

Guinea—From a Command to a Market Economy

Guinea is often referred to as a geological oddity because it is so richly endowed with mineral resources. The country is the second largest producer of bauxite and has vast untapped reserves of the mineral that can be easily extracted through open pit mining. Guinea also has huge quantities of gold and iron as well as zinc, copper, nickel, marble, and granite. Perhaps even more notable are the country's supplies of high-quality diamonds. Yet despite this immense wealth, Guinea ranks among the world's least developed countries.

Efficient use of the country's largely unexploited mineral resources would accelerate its economic recovery and its integration with the global economy. But Guinea also faces serious constraints to development stemming from domestic political instability and conflicts in neighbouring countries. And the transition from a socialist regime has not been easy. Even so, major reforms undertaken in the mid-1980s by the government of President Lansana Conté indicate a political commitment to rehabilitating the economy and fighting poverty.

In 1990–2000 Guinea's GDP grew at an average annual rate of 3.4% in real terms. GDP growth began a downward trend in 1997, dropping to its lowest level (1.1%) in 2000. But growth was projected at 3.3% for 2001 and is expected to rise to 4.5% in 2003.

The poor growth performance in 2000 mainly reflected deteriorating security conditions and unfavourable world price trends for the country's two main exports, bauxite and alumina. The economy's heavy reliance on mining means that the fortunes of that sector largely determine macroeconomic and social outcomes.

The current account deficit amounted to 1.2% of GDP in 2001, a slight improvement from the deficit of 2.1% in 2000. Guinea has managed to keep inflation to single digits for the past 10 years, mainly through tight monetary policy.

The current government has taken steps to rehabilitate the economy and to establish democracy and good governance. It has also made debt management and poverty reduction high priorities. With the support of the international community, Guinea has completed several rounds of debt rescheduling. The country also has recently received debt relief under the Heavily Indebted Poor Countries (HIPC) initiative, which is aimed at reducing poverty and boosting economic growth. As a result, its debt to GDP ratio has steadily declined, reaching 33% in 2001.

On the social front Guinea has achieved commendable progress, particularly in education and health. Education reform has resulted in a large increase in gross primary

A geological oddity richly endowed with mineral resources

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enrolment—although the rate, at 56% in 2000, is still dismally low. Health sector programmes have led to significant improvements in primary care and access to essential drugs, and infant and maternal mortality rates have fallen remarkably as a result. But with the majority of the population still poor, much remains to be done to lift people out of poverty.

To spur economic development, the government needs to intensify its reform programmes while ensuring a structured and comprehensive approach that can bring about deep institutional and administrative changes. Such changes would support the sound macroeconomic policies needed to promote economic growth and social development. The government will also need to ensure that monetary and fiscal policies are in line with its reform programmes. Finally, sectoral analysis points to a need to diversify the economy so as to reduce the heavy reliance on mining, to direct investment towards the development of industrial and agricultural (mainly fishing) activities, to modernize and develop the energy sector and basic infrastructure (including transport and telecommunications), and to promote tourism.

The medium-term outlook for Guinea is positive, with growth projected to pick up as peace takes hold in the subregion. A durable peace appeared likely towards the end of 2001, as sanctions against Liberia and increased military pressure on the Revolutionary United Front—the organization fighting the government of Sierra Leone and responsible for thousands of civilian deaths—led to new interest among regional players in a general settlement. The president of Guinea agreed to negotiate directly with the head of state of Liberia about that country’s alleged support of incursions into Guinea by the Revolutionary United Front.

Greater efforts towards regional integration in the Economic Community of West African States (ECOWAS) should serve Guinea well as regional initiatives to improve infrastructure come on stream. These initiatives include upgrading transcoastal roads, connecting railroad networks to improve links between Guinea-Bissau and Sierra Leone, launching a West African satellite, and upgrading the Conakry seaport. The single West African currency slated for 2003 will help to consolidate sound macroeconomic policies, a prerequisite of growth and development.

Recent trends and developments— wide-ranging reforms

The political environment in Guinea has been difficult in recent years. Until 1984 the Guinean economy was governed by a centrally planned system put in place by the socialist regime of Sekou Toure. This system was characterized by inefficiency, corruption, and mismanagement.

In the late 1980s a series of economic and financial reforms were implemented to restore budgetary balance, promote economic recovery, and renew international confidence. Although the reform programme received much support from the donor community, policy implementation was inconsistent, with brief periods of progress followed by policy slippage. Political instability was largely to blame for this inconsistency.

In early 1996 a group of military officers made an unsuccessful attempt to seize power from Lansana Conté, who has ruled Guinea since a military takeover in 1984. Conté was elected president in 1993 and re-elected in 1998. The 1998 presidential election led to more political and military instability. One of the main opposition candidates, Alpha Condé, was found guilty of having plotted against the state and given a five-year sentence in late 2000. In May 2001, however, he was granted an amnesty after having served half his term.

Also destabilizing has been the inflow of refugees fleeing a regional conflict that erupted in 2000 along Guinea's western and southern borders with Sierra Leone and Liberia. This conflict led Guinea to postpone its 2000 legislative election. Since the signing of peace agreements between the Revolutionary United Front and the government of Sierra Leone, border skirmishes have waned. Nevertheless, the massive flood of refugees has strained public spending and led to substantial environmental costs.

Although the domestic instability has made reform difficult, Guinea carried out major economic, social, and institutional reforms in 1995–2000. During this five-year period GDP grew at an average annual rate of 3.4% in real terms. The projected growth for 2001 was 3.3%, the outcome of a downward trend that began in 1997, with GDP growth reaching its lowest level in 2000 at 1.1% (table 8.1).¹

Investment was subject to the same downward trend, dropping from 17.9% of GDP in 1996 to 12.1% in 1998 before stabilizing (table 8.2). This trend stemmed mainly from fluctuations in private investment, with public investment remaining stable over the period at around 5% of GDP. After initially rising, the savings rate fell from 10% of GDP in 1997 to 4.8% in 1999. The savings rate subsequently rose, though unsteadily. Final consumption also followed the same downward trend from 1997.

The reforms that the government has undertaken in recent years have been wide ranging, focusing on budgetary, monetary, financial, external, social, and governance policies. Indeed, in 1996–98 the government formulated a holistic development policy, laid out in “Guinée Vision 2010” (Guinea, National Government 1998a). The policy became operational in December 1998 through the National Human Development Programme, developed after broad consultations with civil society (UNDP 1997). Within this framework the government initiated a variety of programmes in the priority sectors of health, water, education, agriculture, and transport. But implementation was constrained by the lack of a government strategy coherent enough to attract the participation of domestic actors and the support of development partners. In 1999 the International Monetary Fund (IMF) suspended support to Guinea because the agreed reform programme was seriously off track.

