Guinea

RISK & COMPLIANCE REPORT

DATE: March 2018

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Executive Summary - Guinea	
Sanctions:	EU Financial Sanctions
FAFT list of AML Deficient Countries	No
Higher Risk Areas:	Compliance with FATF 40 + 9 Recommendations Weakness in Government Legislation to combat Money Laundering Not on EU White list equivalent jurisdictions Corruption Index (Transparency International & W.G.I.)) World Governance Indicators (Average Score) Failed States Index (Political Issues)(Average Score)

Major Investment Areas:

Agriculture - products:

rice, coffee, pineapples, palm kernels, cassava (manioc), bananas, sweet potatoes; cattle, sheep, goats; timber

Industries:

bauxite, gold, diamonds, iron; alumina refining; light manufacturing, and agricultural processing

Exports - commodities:

bauxite, alumina, gold, diamonds, coffee, fish, agricultural products

Exports - partners:

India 10.6%, Spain 9.6%, Chile 9.4%, US 7.1%, Ireland 6.3%, Germany 6.3%, Ukraine 5.7%, France 5% (2012)

Imports - commodities:

petroleum products, metals, machinery, transport equipment, textiles, grain and other foodstuffs

Imports - partners:

China 14.2%, Netherlands 7.6% (2012)

Investment Restrictions:

Guinea's Investment Code of 1987 guarantees, on paper, the right of all individuals (of both Guinean and foreign nationality) to undertake any economic activity in accordance with current laws and regulations. Foreign ownership of up to 100% is permitted in commercial, industrial, mining, agricultural and service sectors. However, some industries, such as radio, television, and print media, are legally restricted from having a majority foreign ownership. Revised in 1992, the Investment Code authorizes private investment of all types: foreign private, mixed foreign and local, and mixed public and private. The Guinean government provides a guarantee in the Investment Code that it will not, except for reasons of public interest, take any steps to expropriate or nationalize foreign or locally held assets or businesses. In reality, this guarantee is insufficient protection, as both the CNDD and the Transition Government carried out (or threatened to carry out) expropriations in 2009 and 2010 in the sake of "public interest". While the Conde administration announced its intent to revise the Investment Code sometime in 2012, little outward progress was made.

Contents

Section 1 - Background 4

Section 2 - Anti – Money Laundering / Terrorist Financing 5

FATF status 5

Compliance with FATF Recommendations 5

Evaluation of National AML/CFT activities 6

Giaba Annual Report 2013 6

US Department of State Money Laundering assessment (INCSR) 7

Report 12

International Sanctions 14

Bribery & Corruption 15

Corruption and Government Transparency - Report by US State Department 15

Section 3 - Economy 16

Banking 17

Section 4 - Investment Climate 18

Section 5 - Government 33

Section 6 - Tax 35

Methodology and Sources 36

Section 1 - Background

Guinea has had a history of authoritarian rule since gaining its independence from France in 1958. Lansana CONTE came to power in 1984 when the military seized the government after the death of the first president, Sekou TOURE. Guinea did not hold democratic elections until 1993 when Gen. CONTE (head of the military government) was elected president of the civilian government. He was reelected in 1998 and again in 2003, though all the polls were marred by irregularities. History repeated itself in December 2008 when following President CONTE's death, Capt. Moussa Dadis CAMARA led a military coup, seizing power and suspending the constitution. His unwillingness to yield to domestic and international pressure to step down led to heightened political tensions that culminated in September 2009 when presidential guards opened fire on an opposition rally killing more than 150 people, and in early December 2009 when CAMARA was wounded in an assassination attempt and evacuated to Morocco and subsequently to Burkina Faso. A transitional government led by Gen. Sekouba KONATE held democratic elections in 2010 and Alpha CONDE was elected president in the country's first free and fair elections since independence. CONDE in July 2011 survived an attack on his residence allegedly perpetrated by the military. In October 2012, he announced a cabinet reshuffle that removed three members of the military from their positions, making the current administration Guinea's first all-civilian government.

Section 2 - Anti – Money Laundering / Terrorist Financing

FATF status

Guinea is not on the FATF List of Countries that have been identified as having strategic AML deficiencies

Compliance with FATF Recommendations

The initial Mutual Evaluation Report relating to the implementation of anti-money laundering and counter-terrorist financing standards in Guinea was undertaken by the Financial Action Task Force (FATF) in 2012. According to that Evaluation, Guinea was deemed Compliant for 1 and Largely Compliant for 7 of the FATF 40 + 9 Recommendations. It was Partially Compliant or Non-Compliant for all 6 of the Core Recommendations.

First follow-up report of Guinea

The 18th GIABA Technical Commission/Plenary held in November 2012 adopted the MER of Guinea and placed the country on Expedited Regular Follow-up in accordance with the GIABA ME P&P. Consequently, Guinea was directed to submit its fi follow-up report to the Plenary in November 2013. Following Guinea's inability to submit this report at the 20th GIABA Plenary in November 2013, the Secretariat presented a Memorandum on the Status of Implementation of AML/CFT measures in Guinea which highlighted the outstanding deficiencies identified in the country's AML/CFT system, the technical assistance provided by GIABA, and other efforts made to ensure effective implementation of AML/CFT measures. The memorandum also stated the implications of the country's failure to submit its follow-up report as per the Plenary decision. In defence of its inaction, Guinea provided information on its recent developments, particularly the establishment of the FIU and appointment of its leadership, and pledged to take significant steps to address the outstanding deficiencies in its AML/CFT regime.

The Plenary noted the efforts made by Guinea and encouraged the country to accelerate the pace of implementing AML/CFT measures, including taking immediate action to ensure the full operation of the FIU.

However, due to the country's non-compliance with the ME P&P regarding the submission of follow-up reports and the minimal progress made by Guinea since the adoption of its MER in November 2012, and thus applying appropriate steps as provided in paragraph 48(a) of the GIABA ME P&P, the Plenary escalated Guinea to Enhanced Follow-up and directed the country to submit its first follow-up report to the Plenary within six months in May 2014.

Evaluation of National AML/CFT activities

The Anti-money laundering and counter-terrorism financing campaign has not recorded any improvement in routine activities in Guinea. There is no operational mechanism, which makes it difficult to obtain statistics indicating the level of performance.

Though provided for by the law, the FIU is yet to be operational. This significantly reduces the country's AML/CFT activities. However, within the banking sector, suspicious transaction reports are sent to the Central Bank, where an ad hoc unit has been created for this purpose. The summary analysis of the files by the unit shows that most of the offences identified concern transfer of funds without a valid economic justification and such monies were simply returned to the institutions that originated the transaction. This highlights the weakness of the AML/CFT regime in place.

Finally, another equally important aspect of the country's anti-money laundering regime relates to public expenditure control. Guinea is plagued by misappropriation of public finances. This was particularly persistent during the transition period. The new Government has adopted corrective measures and intends to restore the uniqueness of Government accounts, a major factor in curbing the embezzlement of public funds and corruption within the State administrative apparatus, and therefore a source of money laundering.

The main challenge of the AML/CFT regime in Guinea has to do with the failure to establish an FIU, which naturally makes it impossible to contact the other segments and entities accountable to money laundering and the financing of terrorism.

Giaba Annual Report 2013

Prevalence of Predicate Crimes

The difficult socio-economic conditions in Guinea make it easy for transnational organized crime to thrive. Also, the country's informal and cash-based economy, weak law enforcement and poor record-keeping and widespread corruption provide a fertile environment for predicate crimes to flourish. Among these crimes are drug trafficking, smuggling of commodities, weapons and ammunition, and currency counterfeiting.

