main advantages

Considerable agro-ecological endowments

The country has a relatively long rainy season, extending for five to eight months depending on the region, with annual rainfall ranging from 1200 mm to 4000 mm, providing about 400 billion m³ of water. The potential of floodplains is important and the country also has a water system of 6500 km and a continental shelf of 43,000 km², with important surface and groundwater resources. The potential of arable land is estimated at 6.2 million hectares, of which only 26% is cultivated annually. Developable areas for irrigation are estimated at 364 000 ha, of which only 9% are developed. A system of designation of development poles has been established to help identify the agricultural potential of each of these areas:

- Pole A (along the coast), poles B and C (the interior plains of Fouta) and pole F (north-east, near the border with Mali) have lowlands and plains suitable for the culture of rice, potato and vegetable crops such as tomato, pepper, and onion. All these products are popular within the regional market, including Senegal which imports almost all of its annual rice consumption, but would also benefit Guinea itself which still imports a significant 23% of its annual consumption (300 000 tons).
- The Pole D (north-west, near the border with Guinea), pole E (center of the country) and H (south-east, near the border with Côte d'Ivoire) are conducive to extensive crop-growing such as cashew, papaya but also rearing of cattle of the 'Ndama' race.
- Poles I and G⁷ (south-east, near the border with Liberia) could be used for the cultivation of palm oil and rubber. Palm oil is very popular in the region and enters the staple diet of the people. The rubber tree, which serves in the manufacture of rubber, could be an important cash crop.

With this wealth, Guinea has the necessary assets for the development of cash crops for export and food crops for local and regional consumption. It could thus regain the status of net exporter of agricultural products that it occupied before Independence. In addition, the pasture is abundant, rich and diverse with 350 listed fodder species. There are about 70,000 km² of pasture, 27% of the total land. Finally, 300 km of coastline offer access to abundant fishery resources estimated to yield between 150,000 and 250,000 tons of fish per year. Aquaculture potential is also important.

The development of natural resources can be facilitated by a strategic geographic position as well as a favorable domestic and international investment climate. Guinea is one of the low-income countries which is closest to the major markets of Europe and North America. In the sub-region, its access to the sea offers opportunities to access several countries of the hinterland. Its proximity to the large and important oil economy of Nigeria is another asset. The arrival of this democracy after decades of authoritarian military regimes offers a new opportunity for progress and a new start. The implemented Reform of Defense Forces and Security and the prospects for strengthening national political consensus are factors that allow the establishment of a peaceful climate conducive to the exploitation of the country's assets. At the international level, the upward trend in commodity prices is conducive to the development of the agricultural and mining potential.

An immeasurable mining potential

The mining assets of Guinea are not only important but very diverse.

⁷ Source: *Guinea agricultural power in 2025, ANDASA vision Document.*



BAUXITE

The largest deposits in the world: approximately 40 billion tons (alumina content of above 40%) constituting two thirds of the world's deposits.



IRON ORE

Nimba (1 billion tons with an iron content between 63 and 68%) and Simandou (more than 2 billion tons with an iron content between 65 and 68%). Guinea has iron resources estimated at 9 billion tons.



GOLD

An annual production of 15 tons of a potential of several hundreds of tons. 500 tons of found deposits and total resources estimated at 1000 tons.



DIAMOND

Potential estimated at 30 million carats. Diamonds represent the fourth most exported minerals in Guinea, following bauxite, alumina and gold.

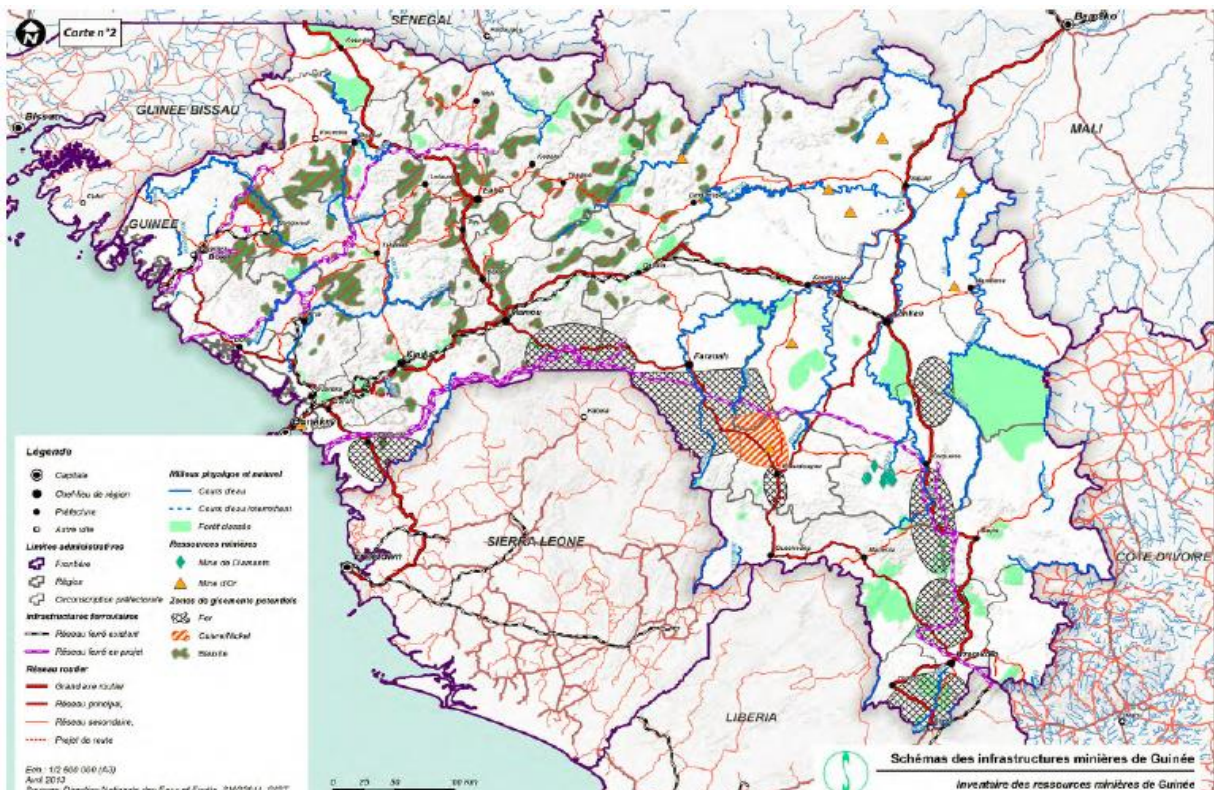


OIL AND GAS

A significant potential to explore both offshore and on shore.