In early 2001, however, the IMF granted Guinea a loan through its poverty reduction and growth facility, based on a programme targeting economic growth of 5.5% between 2001 and 2004. The loan is also linked to the preparation of a poverty reduction strategy paper, a draft of which was completed in October 2000 (a final version was to be presented in late 2001, but has not yet been).

The results achieved in 1995–2000 sum up the liberal approach that the Guinean government embarked on in 1985, breaking away from the planned economy in place

“*Reforms in recent years have been wide ranging*”

Table 8.1

*Growth in GDP and consumption, Guinea, 1995–2001
(average annual percentage growth)*

	1995	1996	1997	1998	1999	2000	2001 ^a
GDP	4.1	5.6	2.8	3.9	3.0	1.1	3.3
GDP per capita	1.3	2.7	-0.1	1.0	0.0	-1.7	0.4
Per capita consumption	-3.8	0.1	-2.3	3.6	-5.0	-3.0	0.1

a. Projected.

Source: Economic Commission for Africa from official sources.

Table 8.2

*Investment and savings, Guinea, 1995–2001
(percentage of GDP)*

	1995	1996	1997	1998	1999	2000	2001 ^a
Total gross fixed capital formation	17.4	17.9	14.0	12.1	13.7	14.1	13.4
Public gross fixed capital formation	5.9	5.1	5.8	4.0	4.9	5.2	5.5
Private gross fixed capital formation	11.5	12.8	8.3	8.1	8.7	8.9	7.8
National savings	10.0	12.5	10.0	4.8	7.9	7.7	7.2

a. Projected.

Source: Economic Commission for Africa from official sources.

“Given the country’s enormous potential the macroeconomic results proved disappointing”

for a quarter century. The 1995–2000 economic reform programme, which had gained the support of all development partners, focused on reforming the public sector, liberalizing the exchange rate regime, deregulating prices and interest rates, restructuring the banking sector, monitoring public spending, and strengthening national capacities to manage a market economy—all while emphasizing a participatory approach to development.

Given the country’s enormous potential in agriculture, fisheries, minerals, and energy, the macroeconomic results proved disappointing, however. This outcome can be explained in part by the long transition from one regime to another, as Guinea sought to eliminate the remnants of the socialist regime while also dealing with the demands of a market economy. The country had to contend with all the institutional and behavioural problems common in a transition economy.

Sectoral performance and policies

Agriculture and mining are the two largest sectors of the Guinean economy, with manufacturing a distant third.

Agriculture—reviving exports

Agriculture accounts for around 21% of GDP, provides employment for some 65% of the population, and produces around 10% of exports. Rice is the most significant crop, cultivated on 50% of irrigated land (although the country still imports up to 40% of its requirements).

The sector grew at an average rate of 4.9% (in volume terms) between 1995 and 2000, outpacing GDP. Most dynamic were foodstuffs and livestock production: between 1991 and 1997 rice production increased by 26%, meat production by 48%, maize production by 74%, and cassava production by 170%.

Efforts to revive agricultural exports—targeting mainly coffee, cotton, fruit (particularly mangoes and pineapples), and rubber—were partly successful. Positive results seemed to indicate better prospects for cotton (with exports rising from 12,547 tonnes in 1995 to 30,000 in 1998) and rubber, although the performance of coffee and fruit remained disappointing.

This progress notwithstanding, the challenges in developing and modernizing agriculture remained significant. The increase in the production of foodstuffs came essentially through an expansion of cultivated area. Growth in productivity remained modest: between 1991 and 1995 the average output of rice rose from 1.38 tonnes per hectare to 1.43, and that of maize from 0.96 tonne per hectare to 1.03.

Agriculture has been a policy priority for the government for the past 15 years, reflecting its importance both in diversifying the economy—long dependent on mining—and in reducing poverty in rural areas, where most of the population lives. Implementing agricultural policy is the responsibility of the Ministry of Agriculture and Livestock.

Despite the country's enormous water resources (the country used to be called “West Africa's Water Tower”), the sector has performed well below policy expectations. Serious constraints have limited its development. The productive capacity (based on soil, water, and forest resources) has declined sharply, in large part because of the traditional farming methods, which have changed little for decades. Rural infrastructure (roads, irrigation facilities) is inadequate. And lack of access to land, insecure land tenure, poor access to credit and the high cost of financial services, and the weak institutional support system have all constrained private sector participation.

The main policy guidelines for the sector were laid out in 1991 by the first agricultural development policy paper and updated in 1997. This policy was aimed mainly at ensuring food security, diversifying agricultural production, increasing the volume of exports, promoting private investment in the rural sector, developing basic rural infrastructure, and protecting the environment. The policy has led to significant progress in a few areas.

But broader progress has been undermined by the low level of investment and the persistence of traditional practices. These problems stem from the lack of financial services tailored to agricultural development, insufficient training and education, and limited use of

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technology. And all these constraints seriously limit the growth opportunities of the sector, particularly in food processing.

In the coffee subsector, for example, there were eight packaging enterprises and four processing enterprises with a total capacity of 11,000 tonnes in 2000. But only 57% of the capacity was being utilized. Despite the high quality of Guinean coffee, local producers are unable to develop effective marketing strategies at the local level to position the product for export. As a result of such problems, agricultural output is exported in its raw state, to the detriment of the local processing industry.

Consider another example, in the fruit and vegetable subsector. On-the-spot processing has strong potential and could provide local employment. But because of the subsector's inability to comply with international standards, Guinea has progressively lost the world market share it had acquired 30 years ago.

The fruit and vegetable subsector has recently received tax concessions on imported inputs for use in producing exports, which could promote its development. But financing the purchase of inputs continues to be difficult because of the land tenure system. Because that system reserves land ownership for the state, it is impossible for producers to use land as collateral for bank loans.

