

# Guinea Realizes More Revenues From Mining, Publishes Contracts

## THE CHALLENGE

Guinea has been called a “geological scandal.” The west African country sits on the largest global reserves of bauxite (the key ingredient in aluminum) as well as vast deposits of gold and iron ore. But Guineans have suffered from poverty and political instability for decades. In 2010, Guinea held its first democratic elections, which brought to power Alpha Condé, a long-time opponent of the previous regime of military ruler Lansana Conté. Condé promised to break from the past and reform the mining sector to increase accountability and bring prosperity to the country.

Between the new president’s ambitions and concrete impact stood many challenges. Decades of mismanagement had diminished the state’s capabilities to efficiently run the sector. While Guinea’s riches attracted many investors, the government performed little due diligence on their financial capacity and integrity; the government lacked a culture of transparency and accountability. The state budget, less than \$1 billion in 2011, could not finance the needed reforms and investments. To make matters worse, Guinea suffered from a severe Ebola pandemic in 2014, and had to contend with a drop in mineral prices at the same time.

## NRGI’S ROLE

In 2011, NRGI began a program of technical assistance and capacity building among the country’s more reform-minded officials and civil society actors. These relationships have enabled NRGI, in conjunction with advisors from other international institutions,

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to contribute to the adoption and implementation of a number of policies. These not only represent sustainable changes in the government's norms and practices, but according to the minister of mines they have also encouraged investor confidence.

NRGI assisted Guinea in drafting and implementing a mining code that is both attractive to investors and strong on tax, including key transparency and enforcement measures. NRGI also supported the government in establishing a transparent process for the review of mining contracts signed under previous administrations, and the alignment of contracts with the new mining code.

NRGI provided technical assistance to government officials on key policy decisions, and supported the creation of government websites that include detailed payment information and mining contracts. NRGI also assisted government officials from several ministries by developing financial models of integrated mining and infrastructure projects. Officials then used these in the assessment of mining license applications and mining contract negotiations.

Meanwhile concerted training and alliance building has improved civil society actors' technical understanding of the mining sector, increased their confidence to engage government, and enabled activists to pass on knowledge to residents of mining-affected communities.

## IMPACT

Although important challenges remain, the mining sector in Guinea in 2019 is radically different than in 2010.

Mining investment has picked up since 2016, with an ensuing increase in bauxite production from 16 million tons in 2013 to almost 70 million tons in 2019. GDP has almost doubled between 2011 and 2018. A new, transparent cadastre facilitates the allocation of licenses and the government monitoring of license obligations like work programs and tax payments. Mining tax collection increased by 46 percent between 2016 and 2017 to \$505 million, representing a third of total government revenue. For the first time, subnational governments are receiving a direct share (about \$55 million in 2019) of mining revenues to fund local development.

NRGI engagement between 2017 and 2019 around Guinea's performance in the Resource Governance Index has led to reforms and a subsequent increase of Guinea's overall score from 44 to 56 out of 100, reflecting among other improvements a shrinking of the gap between policies and their implementation. The state mining company, SOGUIPAMI, has aligned its transparency practices to international standards, and the government now routinely publishes cadastre information, mining contracts, production and exports figures and mining tax collection disaggregated by company.

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