There are extensive reserves of uranium, limestone, nickel, titanium, graphite, precious stones, cobalt, zinc discovered in several sites of the national territory.

Map: Diagram of mining infrastructure in Guinea



Important water resources

Guinea is known as the "water tower of West Africa", from where originate the largest rivers in the region such as Niger, Senegal, and Gambia. Other secondary waterways (about 30) cross through the country where rainfall is quite abundant. These water resources are not only a conducive starting point to the development of agriculture (the main source of employment for many years to come), but also a large hydropower potential that could provide an economic, abundant, clean and renewable energy, to Guinea and its neighbors. Hydropower can also extend the value chain in the mining sector. The potential of hydropower resources is estimated at 6000 MW with an annual guarantee of 19,300 GWh of energy. However, only about 3% of this potential is highlighted to date.

Beyond these natural assets and potentialities, other investment and development opportunities exist in Guinea such as tourism, whose wealth offers wide opportunities.

A rich potential in tourism where Guinea offers discovery, adventure, beach, cultural sites, etc.

The potential of tourism is impressive. The main attractions are: the Loos Islands thirty minutes from Conakry, the beaches of Cape Verga, Tristao, Capken and Alcatraz Islands, Bel Air beach. Discovery and adventure tourism offers a rich and varied potential with sites such as: The Dog that Smokes, 42 km from Conakry, the Lady of Mali, highest elevation in the Fouta Djallon plateau, Kinkon (Pita) and Sala (Labe) Falls and Bridal Veil in Kindia (146 km from Conakry⁸). The natural and ecological tourism benefits from the geographical diversity of the country and includes: Senegal, Gambia and Niger river bassins; the pine forest and arboretum Knight Dalaba; The Hot Springs of Foulamory, Mount Nimba with its viviparous toads, classified world heritage by UNESCO, the sacred forests. For cultural tourism, Guinea is a mosaic of 29 ethnic groups of great diversity and cultural wealth. Traditional and religious holidays are a great variety. The cultural richness is also found in craft and rhythms. Guinea is also home to a large population of chimpanzees, warthogs, elephants, small venison and migratory birds.

However, the country has fallen far behind in this area of high economic potential. Indeed, the hotel facilities are inadequate and are characterized by poor distribution at the national level. There is also an absence of sufficient five-star hotels in the capital and intermediate categories hotels (2, 3 stars) in the regional capitals. The challenge is to promote the "Destination Guinea" in the international tourism market and gradually build bases and factors of competitiveness of the tourism industry to measure the country's potential. Guinea can derive maximum revenue from its tourism potential and public-private partnerships will play an important role in promoting this sector.

In view of the foregoing, Guinea has considerable assets to finally become an emerging country. In fact, the country is not obliged to go through a long process of finding viable niches in the global economy: the potential is obvious. The successful implementation of the vision of President Alpha Condé to make of Guinea an emerging country depends on the match between the context and the pillars and levers, as well as the relevance of the phasing of the diversification and modernization strategy considered. In this process, leadership, participation and communication are crucial for proper ownership of the objectives of the vision by the Government and the people.

One of the priorities of the Government is to invest in promising sectors for accelerated and diversified growth

This priority responds to the triple objective of improving income, job creation and consolidation of export potential. To achieve this goal within ten years, a growth rate of 10.5% per year is needed. Therefore the acceleration of growth and diversification of the economy are needed for a better absorption of additional job creation, improved incomes and living conditions of the population and, consequently the significant reduction of unemployment and poverty.

⁸ DSRP 3 2013 – 2015

The growth model retained by the Government is based on an innovative approach that focuses on the development of growth sectors, promotion of growth poles and generally promotion of an inclusive and pro-poor growth. The relevance of this model is based on the fact that investment in promising sectors such as mining, manufacturing, agriculture and services (tourism and trade) is the main guarantor of a strong and sustainable growth. Furthermore, the promotion of growth poles will promote sectoral potential and local resources, structure production equipment, diversify and increase the supply of products and secure the population from a nutritional standpoint and the country in terms of export earnings.

The development of growth sectors

Potential enhancement will start in areas in which the country has comparative advantages such as agriculture, mining, hydropower and tourism.

In the mining sector, development projects will be phased according to the absorptive capacity of the economy and the need to maintain macroeconomic stability. The Government's approach is to focus, initially, on a mega project and encourage the development of several small and medium projects.

In the agricultural sector, which is labor-intensive, the first step is to quickly achieve food self-sufficiency and promote exports and agribusiness. The agricultural sector will benefit from the positive effects of the development of the mining sector through increased demand for agricultural products and the use of transport infrastructure of mining products.

In the hydroelectric sector, the aim is self-sufficiency and the development of electricity exports in the sub-region, from the commissioning of the Kaleta hydroelectric dam.

Already identified mining, agricultural and hydroelectric projects represent several times the current GDP of Guinea. They constitute a new market that will support the diversification of the private sector in Guinea through the development of small and medium enterprises as well as the strengthening of regional integration.

In the tourism sector, two areas of intervention have been identified: (i) initiation, through the development of a website to have a first resort, the starting point for the development of the industry, and (ii) reclassification of the existing measures taken to improve its quality. Regarding the latter axis, the Government has already begun developing eleven hotel projects (3, 4 and 5 stars) for a total cost of more than 1,800 billion GNF. In addition, the number of hotel facilities are steadily increasing due to new private investment, with various sites already under construction. Opened in June 2013 the Five Star Palm Camayenne hotel is the perfect illustration.

Promotion of growth poles

To ensure the sustainability of economic growth, the Government will embark on the effective implementation of the strategic concept of corridors of growth.

Corridors of growth are areas of high economic growth. Their operation is based on investment in transport networks and infrastructure. These encourage the development of industrial projects and initiatives that would not be viable otherwise.