The lack of growth in agriculture impedes the development of the entire economy and holds back progress in reducing poverty. And the country's overreliance on exports of a single product—bauxite—increases the potential cost of external shocks. Thus it is critical for the government to carry out reforms addressing the constraints in agriculture and making good use of the country's agricultural resources. These reforms should focus on:

- Expanding and improving basic infrastructure, particularly transport and irrigation.
- Developing community financial institutions (micro-finance) that meet the needs of rural activities.
- Strengthening agricultural productivity through policies to encourage the most efficient use of inputs.
- Promoting the development of livestock production.
- Supporting the creation of professional associations of livestock breeders, farmers, and fishers, with a view to promoting learning and participation.
- Supporting the activities of rural women to help develop their economic and social potential.
- Assessing the impact of macroeconomic, fiscal, and customs policies on rural development.
- Rehabilitating and expanding export potential.

Fishing—undeveloped

Guinea has done little to develop its fishing sector, despite the country's 300-kilometer coastline and huge fisheries. A lack of infrastructure, particularly a modern fishing port, constrains the development of the fishing sector and undermines quality.

Fishing contributes just over 1% of GDP, although it accounts for around 6% of exports. Domestic consumption of fish has doubled since the mid-1980s. To meet the growing domestic demand, Guinea imports almost 30,000 tonnes of fish a year, including 17,000 tonnes of processed fish products and 12,000 tonnes of frozen fish products.

Industrial fishing accounted for less than 40% of the estimated 118,000-tonne catch in 2001, with foreign companies landing 65% of the industrial catch. The Guinean fleet is still in its infancy, apparent from the fact that small-scale fishing accounted for around 60% of the catch and 90% of the volume reaching markets.

Mining—provides bulk of industrial employment

Mining dominates the industrial sector and represents a large part of the country's economic activity, accounting for around 20% of GDP, 85% of export income, and 30% of fiscal revenue. In fact, until 1990 mining generally accounted for more than 20% of GDP, well over 90% of recorded exports, and 70% of government tax revenue. But its contribution to GDP dropped from 22.38% in 1989 to 20.51% in 1991 to 19.52% in 1994 before becoming relatively stable.² The important bauxite-alumina sector has been troubled by financial problems and deteriorating terms of trade since the late 1980s, although several new projects are emerging to add value to the ore.

Mining production relies on reserves that have generally proved capable of open cast mining: bauxite (20 million tonnes), limestone (40 million tonnes), nickel (73 million tonnes), iron (1 billion tonnes), diamonds (20 million karats), graphite (11,300 tonnes), titanium (100 million tonnes), and gold (5,000–10,000 tonnes). Recent research shows that the northeast of Guinea has immense gold resources, on the order of 500 tonnes.

Carried out mainly by major joint or foreign mining enterprises, mining provides the bulk of industrial employment (10,000 direct permanent jobs). It is the second largest employer after the civil service, even excluding the jobs created through subcontracting and the 100,000 jobs in the cottage industry. Through its tax contribution, the mining sector provides the equivalent of 51% of government spending on health, education, water supply, and infrastructure development. In addition, it contributes to grass-roots development through the construction of roads and the creation of education and health facilities.

The government has embarked on an ambitious reform programme in the mining sector. In 1995 it promulgated a new mining code aimed at improving the sector's institutional, legal, and regulatory environment and restoring its competitiveness. The code takes significant steps towards liberalizing mining activity. In another measure to liberalize the sector, the government established an independent mining cadastre (official property registry) under the Ministry of Mines, Geology, and the Environment. Efforts in coming years will be geared towards modernizing the information systems of the cadastre. Updating the geological map of the country would also be desirable, to help reduce investment risks in mining.

The state is also reducing its involvement in the sector. It has cut its participation in one mining company to 15% and aims to reduce its participation in several other mining

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companies through a privatization programme. In addition, it will pursue strategies to encourage private investment in bauxite mining and processing in the Boke region.

To intensify mineral exploitation and accelerate the country's economic growth, several major projects have been identified, particularly in bauxite processing (alumina and aluminium). These include the Sangaredi project (an aluminium smelter with a projected capacity of around 250,000 tonnes a year) and the Dian-Dian project (a bauxite mine and aluminium smelter). These projects will significantly expand the volume of activity in the sector, help to diversify mining activities, and increase the vertical integration of the sector. Moreover, the investment in the sector in the next five years is expected to contribute to the country's overall growth by generating links to other sectors.

Development efforts in the mining sector need to be geared to two goals: intensifying mining activities and promoting the further development of minerals. To support these goals, the main policy priorities should be improving the technical and legal protection of mining assets, developing basic infrastructure for mining activities, and promoting new projects for private investors.

Energy—strategy to increase supply

In Guinea all industrial sectors except mining are still at an embryonic stage. In the energy sector conditions have improved, however, with a sharp increase in the supply of electricity and in the efficiency of the distribution network. But the sector continues to suffer from poor management and from conflicts between the state and its foreign private partners. These conflicts culminated in the departure of the Canadian associates from the electricity company (Sogel) in 2001, much like the departure of the French associates of the water management company (SEEG) in 2000.

This event notwithstanding, the government's strategy is aimed at increasing the energy supply to meet the needs of the national economy. Today, with no proven fossil fuel resources, the country relies on fuel wood for more than 80% of domestic energy needs. In fact, only 16% of the population is connected to the electricity grid. The long-term objective is to make Guinea an electricity exporter, taking advantage of its enormous water resources.

To help meet the investment needs in the energy sector and turn Guinea into a power exporter, the government has developed institutional mechanisms and procedures to enable private partners to invest in infrastructure. Through these mechanisms, major projects have been identified, technical studies carried out, and discussions started with the private partners. Designed to correspond with the development of the mining industry, these projects include the Soapiti dam project, with annual production estimated at 3,496 kilowatt-hours a year.

Manufacturing—growth hits 7%

Manufacturing expanded from 3.5% of GDP in 1986 to 7.75% in 2000, and its annual growth rate rose from 3.2% in 1995 to 7.0% in 2000. This recovery deserves to be consol-

idated by appropriate policies.³ To support growth in manufacturing, the government has adopted a new investment code intended to promote the emergence of a relatively dense network of small- and medium-size enterprises. The most significant investments have been in the production of beverages (beer and soft drinks), building materials (cement), and tobacco and in the small processing and import substitution sector (soap, paint, plastic, sheet metal). These are the main manufacturing activities in Guinea, and they remain concentrated in the capital, Conakry.

Like all other sectors, manufacturing faces several obstacles that hinder its development and performance: The domestic market is weak. Inputs such as water, electricity, and telecommunications are costly, and the supply is irregular and inadequate both in volume and in quality. Deficiencies in administrative services result in long and costly procedures and in the entry of fraudulent imports that compete unfairly with locally manufactured products. And manufacturing firms bear an excessive tax burden because of the widespread tax evasion in the country.

