GUINEA

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- **Political instability, due to tough negotiations over holding parliamentary elections along with problems with mining investment, slowed growth to about 2.0% in 2013 (from 3.9% in 2012).**
- **The September 2013 parliamentary elections ended the political transition and ushered in better prospects for jobs and investment.**
- **A conference of Guinea's partners and investors in November 2013 in Abu Dhabi focused on agriculture, infrastructure and human resources development. The promised USD 6 billion of funding will aim to create jobs, reduce poverty and boost the country's inclusion in regional and international trade.**

Overview

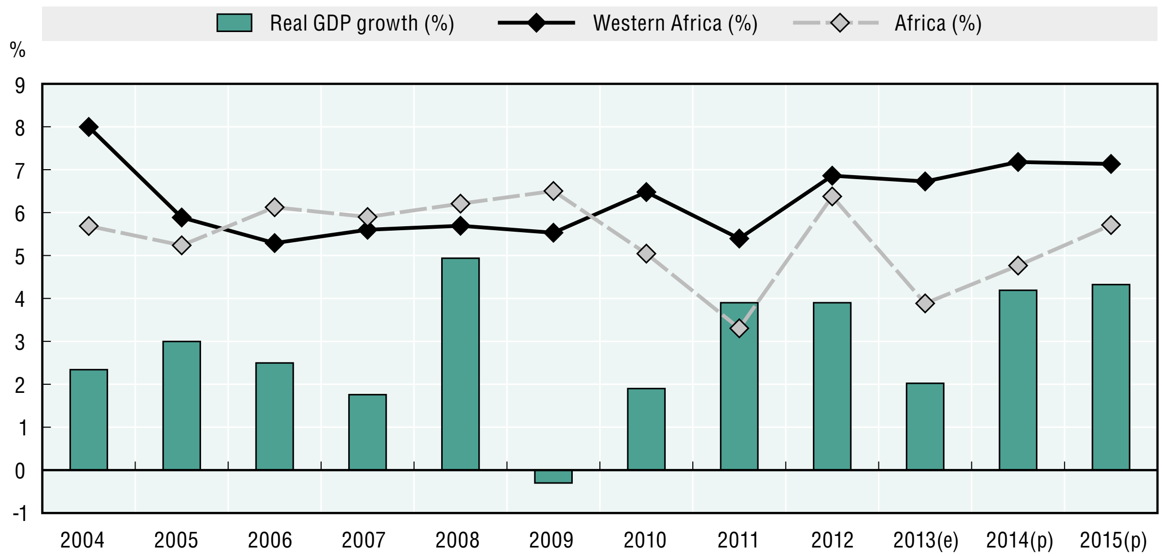
Economic growth was estimated at 2.0% in 2013 (down from 3.9% in 2012), due to political unrest linked to holding parliamentary elections and a drop in mining investment. Growth should increase to 4.2% in 2014, driven by agriculture, construction and better electricity supply.

The economic recovery plan backed by the International Monetary Fund (IMF) Extended Credit Facility (ECF) continues satisfactorily. Inflation fell to 11.9% in 2013 (from 20.8% in 2010) and should fall further in 2014 and 2015. The budget deficit is expected to be curbed and monetary funding of it ended. Required minimum bank reserves, despite being a high 20% of deposits, will be monitored.

Successful macroeconomic stabilisation and the start of reforms to boost the productive sector and the business climate have not been enough to register clear economic and social gains. Poverty still affects 55.2% of the population more than half a century after independence (1958), and governance is still inadequate. Guinea ranks 164th out of 182 countries in Transparency International's Corruption Perceptions Index and 178th out of 187 countries in the United Nations Development Programme (UNDP) Human Development Index (HDI). Infrastructure, public utilities and government services remain insufficient and the private sector is still small.

