# GUINEA

| Table 1 | 2023 |
|---|---|
| Population, million | 14.2 |
| GDP, current US$ billion | 23.0 |
| GDP per capita, current US$ | 1617.5 |
| International poverty rate ($2.15)[a] | 13.8 |
| Lower middle-income poverty rate ($3.65)[a] | 46.6 |
| Upper middle-income poverty rate ($6.85)[a] | 86.8 |
| Gini index[a] | 29.6 |
| School enrollment, primary (% gross)[b] | 98.0 |
| Life expectancy at birth, years[b] | 58.9 |
| Total GHG emissions (mtCO2e) | 45.9 |

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2018), 2017 PPPs.
b/ Most recent WDI value (2021).

*Mining investment will boost growth to 7.1 percent in 2023, poverty will decline slightly, and the fiscal deficit widen to 1.6 percent as capital spending rises. Growth in 2024 will slow primarily due to a dip in mining and slight impacts of the December 2023 fuel depot explosion. Extreme poverty is projected to fall in 2024 as food prices ease. Risks include delays to the political transition and reforms.*

## Key conditions and challenges

Growth was robust over 2019-23, averaging 5.4 percent (2.9 percent per capita terms) driven by the mining sector and agriculture productivity growth, supporting low fiscal deficits to GDP (averaging 1.7 percent). However, weak mining linkages to non-mining sectors, headwinds from Dutch-disease (DD) dynamics, and recent external shocks from the COVID-19 pandemic and Russia's invasion of Ukraine limited job creation and poverty reduction. The $2.15 international poverty rate was 10.6 percent on average over the same period, only marginally affected by the mining-driven growth. The Simandou mining operation, expected to almost triple Guinea's GDP in the medium term, holds potential to transform Guinea's economy and create jobs if reforms are implemented that counter DD.

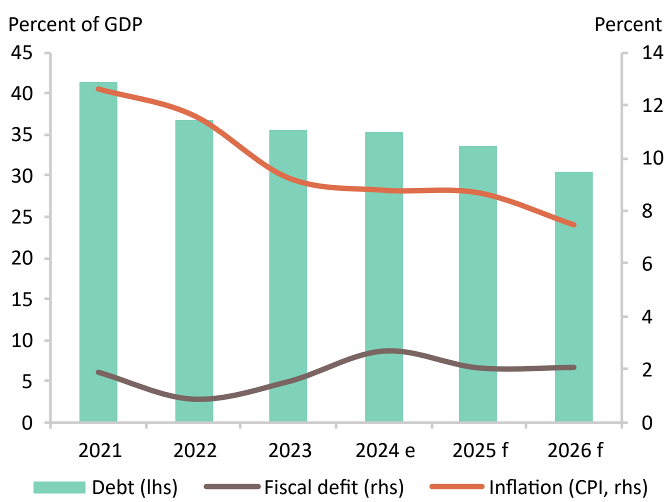
However, the ongoing mining boom, and associated real appreciation of the local currency, adversely affects competitiveness of non-mining sectors and hampers efforts to diversify the economy to create more and better jobs. Structural challenges include low human capital levels, large infrastructure gaps, an underdeveloped financial sector, weak institutional capacity, and large gender gaps in education, earnings, agriculture productivity, and political representation. Weak fiscal revenue mobilization constrains public investment. Recent increases in digital access and e-government transactions have helped bolster economic activity and streamlined tax collection; yet further digitalization and structural reforms are needed to spur diversification and inclusive growth.

## Recent developments

Growth accelerated to 7.1 percent in 2023 (4.6 percent per capita terms) bolstered by strong mining sector performance. Bauxite production surged by 22 percent, and gold exports by 10 percent attributable to both artisanal operators and new formal sector companies. On the demand side, an investment surge (private and public) fueled growth. The fiscal deficit widened to 1.6 percent of GDP in 2023 from 0.9 percent in 2022, due to a 1.3 percentage point of GDP increase in capital expenditure.