The World Drug Report 2013 lists Guinea as the 17th most frequently mentioned country of origin for individual cocaine seizure cases in 2011–2012. The UNODC 2012 ATS Situation Report also included Guinea as a point of origin of methamphetamine trafficked to East and Southeast Asia. Human trafficking is also a thriving component of organized crime in the country, although it is more of a source and transit country than a destination country for persons subjected to forced labour and sex trafficking. Women and girls from the country are mostly subjected to domestic servitude and sex trafficking in Nigeria, Côte d'Ivoire, Benin, Senegal, Greece and Spain.

Some of the known techniques for laundering the proceeds of these crimes include investment in real estate in Guinea for immediate sale, purchase of diamonds or gold for resale, and resale of stolen cars from the USA. The weakness of public institutions of governance, occasioned by decades of misrule and political crises, has made confronting the threats of ML/TF particularly challenging for Guinea.

The porosity of Guinea's borders, which it shares with six other countries, most of which have a long history of conflict, makes the country particularly vulnerable to transnational organized crime. The country lacks the capacity to effectively monitor those borders against the risk of crime. The dominance of the informal sector in a cash-based economy also facilitates financial crimes, particularly ML/TF. There is a large presence in the country of a Middle Eastern community, as well as an informal money transfer service, though there is no evidence to link the businesses of members of this community to terrorism or terrorist financing.

AML/CFT Situation

Owing to the difficult political situation in Guinea, the mutual evaluation of Guinea did not take place until late 2012. The MER revealed tremendous weaknesses in the country's AML/CFT regime that needed to be addressed urgently. These weaknesses include non-existence of a functional FIU, inadequate criminalization of ML/TF, inadequate implementation of reporting and CDD obligations, weak supervision or regulation of business entities, ineffective enforcement, and lack of an AML/CFT national strategy.

The absence of an FIU until very recently has meant that reporting entities do not generate CTRs, STRs and other reports for analysis and investigations. There are also no ML/TF prosecutions and convictions. In the last quarter of 2013, Guinea established an FIU and appointed its board members.

Conclusion

Although Guinea faces huge political, economic and development challenges, it needs to give urgent attention to building its AML/CFT regime. Its failure to prioritize AML/CFT issues could mar the modest political and economic gains it has made in the last few years, given its high-risk environment.

The country's authorities should, therefore, adequately criminalize ML/TF, in line with international standards, as a matter of urgency. It should also ensure that the newly established FIU is adequately resourced and staffed, develop and adopt its national strategy as a prelude to developing its National Risk Assessment Framework, strengthen its supervisory regime, and enhance the capacity of law enforcement and the judiciary to combat financial crimes, including ML/TF.

US Department of State Money Laundering assessment (INCSR)

Guinea was deemed a 'Monitored' Jurisdiction by the US Department of State 2016 International Narcotics Control Strategy Report (INCSR).

Key Findings from the report are as follows: -

Perceived Risks:

The lack of record-keeping, weak law enforcement, corruption, and the informal, cash-based economy in Guinea provide a fertile environment for money laundering and its predicate offenses. The situation is made more complex by the Economic Community of West African States' principle of free movement of persons and goods. The country's openness to the sea and the existence of a large seaport provide a major economic opportunity but also constitute risks that should be addressed by the authorities. With the 2015 presidential elections completed and the Ebola epidemic in Guinea winding down, the government is turning its attention to economic expansion and rule of law.

The number of unauthorized currency dealers that resist government measures against unlicensed operators continues to grow. Guinea has an extensive black market for smuggled goods, which includes illegal drugs trafficked from Guinea-Bissau and Sierra Leone. The Port of Conakry is also used as a way-point between drug suppliers in South America and consumers in Europe. The Guinean customs office, for example, reported its participation in the interdiction of 71 kilos of cocaine headed for Spain in 2015. Local officials believe the sale of counterfeit U.S. currency in Guinea involves money laundering. It is estimated that 80 percent of the pharmaceutical drugs sold in the region are counterfeit, although the government has recently undertaken efforts to address this out of concern for public safety.

Reportedly, certain segments of the large Lebanese expatriate community launder the proceeds of outside criminal activity by purchasing or constructing buildings in Guinea for immediate sale. Other money laundering methods used in Guinea include the purchasing of diamonds or gold for resale. Stolen cars from the United States are often destined for West African markets, including Guinea. Due to limited law enforcement capacity, Guinean authorities struggle to determine the nexus between illicit funds and criminal organizations, and possible links to terrorism financing.

Guinea is plagued by misappropriation of public funds; however, there are no investigations that have connected corrupt Guinean officials with laundering activities. Most illicit funds are transferred via a widespread and well established network of money transfer agents operating out of local markets.

DO FINANCIAL INSTITUTIONS ENGAGE IN CURRENCY TRANSACTIONS RELATED TO INTERNATIONAL NARCOTICS TRAFFICKING THAT INCLUDE SIGNIFICANT AMOUNTS OF US CURRENCY; CURRENCY DERIVED FROM ILLEGAL SALES IN THE U.S.; OR ILLEGAL DRUG SALES THAT OTHERWISE SIGNIFICANTLY AFFECT THE U.S.: NO

CRIMINALIZATION OF MONEY LAUNDERING:
"All serious crimes" approach or "list" approach to predicate crimes: All serious crimes
Are legal persons covered: criminally: YES civilly: YES

KNOW-YOUR-CUSTOMER (KYC) RULES:
Enhanced due diligence procedures for PEPs: Foreign: YES Domestic: YES KYC covered entities: The Public Treasury, Central Bank, banks, currency exchanges and money remitters, microfinance institutions, insurance companies, the post office, real estate and travel agencies, auditors, service companies, cash couriers, non-governmental organizations (NGOs), lawyers, independent legal advisors, accountants, brokers, dealers, casinos, dealers in precious metals and stones, and notaries

REPORTING REQUIREMENTS:
Number of STRs received and time frame: 5: May – December, 2015
Number of CTRs received and time frame: Not applicable
STR covered entities: The Public Treasury, Central Bank, banks, currency exchanges and money remitters, microfinance institutions, insurance companies, the post office, real estate and travel agencies, auditors, service companies, cash couriers, NGOs, lawyers, independent legal advisors, accountants, brokers, dealers, casinos, dealers in precious metals and stones, and notaries

MONEY LAUNDERING CRIMINAL PROSECUTIONS/CONVICTIONS:
Prosecutions: 0 in 2015
Convictions: 0 in 2015

RECORDS EXCHANGE MECHANISM:
With U.S.: MLAT: NO Other mechanism: YES
With other governments/jurisdictions: YES

Guinea is a member of the Inter Governmental Action Group against Money Laundering in West Africa (GIABA), a FATF-style regional body.

ENFORCEMENT AND IMPLEMENTATION ISSUES AND COMMENTS:

Although Guinea has criminalized money laundering, the Guinean government does not consider money laundering and drug trafficking to be high-priority issues. A law criminalizing terrorism financing was passed by the National Assembly in May 2014 and went into effect in 2015. It was the first law passed by the National Assembly, Guinea's first democratically-elected legislature. The counter-terrorism financing law was passed unanimously. In 2015, the Ministry of Finance sponsored publication of an AML/CFT action plan.