The government adopted its third poverty reduction strategy paper (PRSP 3) in 2013 aimed at speeding up reforms in natural resource management and the productive sector (agriculture, energy and water supply, mining, investment and business) to remove economic transformation obstacles such as low farm labour productivity. The primary sector employs three-quarters of the workforce but only provides a fifth of GDP. A weak industrial sector, unsuitable infrastructure and poor energy supply limits the country's inclusion in global value chains (GVC). Low capital productivity and a large, inefficient and unmotivated bureaucracy are other blocks. The end of the political transition and a new quest for social cohesion seem promising for the success of the PRSP 3.

Figure 1. **Real GDP growth**



Source: AfDB, Statistics Department AEO. Estimates (e); projections (p).

Table 1. **Macroeconomic indicators**

	2012	2013(e)	2014(p)	2015(p)
Real GDP growth	3.9	2.0	4.2	4.3
Real GDP per capita growth	1.3	-0.5	1.7	1.8
CPI inflation	15.2	11.9	9.9	6.8
Budget balance % GDP	-3.2	-5.2	-2.5	-0.4
Current account balance % GDP	-33.9	-20.2	-18.3	-24.7

Source: Data from domestic authorities; estimates (e) and projections (p) based on authors' calculations.

Recent developments and prospects

Economic reforms since the November 2010 presidential election ended a two-year military transition after the death of President Lansana Conte (who had ruled since 1984) are backed by an ECF provided by the IMF and the two most recent programme reviews have been satisfactory. The reforms aim to clarify relations between the central bank (BCRG) and the treasury, reorganise public bodies, improve the business climate, update mining laws, make energy prices more flexible and revive the energy sector, including better management of electricity supply so as to attract more private investors. The wider goal is to allow the private sector to become a major force in economic growth.

Expansion of international ties began in 2013 and is still cautious. Protests over parliamentary elections, as well as less mining investment, reduced growth to an estimated 2.0%, well down from the expected 4.8%.

The mining sector (gold, diamonds and alumina) continued to decline in 2013, with value-added down 7.4%, after a 2.1% fall in 2012. The alumina firm Rusal was slow in reaching agreement with the government and local inhabitants over its mining concession and about corporate social responsibility. Investment in the major iron mining project at Simandou, in the south, was suspended in 2013. Rio Tinto had planned to invest USD 20 billion there to generate an annual full-operation turnover of USD 7.6 billion, with production to begin in 2013 and exports in 2015. But disagreement arose over the share of local investors and government funding of infrastructure.

The International Finance Corporation (IFC) is helping Guinea in the dispute and negotiations should be complete in the first half of 2014 to allow a quick start to the project and the return of sub-contractors.

Growth in manufacturing, commerce and transport slowed because of the political unrest, with manufacturing expansion only 2.5% (down from 4.8% in 2012), commerce 2.5% (from 4.5%) and transport 3.5% (from 5%).

The economy is expected to grow faster in 2014 (4.2%) and in 2015 (4.3%), with the secondary sector up 5.3% and almost double that (10.4%) in 2015 and the tertiary sector up 3.7% (3.9% in 2015). Industry and services should benefit from a projected 13.5% expansion of public construction, along with water, electricity and gas (+8%), manufacturing (+5%) and commerce (+4%). Continuing government support should also boost agriculture by 5.2%.

Investment (especially private) fell in 2013 to 19.0% of GDP (from 21.9% in 2012), below the 2011 level of 19.6%. Private and public funding was down because of the slowdown in mining and in foreign investment as caution continued until the end of the political transition and the holding of parliamentary elections. The sluggish growth reduced government revenue and overall capital spending was cut to maintain budget balances. Prospects for 2014 have improved with the new parliament and revival of mining investment should boost growth in other sectors.

Overall demand fell in 2013 due to less investment and lower exports (down to 25.4% of GDP, from 28.2% in 2012 and 33.7% in 2011) because of smaller mineral exports and unchanged agricultural exports, which were not offset by a slight increase in services exports. Final private consumption rose to 91.5% of GDP (from 90.8% in 2012), due to good agricultural performances and a steady fall in inflation, while final public consumption was 8.5% (9.2% in 2012). Remittances from Guineans abroad also boosted consumption.