Tourism—needs marketing

Guinea has strong potential for tourism in four distinct regions endowed with a rich variety of animal and plant life and a great diversity of arts and culture. So far, however, the tourism sector has contributed little to the national economy. Attempts to promote tourism have met with less international response than expected. The country attracted only around 17,000 foreign tourists in 1998. According to the Ministry for Tourism and the Hotel Industry, around 98% of hotel clients are business customers.

The weak demand for tourism no doubt reflects the absence of a marketing policy for the sector, the lack of investment, the outdated tourism infrastructure, and the country's post-independence heritage of a policy of self-exclusion. The poor skills of staff in the tourism sector and the inadequacy of basic infrastructure—such as water, electricity, transport, and communications—also discourage tourists.

Transport—hurt by the downturn

In the transport sector the state pursued a policy of disengagement during the 1980s. As a result, rail transport is now limited to the lines serving the mining companies, and shipping and river transport are limited to the main ports of Conakry, Kamar, Kankan, and Siguiri. Air transport is being fully restructured with the establishment of several private airlines.

Land transport, the main mode of transport in the hinterland (representing 95% of traffic), is developing gradually, with steady growth in the fleet of vehicles. But the general economic downturn has greatly hindered the performance of this subsector. Inadequate and in poor condition, road networks cannot cope with the explosion in the number of vehicles in Guinea—a number that grew from 25,000 in 1985 to 91,000 in 1996. Vehicles are 10 years old on average. Road regulations (such as the highway code and rules dealing with technical inspection and transport documents) contain gaps in coverage and are badly implemented. And the transport service sector remains poorly organized.

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The contribution of the transport sector to GDP increased between 1995 and 1998. But since then it has been in decline, falling to 1.5% of GDP in 2000 and an estimated 1.0% in 2001.

The government thus faces several challenges in this sector:

- To meet the needs of people for low-cost transport while ensuring acceptable quality.
- To improve road safety and construct and rehabilitate roads.
- To rehabilitate the air transport infrastructure.
- To establish a centre for collecting and recycling wastes from ships at the port of Conakry.
- To privatize the Conakry-Kankan railway line through a concession, as part of an effort to improve links with the hinterland and with neighbouring countries such as Côte d'Ivoire and Mali.
- To improve air transport services by privatizing Air Guinea, which has been losing market share.
- To re-regulate urban transport so as to reduce congestion and pollution.

Telecommunications—progress towards privatization

Inadequate telecommunications services continue to hinder economic development in Guinea. But the country has made progress towards improved services by privatizing the Guinean telecommunications company (Sotelgui) and granting operating licences to three private operators (Interceel, Spacetel, and Wireless).

External sector performance—current account deficit down to 1–2%

The Guinean export sector is fragile. It is concentrated in minerals that are particularly sensitive to fluctuations in world markets (especially the two main exports, bauxite and alumina). It is poorly diversified, particularly in agriculture and fisheries. And it lacks competitiveness, particularly in agriculture, relative to the rest of the subregion. The lack of competitiveness stems from the prohibitive costs of inputs (particularly packaging and transport), supply-side constraints on the ability to adapt to changing international demand, and the absence of an entrepreneurial export culture. And all these bottlenecks are linked to the weak business environment, the lack of productive investment, and the inadequate and high-cost infrastructure services.

The trade balance has remained in deficit since 1991. This can be explained in part by the decline in earnings from mineral exports due to the drop in prices and production levels for bauxite and alumina. These two minerals account for more than half the goods exported by Guinea. Exports grew in 1998, mainly because of an increase in gold exports resulting from recent investments in the gold sector.

Imports are equivalent to roughly a quarter of GDP, with food and agricultural products (mostly rice, sugar, and flour) accounting for around 30% of the total (table 8.3). The changing fortunes of mining are reflected in the fluctuating value of machinery and equip-

Table 8.3*Trade in goods, Guinea, 1999*

Product category	Share of total
Exports	
Bauxite	43.9
Alumina	14.5
Gold ^a	14.1
Diamonds	7.6
Fish	6.5
Coffee	5.4
Others ^b	8.0
Total	100.0
Imports	
Food and agricultural products	29.1
Chemicals and plastics	19.4
Machinery and equipment	15.0
Textiles and footwear	8.7
Vehicles	8.3
Metal articles	7.1
Mineral products and fuels	5.7
Others	6.6
Total	100.0

a. Including physical gold exports by the Central Bank.

b. Mainly food products.

Source: IMF 1999; Guinean customs data.

ment imports in recent years and in the recent rise in imports of semi-finished goods destined primarily for the construction industry. The growth in total imports reflects an increase in the volume of intermediary goods and capital, closely linked to investments by the public sector, investments in the mining sector, and growing purchases of petroleum products.

Estimates of the current account deficit vary from one source to another, but both the IMF and Guinean institutions have observed a declining trend over the years. The IMF put the current account deficit at 6.3–7.2% of GDP between 1997 and 1999 and estimated it at 2.9% (including official transfers) in 2000. Official statistics put the current account deficit at 2.1% of GDP in 2000 and an estimated 1.2% in 2001 (table 8.4).

The European Union is the country's main trading partner, accounting for more than 50% of total trade. The United States has been an important client of Guinea since 1995 (mainly for bauxite). Trade with Asia is almost unidirectional, consisting mainly of imports from China and Japan (table 8.5).

“Estimates of the current account deficit vary but show a declining trend”

Table 8.4
Balance of payments, Guinea, 1995–2001

Item	1995	1996	1997	1998	1999	2000	2001 ^a
Growth in exports of goods, f.o.b. in dollars (percent)	16.9	-6.1	4.0	3.7	-1.7	6.2	11.5
Growth in imports of goods, c.i.f. in dollars (percent)	-7.2	-13.0	-5.5	14.1	-6.5	-11.4	12.4
Ratio of exports to imports (percent)	85.2	96.1	110.4	102.8	116.5	149.9	155.8
Balance on trade account (millions of dollars)	-255.90	-219.66	-96.70	-194.26	-173.36	-67.88	-46.59
Current account, including official transfers (millions of dollars)	-159.17	-218.71	-88.37	-228.62	-182.87	-105.08	-65.17
Current account as a percentage of GDP	-4.3	-5.6	-2.1	-5.2	-3.8	-2.1	-1.2
Total balance (millions of dollars)	-66.64	-81.41	-127.83	-138.72	-69.65	-78.70	34.37
Total balance as a percentage of GDP	-1.8	-2.1	-3.1	-3.1	-1.5	-1.5	0.6
Funding needs (millions of dollars)	0.00	0.00	0.00	0.00	0.00	0.00	1.64

Note: f.o.b. is free on board; c.i.f. is cost, insurance, and freight.

a. Projected.

