# 2019 Investment Climate Statement

## Executive Summary

Despite persistent corruption and fiscal mismanagement, the long-term economic prognosis for Guinea, buoyed by sizeable endowments of natural resources, energy opportunities, and arable land, remains promising. Constrained by an austere budget, Guinea has increasingly looked to foreign investment and the private sector to stimulate growth. China, Guinea's largest trading partner, has dramatically increased its role in the last two years through investment agreements. Investors should proceed with caution, realizing that the potential for high profits comes with significant risk.

Blessed with abundant mineral resources, Guinea has the potential to be an economic leader in the extractives industry. Guinea is home to over half the world's reserves of bauxite (aluminum ore), and bauxite accounts for over half of Guinea's present exports. Most of the country's bauxite is exported by the *Compagnie des Bauxites de Guinee* (CBG) [a joint venture between the Government of Guinea, U.S.-based Alcoa, the Anglo-Australian firm Rio Tinto, and Dadco Investments of the Channel Islands], via a designated port in Kamsar. Societe Miniere de Boke (SMB), a Franco-Sino-Singaporean conglomerate, has surpassed CBG as the largest single producer of bauxite in the world. New investment by SMB and CBG, in addition to new market entries, are expected to significantly increase Guinea's bauxite output over the next five to ten years. The Aluminum Corporation of China (Chalco), the Guinea Alumina Corporation (GAC), and Alufer are relative newcomers to the bauxite industry and are still growing. Guinea also possesses over four billion tons of untapped high-grade iron ore, significant gold and diamond reserves, undetermined amounts of uranium, as well as prospective offshore oil reserves. Artisanal and medium-sized industrial gold mining in the Siguiri region is a significant contributor to the Guinean economy, but suspicion exists that much of the gold leaves the country clandestinely, without generating any government revenue. In the long term, the Government of Guinea projects that its greatest potential economic driver will be the Simandou iron ore project, which is slated to be the largest greenfield project ever developed in Africa. Chalco bought out Rio Tinto's shares in the project in 2017, and the Guinean government is anxious to move forward with developing the iron ore concessions. The Guinean government is using Simandou revenue in long-term planning, but the project has not moved toward producing anything since Rio Tinto's departure. The infrastructure costs for the project are projected to be USD 20 billion, which is enormous considering Guinea's GDP is less than USD 7 billion/year. When fully operational, the project could double Guinea's GDP. In 2017, the governments of Guinea and China signed a USD20 billion framework agreement giving Guinea potentially USD1 billion per year in infrastructure projects in exchange for increased access to mineral wealth. The results of previous Chinese infrastructure projects, however, have been mixed: power projects have had a positive impact, but others, like the Nongo stadium, have been less successful.

Guinea's abundant rainfall and natural geography bode well for hydroelectric and renewable energy production. The largest energy sector investment in Guinea is the 450MW Souapiti dam project (valued at USD2.1 billion), begun in late 2015 with Chinese investment, which likewise completed the 240MW Kaleta Dam (valued at USD526 million) in May 2015. Kaleta more than doubled Guinea's electricity supply, and for the first time furnished Conakry with more reliable, albeit seasonal, electricity (May-November). Souapiti is due to begin regulating the water available to the Kaleta Dam in September 2019 and will begin to produce electricity in late 2020. A third hydroelectric dam on the same river is in the early stages of development – Chinese mining firm TBEA is providing financing for the Amaria power plant (300 MW, USD1.2 bn investment), with financial negotiations for the Build-Operate-Transfer (BOT) arrangement in process leading to the final determination of the tariff to be paid by the Guinean energy operator EDG. With proper distribution infrastructure, these projects are expected to lead Guinea to become an energy exporter in West Africa. The government is also looking to invest in solar and other energy sources to compensate for lost hydroelectric production during Guinea's dry season. To that end, U.S.-based Endeavor has started work on Project Te, a 50MW thermal plant on the outskirts of the capital. The World Bank is sponsoring four 50MW solar projects in the Kankan region.

Agriculture and fisheries are other areas of opportunity and growth in Guinea. Already an exporter of fruits, vegetables, and palm oil to its immediate neighbors, Guinea is climatically well suited for large-scale agricultural production. However, the sector has suffered from decades of neglect and mismanagement, while the 2014-2015 Ebola crisis hit the agricultural workforce hard. Guinea is also an importer of rice, its primary staple crop. President Alpha Conde has expressed his personal desire to see Guinea's long-term economy based on agriculture rather than extractives.

Guinea's macroeconomic and financial situation is weak. The Ebola crisis stifled Guinea's economic growth prospects in 2014 and 2015, leaving the government with few financial resources to invest in infrastructure. Lower natural resource revenues stemming from a drop in world prices and ill-advised government loans have strained an already tight government budget. However, improved macroeconomic discipline in 2016-2017 stabilized exchange rates, refilled government coffers, and increased government revenues. Much of this stabilization lasted until late 2017 when the government borrowed excessively from the Central Bank (BCRG), threatening its first 2018 International Monetary Fund (IMF) review. Still, growth for 2018 was a healthy 8.7 percent (down, however, from 10 percent in 2016), but the largely impoverished population felt little of that, placing the government under pressure to deliver tangible economic development. There is a shortage of credit, particularly for small and medium sized enterprises, and the government is increasingly looking to international investment to increase growth, provide jobs, and kick-start the economy.

In 2017, Guinea passed and implemented an anti-corruption law, but it has yet to be tested in court. The country has recently updated its Investment Code and renewed efforts to attract international investors, including a new investment promotion website put in place in 2016 by Guinea's investment promotion agency (www.invest.gov.gn) to increase transparency and streamline investment. However, Guinea's capacity to enforce its more investor-friendly laws is compromised by a weak and unreliable legal system**.** President Alpha Condé inaugurated the first Trade Court of Guinea on March 20, 2018. The aim of the Trade Court is to improve the business environment for local and foreign investors, but it remains to be seen what effect it will have.

*Table 1*

| Measure | Year | Index/Rank | Website Address |
|---|---|---|---|
| **TI Corruption Perceptions Index** | 2018 | 138 of 180 | http://www.transparency.org/research/cpi/overview |
| **World Bank's Doing Business Report "Ease of Doing Business"** | 2019 | 152 of 190 | http://www.doingbusiness.org/rankings |
| **Global Innovation Index** | 2018 | 119 of 126 | https://www.globalinnovationindex.org/analysis-indicator |
| **U.S. FDI in partner country ($M USD, stock positions)** | 2016 | $11 | http://www.bea.gov/international/factsheet/ |
| **World Bank GNI per capita (Atlas method** | 2017 | $790 | http://data.worldbank.org/indicator/NY.GNP.PCAP.CD |

1. Openness To, and Restrictions Upon, Foreign Investment

**Policies Toward Foreign Direct Investment**

With the end to the Ebola crisis and President Conde's re-election and inauguration at the end of 2015, the Guinean government adopted a strong, positive attitude toward foreign direct investment (FDI). Facing budget shortfalls and low commodity prices, the Guinean government hopes FDI will diversify its economy, spur GDP growth, and provide reliable employment. Guinea does not discriminate against foreign investors, with the exception of the prohibition of foreign ownership of media. One area of concern is that mining companies have negotiated different taxation rates despite what the mining code demands. In late 2015, the U.S. Embassy facilitated the establishment of an informal international investors group to liaise with the government. More formally, there is a *Chambre des Mines* (Chamber of Mines), a government-sanctioned advisory organization that includes Guinea's major mining firms. Guinea's Agency for the Promotion of Private Investment (APIP) provides support in the following areas:

1. Create and register businesses
2. Facilitate access to incentives offered under the investment code
3. Provide information and resources to potential investors
4. Publish targeted sector studies and statistics
5. Provide training and technical assistance
6. Facilitate solutions for investors in Guinea's interior

More information about APIP can be found at: http://apip.gov.gn/

**Limits on Foreign Control and Right to Private Ownership and Establishment**

Investors can register under one of four categories of business in Guinea. More information on the four types of business registration is available at http://invest.gov.gn/page/create-your-company. There are no general limits on foreign ownership or control, and 100 percent ownership by foreign firms is legal in most sectors. As mentioned above, foreign-owned print media, radio, and television stations are not permitted. The 2013 Mining Code gives the government the right to a 15 percent interest in any major mining operation in Guinea (the government decides when an operation has become large enough to qualify). Mining and media notwithstanding, there are no sector-specific restrictions that discriminate against market access for foreign investment. Despite this lack of official discrimination, many enterprises have discovered the licensing process to be laden with bureaucratic delays that are usually dealt with by paying consultant fees to help expedite matters. The U.S. Embassy is involved with advocacy when it is aware of excessive delays.

According to the Investment Code, the National Investment Commission has a role in reviewing requests for approval, and for monitoring companies' efforts to comply with investment obligations. The Ministry for Planning and International Cooperation holds the secretariat for this commission, which grants investment approval. The government gives approved companies, especially industrial firms, the use of the land necessary for their plant, for the duration and under the conditions set out in the terms of approval. The land and associated buildings belong to the State, but can also be rented by or transferred to another firm with government approval**.**

**Other Investment Policy Reviews**

There has been no investment policy review conducted by the UN Conference on Trade and Development or the Organization for Economic Cooperation and Development within the past several years. The World Trade Organization (WTO) last conducted a review of Guinea in 2018. The 2018 report can be viewed here: https://www.wto.org/english/tratop_e/tpr_e/tp470_e.htm.

**Business Facilitation**

APIP manages business registration and facilitation and maintains a guide on Guinea's investment website (http://invest.gov.gn). Business registration, however, must be completed in person at APIP's office in Conakry. The only internationally-accredited business facilitation organization that assesses Guinea is GER.co, which gives Guinea's business creation/investment website a 4/10 rating. It takes roughly seventy-two hours to register a business. APIP's services are available to both Guinean and foreign investors. The "One Stop Shop" at APIP's Conakry office has the credentials to provide small and medium sized enterprises (SMEs) with requisite registration numbers, including tax administration numbers and social security numbers. Notaries are required for the creation of any other type of enterprise.

A SME in Guinea is defined as a business with less than 50 employees and revenue less than 500 million Guinean francs (GNF) (around USD50,000). SMEs are taxed at a yearly fixed rate of GNF15 million (USD1,500). Administrative modalities are simplified and funneled through the One Stop Shop. These advantages are available for both Guinean and foreign investors.

**Outward Investment**

Guinea does not formally promote outward investment and the government does not restrict domestic investors from investing abroad.

2. Bilateral Investment Agreements and Taxation Treaties

Guinea has bilateral investment agreements with Benin, Burkina Faso, Cameroon, Chad, China, Egypt, France, The Gambia, Germany, Ghana, Italy, Lebanon, Malaysia, Mali, Mauritania, Mauritius, Morocco, Serbia, South Africa, Switzerland, Tunisia, and Turkey. Although Guinea does not have a Bilateral Investment Treaty or Free Trade Agreement with the United States, the Economic Community of West African States (ECOWAS) and the United States signed a Trade and Investment Framework Agreement (TIFA) in May 2014. There is no Bilateral Tax Treaty between Guinea and the United States. The TIFA created a Council on Trade and Investment responsible for identifying and removing trade impediments between the United States and ECOWAS countries.

3. Legal Regime

**Transparency of the Regulatory System**

In the past seven years Guinea has made its laws and regulations much more transparent, but draft bills are not made available for public comment. Ministries do not develop forward-looking regulatory plans and publish neither summaries nor proposed legislation. Laws in Guinea are proposed by either the President or members of the National Assembly and are not presented for public comment. Once ratified, laws are not enforceable until they are published in the government's official gazette. All laws relevant to international investors are posted (in French) on invest.gov.gn. When investing, it is important to engage with all levels of government to ensure each authority is aware of expectations and responsibilities on both sides.

Guinea's 2013 amended Mining Code commits the country to increasing transparency in the mining sector. In the code, the government commits to award mining contracts by competitive tender and to publish all past, current, and future mining contracts for public scrutiny. Members of mining sector governing bodies and employees of the Ministry of Mines are prohibited from owning shares in mining companies active in Guinea or their subcontractors. Each mining company must sign a code of good conduct and develop and implement a corruption-monitoring plan. Guinea has already implemented a portion of its transparency effort with the creation of a public database of its mining contracts designed by the Natural Resource Governance Institute (http://www.contratsminiersguinee.org/).

The Extractive Industries Transparency Initiative (EITI) ensures more transparency in the governance of Guinea's natural resources and full disclosure of government revenues from its extractives sector. The EITI standard aims to provide a global set of conditions that ensures greater transparency in the management of a country's oil, gas, and mineral resources. EITI reiterates the need to augment support for countries and governments that are making genuine efforts to address corruption but lack the capacity and systems necessary to manage effectively the businesses, revenues, and royalties derived from extractive industries.

Guinea was accepted as EITI compliant for the first time by the international EITI Board at its meeting in Mexico City on July 2, 2014. As an EITI country, Guinea must disclose the government's revenues from natural resources, and completed their most recent report in August 2018 for the 2016 reporting period. The report is located at : https://eiti.org/document/guinea-2016-eiti-report.

While Guinea's laws promote free enterprise and competition, the government often lacks transparency in the application of the law. Business owners openly assert that application procedures are sufficiently opaque to allow for corruption, and regulatory activity is often instigated due to personal interests.

**International Regulatory Considerations**

Guinea is a member of ECOWAS, but not a member of the West African Economic and Monetary Union (UEMOA) and as such has its own currency. At the beginning of 2017, Guinea adopted ECOWAS's Common Exterior Tariff (TEC), which harmonizes Guinea's import taxes with other West African states and eliminates the need for assessing import duties at Guinea's land border crossings. Guinea is a member of the WTO and is not party to any trade disputes.

**Legal System and Judicial Independence**

Guinea's legal system is codified and largely based upon French civil law. However, the judicial system is reported to be understaffed, corrupt, and opaque. Accounting practices and bookkeeping in Guinean courts are frequently unreliable. U.S. businesspersons should exercise extreme caution when negotiating contract arrangements, and do so with proper local legal representation. Although the constitution and law provide for an independent judiciary, the judicial system lacks independence, is underfunded, inefficient, and is portrayed in the press as corrupt. Budget shortfalls, a shortage of qualified lawyers and magistrates, nepotism, and ethnic bias contribute to the judiciary's challenges. President Conde's administration has successfully implemented some judicial reforms and has increased the salaries of judges by 400 percent in order to discourage corruption.