Mining dominates the economy, mainly bauxite, gold and diamonds. Expected completion of negotiations in the first half of 2014 over the projected Simandou iron mine should draw greater investment that will benefit the services sector. At a conference of the country's aid donors and private investors in Abu Dhabi in November 2013 with the support of the African Development Bank (AfDB), the World Bank and the UNDP, a production agreement was signed by the Guinea Alumina Company (GAC) with the Abu Dhabi investment firm Mubadala and the project is expected to go forward in 2014.

Table 2. **GDP by sector (percentage)**

	2008	2012
Agriculture, hunting, forestry, fishing	24.9	21.2
of which fishing		
Mining	24.3	21.6
of which oil		
Manufacturing	6.8	7.4
Electricity, gas and water	0.4	0.5
Construction	10.9	12.4
Wholesale and retail trade, hotels and restaurants	17.1	21.9
of which hotels and restaurants		
Transport, storage and communication	5.6	5.8
Finance, real estate and business services	2.4	3.6
Public administration, education, health and social work, community, social and personal services	7.7	5.5
Other services		
Gross domestic product at basic prices / factor cost	**100**	**100**

Source: Data from domestic authorities.

The end of the political transition and installation of the new parliament will calm the political scene, improve social peace and raise prospects for 2014, especially for a general revival of investment, above all in mining. Work stoppages due to unrest should be fewer and economic operators bolder. However flooding in coastal areas, notably Forécariah, will damage the rice harvest. Local elections in 2014 and a presidential vote in 2015 are other risks, as well as the country's ability to implement reforms, starting with government operations.

Macroeconomic policy

Fiscal policy

Budget policy is governed by an IMF programme backed by an ECF and aims to improve economic governance, mainly through compliance with public finance management rules. It also includes better monitoring of investment projects and more open management of government debt. Macroeconomic stabilisation will be boosted with tighter control of subsidies and creation of funds. Reorganisation of the economy and finance ministry, financial bodies and ministerial spending has begun.

Total government revenue fell slightly in 2013 (below projections), mainly due to fewer grants. Tax revenue declined to 18% of GDP (from 19% in 2012) because of smaller returns from the mining sector – 1 577 billion Guinean francs (GNF) (down from 1 607 billion in 2012) – and smaller direct contributions from foreign trade – GNF 1 646 billion (1 776 billion in 2012).

Tax revenue is expected to fall further in 2014, but more slowly thanks to reform of public finances and stronger growth of real GDP, investment and exports. A further drop in grants due to unfavourable international conditions and the start of debt-reconversion programmes, linked to the Guinea reaching completion point under the Heavily Indebted Poor Countries (HIPC) Initiative, will make tax revenue the main component of government revenue. Better collection and monitoring and a good performance by telecommunications and financial services will also help. The government is keen to raise more revenue so it can meet budgetary targets.

Table 3. **Public finances (percentage of GDP)**

	2005	2010	2011	2012	2013(e)	2014(p)	2015(p)
Total revenue and grants	**15.2**	**15.7**	**19.9**	**22.6**	**20.8**	**24.0**	**21.7**
Tax revenue	13.4	14.7	15.1	19	18	17.9	17.8
Grants	0.7	0.4	3.4	2.7	1.8	5.2	3.0
Total expenditure and net lending (a)	**16.1**	**29.7**	**21.1**	**25.8**	**26.0**	**26.5**	**22.0**
Current expenditure	11.4	20.5	16	15.7	16.9	18.1	14.7
Excluding interest	8.4	18.5	14.1	14.0	15.8	17.0	13.5
Wages and salaries	3.1	5.7	5.1	4.4	4.5	4.4	3.9
Interest	3.1	2.0	1.9	1.7	1.1	1.1	1.2
Capital expenditure	4.7	9.2	5.1	9.5	9.0	7.9	7.1
Primary balance	**2.2**	**-12.0**	**0.7**	**-1.6**	**-4.0**	**-1.4**	**0.8**
Overall balance	**-0.9**	**-14.0**	**-1.2**	**-3.2**	**-5.2**	**-2.5**	**-0.4**

Note: a. Only major items are reported.
Source: Data from domestic authorities; estimates (e) and projections (p) based on authors' calculations.