Source: Economic Commission for Africa from official sources.

Table 8.5
Main trading partners, Guinea, 2000
(percent)

Source of exports	Share of total	Source of imports	Share of total
Belgium-Luxembourg	16.9	France	17.5
United States	13.0	China (including Hong Kong)	10.3
Russian Federation	9.3	United States	10.2
Spain	9.1	Côte d'Ivoire	7.9

Source: IMF 2000.

Although some trade is developing with countries in the subregion, particularly Côte d'Ivoire, Nigeria, and Senegal, it remains insignificant. Further growth in trade will depend on the development of lower-cost transport through the establishment of road, rail, sea-port, and airport networks.

Foreign debt—serious management difficulties

The Guinean government has undertaken sizable investments in support of its socio-economic objectives, financed largely by concessionary credits from external partners. The development of basic infrastructure (roads, water, electricity, communications) and agriculture was accompanied by a substantial increase in debt. In 1995 the country's external debt amounted to \$2.9 billion, and in 1999 to \$3.4 billion (table 8.6). Despite the concessionary nature of the loans and the debt rescheduling negotiated with the Paris Club of bilateral creditors, the country faced serious difficulties in managing its debt.

In recognition of the government's reform efforts, Guinea was declared eligible for the HIPC initiative in 1999 by the executive boards of the IMF and the World Bank. A debt rescheduling agreement reached in 1997 with the Paris Club had already cancelled 50% of Guinea's debt and authorized the country to convert up to 20% of outstanding arrears into local currency equity for investment in development projects. A similar agreement followed in 2001. The debt relief under the HIPC initiative has helped to finance the country's poverty reduction strategy.

“The development of basic infrastructure and agriculture was accompanied by a substantial increase in debt”

Trade policy—rejoining the global economy

The government's new liberalization policy, laid out in the Economic and Financial Reforms Programme, aims to help reintegrate the country with the global trading system after a quarter century of socialism. In the long run the policy is expected to make the Guinean economy internationally competitive and to enable the country to accumulate external reserves to cope with the difficulties typical for countries relying on exports of one or two primary commodities.

Table 8.6
External debt, Guinea, 1995–2001

Category	1995	1996	1997	1998	1999	2000	2001 ^a
Debt service (millions of dollars)	139.89	128.31	118.47	95.73	106.45	105.24	111.50
Debt service as a percentage of exports of goods and services	18.5	17.7	16.1	12.6	14.2	13.5	13.1
Total debt (millions of dollars)	2,875.88	3,195.80	3,120.10	3,261.20	3,376.00	3,442.50	3,564.33
Total debt as a percentage of GDP	79.2	81.6	68.5	59.6	51.1	37.7	33.0

a. Projected.

Source: Economic Commission for Africa from official sources.

“**One important step has been to enhance the flexibility and transparency of exchange operations**”

One important step towards these goals has been to enhance the flexibility and transparency of exchange operations. The government has done so by limiting the involvement of the Central Bank in the exchange market (by eliminating short-term fluctuations) and by encouraging transactions on the foreign currency auction market.

Guinea still lacks a coherent policy on international trade, however. Responsibility for international trade policy lies with the Ministry of Private Sector Development, Industry, and Trade. Although the ministry has a Directorate of Trade and Competition, which is responsible for evaluating and planning trade policy, there is confusion about the relative priority of domestic trade and international trade. In fact, formulating trade policy seems to be the de facto responsibility of other ministries dealing with export sectors, particularly minerals, agriculture, and fisheries.

To increase the coherence of international trade policy, a ministry with exclusive responsibility for trade ought to be created. Within this ministry could be established a directorate of domestic trade, a directorate of international trade, and a competition and monopoly commission.

International trade policies have been limited to developing knowledge on World Trade Organization agreements and follow-up capacity, developing entrepreneurial skills in exports, and improving the conditions for moving goods across borders. But only the last policy issue has received much attention from the government, which has focused on eliminating or harmonizing tariffs on trade with neighbouring countries and streamlining customs procedures at ports and airports.

Fiscal policy—diversifying the tax base

The government's fiscal policy goals are to increase revenue collection and ensure optimal allocation of public revenue, with the aim of reducing poverty and dependence on foreign aid. In 1997 the government adopted a medium-term expenditure framework aimed at enhancing efficiency and ensuring that resource allocation is consistent with strategic priorities.

Developing the medium-term expenditure framework involves several stages. These include identifying medium-term strategic objectives, translating these objectives into sectoral programmes, estimating programme costs, and establishing a binding medium-term budget ceiling for each sector that reflects the priorities established. Based on the priority programmes, the annual fiscal budget is then prepared by the National Budget Planning Division and presented to the National Assembly for approval.

In the past fiscal revenue has come primarily from mining. To diversify the tax base, the government decided to increase non-mining revenue from around 7.8% of GDP in 1999 to 9.2% in 2001 and around 10.0% in 2002. To do so, it eliminated all value added tax exemptions and introduced a quota system for tax-exempt imports, among other measures.

On the expenditure side, all spending categories have been declining as a percentage of GDP. Moreover, public consumption of goods and services has fallen in absolute terms. This trend largely reflects the shrinking role of the state in economic activities and is

expected to continue. The exception is spending on social programmes, which is expected to increase as HIPC debt relief is channelled to poverty reduction programmes.

The government intends to maintain a primary surplus sufficient to service public debt without further borrowing. The hope is that this policy will shift private investment away from government debt and towards productive activities, and increase liquidity in the domestic banking system to support private sector initiatives. The authorities planned to raise the primary surplus to 3.0% of GDP by 2001, up slightly from around 2.4% in 1999 and 2.7% in 2000. However, the surplus forecast for 2001 was only around 1.5%.

The budget deficit has remained relatively stable at around 3.0% since 1995 (except for a 0.7% deficit in 1998). The government relies on foreign sources to finance much of this deficit (around two-thirds). Table 8.7 gives an overview of central government finances in 1999.