A concrete example of corridor of growth is currently implemented in Guinea with the Simandou project. In south-eastern Guinea, Simandou has one of the largest deposits of high-grade iron ore in the world. The development work of the mine has already begun. But this project goes beyond mining: it is the largest mining, rail and port project under construction in the world. The infrastructure linking the port to the mine will encourage the development of agriculture, aquaculture and services.

The Simandou project lays the foundation for this south-Guinean Corridor of growth through the following: (i) the completion of 650 km of railway both for passengers and freight services, (ii) major repairs of the road network, (iii) a new port designed to accommodate the largest ships in Guinea, (iv) telecommunications infrastructure along the railway line, and (v) a direct investment in business support and improvement of local workforce skills. In addition, this project will create centers of demand for electricity, urban infrastructure, housing and high demand for services to support the people directly or indirectly employed by the project.

The limits of the corridor are based on the ability to drive two hours from the railway. The evaluation of the economic potential of this corridor suggests a possible contribution of three (3) additional billion USD to the Gross Domestic Product (GDP), that is to say more than half of the 2011 GDP.

All this shows the important role of the private sector and development partners in the strategy to accelerate diversification and growth. This strategy will be supported by the development of human capital and infrastructure. The Government will develop quality economic and social infrastructure (hospitals, schools, telecommunications, roads, stadiums, houses of youth and culture, etc...), using revenues from the development of mining, agriculture and hydropower sectors as well as the resources from the HIPC Initiative. Substantial technical assistance and support from the diaspora will be needed.

The development of growth sectors requires the upgrading of public infrastructure and must be accompanied by measures to improve the preparedness capacity of public investment

Guinea can generate the means of growth and at the end reduce its dependence on international aid.

This first requires the promotion of private investment to enhance the existing potential and create wealth to generate capital, and then the effective management of the capital. Revenues will be used to not only develop other types of capital (human, social, physical, financial), which, when associated with structural changes, can generate sustainable human development but also fund the creation of profitable businesses and allow for investment in socio-economic infrastructure and other growth enhancing sectors. However, this calls for an increase in the efficiency of public investment.

Priority public investments will include the infrastructure sector

In the field of road transport, the Poverty Reduction Strategy holds the following strategic objectives: (i) improve road links between the natural regions, (ii) complete connections that remain between Guinea and bordering countries through built and paved roads, (iii) permit access of at least half of the rural communities, (iv) improve the movement in the city of Conakry, (v) modernize the network of urban roads in twenty secondary cities, and (vi) maintain in good condition at least 60% of the national road network by prioritizing prefectures that are not served by paved areas.

The Poverty Reduction Strategy retains a five-year road program (2012-2016) including a portfolio of 31 priority projects estimated at 1,008 GNF billion for (i) the construction or rehabilitation of 2,262 km of national roads, (ii) the completion of 31 km of 2x2 roads, (iii) the rehabilitation of 96 km of national roads, (iv) the strengthening of 725 km of national roads, (v) the improvement of 3000 km of prefectural roads and 4,000 km of community roads, (vii) the construction of 620 km of urban roads, including 140 km in Conakry, (viii) the installation of five weigh and toll stations, (ix) support for 300 SMEs, (x) the establishment of the Road Maintenance Fund and institutional support to the Department in charge of Public Works, and (xi) the completion of 11 project studies.

In the rail transport sector, the strategic framework, the National Transport Plan, makes the revitalization of the center line (Conakry-Kankan), the focus of this sub-sector. In this regard, four strategic areas have been identified and include: (i) the maintenance of a strategy to revive the line by a combination of transportation of people and goods along with mining, (ii) the realization of the Trans-Guinean project and exploitation of potential opportunities it represents, (iii) an analysis of the

future of the Port of Conakry and the wheel-barrowing function of the railway in the first 38 kilometers and of a comparative study to continue the development of the capacity of the Port of Conakry combined with a dry port project at the town exit, and (iv) the opportunity to present a plan for a surface railway in a future study on the development of a travel plan for the urban agglomeration of Conakry.

In the field of electricity, access to reliable power is not only a basic service but its absence represents a significant barrier to investment and private sector participation. The main constraint of the electricity sector is the lack of maintenance from generation to transmission and distribution. Before increasing production, priority should be given to repair and maintenance of groups and distribution units in place. The action of the State will focus primarily on the rehabilitation of existing production capacity (thermal and hydro) and the rehabilitation of transport capacity and distribution networks. Also, strengthening revenue collection through better customer billing is essential to the viability of the sector. In the medium term, there is a need to restructure and reform the National Electricity Company of Guinea (EDG).

For the rehabilitation of production capacity, the projects already underway include in particular the rehabilitation of Tombo 3 and Tombo 5 thermal power stations (70 MW) and the rehabilitation and extension of stations of regional capitals of Labé, Faranah, Kankan et N'Zérékoré. The rehabilitation work will continue with the hydroelectric plants of the Great Falls, and Donkea Garafiri. For the rehabilitation and extension of distribution networks, current projects pertain to the municipalities of Matoto, Ratoma and Kaloum (Conakry), as well as the extension and rehabilitation of networks of regional capitals and Boké.

Thereafter, the action of the State will focus on the development of new production capacity. The action already includes in particular the acquisition of new units of 100 MW thermal production in 2013 and the launch of the construction of the Kaleta dam, of an installed generation capacity of 240.5 MW, from which the first delivery of electricity is planned for 2015 and completion in 2016. The State also plans to conduct studies for the development of new mega-hydroelectric dams (Souapiti on the Konkouré (515 MW), Amariah the Konkouré (285 MW) and the Morissanako on the Sankarani (100 MW)), promote the development of hydroelectric dams through BOT or PPP (Fomi dam under study and negotiations), and develop pending dam projects (dam Poudaldé on the Cogon (90 MW), Gozoguédia on the Diani (48 MW) and B Kassa on the Kaaba (118 MW)) and a series of micro-hydropower dams (100 to 1500 kW). In the medium term, the implementation of this vast program in the identified 11 hydro sites (Kassa B, Poudalde, Gozoguezia, Souapiti, Amariah, Fomi, Koukoutamba, Boureya, Diaraguela, Kogbedou and Morisanako) could amount to a total installed capacity of 1598 MW and an annual energy supply of 8630 GWh.