The government's recurrent spending was 16.9% of GDP in 2013 (up from 15.7% in 2012) because of pay rises agreed with the trade unions in 2011. Wages and salaries were 4.5% of GDP in 2013 (4.4% in 2012). Hiring was frozen and application of some arrangements postponed to curb the wage bill. State subsidies rose from 3.8% to 4.4% of GDP due to spending to reduce power-cuts and on the parliamentary elections. The revenue shortfall was offset by lower spending, especially capital outlays. The primary balance deficit worsened to 4% of GDP (from 1.6% in 2012). Shrinking it will need efforts to collect more taxes and also more revenue from government.

The 2014 budget will again be managed under the IMF-backed programme and aim to boost economic governance and also growth sectors through better-targeted direct measures and upgrading economic infrastructure. Strengthening the macroeconomic framework should continue through better control of exemptions, including subsidies and creation of funds. The government should also improve public investment execution, which was less than 80% in 2013 due to slow public procurement procedures and inadequate monitoring and co-ordination.

Monetary policy

Monetary policy in 2013 aimed to cut inflation and maintain foreign exchange reserves. Year-on-year inflation was 15.2% in 2012 (down from 20.8% in 2010) and at the end of 2013 was 12.2%, with projections of 9.9% in 2014 and 6.8% in 2015, thanks to the BCRG ending monetary funding of the budget deficit, tighter control of money creation and better management of public finances, notably spending.

The real interest rate became positive, helped by lower inflation, the BCRG raising its intervention rate to 22%, along with its minimum reserves requirement, to mop up excess liquidity created by the transitional military regime. The cut in the intervention rate to 16% in February 2013, and of the reserves requirement from 22% to 20% in December so as to ease funding constraints without causing inflation did not affect this trend. Interest on treasury bonds rose from 4.6% in 2010 to 8.1% in 2011 and 16% in 2012 and was still 16% at the end of 2013.

Better interest rates were matched by improved banking intermediation indicators and loans to the economy were GNF 3 239.8 billion at 30 June 2013 (up from 3 068.8 billion year-on-year). Exchange deposits were the same as before the reforms, necessitating the restoration of confidence.

The exchange rate of the Guinean franc has greatly fluctuated since 2005, but stabilisation began in 2011 and improved in 2013. The currency showed a slight nominal improvement against the US dollar in 2013 after falling 3.5% in 2012 and 25.4% in 2010. Stabilisation was due to more foreign exchange, which grew from the equivalent of less than a month of exports in 2010 to four months in 2012, the same in 2013 and an expected five months by the end of 2014. The exchange reserves grew after the agreement with Rio Tinto about the Simandou project and were further boosted by a new interbank market and new rules for currency market intervention.

Economic co-operation, regional integration and trade

Exports continued to drop in 2013, to 23.6% of GDP (from 26.8% in 2012 and 31.2% in 2010), and should be 20.1% in 2014. Imports fell slightly to 41% of GDP at the end of 2013 (from 45.1% in 2012 and 29.4% in 2010).

The current account has been in deficit since 2010, at 20.2% of GDP in 2013 (down from 33.9% in 2012 and 11.9% in 2010), an improvement that should continue in 2014 (with a projected deficit of 18.3%) because of fewer imports and revived mining exports. The overall balance of payments improved to 2.2% of GDP at the end of 2013 (up from a 0.2% deficit in 2012) and is projected as 2.4% in 2014.

Guinea's integration into the world economy has speeded up in recent years and through road-link and electricity production projects the country is playing a bigger part in sub-regional groups such as the Senegal River Basin Development Authority (OMVS), the Mano River Union (MRU), the Gambia River Basin Development Organisation (OMVG) and the Niger Basin Authority (NBA). Guinea also participates in the Economic Community of West African States (ECOWAS) programme that focuses on building missing road links between member-states.