Despite dispute settlement procedures set forth in Guinean law, business executives complain of

the glacial pace of Guinean justice's adjudication of business disputes. Most legal cases take years and significant legal fees to resolve. In speaking with local business leaders, the general sentiment is that any resolution occurring within three to five years is a relatively quick one.

In many cases, the government does not meet payment obligations to private suppliers of goods and services, either foreign or Guinean, in a timely fashion. Arrears to the private sector is a major issue that is often ignored. Guinea is currently looking for ways to finance past arrears to the private sector -- possibly through issuing a public debt instrument. There is no independent enforcement mechanism for collecting debts from the government, although some contracts have international arbitration clauses. The government, while bound by law to honor judgments made by the arbitration court, often actively influences the decision itself.

Although the situation has improved recently, business executives, Guinean and foreign, have publicly expressed concern over the rule of law in the country. In 2014, high-ranking members of the military harassed foreign managers of a telecommunications company because they did not renew a contract. In 2017-2018, American businesses experienced long delays in getting the required signatures and approvals through government ministries. Some businesses have been subject to sporadic harassment and demands for donations from military and police personnel.

**Laws and Regulations on Foreign Direct Investment**

The National Assembly ratified a new Investment Code regulating FDI in May 2015. Developed in cooperation with the Work Bank and IMF, the new code harmonizes Guinea's investment climate with other countries in the region and broadens the definition of FDI in Guinea. The Code also organizes avenues for direct agreements between investors and the State. Other important legislation related to FDI includes the Procurement Code, the BOT (Build Operate Transfer, now Public Private Partnership or PPP) Law and the Customs Code.

The Government of Guinea states it will let the legal system deal with domestic cases involving foreign investors. However, as described above the legal system is weak, in the midst of much needed reforms, and is subject to interference, and although the constitution provides for an independent judiciary, the judicial system lacks independence and is underfunded, inefficient, and is perceived by many to be corrupt. Factors limiting the judiciary's effectiveness include budget shortfalls, a shortage of qualified lawyers and magistrates, nepotism, an ill-funded and managed prison system, and ethnic bias. Although the government is making an effort to better compensate and equip judges, most are poorly trained and corruption plays a role in many court proceedings. There are few international investment lawyers accredited in Guinea and it is a best practice to include international arbitration clauses in all major contracts. U.S. companies have identified the absence of a dependable legal system as a major barrier to investment.

APIP launched a new website in 2016 that lists information related to laws, rules, procedures, and registration requirements for foreign investors, as well as strategy documents for specific sectors. (http://invest.gov.gn). Further information on APIP's services is available at http://www.apiguinee.org. APIP has a largely bilingual (English and French) staff and is designed to be a clearinghouse of information for investors.

**Competition and Anti-Trust Laws**

There are no agencies that review transactions for competition-related concerns.

**Expropriation and Compensation**

Guinea's Investment Code states that the Guinean government will not take any steps to expropriate or nationalize investments made by individuals and companies, except for reasons of public interest. It also promises fair compensation for expropriated property.

In 2011, the government claimed full ownership of several languishing industrial facilities in which it had previously held partial shares as part of several joint ventures—including a canned food factory and processing plants for peanuts, tea, mangoes, and tobacco—with no compensation for the private sector partner. Each of these facilities was privatized under opaque circumstances in the late 1980s and early 1990s. By expropriating these businesses, which the government deemed to be corrupt and/or ineffective, and putting them to public auction, Guinea hoped to correct past mistakes and put the assets in more productive hands. Guinea's previous government lodged another major expropriation case over the Simandou mining asset that was thought to be resolved by Rio Tinto's sale of its portion of the concession. However, Chinese conglomerate Chinalco never finalized the deal so Rio Tinto and Chinalco continue to own half of Simandou as of April 2019.

The government has had difficulties managing SMEs and would prefer that the private sector take the lead in managing this sector. The investment climate is welcoming to foreign and American firms, and the government is working to reduce corruption and increase transparency. The current government is cognizant of its international image and does not want to risk losing possible foreign investment.

**Dispute Settlement**

*ICSID Convention and New York Convention*

Guinea is a member of the International Center for the Settlement of Investment Disputes (ICSID), an autonomous international institution established under the Convention on the

Settlement of Investment Disputes between States and Nationals of other States with over one hundred and forty member states (https://icsid.worldbank.org/en/Pages/about/default.aspx). Guinea is also a member of the New York Convention, which applies to the recognition and enforcement of foreign arbitral awards and the referral by a court to arbitration.

(http://www.newyorkconvention.org).

*Investor-State Dispute Settlement*

The Investment Code states that competent Guinean judicial authorities shall settle disputes

arising from interpretation of the Code in the accordance with laws and regulations, and provides several avenues by which to seek arbitration. In practice, however, fair settlements may be difficult to obtain. The current Guinean constitution mandates an independent judiciary, although many business owners and high-level government officials frequently claim that poorly trained magistrates, high levels of corruption, and nepotism plague the administration of justice. Guinea established an arbitration court in 1999, independent of the Ministry of Justice, to settle business disputes in a less costly and more expedient manner. The Arbitration Court is based upon the French system, in which arbitrators are selected from among the Guinean business sector, rather than from among lawyers or judges, and are supervised by the Chamber of Commerce. All parties must agree in order for their case to be settled in the arbitration court. In general, Guinea's arbitration court has a better reputation than the judicial court system for settling business disputes.

*International Commercial Arbitration and Foreign Courts*

In 1993, Guinea became a member of the *Organisation pour l'Harmonisation du Droit des*

*Affaires en Afrique* (Organization for the Harmonization of Commercial Law in Africa), known

by its French initials, OHADA, which allows investors to appeal legal decisions on commercial

and financial matters to a regional body based in Abidjan. The organization also seeks to harmonize commercial law, debt collection, bankruptcy, and secured transactions

throughout the OHADA region. The treaty superseded the Code of Economic Activities and

other national commercial laws when it was ratified in 2000, though many of the substantive

changes to Guinean law have yet to be implemented. U.S. companies seeking to do business in

Guinea should be aware that under OHADA, managers may be held personally liable for corporate wrongdoing. See the OHADA website for specific OHADA rules and regulations

(http://www.ohada.com).

**Bankruptcy Regulations**

Guinea, as member of OHADA, has the same bankruptcy laws as most West African francophone countries. OHADA's Uniform Act on the Organization of Securities enforces collective proceedings for writing off debts and defines bankruptcy in articles 227 to 233. The Uniform Act also distinguishes fraudulent from non-fraudulent bankruptcies. There is no distinction between foreign and domestic investors. The only distinction made is a privilege ranking that defines which claims must be paid first from the bankrupt company's assets. Articles 180 to 190 of OHADA's Uniform Act defines which creditors are entitled to priority compensation. Bankruptcy is only criminalized when it occurs due to fraudulent actions, and leaves criminal penalties to national authorities. Non-fraudulent bankruptcy is adjudicated though the Uniform Act.