Regarding the expansion of transmission and distribution capacities, studies are underway to direct one of the major transportation lines of the country (Maneah Matoto-Tombo line) from 60 to 110 KV and to strengthen the Matoto Tombo stations – and build new source stations in Hamdallaye and Sonfonia.

The State intends to actively support regional integration

This objective will be achieved by (i) strengthening its participation in sub-regional organizations through integrator projects notably in terms of networks, interconnection and electric power generation, including the OMVG Energy Project (Gambia River Basin Development Organisation), the FOMI dam project in the Niger Basin Authority (NBA), the Koukoutamba, Boureya, and Balassa projects of the Senegal River Development Authority (OMVS), and (ii) implementing the program of rehabilitation of priority road corridors adopted by ECOWAS in the framework of the Regional Road Transport and Transit Facilitation Programme, with particular emphasis on the achievement of missing links on the Lagos-Dakar Trans-African Highway (4900 km) with respect to Guinea and its neighbors in the Mano River Union (MRU) motorway. These sections allow integrator roads to

connect all the MRU countries by road and will serve to promote regional integration by a dynamism and competitiveness supported by trade between the various countries involved.

4.4 GUINEA LAYS THE FOUNDATIONS TO BECOME A DESTINATION OF CHOICE FOR BUSINESS INVESTMENT

Thanks to its outstanding potential, many multinational companies are based in Guinea, and with the assistance of local partners, bring significant added value for both investors and local communities. This was made possible thanks to support from partners. Indeed, with their assistance, reforms have been undertaken to promote the private sector in order to facilitate installation operations of investors and business development. To this end, a framework for public-private sector dialogue was established and became operational in May 2011 with the organization of a public-private roundtable.

Table 4: Doing Business Ranking of Guinea

Ranking by category	DB 2013 Ranking	DB 2012 Ranking	Variation in the ranking
Business creation	158	184	↑ 26
Granting of a construction permit	152	172	↑ 20
Connection to electricity	88	114	↑ 26
Property transfer	151	152	↑ 1

Source: World Bank Doing Business; Doc DSPR 2013-2015

In addition, the export sector has benefited from a reopening of access to markets in the United States under the "African Growth and Opportunity Act (AGOA)" in October 2011, which was suspended in late 2009.

The Government is turning Guinea into a preferred destination for investment in Africa

Several reforms have been implemented to improve the business environment:

- **Creation of the PIPA:** A presidential decree created the Agency for the Promotion of Private Investment (PIPA), which includes a one-stop shop for entrepreneurs to register their business in one place, reducing time and costs in the registration process.
- **Preparation and signing of the investment policy:** The Government has appealed to the World Bank to help create an attractive environment for investment. Consequently, for the first time in Guinea, public and private partners have developed and approved a general investment policy. Based on this policy, Bank experts have supported the revision of the investment code, the reform of tax incentives and institutional strengthening of investment promotion.
- **Governance reforms:** The Government has set out a strategy for improving and

strengthening governance in its various components (economic, legal, democratic, administrative etc.) and of security, as presented.

- **Recognition of the importance of private sector:** The Government recognizes the importance of the private sector in creating wealth and employment to promote stability and economic prosperity. It is working on improving five areas with the support of the World Bank Group: starting a business, connection to electricity network, processing of building permits, access to credit and transfer of ownership.
- **New laws:** The National Transitional Council (NTC) has adopted a new law on leasing, a new working tool for banking institutions.
- **Investment facilitation:** There are still challenges at this level but the Government is seeking to streamline business creation. Indeed, it is willing to facilitate such a process for investors - as it did for Rio Tinto with the creation of a joint technical committee to facilitate the granting of licenses, permits and approvals. In addition, the IFC plans to provide support to the Government to strengthen its capacity to manage public-private partnerships.

Significant results were obtained following the implementation of reforms⁹

Through these initiatives, the business climate has experienced a marked improvement that has resulted in a positive impact on the classification of Guinea in the “Doing Business Ranking”.

Starting a Business

- Total number of companies created in January to 15 May 2012: 437
- Reducing the number of days required to start a business: from more than 40 days to 3 days.

Granting building permits

- The average number of days to obtain a permit has decreased from 287 days to 32 days.

Obtaining electricity

- The application procedures for electricity connection and excavation permits are now conducted together. The customer does not need to follow up with public works. This saves time and reduces the number of points of contact for access to electricity.

Transfer of ownership

- 121 property transfers managed from January to May 2012

⁹ Source: World Bank ; DSRP 3

Several international companies are currently operating in Guinea



“I discovered APIP through the media. I then used it to register my company. I submitted the required documents and in less than two weeks, I was called back. I was surprised by the speed with which I could get my company registered.”
Mr Oumar Yasané, CEO of an IT company

“ We formed a technical committee with the Government to rationalize the granting of licenses, permits and approvals. The main objective was to ensure a quick follow-up and planning of applications with weekly meetings. Thus, more than 200 licenses and permits were given.”
Mr Ismael Diakité, CEO, Administrator at Simfer SA Rio Tinto»

These successes should be put on the account of the multiple efforts of the Government in terms of improving the business environment and the security of investment by a fierce fight against money-laundering and corruption, a progressive formalization of the informal sector, among others.

4.5 PUBLIC-PRIVATE PARTNERSHIPS ARE POSSIBLE IN GUINEA

The Guinean Government has shown its willingness to mount PPP through the development of a law to this effect

Public-Private Partnerships (PPPs) are defined and governed by law L/97/012/AN authorizing the financing, construction, operation, maintenance and transfer of infrastructure development by the private sector. This law applies "without limit" to the areas of activities and projects as defined in Article 1.2: "infrastructure such as hydroelectric dams and power plants, mining infrastructure, transport infrastructure such as roads, ports, railways, airports, energy facilities, telecommunications facilities, agricultural infrastructure and facilities, public buildings, tourism projects, education and health projects, computer networks and free zones."