Many types of entities are covered under the AML law, but its reporting and customer due diligence requirements are neither fully implemented nor properly enforced; and many covered entities are not subject to comprehensive supervision or regulation. The only financial reporting that occurs is between local banks and the Central Bank of Guinea.

Guinea lacks the resources necessary for the proper surveillance of its porous borders. Although some controls exist for cross-border currency tracking, they relate only to customs fraud. Customs officials have no authority to enforce AML/CFT controls, and there is no central electronic database to record reported cross-border currency movements.

The CENTIF, Guinea's financial intelligence unit, was established in 2013. The CENTIF committee members include representatives of the Ministry of Economy and Finance, police, Ministry of Justice, Ministry of Security and Civil Protection, Customs, and the Central Bank. Backed by a $2.8 million budget allocation, the CENTIF's action plan for 2015-2017 is focused on building capacity and developing a national strategy. In addition to purchasing vehicles and equipment, the action plan calls for the training of CENTIF personnel, their counterparts, and "at risk occupations." The majority of the action plan's budget is not earmarked and the actual destination of the remaining funds is yet to be determined. As of November 2015, CENTIF has an operating budget of approximately $135,500.

Guinea's autonomous Anti-Corruption Agency (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 only two cases prosecuted, with no convictions, in 2014. The ANLC previously received anonymous tips from a hotline concerning possible corruption cases. However, the hotline has not functioned since February 2014 and during the past two years there have been no prosecutions as a result of these tips. In addition, no successor has yet been named following the 2014 death of the last director. The ANLC building requires renovation to adequately accommodate ANLC staff, and the ANLC reportedly lacks a discrete budget.

In August 2014, Senegalese Customs officials seized the equivalent of $20 million in Guinean francs at the international airport in Dakar when it was being transferred from a flight from Conakry to a flight going to Dubai. Guinea's Central Bank claimed the transfer was authorized and routine. However, the seizure was widely covered by the media and a full explanation concerning the currency transfer has not been given. Corruption within the judiciary, funding shortages, and ineffective law enforcement make it difficult for Guinea to cooperate fully with foreign governments to combat financial crime. Guinea has been cooperative with U.S. law enforcement efforts.

The Government of Guinea should take action to deter and prosecute corruption. Guinea has laws to criminalize money laundering and terrorism financing but it must now devote the necessary resources to implement and enforce these laws. Although Guinea has a tipping off provision, it only applies to the subject of an STR; it should be expanded to apply to disclosure to any third person. The government has made strides to staff and train the CENTIF, but it remains to be seen if the new office will have the capacity and political capital to enforce its mandate.

Current Weaknesses in Government Legislation (2014 INCRS Comparative Tables):

According to the US State Department, Guinea does not conform with regard to the following government legislation: -

Record Large Transactions - By law or regulation, banks are required to maintain records of large transactions in currency or other monetary instruments.

Egmont Financial Intelligence Units - .The jurisdiction has established an operative central, national agency responsible for receiving (and, as permitted, requesting), analyzing, and disseminating to the competent authorities disclosures of financial information concerning suspected proceeds of crime, or required by national legislation or regulation, in order to counter money launderingThese reflect those jurisdictions that are members of the Egmont Group.

System for Identifying/Forfeiting Assets - The jurisdiction has enacted laws authorizing the tracing, freezing, seizure, and forfeiture of assets identified as relating to or generated by money laundering activities.

Arrangements for Asset Sharing - By law, regulation or bilateral agreement, the jurisdiction permits sharing of seized assets with third party jurisdictions that assisted in the conduct of the underlying investigation.

Ability to freeze assets without delay - The government has an independent national system and mechanism for freezing terrorist assets in a timely manner (including but not limited to bank accounts, other financial assets, airplanes, autos, residences, and/or other property belonging to terrorists or terrorist organizations)

Criminalised Financing of Terrorism - The jurisdiction has criminalized the provision of material support to terrorists and/or terrorist organizations.

Reports Suspected Terrorist Financing - By law or regulation, banks and/or other covered entities are required to record and report transactions suspected to relate to the financing of terrorists, terrorist groups or terrorist activities to designated authorities.

States Party to United Nations Convention Against Corruption - States party to the United Nations Convention against Corruption (UNCAC), or a territorial entity to which the application of the Convention has been extended by a party to the Convention.

EU White list of Equivalent Jurisdictions

Guinea is not currently on the EU White list of Equivalent Jurisdictions

World Governance indicators

To view historic Governance Indicators Ctrl + Click here and then select country

Failed States Index

To view Failed States Index Ctrl + Click here

Offshore Financial Centre

Guinea is not considered to be an Offshore Financial Centre

US State Dept Narcotics Report 2015

Guinea remains a transshipment point for narcotics, primarily cocaine from South America. Corruption and complicity by government agents in supporting the illicit drug trade remains a major impediment to international and local counter narcotics efforts.

The U.S. Drug Enforcement Administration (DEA) activated a joint U.S.-Guinea counternarcotics effort in 2014 – “Operation Shifting Sands” – which focused on investigative techniques and intelligence support. Several illegal shipments of narcotics were disrupted and prosecutions were underway at the end of 2014 as a direct result of this program. This program also exposed alleged involvement and support by mid-level security officials at the capital city’s airport.

Trusted officials with Guinea’s security apparatus have been very receptive to the partnership and efforts to disrupt the trade and expose the corruption that exists within elements of the local security apparatus. Unfortunately, due to the public health crisis of the Ebola virus disease in Guinea, this joint program was suspended in late 2014.

United States law enforcement agencies have demonstrated an ability to effectively cooperate with select elements of Guinea’s law enforcement and counternarcotics community. DEA established a new regional office in Senegal in 2014 that has enabled enhanced engagement between U.S. and regional authorities, including in Guinea. The Gendarmes counternarcotics unit was eager to engage with DEA in 2014 and this engagement produced immediate and visible results. Although the joint program was suspended in late 2014, it remains a significant opportunity for re-engagement when the Ebola outbreak is contained and the environment is once again conducive to regional support. The United States is encouraged by the steps taken by Guinea in 2014, which demonstrated growing capacity and political will to address the challenging issues presented by the illicit drug trade.

Guinea does not have a mutual legal assistance treaty or extradition agreement with the United States, although Guinea has acceded to relevant multilateral conventions that enable such cooperation.

US State Dept Trafficking in Persons Report 2016 (introduction):

Guinea is classified a Tier 2 (watch list) country - a country whose government does not fully comply with the Trafficking Victims Protection Act’s minimum standards, but is making significant efforts to bring themselves into compliance with those standards.

Guinea is a source, transit, and—to a lesser extent—destination country for men, women, and children subjected to forced labor and sex trafficking. Women and children are the most vulnerable to trafficking. Trafficking is more prevalent among Guinean citizens than foreign migrants and more prevalent among children than adults. Girls are sometimes sent to intermediaries who subject them to domestic servitude and sex trafficking, while boys are forced to beg on the streets, work as street vendors or shoe shiners, or labor in gold and diamond mines. Some men, women, and children are subjected to forced labor in agriculture. Reports indicate children are sent to the coastal region of Boke for forced labor on farms or to Senegal where corrupt marabouts subject students to forced begging in Koranic schools. Children from villages in the Upper Guinea region may be more vulnerable to trafficking due to the region's lack of schools and economic opportunities. Some traffickers take children with parents' consent under false pretenses of providing an education, but instead exploit them in forced begging in Senegalese Koranic schools or forced labor in Senegalese, Malian, and other West African gold mines. Guinea is a transit country for West African children subjected to forced labor in gold mining throughout the region. A small number of girls from neighboring West African countries migrate to Guinea, where they are exploited as domestic servants and possibly in sex trafficking. Guinean women and girls are subjected to domestic servitude and sex trafficking in various West African, European, and Middle Eastern countries, as well as the United States. Guinean boys are exploited in prostitution in the Netherlands. Thai, Chinese, and Vietnamese women are subjected to forced prostitution in Guinea. Due to the lack of research on trafficking in Guinea, the full extent of the problem remains unknown.