The country's wish to open up is also shown by maintaining partnerships and exploring new possibilities, such as with Arabian Gulf states. Despite this and its strategic central position in the sub-region, Guinea only ranks 9th out of the 15 ECOWAS member-states in its degree of regional integration. The country has ratified 45 of the group's 52 conventions and protocols, whose application is supervised by the ministry of regional co-operation, while the economy and finance ministry co-ordinates regional economic integration issues involving the trade, energy and transport ministries.

The government has paid more attention to regional integration in recent years, along with partner-supported funding of infrastructure, including (with its own funds and a loan from Eximbank) the USD 120 million Kaleta Dam, which is being built as the OMVG's main structure. Guinea has signed an agreement to supply 30% of the hydroelectricity produced to its neighbours at a price that will be reviewed in 2014 with support of partners including the AfDB.

Table 4. **Current account (percentage of GDP)**

	2005	2010	2011	2012	2013(e)	2014(p)	2015(p)
Trade balance	3.1	-0.7	-13.0	-18.3	-17.4	-18.4	-15.5
Exports of goods (f.o.b.)	28.3	28.7	31.2	26.8	23.6	20.1	20.1
Imports of goods (f.o.b.)	25.2	29.4	44.2	45.1	41.0	38.5	35.6
Services	-6.5	-7.0	-10.0	-12.8	-6.5	-5.8	-10.7
Factor income	-1.6	-9.4	-9.0	-7.8	-3.1	-3.8	-7.0
Current transfers	-0.3	5.3	8.5	5.0	6.8	9.7	8.5
Current account balance	**-5.4**	**-11.9**	**-23.5**	**-33.9**	**-20.2**	**-18.3**	**-24.7**

Source: Data from the Central Bank and domestic authorities; estimates (e) and projections (p) based on authors' calculations.

Debt policy

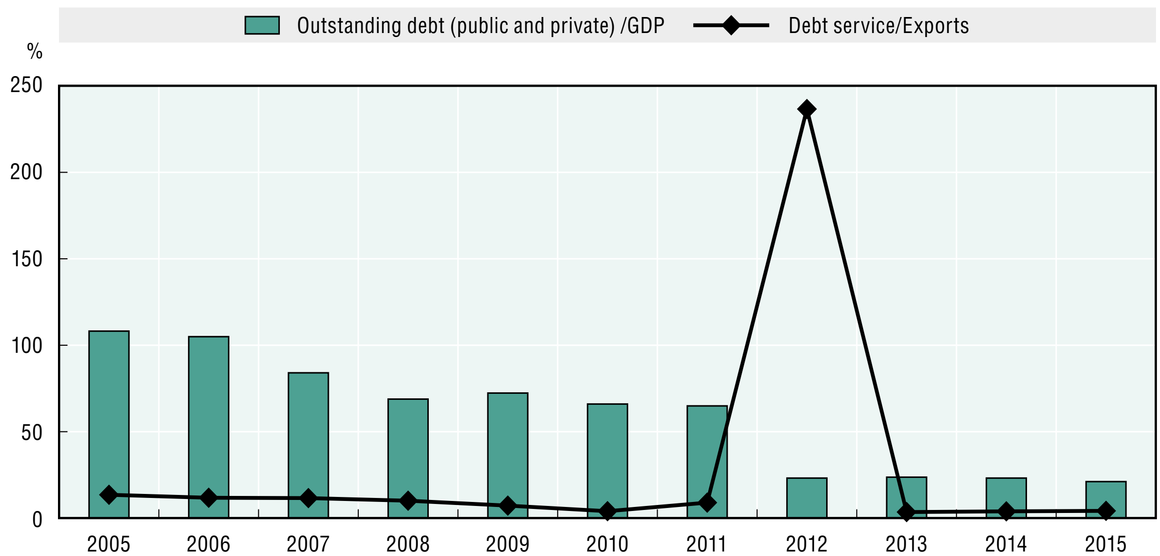
When the country reached HIPC completion point, its public debt structure changed. The debt, estimated at GNF 21 934 billion (about USD 3.13 billion) in December 2012, was 32.1% external and 67.9% domestic (51.4% of this was payment arrears to local suppliers on transactions that mostly need to be audited). The government has taken debt management fully in hand to see that arrears do not exceed limits set by the IMF under the ECF-supported programme. A medium-term action plan is being drafted to strengthen external debt management with the help of development partners. A debt policy in harmony with aid co-ordination should be drawn up in 2014.