Relations between the State and a private investor in a PPP are governed by a Build-Operate-Transfer Agreement (BOT). The main provisions of this law are related to: i) selection of private investors, ii) financing of investments, iii) definition of Type of Contract, iv) ownership structures, and v) taxation. This PPP law is general and contains a number of provisions to be specified and defined in the implementing regulations that do not exist today. The vagueness of the law limits its application but does not prevent it; it should rather be interpreted as a principled position of the Government of Guinea.

Reforms of the regulatory and institutional framework for PPPs are envisaged

The Guinean Government considers PPPs as the preferred tool to provide major infrastructure to Guinea (growth corridors, airports, hydroelectric dams, etc.) and basic social services (education, health, housing, etc...) essential to people's lives. Given the very long relationship (several decades)

that will be built between the sponsors (developers and investors), the Country and the banks, the Government will intensify the fierce battle against corruption. Also aware of the limitations of the current law, it has implemented reforms to address them. The first step underway consists of a diagnostic study which will be finalized by early 2014. This study will examine the legal and regulatory aspects, identifying sectors and the implementation of one or two pilot transactions to lead the way.

The absence of implementing legislation is not an obstacle for the assembly of PPPs as agreements exist in various sectors, including infrastructure, agriculture, mining, energy and telecommunications

Agriculture



Impact on the economy

Farmlands of Guinea's objectives are to produce, transform and sell large volumes of quality food products on the local market; and to provide cash crops on demand for exports. FLG signed a years agreement with the Ministry of Agriculture for the exclusive rights to commercialize 3.7 million hectares of arable lands of Guinea. FLG will be in charge of selecting and marking out those plots that can be commercialized within the international agricultural community, to sovereign funds, and to equity investing companies – this, to reach Guinea's food security objectives. In addition, FLG was hired by the Office of Development Agencies of the President Conde (OGDA) to implement an agricultural credit in Guinea on a public-private partnership - the private part will be in charge of funding for land allocation as well as of necessary development infrastructures.

Infrastructure

Port de Conakry, Guinée

Conakry Terminal



Le 11 mars 2011, Bollore Africa Logistics s'est vu attribuer la gestion et le développement du terminal à conteneurs du port de Conakry pour une durée de 25 ans, dans le cadre d'un partenariat public-privé avec l'Autorité portuaire.

Impact on the economy

Bollore Africa Logistics has engaged to build in three years a modern and operational terminal. It also forecasts to increase the port's drought to 13 meters in collaboration with the Port of Conakry. The construction, which has already started, is set to triple the length of the containers terminal, triple the storage surfaces, and also build a dry port with its railway system to decongest merchandise traffic. Bollore Africa Logistics, who employs about 400 people at the Conakry Terminal, has for objective to create a competitive regional transshipment platform.

Source: bollore-africa-logistics

Mines



Impact on the economy

Alufer's objectives are to become a producer of bauxite of international reknown, to create wealth for its shareholders and economic prosperity for the Guinean population with the development of sustainable mining operations that are based on discipline, safe, environmentally conscient, and profitable.

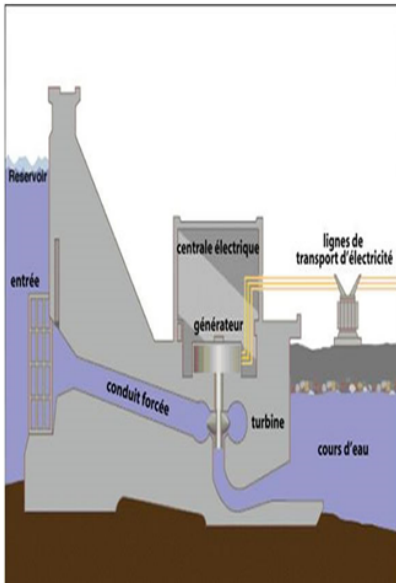
Telecommunications



Telekom Malaysia Berhad (TM) has settled the sale of 60% of its remaining shares in the Guinea Telecommunications Society (SOTELGUI) to the Guinean Government following an agreement between both parties. The Guinean delegation sent by the Head of State was satisfied with the peaceful settling of negotiations between TM and the Republic of Guinea as it relates to the partnership with SOTELGUI. The Guinean delegation underlined the necessity to pursue cooperation with Malaysia exploring other investment opportunities and to reinforce the presence of Malaysia in Guinea. Guinea is open to the world and favors partnerships with southern countries and every country sharing the same history and values.

Source: alufermining; Worlf Bank

Hydroelectric energy



Impact on the economy

SEMAFO, a mining company implements in collaboration with the Guinean Government a project for the construction of a hydroelectric dam with a capacity of 130 MW on the Congo River at Poudalé (in the administrative region of Boké). The objective of the project is to promote and develop the private production of energy using the hydroelectric potential of Guinea to remove the bottlenecks caused by energy shortages, participate effectively in sustainable development and fight against poverty through the development of viable economic activities (SME and SMI) as well as job creation in Guinea.

This project is based on a BOT principle of which the suggested total financing structure includes cost of studies and will be shared between SEMAFO in the private sector with other mining companies operating in the Boké region, as well the State in the form of debts to development aid agencies including the World Bank, the European Union, the African Development Bank, etc.

Source: guineeconakry.info

These partnerships are consolidated thanks to the will and the support of Government, technical and financial partners and private actors.

“In our countries, health politics are essentially built around the public sector, leaving little room for the private sector. This fact is maintained by a certain number of myths that are: more attention needs to be given to the public sector because it serves the poor; population’s health is essentially financed by public powers; the private sector in its geographical reach and activities is not developed in Africa; regulation is not the best way to improve performances of healthcare systems.”

Mrs Sangharé, Minister of public health, during the opening of a workshop on public-private partnerships.

“The World Bank has engaged in supporting the private sector of Guinea – the IFC, member of the World Bank Group, is in an ‘appropriate position’ to help Guinea create an environment favorable to private enterprises.”

Mr Jin-Yong Cai, Executive Vice President and CEO of IFC

“I hope to prove that SMEs in collaboration with public institutions can bring a decisive contribution if they are encouraged to adapt and if they receive suitable support.”

Mr Nava Touré, Chief of the Decentralized Rural Electrification Office of Guinea

“Guinea is in the midst of a transition period and there are challenges to address. We are here because we are convinced of the long term potential of this country.”