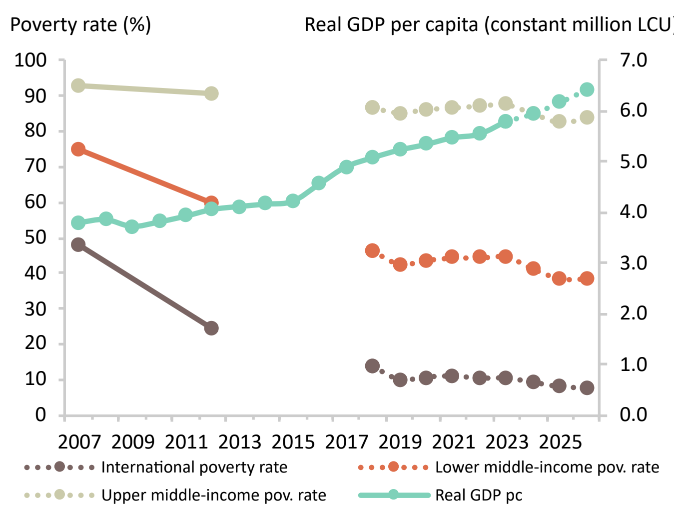
Inflation decelerated but remained high, at 9.3 percent in 2023, down from 11.6 percent in 2022, aided by stable transport costs and prudent fiscal and monetary policy (reserve money increased only by 3 percent and broad money by 1.5 percent). However, food price inflation is estimated to have increased from 13.9 percent in 2022 to 16.2 percent in 2023. Consequently, the US$2.15 international poverty rate is expected to remain at 10.5 percent in 2023, same as in 2022. With inflation easing, and to encourage credit to the private sector, the central bank reduced its key rate by 50 basis points to 11 percent, and the reserve requirement ratio from 15 percent to 13 percent in September 2023.

**FIGURE 1 Guinea** / Debt, fiscal deficit, and inflation




Source: World Bank.

**FIGURE 2 Guinea** / Actual and projected poverty rates and real GDP per capita




Source: World Bank. Notes: see Table 2.

The current account balance (CAB) widened to -12.9 percent in 2023, due to a significant decrease of trade surplus, linked to FDI-related imports and a fall in exports price. Mining-related FDI, the main source of external financing, increased to 15 percent of GDP in 2023, while the real effective exchange rate is likely to continue to appreciate.

## Outlook

Mining will continue to drive growth while the non-mining sectors, impacted by the fuel depot explosion in mid-December 2023, recover. Growth will slow to around 4.9 percent in 2024 (2.4 percent per capita) and accelerate to 6.3 percent on average in 2025–2026 (excluding Simandou mine exports anticipated by end-2026), though below the potential of 9.3 percent. Despite deceleration in agriculture and services, the $2.15 international poverty rate is projected to decline to 9.3 percent in 2024 and 8.1 percent in 2025 due to easing food price inflation. Given the limited poverty gains from mining-driven growth, redistribution mechanisms to vulnerable populations and productivity gains in non-mining sectors will be required for inclusive growth.

Inflation would decelerate to 8.8 percent in 2024 and 8.1 percent on average in 2025-26, due to easing supply constraints and improving road-network conditions, facilitating food distribution, as well as to prudent monetary policy including minimal fiscal financing.

The fiscal deficit (including grants) would widen to 2.7 percent of GDP due to increased capital expenditures but decrease to 2.1 percent in 2025-2026 consistent with prudent fiscal policies. Tax revenues are to increase slightly in 2024 to 12.7 percent of GDP, buoyed by tax administration reforms and additional mining revenues from implementing the bauxite-reference-price mechanism as of July 2022. Electricity subsidies are to decrease by 38 percent, per the 2024 budget law, as utility company reforms bear fruit, particularly the continued rollout of prepaid meters and intensified billing recovery efforts. Debt-to-GDP would decrease slightly to 35.3 percent in 2024 and to average 32.0 percent in 2025-2026, due to reduced domestic debt.