The Government of Guinea does not fully meet the minimum standards for the elimination of trafficking; however, it is making significant efforts to do so. Law enforcement officials identified 48 potential trafficking victims and arrested seven suspected traffickers in one investigation. Despite these measures, the government did not demonstrate overall increasing anti-trafficking efforts compared to the previous reporting period; therefore, Guinea is placed on Tier 2 Watch List for the fourth consecutive year. Per the Trafficking Victims Protection Act, Guinea was granted a waiver from an otherwise required downgrade to Tier 3 because its government has devoted sufficient resources to a written plan that, if implemented, would constitute significant efforts to meet the minimum standards. The government did not initiate any prosecutions of and there were no convictions for trafficking offenses, nor did the government provide adequate resources or anti-trafficking training to law enforcement and judiciary officials. The government relied on NGOs to provide victim services and did not take any tangible action to prevent trafficking.

US State Dept Terrorism Report

No report available

Arms

The EU adopted COUNCIL DECISION 2014/213/CFSP on 14 April 2014 ending Decision 2010/638/CFSP (see below) concerning restrictive measures against the Republic of Guinea.

The EU adopted Council Common Position 2009/788/CFSP on 27 October 2009. The Regulation provided, among other matters, an arms embargo.

The EU has subsequently amended the this Common Position via the adoption of Council Decision 2009/1003/CFSP and Council Regulation (EU) No 1284/2009 which entered into force on 23 December 2009. These new regulations add new restrictive measures on the sale, supply, transfer and export of equipment which might be used for internal repression. The Council Decision also provides for new controls on technical assistance, brokering and other services, and financing and financial assistance relating to such equipment.

Financial

In 2009 the European Union imposed restrictive measures concerning members of the National Council for Democracy and Development (NCDD) and persons associated with them. In 2011, the European Union revised the scope of the measures to apply only to persons identified by the International Commission of Inquiry as responsible for the 28 September 2009 events in the Republic of Guinea.

Current EU regulations

- 21.03.2011 Council Regulation (EU) No 269/2011 Revised the scope of the measures to apply only to persons identified by the International Commission of Inquiry. Amended Annex II to Regulation 1284/2009.
- 31.03.2010 Commission Regulation (EU) No 279/2010 Amended Annex II to Council Regulation (EC) No 1284/2009 by removing four individuals.
- 22.12.2009 Council Regulation (EU) No 1284/2009 Provided for certain restrictive measures concerning members of the National Council for Democracy and Development (NCDD) and persons associated with them, including an asset freeze.

Bribery & Corruption

Index	Rating (100-Good / 0-Bad)
Transparency International Corruption Index	27
World Governance Indicator – Control of Corruption	15

Corruption and Government Transparency - Report by US State Department

Corruption and bureaucratic red tape are hallmarks of Guinea’s business climate. In its annual “Ease of Doing Business” index, the World Bank ranks Guinea 175th of 189 countries worldwide. Transparency International’s 2013 “Corruption Perception Index” has Guinea ranked 150th of 177 countries listed.

The business and political cultures, coupled with low salaries, have historically combined to create and encourage a culture of corruption throughout Guinea’s government system. Business is often conducted through the payment of bribes rather than by the rule of law. It is not uncommon for government officials to demand money for their personal use, in exchange for favors or to just perform their duties. Though it is illegal to pay bribes in Guinea, there is no enforcement of these laws. In practice, it is difficult and time-consuming to conduct business without paying bribes in Guinea, and as they must comply with the Foreign Corrupt Practices Act, this leaves U.S. companies at a disadvantage. Enforcement of the rule of law in Guinea is irregular and inefficient.

The Conde administration has promised to combat corruption in both the government and in commercial spheres as one of its top priority agenda items.

Section 3 - Economy

Guinea is a poor country of approximately 11.7 million people that possesses the world's largest reserves of bauxite and largest untapped high-grade iron ore reserves (Simandou), as well as gold and diamonds. In addition, Guinea has fertile soil, ample rainfall, and is the source of several West African rivers, including the Senegal, Niger, and Gambia. Guinea's hydro potential is enormous and the country could be a major exporter of electricity. The country also has tremendous agriculture potential. Gold, bauxite, and diamonds are Guinea's main mineral exports. International investors have shown interest in Guinea's unexplored mineral reserves, which have the potential to propel Guinea's future growth.

Following the death of long-term President Lansana CONTE in 2008 and the coup that followed, international donors, including the G-8, the IMF, and the World Bank, significantly curtailed their development programs in Guinea. However, the IMF approved a new 3-year Extended Credit Facility arrangement in 2012, following the December 2010 presidential elections. In September 2012, Guinea achieved Heavily Indebted Poor Countries completion point status. Future access to international assistance and investment will depend on the government's ability to be transparent, combat corruption, reform its banking system, improve its business environment, and build infrastructure. In April 2013, the government amended its mining code to reduce taxes and royalties. In 2014, Guinea also complied with requirements of the Extractive Industries Transparency Initiative by publishing its mining contracts and was found to be compliant.

The biggest threats to Guinea's economy are political instability, a reintroduction on of the Ebola virus epidemic, and low international commodity prices. Rising international donor support and reduced government investment spending will lessen fiscal strains created by the Ebola virus epidemic, but economic recovery will be a long process while the government continues efforts to prevent an outbreak of the disease. The economic toll of Ebola virus epidemic on the Guinean economy is considerable. Ebola stalled promising economic growth in 2014-15, and the economy will continue to stagnate in 2016. Several projects have stalled, such as offshore oil exploration and the giant Simandou iron ore project. The 240 megawatt Kaleta Dam, which was inaugurated in September 2015, has expanded access to electricity for residents of Conakry. Although the recent political stability has brought renewed interest in Guinea from the private sector, an enduring legacy of corruption, inefficiency, and lack of government transparency, combined with fears of Ebola virus, continue to undermine Guinea's economic viability.

Successive governments have failed to address the country's crumbling infrastructure, which is needed for economic development. Guinea suffers from chronic electricity shortages; poor roads, rail lines and bridges; and a lack of access to clean water - all of which continue to plague economic development. The present government, led by President Alpha CONDE, is working to create an economy to attract foreign investment and hopes to have greater participation from western countries and firms in Guinea's economic development.