CEO of a mining company

4.6 GUINEA PRIORITIZES OPPORTUNITIES FOR INCLUSIVE DEVELOPMENT

The provision of basic social services requires major improvements with visible results for the population. It is also necessary to reinforce decentralized authorities and partnerships with NGOs, private providers and international organizations in order to insure the rapid expansion of social services for inclusive development.

Inclusive development is important to strengthen human capital, which, through education can support the growth strategy

Primary education is a priority for the Government

Education goals have been set back compared to the Millennium Development Goals, given the delay accused by the country in this area. Thus, the primary completion rate is set for 68% in 2015 against a rate of 100% for international goals. Gradual reduction of the double shift in areas of high population density, community awareness and widespread approaches to keep children in school, particularly girls, will contribute to increasing the completion rate. However, the PRSP is ambitious with regards to access of girls to education since it assigns gender equality by 2015.

To achieve these goals, the Government intends to: (i) increase the share of the education budget in the national development budget (NDB) considering the increase from 9% in 2012 to 18% in 2015, (ii) increase the share of total primary education expenses from 37% in 2010 to 50% in 2015, (iii) improve the capacity of transfer of resources and responsibilities from central to local government to

ensure better management of school communities, (iv) improve the management capacity of at least 55% of school administrators at the central and decentralized levels by 2015, and (v) continue efforts of construction, rehabilitation, and emergency repairs of infrastructure and school facilities, (vi) build housing for teachers and educators in at least 30% of schools in areas of extreme poverty, and (vii) provide all primary schools in food-insecure areas with school canteens to increase attendance rates.

For secondary education, the Government intends to carry out major reforms

The Government is working towards restructuring teaching requirements and developing skills and competencies for students to pursue their studies in technical and vocational education cycles and post-secondary level, or join the workforce directly. It has the following specific objectives: (i) improving access to secondary school, (ii) increasing the transition rate from primary to secondary school to provide basic education to all Guinean children, (iii) increasing the rate of transition from middle to high school, and (iv) improving the teacher-pupil ratio in high schools from 88 in 2012 to 70 in 2020 to improve the quality of learning.

Adult and Non-formal Education (ANFE) continue to occupy a place among governmental priorities

The following general objectives have been set for the next ten years. These are: (i) improve the access of illiterate youth and adults, both in and out of school to ANFE programs, (ii) improve the quality of literacy and non-formal education offerings, adapted to the context, needs and characteristics of the groups involved and country requirements for development, (iii) implement a mechanism of control, coordination, financing, monitoring and evaluation of effective and efficient ANFE policy.

For technical education and vocational training, the Government will implement on a short term basis Mobile Training Units (MTU)

The role of MTUs would be to quickly train, in the nearest construction site, a qualified or specialized labor base. Learners will mostly be young adults who have developed acquired knowledge during their school career and enriched by their experiences. To do this, there are three pools of MTU implementation. These are: (i) Kamsar Boke-Sangarédi Dian Dian basin - for industries related to the use of alumina and bauxite; (ii) Forécariah Basin - to take into account future ore ports in the south of Conakry and the development of logistics services; and (iii) Guinea Forest Basin for industries related to iron mining.

In the medium and long term, new mechanisms will be put in place to train operating and maintenance personnel for mining, transport and minerals processing operations. This will include: company training centers (CFC, CBG in Kamsar, RUSAL in Fria and Kindia and SAG in Siguiri) and sector, industrial and mining centers (Cesim) that will be implemented under PPPs.

Concerning Vocational Training Centres (VTC), the Government is committed to reinforce them and quickly reactivate some training programs that may correspond to jobs among the most anticipated, with the aim of initiating a process of modernization. Emphasis will be placed on the VTC centering on the following specialties: general mechanics, auto repair, diesel mechanic, building electricity, boiler making.

In Post-Primary Vocational Training Centres (CFPP), training programs are focused on the following: masonry, tiling, painting, electricity, plumbing, restaurant and bar, hairdressing, sewing, floriculture, and saponification. These outlets are of educational and social interest, and provide a path of insertion for students who could not qualify for VTCs.

In the context of the future implementation of Regional Schools of Arts and Trades (ERAM), the Government intends to reform the National School of Arts and Trades (ENAM). To do this, two actions in two stages are envisaged:

- Some courses developed by Cesim will be offered by ENAM. This is the case of training of technicians in mechanical systems study, technicians in boilers and industrial piping, and networks technicians, for which capital expenditure and operational costs are limited, and the needs in training facilities are compatible with the current possibilities of ENAM. In this perspective, Cesim could contribute to the training of teachers and the provision of programs;
- The second action is to initiate a comprehensive discussion about the reform of public vocational and technical training.

For higher education, the Government intends to build a diversified, high performance system, to meet the needs of the country, and accelerate Guinea's economic and social emergence.

The strategic objectives to achieve the vision are: (i) Improving governance and management of higher education systems and scientific research institutions, (ii) improving access, (iii) improving the relevance of training programs, (iv) improving the quality of teaching and learning, (v) revitalizing scientific research, and (vi) improving the working and living environment in higher education and scientific research institutions.

To achieve these objectives, measures and priority actions include: (i) increasing educational infrastructure (construction of auditoriums, laboratories, libraries, including university libraries and computer centers and their equipment), (ii) promoting access to ICTs and their use in teaching, research and administration, (iii) supporting initial and ongoing training of teachers and staff of scientific and administrative support and management, (iv) developing and disseminating new tools for academic, administrative and financial management, (v) promoting the restructuring of the teachings in the "LMD system" (BSc MSc PhD) with an emphasis on vocational courses, (vi) supporting master programs and graduate schools, (vii) strengthening the capacity of relevant ministries in coordinating and monitoring the performance of Higher Education Institutions (HEIs) as well as the allocation of financial resources to higher education institutions and scientific research, (viii) strengthening the capacity of the Guinean School of Education (ISSEG) and similar institutions in research to create knowledge, (ix) continuing to promote funding of research and implement the law on research, (x) strengthening the capacity of the Guinean School of Education (ISSEG) for training of teachers and staff coaching in high schools and teacher training colleges (ENI), (xi) developing new strategies for gender and reducing disparities between Conakry and the rest of the country.