In the World Bank's 2019 Ease of Doing Business Report on Resolving Insolvency, Guinea ranked 116 out of 190 countries ranked. According to the report, resolving insolvency takes an average of 3.8 years and costs 8.0 percent of the debtor's estate, with the most likely outcome being that the company will be sold piecemeal. The average recovery rate is 20.4 cents on the dollar.

4. Industrial Policies

**Investment Incentives**

The Investment Code provides preferential tax treatment for investments meeting certain criteria (See Screening of FDI). Other exemptions can be agreed to during contract negotiations with the government. The government's priority investments categories are: promotion of small and medium-sized Guinean businesses, development of non-traditional exports, processing of local natural resources and local raw materials, and establishment of activities in economically less developed regions. Priority activities include agricultural promotion, especially of food, and rural development; commercial farming involving processing and packaging; livestock, especially when coupled with veterinary services; fisheries; fertilizer production, chemical or mechanical preparation and processing industries for vegetable, animal, or mineral products; health and education businesses; tourism facilities and hotel operations; real estate development with social benefit; and investment banks or any credit institutions settled outside specified population centers. Detailed information on each of these opportunities is available at http://invest.gov.gn.

**Foreign Trade Zones/Free Ports/Trade Facilitation**

Guinea currently has no foreign trade zones or free ports, although there have been recent moves toward establishing a free trade zone in the Boké area.

**Performance and Data Localization Requirements**

Under the 2011 Mining Code, mining companies are required to hire Guinean citizens as a certain percentage of their staff, to eventually transition to a Guinean country director, and to award a certain percentage of contracts to Guinean owned firms; the percentage varying based on employment category and the chronological phase of the project. The mining code requires that 20 percent of senior managers be Guinean; however, the code does not define what constitutes senior management. The Code also aims to liberalize mining development and secure investment. In 2013, the Code called for the creation of a Mining Promotion and Development Center, a One Stop Shop for mining administrative processes for investors. The Development Center opened in May 2016. Guinea has no forced localization policy related to the use of domestic content in goods or technology, and there are no requirements for foreign IT providers to turn over source code or provide access to surveillance or to store data within Guinea.

5. Protection of Property Rights

**Real Property**

The Land Tenure Code of 1996 provides a legal base for documentation of property ownership.

As with ownership of business enterprises, both foreign and national individuals have the right to

own property. However, enforcement of these rights depends upon an inefficient Guinean legal and administrative system. It is not uncommon for the same piece of land to have several overlapping deeds. Furthermore, land sales and business contracts generally lack transparency. According to the 2019 World Bank's Doing Business Report, Guinea ranks 138 out of 190 countries for the ease of registering property, up three places from 2018 (http://www.doingbusiness.org/data/exploreeconomies/guinea/).

**Intellectual Property Rights**

Guinea is a member of the African Intellectual Property Organization (OAPI) and the World Intellectual Property Organization (WIPO). OAPI is a signatory to the Paris Convention for the Protection of Industrial Property, the Bern Convention for the Protection of Literary and Artistic Works, the Patent Cooperation Treaty, the World Trade Organization (WTO) Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), and several other intellectual property treaties. Guinea modified its intellectual property rights (IPR) laws in 2000 to bring them into line with established international standards. There have been no formal complaints filed on behalf of American companies concerning IPR infringements in Guinea. However, it is not certain that an affirmative IPR judgment would be enforceable, given the general lack of law enforcement capability. The Property Rights office in Guinea is severely understaffed and underfunded. Guinea is not included in the United States Trade Representative (USTR) Special 301 Report or Notorious Markets List. For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at http://www.wipo.int/directory/en/.

6. Financial Sector

**Capital Markets and Portfolio Investment**

Commercial credit for private and public enterprises is difficult and expensive to obtain in

Guinea. The FY 2019 Millennium Challenge Corporation score for Access to Credit in Guinea dropped from 24 percent to 23 percent and was at 50 percent in FY 2017. This means investors largely need to find their own source of capital (92.4 percent of firms are internally financed).

The legislature passed a Build, Operate, and Transfer (BOT) convention law in 1998 (changed to Public-Private Partnership or PPP in 2018), which provides rules and guidelines for PPP and related infrastructure development projects. The law lays out the obligations and responsibilities of the government and investors and stipulates the guarantees provided by the government for such projects. The Investment Code allows income derived from investment in Guinea, the proceeds of liquidating that investment, and the compensation paid in the event of nationalization, to be transferred to any country in convertible currency. The legal and regulatory procedures, based on French civil law, are not always applied uniformly or transparently.

Individuals or legal entities making foreign investments in Guinea are guaranteed the freedom to

transfer the original foreign capital, profits resulting from investment, capital gains on disposal of investment, and fair compensation paid in the case of nationalization or expropriation of the investment to any country of their choice. The Guinean franc uses a managed floating exchange rate. The few commercial banks in Guinea are dependent on the BCRG for foreign exchange liquidity, making large transfers of foreign currency difficult.

Laws governing takeovers, mergers, acquisitions, and cross-shareholding are limited to rules for documenting financial transactions and filing any change of status documents with the economic register. There are no laws or regulations that specifically authorize private firms to adopt articles of incorporation that limit or prohibit investment.

**Money and Banking System**

Guinea's financial system is small and dominated by the banking sector. It comprises 15 active banks and 22 microfinance institutions with a total of 155 branches across the country. Guinea also has ten insurance firms, three money-transfer companies and 45 currency exchange offices. Guinea’s banking sector is overseen by the BCRG and it serves as the agent of the treasury for overseeing banking and credit operations in Guinea and abroad. The BCRG manages the foreign exchange reserves on behalf of the State. The Office of Technical Assistance of the Department of the Treasury assesses that Guinea does not properly manage debt and that its treasury is too involved in the process, although improvements in 2017-2018 point to a better future. Further information on the BCRG can be found in French at http://www.bcrg-guinee.org.

Due to the difficulty of accessing funding from commercial banks, small commercial and agricultural enterprises have increasingly turned to microfinance, which has been growing rapidly with a net increase in deposits and loans. The quality of its products remains mediocre, with bad debt accounting for five percent of loans with approximately 17 percent of gross loans outstanding.

Guinea plans to broaden the country’s SME base through investment climate reform, improved access to finance, and the establishment of SME growth corridors. Severely limited access to finance (especially for SMEs), inadequate infrastructure, deficiencies in logistics and trade facilitation, corruption and the diminished capacity of the government, inflation, and poor education of the workforce has seriously undermined investor confidence in Guinean institutions. Guinea’s weak enabling environment for business, its history of poor governance, erratic policy, and inconsistent regulatory enforcement exacerbate the country’s poor reputation as an investment destination. As a result, private participation in the economy remains low and firms’

productivity measured by value added is one of the lowest in Africa. Firms' links with the financial sector are weak: only 3.9 percent of firms surveyed in the 2016 World Bank Enterprise survey have a bank loan.
http://www.enterprisesurveys.org/data/exploreeconomies/2016/guinea#finance

Credit to the private sector is low, but increasing, at around 14 percent of GDP in 2015 from five percent in 2010, with the Sub-Saharan African average around 60 percent. The banking sector is highly concentrated, technologically behind, and banks tend to favor short-term lending at high interest rates. While the microfinance sector grew strongly from a small base, microfinance institutions were hit hard during the Ebola crisis; they are not profitable and need capacity and technology upgrades. Finally, the efficiency and the use of payment services by all potential users needs to be improved, with an emphasis on greater financial inclusion. Guinea is a cash-based society driven by trade, agriculture, and the informal sector, which all function outside the banking sector. However, digital cellphone fund transfers are increasing their penetration in the country.