The government has undertaken a number of reforms to improve expenditure management. These reforms have led to regular production of a consolidated balance of the Treasury and regular auditing of the budget to ensure strict enforcement of budgetary procedures. In addition, coordination among ministries is to be improved to ensure the collection of coherent budgetary data; this should also increase transparency and expand the flow of information for administrative purposes. If fully implemented, these reforms should ensure better expenditure management.

Beyond these measures, the government should also continue to consolidate public finances and ensure that medium-term expenditures benefit the poor. This means giving priority not only to improving revenue mobilization and expenditure management but also to significantly increasing budgetary allocations to the sectors most critical to most of the people, such as health, education, and rural development.

“The government intends to maintain a surplus sufficient to service public debt without further borrowing”

Table 8.7
Central government finances, Guinea, 1999
(billions of Guinean francs)

Item	Amount
Total revenue and grants	628.3
Tax revenue	484.4
Non-tax revenue	32.8
Grants	111.1
Total expenditure	773.3
Current expenditure	429.5
Capital expenditure	343.9
Balance on a commitment basis (including grants)	-145.0
Change in external arrears	-3.8
Change in domestic arrears	0.04
Balance on a cash basis	-148.4

Source: Economic Commission for Africa from official sources.

Financial sector performance and monetary policy—inflation held to single digits

“ *Reforms have increased public confidence in the banking sector* ”

Guinea’s financial system remains rudimentary. It consists of the Central Bank, seven deposit taking banks, four insurance companies, a social security institution, two small co-operative banks, and some 50 exchange bureaux (table 8.8). Banking activity is concentrated in Conakry.

Recent banking reforms have been aimed at restructuring the sector and strengthening regulatory and supervisory capacity. Several insolvent banks have been liquidated, and some have undergone reorganization of their management, followed by recapitalization with government support. The government has also established micro-finance institutions to broaden access to savings and credit (box 8.1).

These reforms have increased public confidence in the banking sector, as clearly indicated by the steady growth in demand deposits. Moreover, banks are moving into new activities; while banks earlier provided loans mainly for short-term operations and for trade (rather than investment), they are now granting medium-term loans for activities other than trade (EIU 2001). Banks still suffer from institutional and structural problems, however, as evidenced by the high level of non-performing loans and low levels of loan recovery.

The Central Bank formulates and implements monetary and financial policies. But it cannot claim autonomy, as it is effectively under the control of the government and, even more so, the party in power.

Monetary policy has been aimed primarily at controlling inflation and maintaining exchange rate stability. Nonetheless, the Central Bank’s monetary and financial policies are also used as a means of achieving the government’s broad macroeconomic policy objectives. These include:

- Achieving GDP growth of more than 4% (5.5% is one target).
- Keeping the budget deficit (excluding official transfers) to 6% of GDP.
- Maintaining inflation at an average of 4%.
- Increasing the money supply (M2) to 10% of GDP.
- Maintaining a stable exchange rate between the Guinean franc and the major currencies used in foreign currency transactions (the U.S. dollar and the French franc).
- Eliminating the divergence between the official and unofficial exchange rates.

For the past 10 years the Central Bank has managed to keep inflation to single digits by pursuing a tight monetary policy. In 1996–2000 the inflation rate averaged 4.3% a year, largely reflecting the small price increases for basic essentials, particularly rice. Some analysts doubt the validity of the government’s inflation figures, however (EIU 2001).

Guinea has maintained a floating exchange rate regime since 1994, though the official rate has been controlled from time to time. As a result, there is a thriving parallel foreign exchange market, where the difference between the official rate and that offered by the

Table 8.8
Commercial banks, Guinea, 1998

Bank	Capital (billions of Guinean francs)	Main foreign shareholders	Market share (percentage of deposits)	Number of branches (regional + Conakry)
Banque Internationale pour le Commerce et L'Industrie de la Guinée (BiciGui)	11.2	Banque Nationale de Paris, Caisse Française de Développement ^a International Finance Corporation, and Deutsche Investitions und Entwicklungsgesellscha	40	3 + 9
Société Générale de Banques en Guinée (SGBG)	3.9	Société Générale (France), Crédit Suisse (Switzerland)	25	1 + 1
Union Internationale de Banque en Guinée (UIBG)	2.0	Crédit Lyonnais (France)	15	1
Banque Internationale pour L'Afrique en Guinée (BIAG)	1.6	Belgolaise (Belgium)	11	1
Banque Islamique de Guinée (BIG)	4.5	Dar Al-Maal Al-Islami Trust (Bahrain) and Islamic Development Bank	3	1
Banque Populaire Maroc-Guinéenne (BPMG)	2.7	Banque Centrale Populaire (Morocco)	6	1

a. Now *Agence Française de Développement*.

Source: EIU 2001.

exchange bureaux ranges from 5% to 10%. In 1999 the Central Bank introduced a foreign exchange auction system in an attempt to unify the rates.

Beyond the main monetary policy objectives of maintaining price and exchange rate stability, the government should also focus on managing public debt, particularly foreign debt. The priorities should be avoiding excessive accumulation of debt after the debt relief through the HIPC initiative and attracting foreign direct investment. Guinea has lagged behind the rest of Africa in foreign direct investment. While it received investment equivalent to 1.14% of GDP in 1997, 0.78% in 1998, and 1.05% in 1999, the averages for Sub-Saharan Africa (excluding Nigeria and South Africa) in those years were 2.10%, 2.76%, and 3.47%.

Box 8.1

Micro-finance in Guinea

To extend financial services to the many poor Guineans who lack access to formal credit, the government decided to establish micro-finance institutions with the support of donors. By 2001 Guinea had four micro-finance institutions. These decentralized institutions collect savings and distribute loans from internal and external resources (savings deposits, gifts, and subsidies). Their activities grew steadily throughout the 1990s (see table).

Micro-finance activity, Guinea, 1991–99

	1991	1992	1993	1994	1995	1996	1997	1998	1999
Bank	65	77	99	114	122	122	117	125	139
Non-bank corporations	30,180	43,218	63,857	84,810	108,546	117,304	119,190	130,048	117,795
Savings (millions of dollars)	1,160	3,227	7,493	7,748	14,175	9,263	9,546	10,302	11,359
Loans (millions of dollars)	1,169	1,951	3,114	4,974	7,774	6,329	6,728	7,057	6,887

Source: Calculations based on data from the Guinean Central Bank.