Inclusive development also improves the living conditions of households with a greater consideration for health policy and planning

Health

The Government's long term vision is to establish an efficient, accessible and equitable health system able to fulfill the right to health for all, especially the most vulnerable.

The general objectives are: (i) increase the percentage of deliveries in public health centers, 36.6% in 2011 to 50% in 2015, (ii) maintain the prevalence of HIV / AIDS to less than 1.5% in 2015, (iii) keep the number of doctors per 10 000 to 1.6 during the period, (iv) increase the number of first contacts per capita (use of modern health care) in 2011 from 0.28% to 0.40% in 2015, (v) increase the rate of antenatal care (ANC) from 82% in 2011 to 88% in 2015, (vi) increase the rate of immunization of children under one year against measles from 70% in 2011 to 85% in 2015, (vii) reduce the ratio of women of childbearing age from 5411 in 2011 to 5400 in 2015, and (v) reduce the prevalence of underweight children under five years from 18% in 2012 to 13.4% in 2015.

To achieve these strategic objectives, the Government intends to implement the road map for maternal mortality and initiate reforms to increase interventions in the poorest areas and among the poorest and most vulnerable populations. This will be done by redirecting resources (funds,

personnel and supplies) for the benefit of these areas to fight against diseases and conditions that disproportionately affect the poor.

In addition, the Government will: (i) establish an essential package of high-impact activities for all facilities to enable the poor access to basic health care, (ii) establish a system of vertical and horizontal complementarity between the different levels of health facilities including community and the development of Public-Private Partnership (PPP) interfaces, and (iii) scale minimum activity packages with proven efficiency on maternal, newborn and infant and child mortality (Child Survival / PCIMNE / ACSD, Nutrition, EmONC including SAA, Family Planning, etc.) both through community services, as well as in public and private health structures; (iv) strengthen the technical capacity to support staff in health structures through the support of the Institute for Development of Health Personnel, (v) strengthen the procurement and management system of reproduction health products (essential drugs, medical supplies, vaccines, blood products, equipment, etc.), (vi) develop capabilities empowering families and communities through communication for behavioral change in the adoption of family and community practices that have a beneficial effect on maternal, infant and child health and nutrition, as well as the abandonment of harmful health practices, (vii) develop mechanisms for psycho-social care and forensic violence against women and children, and (viii) provide funding for the health sector, including strengthening of the participation of the State to reach the Abuja target, improvement of management and use of sectorial resources by emphasizing budget allocation focused on results and a review of public sector spending, and reducing public participation through organization of national solidarity, relying in particular on the development of disease risks mutualization systems such as universal health insurance and mutual health.

Regarding the fight against AIDS, the objectives of the response adopted by the Government in 2015, are: (i) halve HIV transmission through sexual contact, (ii) ensure that no child is born with HIV, (iii) increase access to antiretroviral therapy so that 47,574 people living with HIV can receive lifesaving treatment, (iv) 50% reduction in mortality due to tuberculosis (TB) in people infected with HIV, and (v) permanently fill the gap in resources for the fight against AIDS and work to increase funding.

Strengthening the cooperation and coordination of partner activities (Government, donors, non-governmental organizations, religious groups, village leaders, etc.) would allow to carry out a broad fight against HIV. Finally, the implementation of programs aimed at changing behavior may be an important lever for influencing the evolutionary trend of the epidemic.

Spatial planning and urban development

For upcoming years, the Government will prepare development plans at a national and regional level, as well as sectorial level diagrams. It will develop methodological and performance contracts tools to support regional and local development and to regulate the relationship between local authorities and the State. Finally, the focus will be on the promotion of local initiatives through the organization of local actors around promising actions, under the guidance of national planning scheme.

The special case of Conakry and towns that it comprises requires special attention in terms of the status of the city as the relationship between the City and the municipalities, and the sharing of resources and responsibilities to upgrade urban infrastructure. Also, in connection with the programs, an urban development strategy will be clarified. It will focus on upgrading cities in terms of equipment, management of these facilities and services and improving the capacity of municipalities and the development of their resources. The strategy will take into account crucial areas such as sanitation and waste management for which guidelines already exist, improved roads and distribution networks and the expansion of neighborhoods with the participation of women and youth. Where these studies have not been done, it will be discussed with the affected municipalities

during urban audits on the situation of access to basic services, network condition, management and resources of the municipality. City contracts will be the tools to implement this strategy.

Finally, inclusive development is crucial for the promotion of youth employment and social protection is essential to realizing the potential of Guinea

Youth employment

The overall objective is to achieve full employment of young people and contribute to the substantial reduction of poverty by providing rural and urban youth aged 15 to 40 years with skills training opportunities to improve their employability and productive employment, both paid and independent.

Policy on youth employment (PYD) is based on four priorities. These are:

- *improving the employability of young people*
- *promoting youth entrepreneurship*
- *promoting High Intensity Labor Force (HILF) and decentralized local employment*
- *improving the Statistics Information System*

The Government intends to build a mechanism for monitoring, coordination and consultation on the implementation of the youth employment strategy.

Social Protection

The strategy of strengthening social protection for the period 2013-2015 will be to develop social safety nets adapted to the needs of the poorest and most vulnerable groups while working to develop a national policy and social protection system for the medium and long term.

This strategy will be realized through the following priority interventions:

- Extension of the school feeding program (canteens), and jointly formulating a school feeding policy in light of positive results¹⁰ obtained from the school feeding program supported by World Food Program in terms of enrollment and retention (especially girls).
- Implementation of the National Socio-Economic Reintegration Programme (PNRSE) in favor of groups at risk of social exclusion (overstaffed defense forces and security, conflict victims, vulnerable women, unemployed youth, etc...).
- Implementation of the pilot project "Productive Social Nets " which provides for the creation of jobs and training opportunities for the poor through work intensive labor (LI) in poor urban areas. It also includes a cash transfer program to improve the human capital of the poor and vulnerable to food insecurity.

These initiatives are expected to generate lessons in order to lay the foundation for a Social Safety Nets Strategy - and potentially expand it - as part of the development of a comprehensive national social protection strategy.