Generally, there are no restrictions on foreigners' ability to establish bank accounts in Guinea. EcoBank is the preferred bank for most U.S. dealings with the U.S. Foreign Account Tax Compliant Act (FACTA) reporting requirements. Post was unable to find any information related to rules concerning hostile takeovers.

**Foreign Exchange and Remittances**

*Foreign Exchange*

There are no restrictions or limitations placed on foreign investors for converting, transferring, or repatriating funds associated with an investment. Although there have been no recent changes to remittance policies, it is difficult to obtain foreign exchange in Guinea. Guinea has experienced significantly weakened liquidity levels over the last several years due to government mismanagement, populist policies, corruption, and a decrease in mining revenue due to lower global commodity prices. Liquidity levels of commercial banks are affected by tight reserve requirements (22 percent of deposits) that are in line with IMF performance criteria. The 2015 entry of Sino-Franco-Singaporean conglomerate SMB into the bauxite mining industry in Guinea coupled with a recovery of bauxite and alumina prices have meant projected budget surpluses for Guinea that were unfortunately eclipsed in 2017 by excess spending, but corrected in 2018.

Until December 2015, the exchange rate was managed by the BCRG and held to a four percent variance from the unofficial rate. The exchange rate has remained relatively stable since 2013 and has only recently depreciated versus the U.S. dollar. Between 2013 and 2015, the Guinean franc maintained a value between 7,000 and 7,500 GNF/USD. In late 2015, the unofficial rate reached a value 10 percent higher than the official rate, during which Guinea had nearly exhausted its foreign currency reserves. The IMF recommended the BCRG float the GNF and the official rate jumped to just over 9,000 GNF/USD by March 2016, where it now remains. The Annual Report on Exchange Arrangements and Exchange Restrictions, published by the IMF, describes the foreign exchange regimes of every IMF member.
https://www.imf.org/en/Publications/Annual-Report-on-Exchange-Arrangements-and-Exchange-

Restrictions/Issues/2017/01/25/Annual-Report-on-Exchange-Arrangements-and-Exchange-Restrictions-2016-43741

*Remittance Policies*

Guinea has no limitations on the conversion and transfer of money or the repatriation of capital and earnings, including branch profits, dividends, interest, royalties, or management or technical service fees. The BCRG needs to be informed of any major transfers, and the wait time to remit investment returns is less than 60 days. Guinea is a member of the Inter-Governmental Action Group against Money Laundering in West Africa, but is not included on the Financial Action Task Force. Guinea does not have a country report in the 2018 International Narcotics Control Strategy Report.

There are no limits on the conversion of U.S. dollars to Guinean francs. Post knows of no issues related to currency conversion and does not see any issues with convertibility risks going forward. The official exchange rate retains the capacity for volatility, but is currently holding at approximately 9,100 GNF/USD (as of March 2019). A weakened economy largely resulting from low commodity prices caused the GNF to depreciate from an average of 7,000 GNF/USD in early 2015. Since mid-2016, the official exchange rate has been keeping pace with the rate in the parallel black market.

Guinea does not have a sovereign wealth fund.

7. State-Owned Enterprises

While Guinea maintains some state-owned enterprises (SOEs) for public utilities (water and electricity), the Conde administration is moving towards allowing private enterprises to operate in this sphere, handing over management of the state-owned electric utility Electricité de Guinée (EDG) to the French firm Veolia in 2015. Veolia is taking steps to improve the urban electricity infrastructure by reducing system losses and illegal connections. Several private projects aimed at harnessing Guinea's hydroelectric energy potential and improving transmission are being implemented with the goal of producing and selling energy throughout Guinea and to neighboring countries.

The hydroelectricity sector could provide the basis for Guinea's modernization and also supply regional markets. Guinea's hydropower potential is estimated at over 6,000MW, making Guinea a potential exporter of power to neighboring countries. In 2015, Guinea built the Kaleta Dam, doubling the country's electricity generating capacity and providing Conakry with a more reliable source of power for most of the year. The government is now pushing forward with the more ambitious Souapiti Dam and numerous renewable and non-renewable power generation plans, for which EDG would be the primary vendor. The country uses and produces about 450MW of power, so the Souapiti project would create ample reserves for export. Plans for improving the distribution network to enable electricity export are in process with the development of the Gambia River Basin Development Project (OMVG) (*Organization pour la Mise en Oeuvre de Fleuve Gambie,* in French) transmission project connecting Guinea and Senegal. The OMVG project involves the construction of 1,677 kilometres of 225-volt transmission network capable of handling 88MW of energy, followed by the construction of 15 transmission substations of 225/30kW each. At the same time, Guinea is moving forward with the Côte d'Ivoire, Sierra Leone, Liberia, Guinea (CSLG) transmission interconnector project, which will integrate Guinea into the West African Power Pool (WAPP) and allow for energy export across the region. While the government does not publish significant information concerning the financial stability of its state-owned enterprises (SOE), EDG's balance sheet is understood to be in the red. The IMF reported that as recently as 2017, up to 28 percent of the Guinean budget has gone toward subsidizing electricity, and the IMF is demanding that EDG improve tariff collection as large numbers of users do not pay for power.

The amount of research and development (R&D) expenditures is not known, but it would be highly unlikely that any of Guinea's SOEs would devote significant funding to R&D. Guinean SOEs are entitled to subsidized fuel, which EDG uses to run thermal generator stations in the capital. Guinea is not party to the Government Procurement Agreement.

**OECD Guidelines on Corporate Governance of SOEs**

Corporate governance of SOEs is determined by the government. Guinean SOEs do not adhere to the OECD guidelines. SOEs are supposed to report to the Office of the President, however, typically they report to a ministry. Seats on the board of governance for SOE are usually allocated by presidential decree.

**Privatization Program**

The Guinean government is actively working on the privatization of the energy sector. In April 2015, the government tendered a management contract to run the state owned electrical utility EDG. French company Veolia won the tender and has begun a four-year program to manage and rehabilitate the insolvent utility. The U.S. Embassy understands that at the conclusion of Veolia's contract, the government will look to privatize EDG or seek to develop a Public-Private Partnership. The government also wants a private company to operate the Kaleta Dam. Bidding processes are clearly spelled out for potential bidders; however, Guinea gives weight to competence in the French language and experience working on similar projects in West Africa. In spring 2015, a U.S. company lost a fiber optics tender largely due to its lack of native French speakers on the project and lack of regional experience.

8. Responsible Business Conduct

The 2013 Mining Code includes Guinea's first legal framework outlining corporate social responsibility. Under the provisions of the code, mining companies must submit social and environmental impact plans for approval before operations can begin and sign a code of good conduct, agreeing to refrain from corrupt activities and to follow the precepts of the

Extractive Industry Transparency Initiative (EITI). However, lack of capacity in the various ministries involved makes government monitoring and enforcement of corporate social responsibility requirements difficult, a gap that some non-governmental organizations (NGOs) are filling. Guinea was deemed an EITI compliant country in July 2014, but mining companies continue to note the lack of transparency in the expenditure of revenues by the National Agency for Mining Infrastructure (ANAIM).