Loans from Guinea's bilateral partners, including China, Angola and the Democratic Republic of Congo, increased from 43.51% of the total foreign debt to 46.13% between December 2012 and September 2013, while multilateral debt fell from 50.50% à 48.86%.

Nominal debt increased to USD 1 254 billion by 30 September 2013 after Guinea reached HIPC completion point, due to money being raised for the Kaleta Dam project. External debt servicing was 0.61% of GDP at the end of 2013 (down from 0.68% in 2012) and is projected as 0.20% in 2014. These trends show the effect on the budget of reaching completion point.

Domestic debt rose 7.2% between December 2012 and 30 September 2013, to GNF 15 679.51 billion (USD 2.2 billion), because of treasury bond transactions. Domestic debt service has fallen since 2010 but rose to 0.83% of GDP in 2013 (from 0.51% in 2012), though it is expected to fall again in 2014.

Figure 2. **Stock of total external debt (percentage of GDP) and debt service (percentage of exports of goods and services)**



Source: IMF (WEO & Article IV).

Economic and political governance

Private sector

The private sector, which is mostly informal, suffers from a poor business environment and weak transport and energy infrastructure. The few formal companies bear the brunt of government taxation. The sector is composed of foreign-funded enterprises and many informal firms with small turnovers. A private sector policy document has been adopted and a new investment law is being drafted.

The government has set up a private investment promotion agency (Apip) and improved the one-stop shop for setting up new companies. A law about franchising was also adopted. A survey is under way to provide a basis for reforming the 1998 "BOT Law" that allows infrastructure investment and for a new law on public-private partnerships, which are growing in number. Privatisation of state-owned production has not advanced very far. Audits of domestic debt and public bodies are nearly complete.

An improved business climate saw the country move up from 179th to 175th place among 189 countries in the World Bank report *Doing Business 2014*. This was mainly due to progress in registering property, starting a business and trading across borders. Efforts are needed to reduce the cost and time taken getting construction permits and obtaining credit, as well as enforcing contracts.

Financial sector

The financial market is centred on banking, microfinance and insurance. The country has no stock exchange and firms raise their own funding or get bank loans. A new banking law is being drafted and supervision of banks and microfinance institutions has been strengthened .

The country has 14 banks, including one that opened in 2013. Sector reforms led to raising the minimum capital requirement and liquidating one bank, whose small savers (with deposits of less than GNF 10 million) were listed in 2013 for compensation. Guinea has 16 microfinance institutions and nine insurance companies. Most rural inhabitants have poor access to bank loans, with banking activity concentrated in the capital, provincial towns and mining areas. Except for a few microfinance bodies, funding in the countryside is in the hands of moneylenders.

Most bank loans go to the public sector, which had 59% of them at the end of October 2013, compared with 62.9% year-on-year in 2012 and 55.2% in 2011, a bias that harms the private sector. It arises from the comparative reliability of government bodies and especially the difficulty of collecting on security offered by the private sector, since local customs ban purchase of confiscated property. Non-performing bank loans were on the rise, and were 6.4% of the total in December 2013, up from (year-on-year) 4.1% in 2012 and 2.9% in 2011.