¹⁰ According to the investigation report of the inspectors of education of Upper, Medium and Forest Guinea, January 2011, the school feeding program has had a significant impact on school enrolment and retention (77% for the TBS in schools with canteen) and 69% in those without.

5. GUINEA IS A COUNTRY IN FULL TRANSITION WHERE EVERYTHING REMAINS TO BE BUILT

By focusing on the assets and achievements made during the last two years, Guinea is able to face its major developmental challenges. This includes:

- The great potential of its natural, geological and mineral resources;
- The efforts made by the Government in the implementation of policy and institutional reforms with the support of various political and social forces and development partners;
- A found political stability and social peace, creating an environment conducive to a better public governance framework, the return to economic growth, the resumption of international cooperation and a substantial reduction of the external debt;
- A relatively stable macroeconomic framework illustrated in particular by: (i) a reduced budget deficit as a result of improved fiscal revenues combined with a control of public expenditure; and (ii) a monetary and exchange rate policy that helped to absorb excess liquidity and inflation and stabilize the exchange rate.

Development policy reports show that the State is on a good path to turning Guinea into an emerging country

The critical milestones for this objective were refined during the Economic Forum held in Conakry in September 2012 by the Government of Guinea. This Forum allowed to compare Guinean solutions with international best practices. It was an important step in Guinea's ambition to realize its economic potential by implementing in a coordinated and systematic manner the economic and social reforms aimed at accelerating and diversifying growth, to ensure its emergence and improve the living conditions of its population.

The Government is now organizing from November 24th to 25th, 2013 in Abu Dhabi, Guinea's Development Partners and Investor Conference

This conference is designed to mobilize the international community (development partners and private sector) to support the emergence of Guinea which has an ambitious plan of development and a bold poverty reduction strategy. It will be the opportunity to present to major private investors and development partners the vision and strategy for the emergence of Guinea and the means implemented to achieve it.

Failure is not an option, considering national and sub-regional stakes. Indeed, through the mobilization of the people of Guinea and the international community around the vision, the implementation of strategic actions, the strengthening of sub-regional integration and deployment of human, cultural and natural wealth: ***"Guinea is back and ready for business."***

6. ANNEXES

6.1 AREAS OF ENGAGEMENT OF MAJOR DEVELOPMENT PARTNERS

Sectors	GIZ Germany	ADB	WB	China	Spain AECID	Europe AID	IMF	France AFD	IsDB	Japan	UNDP	EU	UNICEF
Budget support		X	X				X					X	
Governance		X	X			X		X	X				
Modernization of civil service and justice, and Decentralization			X			X		X			X	X	
Security sector								X			X	X	
Health and Nutrition	X		X			X					X	X	X
Basic education and vocational training related to mining	X	X	X			X		X					X
Urban Development			X					X	X			X	
Energy		X											
Transport		X	X	X				X	X				
Environment											X		
Water and sanitation			X						X	X			
Agriculture		X	X		X			X		X			
Rural infrastructure		X						X					X

Guinea's Development Partners and Investor Conference – General Narrative

Sectors	GIZ Germany	ADB	WB	China	Spain AECID	Europe AID	IMF	France AFD	IsDB	Japan	UNDP	EU	UNICEF
Youth employment			X										
Social welfare			X									X	X

Source: Country Strategy Paper, 2012-2016, Regional Department West 2 (ORWB) African Development Bank Group, December 2011

6.2 COUNTRY INDICATORS

Geography	
Area	245,857 Km ²
Density (inhabitants / Km ² - 2011)	45.4
Location	<ul style="list-style-type: none"> Bordered by Guinea-Bissau, Senegal, Mali, Liberia, Sierra Leone, Côte d'Ivoire, and the Atlantic Ocean with 300 km of coastline on the Atlantic Between 7 ° and 13 ° N, 8 ° and 15 ° W.
Environment and Climate	<ul style="list-style-type: none"> Divided into four natural regions Tropical climate with a rainy season (May to October) and a dry season (November to April)
Population	
Total population (2012)	11,451,273
Rural Population (2012)	7,335,227.4
Female population (% of total population - 2012)	49.9
Population aged 0 to 14 years (% of total population - 2012)	42.5
Population aged 15 to 64 years old (% of total population - 2012)	54.4
Population aged 65 and over (% of total population - 2012)	3.1
Ratio of the poor based on the national poverty line (% of population - 2012)	55.2
Population growth rate (annual % -2012)	2.6
Life expectancy at birth (years - 2011)	54.1
Infant mortality rate (per 1,000 live births - 2012)	67
Crude death rate (per 1000 people - 2011)	12.8
Fertility rate (births per woman - 2011)	5.2
Human Development Index (2011)	0.344
Literacy rate (% of people aged 15 years and over - 2012)	34
Ethnic origins	<ul style="list-style-type: none"> Mande group dominant in Upper Guinea and Maritime Guinea (Sousou and Malinke) Fulani group, whose center is the Fouta Forest ethnicities, more fragmented Mosaic of about 29 ethnic groups
Religion	<ul style="list-style-type: none"> Islam (85%) Christianity (8%) Animist (7%)

Official language	French
Economy	
GDP (current USD - 2012)	6,767,919,333.3
GDP growth (annual % - 2012)	3.9
GDP / capita (current USD - 2012)	591
GDP / capita (annual % - 2012)	1.3
GNI (current U.S. - 2012)	6,237,402,799.8
GNI (% annual - 2010)	3.7
GNI / capita (current international USD/PPP - 2012)	980
GNI / capita, Atlas method (current U.S. \$)	460
Inflation, consumer prices (annual % - 2012)	15.2
Inflation, GDP deflator (annual % - 2012)	12.9
Revenue, excluding grants (in billions GNF - Is 2012/DSRP 2013-2015.)	7,975.6
Total expenditure including net lending (in billions GNF -. East 2012 / PRSP 2013-2015)	10,146.1
Budget balance, excluding grants, on a commitment basis (billion GNF - Is 2012/DSRP 2013-2015.)	-2,170.5
Doing Business ranking	178th out of 185 countries

Sources: Development Indicators, World Bank, African Economic Outlook, PRSP 2013-2015: National Directorate of Planning, February 2013