The CAB is forecast to remain high at -12.7 percent of GDP in 2024 as the FDI-induced trade deficit persists yet would improve slightly during 2025-26 to an average -10.1 percent. Mining-related FDI, the main source of external financing, is expected to rise to 17 percent of GDP in 2024, while the real effective exchange rate would likely continue to appreciate. Risks are tilted to the downside as political transition uncertainties leading up to the 2025 elections could slow implementation of reforms, potentially reducing private investment. On the upside, mining related FDI inflows could increase, reflecting planned new projects.

**TABLE 2 Guinea** / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

| | 2021 | 2022 | 2023e | 2024f | 2025f | 2026f |
|---|---|---|---|---|---|---|
| **Real GDP growth, at constant market prices** | 5.0 | 3.7 | 7.1 | 4.9 | 6.2 | 6.5 |
| Private consumption | 0.6 | 7.6 | 4.8 | 3.3 | 4.7 | 4.7 |
| Government consumption | 16.8 | -22.4 | 3.4 | 24.8 | 4.6 | 5.6 |
| Gross fixed capital investment | 8.3 | 6.2 | 39.8 | 48.4 | 41.8 | 3.9 |
| Exports, goods and services | 0.8 | 5.8 | 11.3 | 6.8 | 6.0 | 5.9 |
| Imports, goods and services | -6.2 | 6.7 | 18.2 | 25.3 | 20.3 | 3.3 |
| **Real GDP growth, at constant factor prices** | 5.1 | 4.6 | 7.1 | 4.9 | 6.2 | 6.5 |
| Agriculture | 8.3 | 5.4 | 5.1 | 3.0 | 4.4 | 5.1 |
| Industry | 3.1 | 2.0 | 10.8 | 6.7 | 7.8 | 8.9 |
| Services | 5.2 | 6.5 | 5.1 | 4.4 | 5.7 | 5.0 |
| **Inflation (consumer price index)** | 12.6 | 11.6 | 9.3 | 8.8 | 8.7 | 7.5 |
| **Current account balance (% of GDP)** | 0.6 | -0.3 | -12.9 | -12.7 | -12.3 | -7.8 |
| **Net foreign direct investment inflow (% of GDP)** | 11.1 | 12.1 | 15.0 | 17.4 | 16.9 | 9.6 |
| **Fiscal balance (% of GDP)** | -1.9 | -0.9 | -1.6 | -2.7 | -2.1 | -2.1 |
| **Revenues (% of GDP)** | 15.2 | 13.2 | 13.8 | 13.9 | 14.2 | 15.3 |
| **Debt (% of GDP)** | 41.5 | 36.7 | 35.5 | 35.3 | 33.7 | 30.3 |
| **Primary balance (% of GDP)** | -0.8 | 0.0 | -0.4 | -1.6 | -1.2 | -1.3 |
| **International poverty rate ($2.15 in 2017 PPP)**[a,b] | 11.1 | 10.5 | 10.5 | 9.3 | 8.1 | 7.8 |
| **Lower middle-income poverty rate ($3.65 in 2017 PPP)**[a,b] | 44.5 | 44.5 | 44.7 | 41.2 | 38.5 | 38.4 |
| **Upper middle-income poverty rate ($6.85 in 2017 PPP)**[a,b] | 86.7 | 87.3 | 87.6 | 85.0 | 82.6 | 83.8 |
| **GHG emissions growth (mtCO2e)** | 3.2 | 3.1 | 3.1 | 3.2 | 3.1 | 3.1 |
| **Energy related GHG emissions (% of total)** | 10.8 | 10.7 | 10.7 | 10.6 | 10.5 | 10.4 |

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast.
a/ Calculations based on 2018-EHCVM. Actual data: 2018. Nowcast: 2019-2023. Forecasts are from 2024 to 2026.
b/ Projections using microsimulation methodology.