Crédit Rural de Guinée

Established in 1988 as a three-year experimental rural credit project, Crédit Rural de Guinée relies on group guarantees and social pressure from villagers to ensure repayment of loans. For medium-term loans, it also demands individual collateral and guarantees. The institution has received financial support from Caisse Française de Coopération (which later became Agence Française de Développement, the French development agency), and management and technical assistance from the Institute for Research and Application of Development Methods.

Crédit Mutuelle de Guinea

Crédit Mutuelle de Guinea (CMG) was also established in 1988 as an experimental project, with support from the French International Centre for Mutual Credit. CMG began by building up funds—30% from the agricultural sector and 50% from other sectors—and then moved on to granting loans.

CMG succeeded in establishing a network of banks. But the rapid development of the network led to serious management difficulties, caused mainly by a lack of skilled staff, unreliable procedures, and poor loan recovery. To address these problems, the Ministry of Agriculture, the Central Bank, and CMG's funding agencies drew up a plan for restructuring the network. But the rescue mission failed, and CMG became bankrupt in 2001.

Integrated Enterprise Development Programme

The Integrated Enterprise Development Programme (PRIDE) was set up in 1991 as a non-governmental organization funded by the U.S. Agency for International Development. Its operations are carried out by two U.S. non-governmental organizations: the Council for International Development and Volunteers in Technical Assistance.

PRIDE provides business training, grants loans to small informal sector businesses (retail trading, handicrafts, restaurants), and supports private sector development through information, education, and communication. Its lending approach, modelled on the practices of the Grameen Bank of Bangladesh, relies on group guarantees.

People's Savings and Credit Bank of Conakry

The Guinean government started developing the People's Savings and Credit Bank of Conakry in 1997 in cooperation with the Canadian International Development Agency (CIDA). This network of 15 savings banks in Conakry and its environs receives technical assistance from CIDA.

Human development—reviewing the debate

In 1992, 1993, and 1994 Guinea ranked last in the human development index published by the United Nations Development Programme (UNDP). In the most recent ranking it placed 150th out of 162 countries (UNDP, *Human Development Report 2001*). This poor performance prompted a renewed human development debate in the country. With the help of external partners, mainly the UNDP and the Canadian International Development Agency, the government held a series of discussions and consultations with civil society that resulted in the National Human Development Programme. This programme aims to put people at the centre of the development process by making improvement of their welfare and quality of life the ultimate objective.

Guinea faces significant human development challenges. Population projections suggest that growth will follow a rising trend from 1983 to around 2008, with the population expected to double from 4.7 million to 9–11 million. Thus the demand for social services will increase tremendously in an already difficult social and economic environment.

Today the social environment is marked by high unemployment, inadequate health and education systems, and issues relating to youth, gender, and vulnerability. Around 53% of the population is of working age (15–64 years old). The employment rate for the economy as a whole is 80%, according to 1991 estimates, with employment concentrated in the rural sector (73%), followed by the informal sector (15%) and the modern sector (12%). Unemployment continues to increase among graduates of universities and professional schools. This high unemployment rate reflects the slow creation of jobs in the modern sector and the mismatch between training and the needs of the labour market.

Population—youthful

Estimates based on data from the most recent general census put the population of Guinea at around 7.2 million in 1999. The annual population growth rate is estimated at 2.3%. The population is unevenly distributed. While the average population density is 29.4 inhabitants per square kilometre for the country as a whole, it ranges from 14.2 in Upper Guinée to 2,429 in Conakry, home to more than half the urban population. Around 68% of the population lives in rural areas.

The Guinean population is extremely young, with around 45% under age 15. This young age structure reflects the fertility rate, which has remained high despite family planning and reproductive health programmes. The fertility rate is 5.41 births per woman, slightly lower than the average of 5.68 for Sub-Saharan Africa (excluding Nigeria and South Africa). The mortality rate is also high, estimated at 18.4%, but has been on a downward trend from the 22.4% in 1990. Average life expectancy at birth was recently estimated at 44 years (compared with 47 for Sub-Saharan Africa) and has been steadily increasing.

There are large internal migratory movements in Guinea, but international migration remains limited despite the opening of the country in 1984. However, Guinea received an inflow of around half a million refugees from neighbouring Guinea-Bissau, Liberia, and Sierra Leone following the outbreak of armed conflicts in these countries. In addition,

“ Guinea faces significant human development challenges ”

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Guinean nationals who fled the country during the socialist regime began to return as a result of the political and military conflicts in those countries as well as Côte d'Ivoire.

Guinea pursued a pro-birth population policy during the first 20 years of independence, consistent with its socialist orientation. Since 1980, however, the government has changed its stance, having realized that it could not continue to ignore the population aspects of development. In 1992 it set up an interministerial group of population experts to work towards the adoption of a national population policy. The result was a policy aimed at controlling fertility and migration and reducing infant and maternal mortality. Its implementation was entrusted to the National Commission on Population and Human Resources, as well as to donors and non-governmental organizations, through a policy framework prepared in 1996.

Education—more resources for primary schooling

While education reform has achieved appreciable results in Guinea, enrolment rates are still among the lowest in the region. Gross primary enrolment rose from 31.9% in 1991 to 56.0% in 2000. But while the enrolment rate for boys increased from 49.0% in 1991 to 69.7% in 2000, the rate for girls rose only from 23.2% to 44.3%. The net primary enrolment rate was 68% in 1999, yet only 40% for girls.

These trends need to be viewed against the steady decline in public spending on education in Guinea. Education spending fell from 2.14% of GNP in 1991 to 1.90% in 1997 (UNESCO 1999), and in real terms it declined from \$70.0 million in 1995 to around \$55.9 million in 2000. In that year 64% of the budget went to pre-university education, 26% to higher education and scientific research, and 10% to technical and professional education.

How does the quality of education measure up? Judged by the pupil-teacher ratio in primary schools, it is not satisfactory: at around 46 pupils per teacher, the ratio is markedly higher than the average for Sub-Saharan Africa (excluding South Africa), which is around 38. Moreover, the adult literacy rate is estimated at only 36% (UNESCO 1995).

Thus much remains to be done to improve the education of the Guinean population. Despite the government's efforts, the education sector still faces many constraints, including inadequate infrastructure, shortages of teaching and supervisory staff, a lack of teaching materials, and financial barriers preventing the poor from obtaining an education. In addition, the country's second chance education programme needs to be extended to illiterate adults.