Agriculture - products:

rice, coffee, pineapples, mangoes, palm kernels, cocoa, cassava (manioc, tapioca), bananas, potatoes, sweet potatoes; cattle, sheep, goats; timber

Industries:

bauxite, gold, diamonds, iron ore; light manufacturing, agricultural processing

Exports - commodities:

bauxite, gold, diamonds, coffee, fish, agricultural products

Exports - partners:

India 22.5%, Spain 8.2%, Ireland 7.3%, Germany 6.2%, Belgium 5.5%, Ukraine 5.3%, France 4.1% (2015)

Imports - commodities:

petroleum products, metals, machinery, transport equipment, textiles, grain and other foodstuffs

Imports - partners:

China 20.4%, Netherlands 5.4%, India 4.4% (2015)

Banking

Guinea‟s banking system is loosely based on the rules and regulations governing the French banking system. Guinea‟s commercial banking sector was legalized by reforms in 1985 and 1986. Guinea‟s formal financial sector consists of the Central Bank and several commercial banks. The financial sector is largely controlled by foreign-owned banks. The system has a narrow base, is very fragile, and is unable to meet the development needs of the private sector; hence, there is a thriving black market for foreign currencies. Since banks are conservative and risk averse, there is not a significant amount of capital available to finance large investments. Commercial banks favor short-term lending at high interest rates (25% and up), as there is high potential for default. International banking institutions have reported harassment by the military in the form of robbery and attempted extortion.

Section 4 - Investment Climate

Executive Summary

Despite endemic corruption and fiscal mismanagement, the long-term economic prognosis of Guinea, buoyed by strong endowments of natural resources, energy opportunities, and arable land, remains promising. Constrained by an austere budget, Guinea has increasingly looked to foreign investment to stimulate growth. China, Guinea's largest trading partner, has dramatically increased its role through investment agreements.

Blessed with abundant mineral resources, Guinea has the potential to be an economic leader in extractive industry. Guinea is home to over half the world's reserves of bauxite (aluminum ore). Bauxite is the most active mining activity in Guinea, accounting for over half of Guinea's exports. 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 off-shore oil reserves. Most of the country's bauxite is exported by Compagnie des Bauxites de Guinee (CBG) via a designated port in Kamsar. CBG, a joint venture between the Government of Guinea, American company Alcoa and Anglo-Australian firm Rio Tinto, is the largest single producer of bauxite in the world. New investment in CBG in addition to new market entries are expected to significantly increase Guinea's bauxite output over the next five to ten years.

Medium to long term, Guinea's greatest potential economic driver is the Simandou Project (iron ore). Simandou is slated to be the largest greenfield project ever developed in Africa. Rio Tinto with its partners (Chinalco – China Aluminum Corporation, the Guinean government, and International Finance Corporation) are developing two of the four Simandou iron ore concessions. The infrastructure costs for the project are projected to be $20 billion, which is enormous considering Guinea's GDP is less than $7 billion/year. When fully operational, the project could double Guinea's GDP. Depressed commodities markets, however, have slowed iron ore mining development.

Guinea's abundant rainfall, sunny weather, and natural geography bode well for hydroelectric and renewable energy production. The largest energy sector investment in Guinea is the 240MW Kaleta Dam project that began operating its first hydro turbine in May 2015. Built and financed ($526 million) by China, Kaleta more than doubled Guinea's electricity supply and for the first time furnished Conakry with relatively dependable electricity. The government is seeking backing for even larger hydroelectricity projects and investing in distribution infrastructure to become an energy supplier in West Africa. The government is also looking to invest in solar and other energy sources to compensate for lost hydroelectric production in Guinea's dry season.

Agriculture and Fisheries are another area 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

Guinea's macroeconomic and financial situation is weak. Ebola stifled Guinea's economic growth prospects in 2014 and 2015 leaving the government with few financial resources to support the Guinean economy. Decreased natural resource revenues and ill-advised government loans have strained an already sparse government budget. Modest growth is projected to return in 2016, but the government is under pressure from segments of Guinean society to deliver tangible development progress. The demand for credit, particularly for small and medium sized enterprises, exceeds available supply. The government is increasingly looking to international investment to increase growth, provide jobs, and kick-start the economy.

Guinea has recently updated its Investment Code and renewed efforts to attract international investors. Guinea's investment promotion agency rolled out a new website (invest.gov.gn) in 2016 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.

Table 1

Measure	**Year**	**Index or Rank**	**Website Address**
TI Corruption Perceptions index	2015	139 of 168	transparency.org/cpi2015/
World Bank's Doing Business Report "Ease of Doing Business"	2015	165 of 189	doingbusiness.org/rankings
Global Innovation Index	2015	141 of 143	globalinnovationindex.org/content/page/data-analysis
U.S. FDI in partner country ($M USD, stock positions)	2014	$127 Million	BEA
World Bank GNI per capita	2014	$470	data.worldbank.org/indicator/NY.GNP.PCAP.CD

Millennium Challenge Corporation Country Scorecard

The Millennium Challenge Corporation, a U.S. government entity charged with delivering development grants to countries that have demonstrated a commitment to reform, produced scorecards for countries with a per capita gross national income (GNI) of $4,125 or less. A list of countries/economies with MCC scorecards and links to those scorecards is available here: http://www.mcc.gov/pages/selection/scorecards. Details on each of the MCC's indicators and a guide to reading the scorecards are available here: http://www.mcc.gov/pages/docs/doc/report-guide-to-the-indicators-and-the-selection-process-fy-2015.

1. Openness To, and Restrictions Upon, Foreign Investment

Attitude toward Foreign Direct Investment

After the conclusion of the 2014-2015 Ebola Crisis and the inauguration of a new government at the end of 2015, the Guinean government has adopted a strong positive attitude toward foreign direct investment (FDI). Facing budget shortfalls and low commodity prices, the Guinean government is looking to use FDI to diversify its economy, spur GDP growth, and provide reliable employment. There are no laws in Guinea that discriminate against foreign investors with the exception of prohibition of foreign ownership of media.

Other Investment Policy Reviews

There has been no investment policy review conducted by UNCTAD or OECD within the past several years. The World Trade Organization (WTO) last conducted a review of Guinea in 2011. The 2011 report can be viewed here: http://www.wto.org/english/tratop_e/tpr_e/tpr_e.htm.

Laws/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 International Monetary Fund, 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 Law and the Customs Code.

The Government of Guinea states it will let the legal system deal with domestic cases involving foreign investors. The legal system is weak, in the midst of much needed reforms, and is subject to interference. Although the constitution provides for an independent judiciary, the judicial system lacks independence and is underfunded, inefficient, and overtly corrupt. Factors limiting the judiciary's effectiveness include budget shortfalls, a shortage of qualified lawyers and magistrates, an outdated and restrictive penal code, nepotism, an egregious prison system, and ethnic bias. Judges are poorly trained and corruption plays a role in many court proceedings. There are few international investment lawyers accredited in Guinea and most investors 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.

The Agency for the Promotion of Private 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 is run by a largely bilingual (English and French) staff and is designed to be a one stop shop for investors.

Business Registration

Guinea does not have a business registration website in place, but investment information on the registration process is available at (http://invest.gov.gn). APIP recently established a "One Stop Shop" to simplify and facilitate the procedures for the creation of a company. The process now requires around seventy-two hours. Its services are available to Guinean and foreign investors. The use of a notary is not necessary for the creation of small and medium size enterprises since the "One Stop Shop" has the credentials to provide a business 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 small or medium size enterprise (SME) in Guinea is defined as a business with less than 50 employees and revenue less than 500 million GNF (around $60,000). SMEs are taxed at a yearly fixed rate of 15 million GNF ($1,500). Administrative modalities are simplified and funneled through the 'One Stop Shop'. These advantages are available for both Guinean and foreign investors.