The national microfinance agency (Anamif), set up to fund projects launched by women and young people, made its first loans in 2013, distributing GNF 38.727 billion through the 15 other microfinance bodies and about GNF 9 billion to its own direct borrowers. To improve its performance, the agency needs to restructure itself, operate transparently and strengthen its position relative to the other microfinance institutions.

The financial market could be more efficient if it raised more long-term capital to fund key sectors with long-term returns, such as infrastructure, training, housing, hospitals, upgrading handicrafts and agriculture.

Public sector management, institutions and reform

Efforts were made to stabilise the macroeconomic framework and streamline public finance management and investment in mining and energy. They show the government's commitment to improve public management and boost the economy, but a weak and inefficient bureaucracy obstructs efforts to co-ordinate government policies and problems are caused by adjusting recurrent and investment spending as a way to balance the budget.

The public bodies and civil service reform programme approved in 2011 made no major headway in 2013. However a court of accounts and a school to train public officials were set up. A new parliament was elected and special commissions created. A biometric census of civil servants was launched in the first quarter of 2014. One challenge was to make all these bodies operational and their members responsible, despite continuing lack of human, material and financial resources.

These many needs in a fragile situation requiring stronger institutions have sapped the country's resources. Now the macroeconomic framework has been stabilised through systematic adjustment of spending, the government and its partners need to steer expected new funding towards administrative reform and strengthening institutions. The new money will come from the mining sector and partners such as China, Arab states and emerging countries.

Natural resource management and environment

The government has begun paying more attention to managing the country's natural resources, especially diamonds, gold, iron, bauxite and farmland. A national environmental action plan was adopted in 1994 and a national environment policy was approved by decree in February 2013, along with a 2013-17 environmental investment plan. The government has seen that environmental protection is systematically included in the new mining law and in the new oil and forestry laws being drafted.

Technical and financial help from Guinea's foreign partners has enabled the government to take more account of the environment in major laws. But lack of funding and administrative weaknesses that often make it harder co-ordinate and respond to emergencies and priorities, frequently hamper the operations of specialised institutions and application of measures. Expected funding from upgrading the mining sector and from other partners will help make these measures effective.

Political context

The political transition ended in 2013 when parliamentary elections were held, though the vote was delayed by lack of dialogue and confidence between government and opposition. Opposition protest marches and urban shutdowns caused several weeks of business losses the same year and clashes between security forces and demonstrators caused at least a dozen deaths.

The new 114-seat parliament was elected for a five-year term on 28 September, three years after the 2010 presidential election, and included 19 women. The vote was held after a government-opposition pact brokered by the international community, that again contracted the South African electoral registration firm Waymark but with its role curbed and its work supervised by a committee. The oft-criticised elections commission was also monitored, by a committee headed by a judge and including representatives of political parties. Guineans abroad registered as voters in 2010 were allowed to vote.

The ruling *Rassemblement du peuple de Guinée* (RPG) had 46.5% of the seats in the new parliament (inaugurated on 13 January 2014), the *Union des forces démocratiques de Guinée* (UFDG) 32.4%, the Union des forces républicaines (UFR) 8.8 % and 12 other parties 12.3%.

The two main opposition parties may form a counter-force to monitor government action. The new parliament should also help calm the political scene and increase social cohesion. But lingering tensions include the refusal of the *Parti de l'espoir pour le développement national* (PEDN) to take up its two seats, disputes among the parties represented and the issue of local elections due in 2014.

Social context and human development

Building human resources

Human development indicators are improving far too slowly for Guinea to reach the UN Millennium Development Goals (MDG) by the 2015 deadline.

Slow progress has been made towards education for all, but universal primary education will need longer to achieve. Net primary enrolment in 2013 was 57.8% (only slightly up from 56% in 2007). Adult literacy only rose from 32% to 34% between 2007 and 2012. Completion of primary education was 58.7% in 2013.

Under-five child mortality has been significantly reduced, from 91 per thousand births in 2005 to 67 in 2012, but this is not fast enough to reach the MDG target of 45.4. Measles vaccination of children was 62% (up from 50% in 2005 but below the 90% MDG target), according to the 2012 demographic and health survey.

