



# PPIAF

Enabling Infrastructure Investment

UPDATED MARCH 2016



## 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 offered recommendations—which the GoG later committed to implementing—to enable such participation. Since then, PPIAF has been providing continuous support which has produced various results highlighted in the outcomes section. To follow up on the findings of the 2013 PPP diagnostic report study, the World Bank Group (WBG), together with the African Development Bank (AfDB) and the Agence Française de Développement (AFD), are engaged with the government, which plans to create a new PPP unit and to pass a PPP law to replace the build-operate-transfer (BOT) law.

Guinea has one of the world's largest reserves of natural resources, including deposits of bauxite, gold, iron, and other minerals. 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 world's poorest countries, with a GDP of about \$6.62 billion in 2014 and a per-capita GDP of \$527.<sup>1</sup> Recent estimates show that 55 percent of the population is now considered poor, representing an increase of six percent since 2002.

Private-sector participation in infrastructure (PPI) in Guinea takes the form of divestures and greenfield projects, and is concentrated in the energy and telecommunications sectors. Total private-sector participation in infrastructure amounted to \$1.36 billion from 1990 to 2015, according to the PPI Database. With the exception of state participation in mainly private limited companies, or partially privatized operations, recent Guinean experience in PPPs is limited to its 2011 port concession. The other two major PPP transactions in Guinea took place in 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 committed more than \$2.6 million to support cross-sector interventions to strengthen the enabling environment in key infrastructure sectors, and to fund eleven other activities. These include: (i) capacity building and project preparation for independent power producers (IPP); (ii) institutional and policy support for the development of the PPP program, in partnership with AfDB; and (iii) institutional and regulatory framework support and engagement in the reforms necessary for the sustainable management and shared usage of these mining-related infrastructure projects.

These activities build on past PPIAF support. In 2005, PPIAF facilitated adoption of the telecommunications liberalization policy, which was followed in 2008 by the establishment of the telecommunications 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 the design of 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 telecommunications and transport sectors' institutional frameworks, leading to increased private investment. Four more private operators have entered the telecommunications sector. Meanwhile, the GoG has added 30 new buses to the public-transport system in Conakry, with 50 more buses expected soon. Funding from Chinese sources in 2010 helped create a passenger railway system and the Conakry Express, both of which have improved transportation within the city. The French infrastructure group Bolloré Africa Logistics operates the Kagbelen dry port at the Conakry container terminal. The master plan identifies several new mining projects that are expected to leverage mining revenue and facilitate and accelerate public- and private-sector investments. Guinea's Ministry of Finance intends to create a new PPP unit and pass a PPP law. In November 2013, the 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.

## IMPACTS

By improving connectivity, PPIAF support has increased investment rates in Guinea's telecommunications 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. There were 9.4 million mobile-phone users at the end of 2014, with an access rate of 88.45 percent.

The number of Internet users stood at 1,809,000 in 2014, up from 65,430 in 2011. More than \$14 million was invested in the telecommunications sector between 2008 and 2015.<sup>2</sup> The use of fiber-optic media and the introduction of 3G technology have contributed to improvements in the access and quality of Internet services. The number of broadband Internet users increased from 4,000 in 2010 to 963,963 in 2014.

In the transport sector, the GoG created a new transport company called Société de Transport de Guinée (SOTRAGUI). Following the adoption of the master plan, several mining companies signed an agreement to give multiple users access to port and railroad facilities in the Kamsar Sangaredi.<sup>3</sup> In the energy sector, a four-year management contract, worth EUR11.3 million<sup>4</sup> is expected to increase the quality and reliability of power services for more than 300,000 households and attract further private-sector participation.

## 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. In the energy sector, within the framework of the reform of the electricity sector initiated by the government since 2011, the European Union (through the EU-Africa Trust Fund) and AFD have recently signed two conventions with the Government to reinforce their support including (i) 20 million euros from the EU to improve transmission and network (ii) a sovereign loan of € 30 million from AFD for the rehabilitation and extension of electricity distribution network in Conakry and areas of Ansoumaniah and Kagbelen. ESMAP is also financing a hydropower atlas and ECOWAS Regional Centre for Renewable Energy and Energy Efficiency (ECREEE) is looking into developing mini hydro projects in the country.

### Footnote

<sup>1</sup> World Bank Data - <http://data.worldbank.org/country/guinea>

<sup>2</sup> <http://ppi.worldbank.org/ppinew/snapshots/country/china>

<sup>3</sup> <http://www.africaguinee.com/articles/2015/06/29/gac-et-le-gouvernement-de-guinee-signent-quatre-accordsportant-sur-des-projets>

<sup>4</sup> ARTP 2012 Annual report <http://www.artp.gov.gn/publications/rapport-d-activite-annuel>