Industrial Promotion

The government is seeking investment in all sectors of the economy, but economic growth will most likely be led by the Energy and Mining sectors. Other sectors seeking foreign investors include Agribusiness; Agriculture, Construction, Building and Heavy Equipment; Education; Finance, and Infrastructure and Communication. Information concerning opportunities is disseminated via tenders listed in the Official Journal (Journal Officiel de la Republique) and in international newspapers when the government wishes to solicit international participation. APIP has also provided sector overviews, strategy documents, and relevant legislation on Guinea's aforementioned investment website (http://invest.gov.gn). Furthermore, high-level government officials travel to trade shows and international cities throughout the year promoting investment opportunities in Guinea. Government officials meet with business representatives at international venues, and are very receptive to delegations visiting Guinea.

Guinea benefits from a wide range of market access. It is a member of the Economic Community of West African States (ECOWAS), the West African Economic and Monetary Union, New Partnership for Africa's Development, and the African Union. Furthermore, Guinea benefits from the United States' market access initiative - the Africa Growth and Opportunity Act; the Cotonou Agreement between the African, Caribbean and Pacific countries; and the European Union for the renegotiation of the Lomé Convention. It is also a member of the
World Trade Organization.

Limits on Foreign Control and Right to Private Ownership and Establishment

There are no general limits on foreign ownership or control, and 100 percent ownership by foreign firms is legal. However, as mentioned above, foreign-majority owned print media, radio, and television stations are not permitted. There are no sector-specific restrictions that discriminate against market access applicable to foreign investment.

Privatization Program

The Guinean Government is considering the privatization of the energy sector. In April 2015, the Government tendered a management contract to run the state-owned electrical utility (EDG). Veolia of France won the tender and has begun a four year program to manage and rehabilitate the poor performing, insolvent utility, which has suffered from decades of poor management. In early April 2015, the Minister of Energy told Post that at the conclusion of Veolia's management contract the government will look to privatize EDG or seek a Public Private Partnership. The minister also mentioned that the government wants a private company to operate the recently completed Kaleta Dam.

The bidding process is spelled out clearly for potential bidders. Guinea gives weight to competence with the French language and experience working on similar projects in West Africa, and companies without those attributes have not been successful in pursuing recent tenders.

Screening of FDI

According to the Investment Code, there is no specific screening of FDI. However, the National Investment Commission does have a role in reviewing requests for approval, and for monitoring companies' efforts to comply with investment obligations. This commission is headed by the Minister for Planning and International Cooperation. Approval of investments is granted based upon a request to the Commission. The government grants approved companies, particularly industrial firms, the use of the land necessary for their plant, for the duration of the project and according to conditions set out in the terms of approval. The land and subsequent buildings belong to the State, but can also be rented by or transferred to another firm only with Government approval.

International investors are eligible to qualify for a preferential tax plan through the National Investment Commission. In addition to respecting the legal and regulatory requirements governing their activities and the conditions and obligations set out in their tax approval, registered companies must make a cumulative initial investment of 200 Million GNF (around $22,000) with the creation of a minimum of five permanent national jobs to qualify for the preferential plan. Existing businesses must employ at least 35% local labor to maintain eligibility. The National Investment Commission reviews eligibility on a yearly basis, and companies failing to qualify are given 90 days to comply before losing their eligibility.

The Agency for the Promotion of Private Investment (APIP) serves as a one-stop shop for investors entering the Guinean market. APIP's bilingual staff has received praise from foreign investors for its work in navigating the complexities of FDI in Guinea.

Competition Law

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

2. Conversion and Transfer Policies

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's economy. Guinea has experienced significantly weakened liquidity levels over the last several years due to government mismanagement, populist policies, corruption, a decrease in mining revenue due to lower global commodity prices, and dwindling foreign aid levels. Further, liquidity levels of commercial banks are affected by tight reserve requirements (22% of deposits) that are in line with IMF performance criteria.

Until December 2015, the exchange rate was managed by the Guinean Central Bank (BCRG) and held to a 4% variance from the unofficial rate. The exchange rate had remained relatively stable since 2013 and only recently depreciated versus the U.S. dollar. Between 2013 and 2015 the Guinean Franc (GNF) maintained a value between 7,000 and 7,500 GNF/USD. In late 2015 the unofficial rate reached a value 10% higher than the official rate while Guinea had nearly exhausted its foreign currency reserves. The IMF recommended BCRG float the GNF and the official rate jumped to nearly 9,000 GNF/USD by March 2016.

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 Central Bank 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 is listed as a country of primary concern the 2015 International Narcotics Control Strategy Report.

3. Expropriation and Compensation

Guinea's Investment Code states that the Guinean government will not, except for reasons of public interest, take any steps to expropriate or nationalize investments made by individuals and companies. 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 joint ventures—including a canned food factory and processing plants for peanuts, tea, mangoes, and tobacco—with no compensation for the private sector partner. The government justified its action by citing allegations of corruption that had surrounded the original privatization of these facilities in the late 1980s and early 1990s. The private partner in at least one of these joint ventures has protested the seizure of its assets and has been battling the government decision in court. As of 2016, there has been no resolution of the case.

Recognizing the importance of foreign investment and the risks generated by such expropriations, Government representatives have said that expropriation applies only to former state-owned firms; fully-owned private businesses and other joint ventures with the government will not be affected. Guinea's previous government created another major expropriation case over the Simandou mining asset in 2008. The legal proceeding associated with the case are ongoing.

4. Dispute Settlement

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

The country's legal system is codified and largely based upon French civil law. However, the Guinean judicial system is reported to be understaffed, corrupt, and lacking in transparency. U.S. businesspersons active in Guinea have flagged the need to exercise extreme caution when negotiating contract arrangements, and to have effective local legal representation. Although the constitution and law provide for an independent judiciary, the judicial system lacks independence and is underfunded, inefficient, and corrupt. Budget shortfalls, a shortage of qualified lawyers and magistrates, an outdated and restrictive penal code, nepotism, and ethnic bias limited the judiciary's effectiveness. President Conde's administration has called for judicial reform and has increased the salaries of judges by 400 percent in order to discourage corruption.

Bankruptcy

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

In the World Bank's Ease of Doing Business Report on Resolving Insolvency, Guinea ranked 108, eight places better than in 2015. 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 off in pieces. The average recovery rate is 19.9 cents on the dollar.

Investment Disputes

The Investment Code states that competent Guinean judicial authorities shall settle disputes resulting from interpretation of the Code in the accordance with laws and regulations and provides several avenues to seek arbitration. In practice, however, fair settlements may be difficult. 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 be in agreement 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 Arbitration

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 create harmonization of 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 individually liable for corporate wrongdoing. See the OHADA website for specific OHADA rules and regulations (http://www.ohada.com).

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/apps/ICSIDWEB/Pages/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).

Duration of Dispute Resolution – Local Courts

Despite the rights to dispute settlement set forth in Guinean law, business executives complain of the glacial pace of Guinean justice in business disputes. Most legal cases take many years and numerous legal fees to resolve. In speaking with local business leaders, the general sentiment is that any resolution occurring within 3-5 years would be considered relatively fast.

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 are 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 absence of rule of law in the country. In 2014, foreign managers of a telecommunications company were harassed by high-ranking members of the military for not renewing a contract. Some businesses have been subject to sporadic harassment and "requests" for donations from military and police personnel.

5. Performance Requirements and Investment Incentives

WTO/TRIMS

The Guinean government has not notified any measures that are inconsistent with the WTO Trade Related Investment Measures (TRIMs) requirements.

Investment Incentives

The Investment Code provides preferential taxes for investments meeting certain criteria (See Screening of FDI). Other exemptions can be obtained in contract negotiations with the government. The government's priority investments 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 less economically 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.