9. Corruption

In its 2019 Ease of Doing Business index, the World Bank ranked Guinea 152nd of 190 countries worldwide, which is up one place from 2018. However, according to Transparency International's 2018 Corruption Perception Index, Guinea moved up ten places to 138 out of 180 countries listed. Guinea did pass an Anti-Corruption Law but has prosecuted no cases specific to that law. It remains to be seen how the law will affect corruption. According to the World Bank Enterprise Survey of 2016, Guinea fares better in the incidence of bribery that most sub-Saharan African countries, but this may be a matter of perception. For example, of 150 firms surveyed, 48.7 percent reported that they were expected to give gifts to public officials to get things done, but only 7.9 percent reported having paid a bribe.

http://www.enterprisesurveys.org/data/exploreeconomies/2016/guinea#corruption

The business and political culture, coupled with low salaries, have historically combined to

create and encourage corruption. Requests for bribes is a common occurrence. Though it is illegal to pay bribes in Guinea, there is little enforcement of these laws. In practice, it is difficult and time-consuming to conduct business without giving "gifts" in Guinea, leaving U.S. companies, who must comply with the Foreign Corrupt Practices Act, at a significant disadvantage.

Although the law provides criminal penalties for corruption by officials, the law is not implemented often. According to the World Bank's 2017 Worldwide Governance Indicators, corruption continues to remain a severe problem. Guinea is in the 14$^{th}$ percentile, down from being in the 15$^{th}$ percentile in 2012. Public funds have been diverted for private use or for illegitimate public uses, such as buying vehicles for government workers. Land sales and business contracts generally lacked transparency.
http://info.worldbank.org/governance/wgi/#reports

Guinea's Anti-Corruption Agency (ANLC) is an autonomous agency established by presidential decree in 2004. The ANLC reports directly to the President and is currently the only state agency focused solely on fighting corruption. However, it has been largely ineffective in its role, with no successful convictions. The ANLC executive director died in 2014 and has yet to be replaced. The ANLC's Bureau of Complaint Reception fields anonymous tips forwarded to the ANLC. Investigations and cases must then be prosecuted through criminal courts. During the past year, there were no prosecutions as a result of tips. The agency is underfunded, understaffed, and lacks computers and vehicles. The ANLC is comprised of 52 employees in seven field offices, with a budget of USD1.1 million in 2018. The proposed budget for 2019 is only USD100,000—a cut of 92 percent.

In October of 2018, President Conde signed a decree delineating roles and responsibilities for the ANLC and its governing bodies. Until the organization is better funded, it will likely remain toothless.

A 2016 survey by the ANLC, Open Society Initiative West Africa (OSIWA), and Transparency International found that among private households, 61 percent of the respondents stated they were asked to pay a bribe for national services and 24 percent for local services. Furthermore, 24 percent claimed to have paid traffic-related bribes to police, 24 percent for better medical treatment, 19 percent for better water or electricity services, and 8 percent for better judicial treatment.

The Conde administration has named corruption in both the governmental and commercial spheres as one of its top agenda items. In general, the situation has improved over the past few years as the government has attempted to improve transparency and reduce corruption.

Guinea is a party to the UN Anticorruption Convention.
http://www.unodc.org/unodc/en/treaties/CAC/signatories.html

Guinea is not a party to the OECD Convention on Combatting Bribery.
http://www.oecd.org/daf/anti-bribery/countryreportsontheimplementationoftheoecdanti-briberyconvention.htm

**Resources to Report Corruption**

Contact at government agency or agencies are responsible for combating corruption:

Seko Mohamed Sylla

Deputy Executive Director

Agence Nationale de Lutte Contre la Corruption (ANLC - National Agency Against Corruption)

Cite des Nations, Conakry, Guinea

+224- 669 22 82 51 -EMAIL ADDRESS: tourealnc@gmail.com

Transparency International

Dakar, Senegal

+221-33-842-40-44

forumcivil@orange.sn

10. Political and Security Environment

Guinea has a long history of political violence. The country suffered under authoritarian rule from independence in 1958 until its first democratic election (presidential) in 2010. It has seen political violence during its transition to democracy, although the level of political violence has decreased with each subsequent election since 2010. Elections have been held in 2013 (legislative), 2015 (presidential), and 2018 (local). The state had persecuted political dissidents and opposition parties for decades. The Sekou Toure regime (1958-1984) and the Lansana Conte regime (1984-2008) were marked by political violence and human rights abuses.

Following the death of President Lansana Conte on December 22, 2008, a military junta calling themselves the National Council for Democracy and Development (CNDD) took power in a bloodless coup. Immediately following the coup, the U.S. government suspended all but humanitarian and election assistance to Guinea. The African Union (AU) and ECOWAS suspended Guinea's membership pending democratic elections and a relinquishment of power by the military junta.

On September 28, 2009, after months of public opposition to the tactics of the military regime, the *Forces Vives*, a group consisting of the political opposition, civil society, economic actors, and labor unions, organized a large rally at the capital's soccer stadium to symbolize their rejection of junta leader Moussa Dadis Camara's intention to run in upcoming presidential elections. Soon after the rally began, members of Guinea's armed forces entered the facility and opened fire on the crowd, killing at least 150 people and injuring over a thousand others. Many of the female protestors were also publicly and brutally raped. In the aftermath of the massacre, the military continued to target the political opposition. Much of the international community condemned the massacre and the gross human rights abuses. On December 3, 2009, Moussa Dadis Camara was shot by his aide-de-camp Lt. Abubaker Diakite, and was flown to Morocco for treatment. Camara's bodyguard and driver were killed in the attack. After over a month of recuperation in Morocco, Camara flew to Burkina Faso on January 13, 2010. On January 15, Camara, Burkinabe President Blaise Compaore and Guinean Minister of Defense Sekouba Konate signed the Ouagadougou Accord, creating a transition government and naming Konate as the interim President of Guinea, and a civilian, Jean Marie Dore, as Prime Minister. The transition government was tasked with organizing presidential and legislative elections to usher in a new democratic government for Guinea.

Guinea experienced additional violent incidents in 2011 and thereafter. On July 19, 2011, the President's personal residence was attacked with small arms fire and rocket propelled grenades. Following the attack, the government arrested and charged 33 people, mostly military personnel, with attempted murder and treason.

The small mining town of Zogota, located in Guinea's Forest Region, saw the deaths of five villagers, including the village chief, during August 2012 clashes with security forces over hiring practices at the Brazilian iron-mining company Vale. The villagers alleged that Vale was not hiring enough local employees and was instead bringing workers from other regions of Guinea. The ensuing instability led to Vale evacuating all expatriate personnel from the town. Also, in November 2012, the Ministry of Economy and Finance official and anticorruption activist Aissatou Boiro was shot and killed in her car, allegedly for her anticorruption efforts. Twenty suspects were arrested and prosecuted. The trial began in late 2017 and closed on February 4, 2019. The Dixinn District Court sentenced seven of the defendants, including the accused assassin, Mohamed Sankon to life in prison with a minimum period of 30 years. Ten were sentenced to 20 years and two others were given ten-year jail terms. The court issued arrest warrants for six further fugitives, while one other accused died in prison.