The government plans to speed the development of the education sector by providing adequate resources for improving primary education through a 10-year universal primary education programme. It also seeks to improve the quality of education by providing school materials, aiming for speedy recruitment and continuous training of teachers, and taking measures to improve the health and nutrition of students.

In technical education and professional training, the policy focus should be on adapting the educational content to the needs of the job market. Public authorities have identified three main efforts for developing the country's human resources and promoting

sustained economic growth: improving the practical and professional skills of skilled and unskilled workers who have completed primary education, training senior professional staff in the use of advanced technologies, and providing for apprenticeships, continuous training, and retraining of workers, including those in the informal sector.

Health—expanding basic programmes

The Guinean government has made health a primary concern, implementing extensive programmes to improve vaccination rates, primary health care, and access to essential drugs since 1996. These programmes have achieved encouraging results. But the health sector still faces many challenges. Health services are insufficient and of low quality, and geographic coverage is poor. Medical staff (doctors and midwives) are concentrated in Lower Guinea, especially Conakry, leaving the rest of the country underserved. The pervasive poverty means that a large share of the population has difficulty obtaining health services. Major health problems remain, such as malaria, HIV/AIDS, and water-borne diseases. Food shortages are also a serious problem. A 1991 survey by the *Projet d'Appui au Développement Socio-Economique* (PADSE, a project supporting social and economic development) found that 30.5% of children under five suffered from chronic malnutrition, and an estimated 11.3% from acute malnutrition.

Even so, population and health surveys in 1992 and 1999 showed favourable trends in health, particularly maternal and child health. According to these surveys, the infant mortality rate fell from 138 per 1,000 live births in 1991 to 118 in 1998—though this is still markedly higher than the average of 91 for Sub-Saharan Africa. The child mortality rate (ages 1–4) fell from 229 per 1,000 in 1990 to 184 in 1998; this rate too is markedly higher than the Sub-Saharan average, by a full 3 percentage points. The estimated maternal mortality ratio for 1992–99 was 528 per 100,000 live births. Although this ratio is lower than those in several other African countries, it is higher than the estimated rates in such countries as Morocco, Namibia, and Zimbabwe. The HIV/AIDS infection rate, while high compared with rates in some Sub-Saharan countries, is still relatively low at around 1.5% of the adult population (WHO 2000).

To ensure all Guineans access to quality health care, the government will need to act in earnest. The national health policy should emphasize strengthening the fight against the major diseases, increasing the access of poor people to basic health services, and improving the supply and distribution of essential drugs. To achieve these goals, the government will need to increase its allocation of resources to health and expand its participation in financing primary health care. Important steps to increase efficiency would include decentralizing the health care system and budget allocations and improving the management of financial and human resources. Also crucial is to develop new sources of funding for the sector, such as by strengthening public-private cooperation and improving the complementarity of the public and private sectors.

Medium-term outlook—policy coherence needed

Despite the major social, economic, and institutional reforms in Guinea in 1995–2000, the living standards of most people did not improve significantly. The country's failure to trans-

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form its human and natural resources into opportunities has kept its people in extreme poverty. To strengthen its efforts against poverty, the government prepared a poverty reduction strategy paper in June 2001 to serve as a general framework for coordinating its economic policies and the efforts of its external partners. The policy focuses on three main areas: increasing economic growth and creating employment and income earning opportunities for poor people, providing equal access to basic services and improving governance, and strengthening institutional and human capacities.

For the medium term the government is concentrating on promoting macroeconomic stability and speeding broad-based growth for the benefit of poor people. The main sources of this growth will be agriculture, fishing, mining, and livestock production. Policies will also aim at diversifying production and exports and creating a favourable environment for private sector development.

The government's medium-term goals include achieving average GDP growth of 5.5% in 2001–04, reducing inflation to 2.8% in 2004, and raising international reserves to the equivalent of 3.5 months of imports. The fiscal deficit based on commitments made (including grants) is expected to decline from 2.9% of GDP in 2000 to 1.3% in 2004. This projection includes the additional spending on poverty reduction initiatives, financed in part through the debt relief under the HIPC initiative.

The Guinean government appears to be committed to development. It has taken the political steps towards reform and laid out ambitious economic reform programmes. But no clear thread runs through all the reform attempts, resulting in confusion and a lack of coherence.

In several areas the roles that ministries are to play in the reform process have been poorly defined. Ministries end up having competing policy mandates and no clear picture of where they should focus their attention. In addition, the political environment may well have led foreign investors to look elsewhere for investment opportunities. Frequent reshuffling of the cabinet, the 1996 mutiny of the armed forces, and attempts to amend the constitution to allow indefinite re-election of the president have created an environment that is deemed untrustworthy. Border skirmishes between Guinea and its neighbours have done little to increase the confidence of foreign investors. This political setting has taken its toll on the country's economic performance.

The government has realized that the economy is too dependent on the mining sector and should be diversified, but doing so has proved more difficult than expected. At the same time, many sectors are underutilized and lack the necessary infrastructure. Although Guinea could well be a net exporter of fish, for example, it is now a net importer—no doubt owing to the lack of investment and infrastructure in the fisheries sector.

The education and health sectors are still lagging. The government is cutting spending on education at a time that indicators suggest that Guinea should take measures to increase access to education. While evidence suggests that investing in education fosters growth, Guinea's primary enrolment rate is dismally low.

But policy-makers are not entirely to blame for the weak economic performance. Some factors are clearly beyond their control. The low growth rate in 2000—a mere 1.1% when the target rate was around 5%—may be due in part to the deteriorating security situation and the overreliance on mining, a sector vulnerable to volatile world prices. Nevertheless, to deliver the fundamentals required to achieve growth and thus advance on the path towards prosperity for the Guinean people, the government needs to tackle the problems of unclear priorities and lack of coherence in its reform agenda.

Notes

1. The growth rate reported for 2000 varies from one source to another. Official Guinean statistics put the rate at 1.1%. The Economist Intelligence Unit estimates it at around 1.8% (EUI 2001). The figures in this chapter are based largely on World Bank (2001), EUI (2001), and official government publications.

2. The declining trend in the contribution of mining to GDP largely reflects the diversification of the economy rather than the fall in bauxite production and in the world price of aluminium, whose production is already very low in Guinea.

3. An investment forum organized in 1998 with support from the United Nations Industrial Development Organization (UNIDO) attested to the resumption of industrial activities and prepared the way for possible foreign partners.

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