Research and Development

There are no restrictions on foreign firms participating in government-financed research and development programs. However, Post knows of no such programs in existence.

Performance Requirements

Under the 2011 Mining Code, amended in April 2013 to reduce taxes and royalties, mining companies are required to hire Guinean citizens as a certain percentage of their staff, to have a Guinean country director eventually, and to award a certain percentage of contracts to Guinean-owned firms; the percentage varies 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 created a Mining Promotion and Development Center, a one-stop shop to simplify the administrative process for investors. Post is not aware of non-mining sectors having performance requirements, but that is likely to change as the Guinean economy becomes more developed.

Data Storage

Guinea has no forced localization policy related to the use of domestic content in goods or technology. There are no requirements for foreign IT providers to turn over source code or provide access to surveillance. There are also no requirements to store data within Guinea.

6. 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 a corrupt and inefficient Guinean legal and administrative system. Furthermore, land sales and business contracts generally lack transparency.

According to the 2016 World Bank's Doing Business Report, Guinea ranks 146 out of 189 countries for the ease of "registering property:"
http://www.doingbusiness.org/data/exploreeconomies/guinea/

Intellectual Property Rights

Guinea is a member of the African Intellectual Property Organization (OAPI), comprised of 15 African countries, and the World Intellectual Property Organization (WIPO), comprised of 186 members. OAPI is 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 TRIPS agreement, and several other intellectual property treaties. Guinea modified its intellectual property right 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 intellectual property rights infringements in Guinea. However, it is not certain that an intellectual property 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 cited in the USTR's Special 301 Report or the Notorious Market Report. 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/.

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Legal Providers in Guinea:
http://photos.state.gov/libraries/guinea/231771/PDFs/legalproviders_001.pdf

7. Transparency of the Regulatory System

Guinea has accomplished much in the past six years to make laws and regulations more transparent. While draft bills are not made available for public comment, the Presidency and National Assembly have worked closely with international partners to modernize its legal framework. However, Guinea's legal system hampers the implementation of clear "rules of the game."

Guinea's 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 cutting-edge transparency approach through the creation of a public database of its mining contracts designed by the Natural Resource Governance Institute (formerly known as Revenue Watch- http://www.contratsminiersguinee.org/).

The Extractive Industries Transparency Initiative (EITI) ensures more transparency in how Guinea's natural resources are governed, and full disclosure of government revenues from its extractive sector. The EITI Standard aims to provide a global set of conditions that ensures more 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 effectively manage the business, 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 a country implementing the EITI, Guinea regularly discloses the government's revenues from natural resources, completing their most recent report in December 2015 for the 2013 reporting period.

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 applied based on personal interest.

8. Efficient Capital Markets and Portfolio Investment

Commercial credit for private and public enterprise is difficult and expensive to obtain in Guinea. The legislature passed a Build, Operate, and Transfer (BOT) convention law in 1998, which provides rules and guidelines for BOT 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 transfers of income derived from investment in Guinea, the proceeds of liquidating this investment, and the compensation paid in the event of nationalization to any country in convertible currency. The legal and regulatory procedures, while based on French civil law in theory, 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 Central Bank 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, Hostile Takeovers

Guinea's financial system is small and dominated by the banking sector. It comprises 15 active banks and 22 microfinance institutions totaling 146 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 Central Bank (BCRG) and it serves as the agent of the treasury for overseeing banking and credit operations in Guinea and abroad. The BCGR manages the foreign exchange reserves on behalf of the State. 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 of deposits and loans, but the quality of its products remains mediocre, with bad debt accounting for 5 percent of loans with approximately 17 percent of gross loans outstanding.

Guinea plans to broaden the country's SME base through investment climate reform, solutions to improve access to finance, and the establishment of SME growth corridors. Severely limited access to finance (especially for SMEs), inadequate supply of infrastructure, deficiencies in logistics and trade facilitation, corruption and low capacity of the government, inflation, and poor education of the workforce have 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 harm the country's 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 6 percent of firms surveyed in the 2006 World Bank Enterprise survey have a bank loan. Credit to the private sector is low as well, at around 5 percent of GDP for much of the last decade (against a Sub-Saharan African average of 59.6 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 in 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, in a context of financial inclusion. Guinea is a cash society and the economy is driven by trade, agriculture and the informal sector, which all rely on cash transactions outside the banking sector. However, digital cellphone transfers of funds are increasing their penetration in the country.

Generally there are no undue restrictions for foreigner's ability to establish bank accounts in Guinea. However, one dual citizen (Guinea-American) commented that his preferred bank declined his request to establish an account due to Foreign Account Tax Compliant Act (FACTA) reporting requirements. Post was unable to find any information related to rules concerning hostile takeovers.

9. Competition from State-Owned Enterprises

While Guinea maintains some SOEs for public utilities (water and electricity), the Alpha Conde government is moving towards allowing private enterprises to operate in this sphere, handing over management of the state-owned electric utility Energie 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 electricity theft. Several private projects aimed at harnessing Guinea's hydroelectric energy potential 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 large hydropower potential is estimated at over 6000 MW, making Guinea a potential exporter of power to neighboring countries. In 2015, Guinea completed Kaleta Dam, doubling the country's electricity generating capacity and providing urban Conakry with a 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 government does not publish significant information concerning the financial stability of its SOEs. EDG is listed in the national budget as a line item. Its balance sheet is in the red and the utility received $77 million in state subsidies in 2015.

R&D expenditures are not known, but it would be highly unlikely that any of Guinea's failing SOEs would devote significant funding to R&D given the lack of sophistication in the Guinean economy. 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 and are generally highly insolvent organizations. SOEs typically report to the line minister; however, in theory, they typically report to the Office of the President. Seats on the board are allocated by the ruling government and usually by presidential decree. It is most likely that domestic courts will side with SOEs in investment disputes.

Sovereign Wealth Funds

Guinea does not have a sovereign wealth fund.

10. Responsible Business Conduct

The amended 2011 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 make government monitoring and enforcement of corporate social responsibility requirements difficult. There are some NGOs that do play a role in monitoring and promoting CSR. Guinea was found to be an EITI compliant country in July 2014.

11. Political Violence

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 and it has seen political violence during its transition as a new democracy, although the level of political violence has decreased with each subsequent election since 2010. The state persecuted political dissidents and opposition parties for decades. The Sekou Toure regime (1958-1984) and the Lansana Conte regime (1984-2008) were both marked by political violence and human rights abuses.

Presidential Elections in 2015 sparked some violent protests in Conakry, but clashes between police and demonstrators were largely contained and widespread post-election violence never materialized.

Other instances of violence occurred in 2014 and 2015 related to the Ebola epidemic. There were instances since the start of the Ebola epidemic where locals attacked the vehicles and facilities of aid workers. The Red Cross, MSF (Doctors Without Borders) and the World Health Organization (WHO) all 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. Thirty eight people have been arrested and are awaiting trial.

Although none of these violent events specifically 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.

12. Corruption

In its 2016 “Ease of Doing Business” index, the World Bank ranked Guinea 165th of 189 countries worldwide(up from 171st in 2015) . Transparency International’s 2015 “Corruption Perception Index” ranked Guinea 139th of 168 countries listed (up from 145th in 2014).