In 2013, numerous protests resulting in more than 30 deaths took place in the lead-up to the national legislative elections that had been repeatedly postponed prior to finally being held on September 28, 2013. Many other protests were held in 2013 by citizens and residents angry about the lack of water and electricity in Conakry. Some of these protests turned violent and many small businesses damaged or destroyed during the protests.

Since the July 3, 2013 accords brokered by the United States, the EU, and France, there have been few incidents of political violence. The accords led to free and fair legislative elections in September 2013, whose results were accepted by the population.

On July 15, 2013, violence erupted in N'Zerekore, the administrative capital of Guinea's Forest Region, 350 miles southeast of Conakry. There are conflicting accounts as to what triggered the violence. Violence did escalate as confrontations ensued between members of Guerze and Konianke ethnic groups. Local officials put the death toll at more than 95 people dead and at least 150 injured, with mob and riot-inspired retaliation attacks being responsible. Local police and gendarmerie security forces were initially unable to quell the violence despite an imposed curfew.

Other instances of violence occurred in 2014 and 2015 during the Ebola epidemic when local citizens attacked the vehicles and facilities of aid workers. The Red Cross, MSF (Doctors Without Borders) and the World Health Organization (WHO) also reported cases of property damage (destroyed vehicles, ransacked warehouses, etc.). On September 16, 2014, in the Forest Region village of Womei, eight people were killed by a mob when they visited the village as part of an Ebola education campaign. The casualties included radio journalists, local officials, and Guinean health care workers.

Presidential elections in 2015 sparked violent protests in Conakry, but clashes between police and demonstrators were largely contained.

Sporadic and generally peaceful protests over fuel prices, lack of electricity, labor disputes, and other issues have occurred in the capital and sometimes beyond since 2014. In February 2017, seven civilians died in confrontations with security services during large protests against education reforms. After two days of violent protests in March 2018, teachers' unions and the government agreed to a raise of 40 percent. These protests over teacher union pay became intermingled with political protests over voting irregularities in the February 4 local elections. The political opposition claims the government is responsible for the deaths of over 90 people during political protests over the past eight years.

The local populace in Boke, Bel-Air, and Sangaredi disrupted road and/or railroad traffic on at least three occasions in 2017 and at least twice in 2018, in response to grievances over employment, lack of services, and other issues. Although none of these events targeted American or foreign investors, they were disruptive to business in general and eroded confidence in the security situation under which investors must operate in Guinea.

Street violence is difficult to predict or avoid, but generally does not target westerners.

11. Labor Policies and Practices

Guinea's National Assembly adopted a new labor code in February 2014. Guinea’s Labor Code protects the rights of employees and is enforced by the Ministry of Social Action, Women, and Child Promotion. The Labor Code sets forth guidelines in various sectors, the most stringent being the mining sector. Guidelines cover wages, holidays, work schedules, overtime pay, vacation, and sick leave. The new Labor Code also outlaws all discrimination in hiring, including on the basis of sex, disability, and ethnicity. It also prohibits all forms of workplace harassment, including sexual harassment. However, the law does not provide antidiscrimination protections for persons based on sexual orientation and/or gender identity.

Some employers, including the Guinean government, avoid paying mandatory benefits by employing people as contractors for years at a time rather than as permanent employees. Some foreign managers cite incidents of theft, low productivity, and difficulties in terminating employees as problems.

Although the law provides for the right of workers to organize and join independent unions, engage in strikes, and bargain collectively, the law also places restrictions on the free exercise of these rights. The 2014 Labor Code requires unions to obtain the support of 20 percent of the workers in a company, region, or trade that the union claims to represent. The new code mandates that unions provide ten days’ notice to the labor ministry before striking, but the code does allow work slowdowns. Strikes are only permitted for professional claims. The new Labor Code does not apply to government workers or members of the armed forces. While the Labor Code protects union officials from anti-union discrimination, it does not extend that same protection to other workers. The Labor Code prohibits employers from taking into consideration union membership and activities with regard to decisions about employee hiring, firing, and conduct. The new Labor Code allows workers 30 days to appeal any labor decisions.

The law prohibits child labor in the formal sector and sets forth penalties of three to ten years imprisonment and confiscation of resulting profits. The law does not protect children in the informal sector. The minimum age for employment is 16. Exceptions allow children to work at age twelve as apprentices for light work in such sectors as domestic service and agriculture, and at 14 for other work. The law does not permit workers and apprentices under 18 to work more than ten consecutive hours, at night, or on Sundays. The Ministry of Labor maintained a list of occupations in which youth under 18 cannot be employed, but enforcement is limited to large firms in the modern sector of the economy. The 2016 penal code increased penalties for forced labor if minors are involved, but penalties do not meet international standards, and enforcement is not sufficient to deter child labor violations. The most recent statistics from the 2011 International Labor Organization (ILO) report indicated that more than one-third of all children under 18 worked in industries considered dangerous by the ILO. Although the child code requires the country’s laws to respect treaty obligations and is regarded as law by the justice system, ambiguity remained about the code’s validity, because the government did not pass a required implementation text.

The Ministry of Labor is responsible for enforcing child labor laws, and the labor inspection conducts occasional inspections. The Ministry of Social Action, Women, and Child Promotion also inspects occasionally. The police division OPROGEM under the Ministry of Security was responsible for investigating child trafficking and child labor violations. The Anti-Trafficking Committee (CNLTPPA) is the national coordinating body for the fight against trafficking in persons. In 2018, the prosecution of 55 people, 50 men and four women, resulted in convictions of all 55 for trafficking crimes, among them 53 men and two women.

Child labor occurs most frequently in the informal sectors of subsistence farming, small-scale commerce, and mining. Small numbers of girls are subjected to domestic servitude. Forced child labor occurs primarily in the cashew, cocoa, coffee, gold, and diamond sectors of the economy. Many children between the ages of five and 16 work ten to 15 hours a day in the diamond and gold mines for minimal compensation and little food. Child laborers extract, transport, and clean the minerals. They operate in extreme conditions, lack protective gear, do not have access to water or electricity, and face the constant threat of disease and sickness.

According to the latest government study conducted with the ILO and issued in 2011, 40 percent of all children between five and 14 worked. Of those children aged between five and 14, 66.1 percent worked in what the ILO defines as hazardous conditions – meaning 29 percent of all children in the country worked in hazardous conditions such as fishing and agriculture, manufacturing, mining, construction, commerce and restaurants, and transportation. https://www.ilo.org/ipec/Informationresources/WCMS_IPEC_PUB_25518/lang--fr/index.htm

The Labor Code outlines general guidelines related to health and safety, but the Guinean

government has yet to implement a set of practical occupational standards. The government has

limited resources for this activity. The law provides that the government should support children's rights and welfare, although in practice, the government has neither the capability nor the political will to curb the high rate of child labor. The Labor Code also stipulates that the Minister of Social Action, Women, and Child Promotion maintain a list of occupations in which women and youth under the age of 18 cannot be employed. In practice, enforcement by ministry inspectors is limited to large firms in the modern sector of the economy.

