

Guinea



The Resource Governance Index (RGI) measures the quality of governance in the oil, gas and mining sector of 58 countries. Learn more and explore findings at www.revenuewatch.org/rgi.

Background

Guinea claims almost half of the world's bauxite reserves, as well as significant deposits of iron ore, gold, and diamonds. Mining accounted for 17 percent of gross domestic product in 2010 and over half of exports. However, mismanagement and corruption have plagued the sector for decades, contributing to a depressed economy and widespread public mistrust. The

Guinea	2000	2005	2011
Population (million)	8.34	9.04	10.22
GDP (constant 2011 international \$ billion)	3.8	3.3	5.1
GDP per capita, PPP (constant 2005 international \$)	904	971	993
Extractive exports (% total exports)	63%	75%	61%

SOURCES: World Bank. Extractive exports 2011 data from 2008.

government put forward a new Mining Code in September 2011 that includes provisions to combat corruption, protect the environment, and review all existing mining contracts. It has yet to be implemented.

Guinea's Performance on the RGI

Guinea received a "weak" score of 46, ranking 33rd out of 58 countries. A very good Institutional and Legal Setting score contrasted with poor performance on the Enabling Environment component.

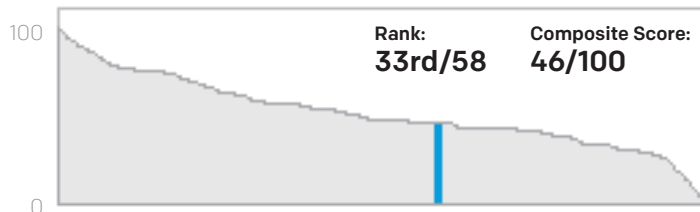
Institutional and Legal Setting

(Rank: 5th/58 Score: 86/100)

Guinea's comprehensive mining legislation and independent licensing process earned it a "satisfactory" score of 86.

The Mines Ministry grants licenses on a first-come, first-served basis and engages in direct contract negotiations with companies. The new Mining Code will provide for bidding when geological information is already known, or when there is interest from several companies, and contains other provisions aimed at reducing the minister of mines' discretion in licensing decisions.

The Finance Ministry collects all non-local taxes from



resource companies. In the past, government agencies placed some revenues in offshore accounts. However, since 2011, all tax revenues go into a single account at the central bank.

Access to information is guaranteed in the Constitution, and the new Mining Code will require further transparency. Guinea requires social and environmental impact assessments before granting mining licenses, but public consultation is not mandatory. Guinea is an Extractive Industries Transparency Initiative (EITI) candidate country but has yet to complete the validation process.

Reporting Practices

(Rank: 33rd/58 Score: 45/100)

With only limited information available on most aspects of the mining sector, Guinea received a "weak" score of 45.

Licensing requirements are available before negotiations, and, since February 2013, contracts are published, significantly improving transparency. Some companies voluntarily publish their social and environmental impact assessments.

Together with the Planning Ministry, the Finance Ministry publishes information on production volumes, prices, and the value of mineral exports. The Mines Ministry publishes historical data on reserves, along with some information on production volumes and exports. It also regularly publishes the names of companies operating in the country. The central bank publishes information on production volumes, prices, and the value of mineral exports. EITI reports contain information on production volumes, the value of mineral exports, companies operating in the country, subsidies, production stream values, royalties, special taxes, license fees, and acreage fees.

Safeguards and Quality Controls

(Rank: 41st/58 Score: 43/100)

Guinea received a "weak" score of 43, reflecting insufficient oversight of resource revenues and the licensing process.

Lawmakers only occasionally review agreements with mining companies and do not scrutinize mining receipts. Payments from companies are not audited by a national audit authority. However, the Mining Code will give interministerial bodies and lawmakers a stronger oversight role. It will also require officials involved in the industry to disclose information about their financial interests in mining projects.

Enabling Environment

(Rank: 49th/58 Score: 11/100)

Guinea's "failing" score of 11 is its lowest on any component, due in part to extremely poor performance on the rule of law.

State-Owned Companies

A national mining company, SOGUIPAMI, was created in 2011. When operational it will manage the state's shares in mining projects and enter into joint ventures with private firms. Its governance policies have not yet been established.

Natural Resource Funds

In 1992 Guinea created a mining development fund that receives a small percentage of revenue directly from resource companies for the promotion of the sector. The current Mining Code has rules for withdrawals and deposits, but these have never been followed in practice, and the fund has presented considerable opportunities for corruption. Its management is completely opaque and it publishes no reports. The fund performs internal audits but does not publish them. The new Mining Code also provides for a Fund for Local Development, financed by a share of royalties and other fixed fees directed to local governments. Regulations are not yet established.

Guinea's Composite, Component and Indicator Scores

Rank (out of 58)		Score (out of 100)
33	COMPOSITE SCORE	46
5	Institutional and Legal Setting	86
	Freedom of information law	67
	Comprehensive sector legislation	100
	EITI participation	67
	Independent licensing process	100
	Environmental and social impact assessments required	100
	Clarity in revenue collection	83
	Comprehensive public sector balance	83
	SOC financial reports required	..
	Fund rules defined in law	..
	Subnational transfer rules defined in law	..
33	Reporting Practices	45
	Licensing process	83
	Contracts	0
	Environmental and social impact assessments	33
	Exploration data	17
	Production volumes	50
	Production value	67
	Primary sources of revenue	33
	Secondary sources of revenue	33
	Subsidies	33
	Operating company names	100
	Comprehensive SOC reports	..
	SOC production data	..
	SOC revenue data	..
	SOC quasi fiscal activities	..
	SOC board of directors	..
	Fund rules	..

Rank (out of 58)		Score (out of 100)
	Comprehensive fund reports	..
	Subnational transfer rules	..
	Comprehensive subnational transfer reports	..
	Subnational reporting of transfers	..
41	Safeguards and Quality Controls	43
	Checks on licensing process	22
	Checks on budgetary process	0
	Quality of government reports	50
	Government disclosure of conflicts of interest	100
	Quality of SOC reports	..
	SOC reports audited	..
	SOC use of international accounting standards	..
	SOC disclosure of conflicts of interest	..
	Quality of fund reports	..
	Fund reports audited	..
	Government follows fund rules	..
	Checks on fund spending	..
	Fund disclosure of conflicts of interest	..
	Quality of subnational transfer reports	..
	Government follows subnational transfer rules	..
49	Enabling Environment	11
	Corruption (TI Corruption Perceptions Index & WGI control of corruption)	10
	Open Budget (IBP Index)	..
	Accountability & democracy (EIU Democracy Index & WGI voice and accountability)	19
	Government effectiveness (WGI)	11
	Rule of law (WGI)	3

■	Satisfactory	■	Weak
■	Partial	■	Failing