The country’s business and political culture, coupled with low salaries, have historically combined to create and encourage a culture of corruption throughout Guinea’s government system. Business is often conducted through the payment of bribes rather than by the rule of law. It is not uncommon for government officials to demand money for their personal use, in exchange for favors or just to perform their duties. Though it is illegal to pay bribes in Guinea, there is no enforcement of these laws. In practice, it is difficult and time-consuming to conduct business without paying bribes in Guinea, leaving U.S. companies, which must comply with the Foreign Corrupt Practices Act, at a disadvantage. Enforcement of the rule of law in Guinea is irregular and inefficient.

Although the law provides criminal penalties for corruption by officials, the government does not implement the law effectively, and officials often engaged in corrupt practices with impunity. The World Bank’s most recent Worldwide Governance Indicators reflected that corruption continued to be a severe problem. Public funds were diverted for private use or for illegitimate public uses, such as buying expensive vehicles for government workers. Land sales and business contracts generally lacked transparency.

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 only two cases prosecuted and no convictions. The ANLC is also forwarded anonymous tips concerning possible corruption cases received from a hotline. However, during the past two years no prosecutions have resulted. The ANLC executive director died in 2015 and has yet to be replaced. The agency is underfunded, understaffed and lacks the basics to fight corruption such as computers and vehicles. The ANLC is comprised of 42 employees in seven field offices and operates on a budget of $1.1 million per year.

The Bureau of Complaint Reception fields anonymous tips forwarded to the ANLC. Investigations and cases must then be prosecuted through criminal courts. During the year there were no prosecutions as a result of tips.

A poll by Afrobarometer and Stat View International of 1,200 citizens from 2011 to 2013 found that 57 percent of the respondents reported paying a bribe within the past 12 months. A separate survey by the ANLC, Open Society Initiative West Africa, 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 promised to combat corruption in both government and commercial spheres as one of its top priority agenda items. In general, the situation has improved over the past few years.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

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:
-NAME: Seko Mohamed Sylla
-TITLE: Deputy Executive Director
-ORGANIZATION: Agence Nationale de Lutte Contre la Corruption (ANLC - National Agency Against Corruption)
-ADDRESS: Cite des Nations, Conakry, Guinea
-TELEPHONE NUMBER: +224- 669 22 82 51
-EMAIL ADDRESS: tourealnc@gmail.com
-ORGANIZATION: Transparency International
-ADDRESS: Dakar, Senegal
-TELEPHONE NUMBER: +221-33-842-40-44
-EMAIL ADDRESS: forumcivil@orange.sn

13. Bilateral Investment Agreements

Bilateral Taxation Treaties

Guinea has bilateral investment agreements with Belgium, Benin, Burkina Faso, Cameroon, Chad, China, France, The Gambia, Germany, Ghana, Great Britain, Iran, Italy, Japan, Malaysia, Mali, Mauritania, Mauritius, Morocco, Nigeria, Rwanda, Saudi Arabia, Senegal, Serbia, South Africa, South Korea, Switzerland, Tunisia, Turkey and Ukraine. Although Guinea does not have a Bilateral Investment Treaty or Free Trade Agreement with the United States, ECOWAS and the United States signed a Trade and Investment Framework Agreement in May 2014. There is no Bilateral Tax Treaty between Guinea and the United States.

14. Foreign Trade Zones/Free Ports/Trade Facilitation

Guinea has no foreign trade zones or free ports.

15. Foreign Direct Investment and Foreign Portfolio Investment

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)	2014	Not Reported	2014	$6.6	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 ($M USD, stock positions)	2013	Not Reported	2013	Not Published	https://stats.oecd.org/Index.aspx?DataSetCode=FDI_FLOW_PARTNER
Host country's FDI in the United States ($M USD, stock positions)	2014	Not Reported	2014	$0	http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm
Total inbound stock of FDI as % host GDP	N/A	N/A	N/A	N/A	N/A

Table 3: Sources and Destination of FDI

No reliable statistics exist related to direct investment. China is most likely Guinea's largest provider of inward direct investment, but that is largely the result of grants/loans given for large scale construction projects being completed by Chinese firms. The Kaleta Dam came on line in June 2015 and was built by Chinese International Water and Electric Corporation via a $450 million loan from China's EX-IM bank. Chinese firms are also active in road construction projects. In 2013, the UAE agreed to provide $5 billion in financing to Guinea Alumina Corporation (GAC). GAC, owned by UAE's Mubadala and DUBAL, is expected to begin bauxite exports in 2017 and complete an alumina refinery in 2022. Other key players in Guinea are the United States, Turkey, Morocco, UK (Rio Tinto and Alufer), and France.

Table 4: Sources of Portfolio Investment

No data available.

Section 5 - Government

Chiefs of State and Cabinet Members:

For the current list of Chief of State and Cabinet Members, please access the following - Central Intelligence Agency online directory of Chiefs of State and Cabinet Members of Foreign Governments

Legal system:

civil law system based on the French model

International organization participation:

ACP, AfDB, AU, ECOWAS, EITI (candidate country), FAO, G-77, IBRD, ICAO, ICRM, IDA, IDB, IFAD, IFC, IFRCS, ILO, IMF, IMO, Interpol, IOC, IOM, ISO (correspondent), ITSO, ITU, ITUC (NGOs), MIGA, MINURSO, NAM, OIC, OIF, OPCW, UN, UNCTAD, UNESCO, UNHCR, UNIDO, UNISFA, UNMISS, UNOCI, UNWTO, UPU, WCO, WFTU (NGOs), WHO, WIPO, WMO, WTO

Section 6 - Tax

Exchange control

For further information - http://www.guinee.gov.gn/

Treaty and non-treaty withholding tax rates

For further information - http://www.guinee.gov.gn/

Methodology and Sources

Section 1 - General Background Report and Map

(Source: CIA World Factbook)

Section 2 - Anti – Money Laundering / Terrorist Financing

	Lower Risk	Medium Risk	Higher Risk
FATF List of Countries identified with strategic AML deficiencies	Not Listed	AML Deficient but Committed	High Risk
Compliance with FATF 40 + 9 recommendations	>69% Compliant or Fully Compliant	35 – 69% Compliant or Fully Compliant	<35% Compliant or Fully Compliant
US Dept of State Money Laundering assessment (INCSR)	Monitored	Concern	Primary Concern
INCSR - Weakness in Government Legislation	<2	2-4	5-20
US Sec of State supporter of / Safe Haven for International Terrorism	No	Safe Haven for Terrorism	State Supporter of Terrorism
EU White list equivalent jurisdictions	Yes		No
International Sanctions UN Sanctions / US Sanctions / EU Sanctions	None	Arab League / Other	UN , EU or US
Corruption Index (Transparency International) Control of corruption (WGI) Global Advice Network	>69%	35 – 69%	<35%
World government Indicators (Average)	>69%	35 – 69%	<35%
Failed States Index (Average)	>69%	35 – 69%	<35%
Offshore Finance Centre	No		Yes

Section 3 - Economy

General Information on the current economic climate in the country and information on imports, exports, main industries and trading partners.

(Source: CIA World Factbook)

Section 4 - Foreign Investment

Information on the openness of foreign investment into the country and the foreign investment markets.

(Source: US State Department)

Section 5 - Government

Names of Government Ministers and general information on political matters.

(Source: CIA World Factbook / https://www.cia.gov/library/publications/world-leaders-1/index.html)

Section 6 - Tax

Information on Tax Information Exchange Agreements entered into, Double Tax Agreements and Exchange Controls.

(Sources: OECD Global Forum on Transparency and Exchange of Information for Tax Purposes PKF International)

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