The labor code allows the government to set a minimum monthly wage enforced by the Ministry of Social Action, Women, and Child Promotion. On April 29, 2014, the government exercised this provision for the first time, setting the minimum wage for domestic workers at 440,000 GNF (approximately USD49) per month. No minimum wage for other sectors was established. There is no known official poverty income level established by the government.

The law mandates that regular work should not exceed ten-hour days or 48-hour weeks, and it mandates a period of at least 24 consecutive hours of rest each week, usually on Sunday. Every salaried worker has the legal right to an annual paid vacation, accumulated at the rate of at least two workdays per month of work. There also are provisions in the law for overtime and night wages, which are a fixed percentage of the regular wage. The law stipulates a maximum of 100 hours of compulsory overtime a year.

The law contains general provisions regarding occupational safety and health, but the government has not established a set of practical workplace health and safety standards. Moreover, it has not issued any orders laying out the specific safety requirements for certain occupations or for certain methods of work called for in the Labor Code. All workers, foreign and migrant included, have the right to refuse to work in unsafe conditions without penalty.

According to the ILO, inspectors received inadequate training and had limited resources. Retired labor inspector positions went unfilled. Inspectors lacked computers and transportation to carry out their duties. Penalties for violation of the labor law were not sufficient to deter offenders. The penal code calls for prison terms of up to ten years for people found guilty of trafficking in persons. Additionally, the law subjects traffickers to forfeiture of objects of value or money received through the forced labor of others. Offering someone into forced labor is punishable by up to five years imprisonment.

Authorities rarely monitored work practices or enforced the workweek standards and the overtime rules. Teachers' wages were extremely low, and teachers sometimes went six months or more without pay. Salary arrears were not paid, and some teachers lived in abject poverty. From 2016-2018, teachers conducted regular strikes and as a result, were promised a 40 percent increase in pay. Initially they received only ten percent, but in March 2018, the government began to pay the remaining 30 percent. Controversy still remains over how the raise was calculated. The teachers demanded the raise be based on total pay including all allowances, but the government initially only used the base monthly pay in the calculation. Successful resolution of this issue will help avoid more protests and possible violence. As of February 2019, the teachers union has generally accepted the government proposal and returned to work but still threaten to invoke any slight to strike again.

Violation of wage, overtime, and occupational health and safety standards were common across sectors. Forced child labor, which constituted the majority of forced labor victims, occurred primarily in the gold, diamond, cashew, cocoa, and coffee sectors. There were, for example, reports of unsafe working conditions in the artisanal (small-scale) gold mining communities in the northern section of the country, where inspectors found occupational health and environmental hazards.

Despite legal protection against working in unsafe conditions, many workers feared retaliation and did not exercise their right to refuse to work under unsafe conditions and accidents in unsafe working conditions remain common. The government banned artisanal gold and other mining during the rainy season to prevent deaths from mudslides, but the practice continues.

Pursuant to the Labor Code, any person is considered a worker, regardless of gender or nationality, who is engaged in any occupational activity in return for remuneration, under the direction and authority of another individual or entity, whether public or private, secular or religious. In accordance with this code, forced or compulsory labor means any work or services extracted from an individual under threat of a penalty and for which the individual concerned has not offered himself willingly.

A contract of employment is a contract under which a person agrees to be at the disposal and under the direction of another person in return for remuneration. The contract may be agreed upon for an indefinite or a fixed term and may only be agreed upon by individuals of at least 16 years of age, although minors under the age of 16 may be contracted only with the authorization of the minor's parent or guardian. An unjustified dismissal provides the employee the right to receive compensation from the employer in an amount equal to at least six months' salary with the last gross wage paid to the employee being used as the basis for calculating the compensation due.

The law provides that the government should support children's rights and welfare, although in practice, the government has neither the capability nor the political will to curb the high rate of child labor. The Labor Code also stipulates that the Minister of Social Action, Women, and Child Promotion maintain a list of occupations in which women and youth under the age of 18 cannot be employed. In practice, enforcement by ministry inspectors is limited to large firms in the modern sector of the economy.

Guinea has a young population with a high unemployment rate and lacks employees with specialized skills.  The country has a poor educational system and lacks professionals in all sectors of the economy. Guinea lacks the specialized skills needed for large-scale projects.

Workers at the Port Autonome de Conakry (PAC) held occasional strikes in 2018. The most recent port strike was in March 2018, in protest of the government signing an agreement with a Turkish entity to take over port operations. Operations at the port were stopped for one day. Customs revenues account for 45 percent of Guinea's revenues with 98 percent of these revenues collected at the Port of Conakry.

## 12. OPIC and Other Investment Insurance Programs

Guinea and the United States have had an agreement on private investment guarantees in effect since 1962, making investors eligible for Overseas Private Investment Corporation (OPIC) insurance programs. OPIC had been active recently in Guinea, guaranteeing the USD250 million expansion project of Guinea's largest bauxite exporter, and Endeavor's USD121 million Project Te, a 50MW thermal energy project. U.S. private sector firms are interested in utilizing OPIC for infrastructure related projects in the mining and energy sectors. A USAID Power Africa transaction advisor visited Conakry in April 2017 for meetings and fact finding to gauge Power Africa's potential role in Guinean renewable energy contracts, and a full-time transaction advisor joined the Embassy team in March 2019. OPIC inspects the CBG expansion project semi-annually.

13. Foreign Direct Investment and Foreign Portfolio Investment Statistics

*Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy*

| | **Host Country Statistical source** | | **USG or international statistical source** | | **USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other** |
|---|---|---|---|---|---|
| **Economic Data** | **Year** | **Amount** | **Year** | **Amount** | |
| Host Country Gross Domestic Product (GDP) ($M USD) | N/A | N/A | 2017 | $10,500 | www.worldbank.org/en/country |
| **Foreign Direct Investment** | **Host Country Statistical source** | | **USG or international statistical source** | | **USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other** |
| U.S. FDI in partner country ($M USD, stock positions) | N/A | N/A | 2016 | $11 | BEA data available at https://www.bea.gov/international/direct-investment-and-multinational-enterprises-comprehensive-data |
| Host country's FDI in the United States ($M USD, stock positions) | N/A | N/A | N/A | N/A | BEA data available at https://www.bea.gov/international/direct-investment-and-multinational-enterprises-comprehensive-data |
| Total inbound stock of FDI as % host GDP | N/A | N/A | N/A | 44.4% | UNCTAD data available at https://unctad.org/en/Pages/DIAE/World%20Investment%20Report/Country-Fact-Sheets.aspx |

*Table 3: Sources and Destination of FDI*

| **Direct Investment from/in Counterpart Economy Data** | |
|---|---|
| **From Top Five Sources/To Top Five Destinations *(US Dollars, Millions)*** | |
| **Inward Direct Investment** | **Outward Direct Investment** |
| No data available | |
| | |
| | |

| | |
|---|---|
| | |
| | |
| | |

*Table 4: Sources of Portfolio Investment*

| Portfolio Investment Assets | | |
|---|---|---|
| **Top Five Partners (Millions, US Dollars)** | | |
| **Total** | **Equity Securities** | **Total Debt Securities** |
| No data available | | |
| | | |
| | | |
| | | |
| | | |
| | | |