Traditions and practices continue to work against improved maternal health, with overall use of contraception only increasing from 6.8% in 2005 to 7% in 2012. Maternal mortality is still high, at 724 for every 100 000 live births in 2013, but down from 980 in 2005 thanks to more medically assisted births (45.2%). However, low female education levels and poor access to healthcare reduces the chance of progress. Availability of ante-natal care was 85.2% in 2013.

The battle against HIV/AIDS and other diseases shows mixed results. A campaign to change attitudes and to use contraceptives helped to keep the HIV/AIDS rate at an estimated 1.7% in 2013. Other health indicators are mixed. Identified and treated TB cases rose from 61% in 2009 to 76% in 2012. Children under five treated for fever fell from 33.8% in 2012 (from 43.6% in 2005), while incidence of malaria was steady at 44% in 2012 (43.3% in 2005).

Poverty reduction, social protection and labour

Poverty increased, with more than half (55.2%) of Guineans living below the poverty line in 2013 (up from 53% in 2007), partly because of sluggish annual economic growth (about 2% between 2008 and 2010 and 3.2% between 2011 and 2013) while the population grew 3.2% a year. Youth unemployment was worrying – at 34% of those with technical professional training, 47% of university graduates, 10.4% of unqualified young people, and among 15-34 year olds 24.5% in the capital and 14.7% in the countryside, according to the labour ministry (METFPET) in 2012.

The UNDP's HDI indicators have slightly improved since 2008 and the country scored 0.352 in 2013 (0.355 in 2012), less than the world low-development country average of 0.466, with small advances in education and income. The education index has been stagnant since 2008. A third of school-age children are not enrolled and less than 10% of the budget goes to education.

Gender equality

Guinea has ratified the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) and gender inequality has been reduced in health and education. Primary school gender parity improved for girls to 0.92 in 2010 (from 0.76 in 2005) and in secondary schools to 0.59 (0.45 in 2005), according to the education sector programme annual report (PSE 2013). But the ratio is stuck at 0.3 in universities.

Women suffer more from under- and unemployment than men and only 23.1% of salaried non-agricultural workers were women in 2012. Overall gender inequality worsened to 0.439 in 2012 (from 0.228 in 2009), according to the OECD's SIGI index. Women held only 20% of public positions of responsibility, according to the PRSP 3.

Incidence of HIV/AIDS is higher among women (1.9%) than men (0.9%), underlining the vulnerability of women, who sometimes have neither the information they need nor the ability to choose preventive measures in a society where tradition still rules.

Thematic analysis: Global value chains and industrialisation in Africa

Guinea's small industrial structure and energy supply problems hinder its inclusion in GVCs, which are chiefly in mining, chemicals (plastics, paint and cement) and agro-food. The small value-added operations are in mining, assembling and packaging semi-finished products and selling them locally and sub-regionally. The unskilled labour-intensive factories involved hire mainly machine operators.

Guinea has abundant mineral resources and about 6.2 million hectares of arable land, with 45% of the population under the age of 30. It borders six countries and actively participates in sub-regional organisations. It has also signed up to the African Growth and Opportunity Act (AGOA) and has partnership agreements with the European Union. These give the country great advantages in joining GVCs, especially for making metal parts for vehicles and construction, supplying raw materials to agro-industries, assembling garments, and for tourism. This potential is greatly under-used, as the country does not advertise itself and business activity is focused in commerce and construction.

An industrial policy, which has been lacking for years, should focus on establishing industrial production stages. But poor and erratic electricity supply is still a major obstacle and the inauguration of the Kaleta hydro-electric dam is a big opportunity. The improved business climate is important but private property and contracts need to be more secure. The 58.7% primary school completion rate is still below the 2012 UNESCO-calculated sub-regional average (67%), as is the 34% adult literacy figure (69%). Beyond these inadequacies, research and development activity could be promoted.