PPIAF supports the enabling environment in Guinea’s key infrastructure sectors

PPIAF support to the Government of Guinea (GoG) started in 2000 with a review of the regulatory framework for transport and utilities. The resulting study identified sector-specific issues impeding private sector participation and proposed recommendations to enable private participation in transport and utilities; the GoG later adopted an action plan to implement these recommendations. Since then, PPIAF has been providing continuous support to the country. PPIAF support has provided positive results, such as (i) establishment of the Agence de l’Autorité de régulation des postes et télécommunications (ARPT); (ii) Improvement of urban transport services, including the procurement of 100 new buses and one railway system in the capital city of Conakry; (iii) the Electricité de Guinée (EDG) management contract under development with International Finance Corporation (IFC) support; (iv) the development of a comprehensive diagnostic on the existing policy and regulatory reform; and (v) adoption of the master plan to develop mining and non-mining infrastructure projects. To follow up on the findings of the 2013 PPP diagnostic report study, the Ministry of Economy intends to create a new PPP Unit and pass a PPP law to replace the Build Operate Transfer (BOT) law. This will be done with support from the World Bank Group (WBG), the African Development Bank (AfDB), and Agence Française de Développement (AFD).

Guinea has one of the world’s largest reserves of natural resources, including deposits of bauxite, gold, iron, and other mineral resources. The country is also known as “the water tower of Africa,” which refers to its tremendous potential for hydropower. Despite such potential, Guinea is among the poorest countries on the globe, with a GDP of about $6.2 billion in 2013 and a per capita GDP of $527, one of the lowest in the world. Recent estimates show that 55 percent of the population are considered to be poor, compared with 53 percent in 2007 and 40 percent in 1995.
Private Sector Participation in Infrastructure (PPI) in Guinea takes the form of divestures and Greenfield projects, and is concentrated in the telecom sector. Total private participation in infrastructure amounted to $1.3 billion from 1990 to 2013, according to the PPI Database. With the exception of state participation in mainly private limited companies (for example, mining companies, broadband backbone GUILAB-Guineenne de Large Bande), or partial privatization operations, recent Guinean experience in public-private partnerships (PPPs) is limited to its 2011 port concession. The other two major PPP transactions in Guinea date back to the 1990s in the water and electricity sectors. More recently, a BOT law was passed in 2005, but the country still lacks secondary legislation and an implementing decree. Some of the essential elements required to strengthen public officers’ skills include capacity building in project planning, coordination, and monitoring.

**PPIAF SUPPORT**

At the request of the GoG, PPIAF has supported cross-sector interventions to strengthen the enabling environment in key infrastructure sectors, along with nine other activities, for a total of over $2.3 million. PPIAF support includes two ongoing activities: the assessment of Guinea’s legal and regulatory environment for implementing PPPs, and the mining ancillary infrastructure master plan. Both have already been approved by the GoG. PPIAF is also supporting implementation of the recommendations to establish a PPP unit within the PPP program, to develop the railway act, and to create a regulatory body.

These activities build on past PPIAF support. In 2005, PPIAF facilitated adoption of the telecom liberalization policy, which was followed in 2008 by establishment of the telecom regulator. In 2012, PPIAF supported an activity to perform a rapid PPP pipeline assessment of potential PPP projects. Most recently, in 2013, PPIAF developed an infrastructure master plan covering design of a rail and port infrastructure. A review of the institutional, legal, and regulatory framework followed, with recommendations for strengthening transport sector institutions.

**OUTCOMES**

PPIAF involvement has strengthened the telecom and transport sectors’ institutional frameworks, leading to increased private investment. Four additional private operators have entered the telecommunications sector, and customers are benefiting from improved access to telecommunication services. In the transport sector, the GoG has added 30 new buses to the public transport system in the capital of Conakry. Funding from Chinese sources in 2010 helped create a passenger railway system along with the Conakry Express, both of which have improved transportation within the city. The French infrastructure group Bolloré is planning to build a rail line from Conakry to the dry port of Kagbelen.

After reviewing the PPP Diagnostic Analysis, Guinea’s Ministry of Finance intends to create a new PPP Unit and pass a PPP law. In November 2013, IFC signed an advisory agreement with the GoG to structure and implement the Electricité de Guinée management contract for national power distribution. To support this project the World Bank Group provided a $50 million loan to support the GoG.

The master plan identifies several new projects in the Northwest, Central, and Southern regions in the mining sector. These projects are expected to leverage mining revenue and facilitate and accelerate public and private sector investments.

**IMPACTS**

By improving connectivity, PPIAF support has increased the investment rates in Guinea’s telecom sector. Several international companies (such as Areeba, Orange, Celcom, and Mouna Technology) are investing in the country’s rapidly growing telecommunications industry, which has expanded Internet and mobile phone coverage outside the capital. Subscriptions increased from 922,000 to 5,587,126 in 2012. The number of users taking advantage of Internet access stood at 168,490 in 2012, up from 65,430 users in 2011. In addition, $869 million was invested in the sector between 2008 and 2013, according to the PPI database. In the transport sector, the GoG created a new transport company called Societe des transport de Guinée, or SOTRAGUI.

**DONOR COORDINATION**

Most of PPIAF’s support to GoG is coordinated with previous and ongoing World Bank Group projects. For example, the first two phases of the mining ancillary master plan complement the World Bank Group’s continuing efforts to strengthen infrastructure development. Together, PPIAF, AFD, and AfDB are supporting the establishment of Guinea’s new PPP Unit and the review of the BOT law.

Footnote

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