Guinea

Sectoral Scenarios for Guinea

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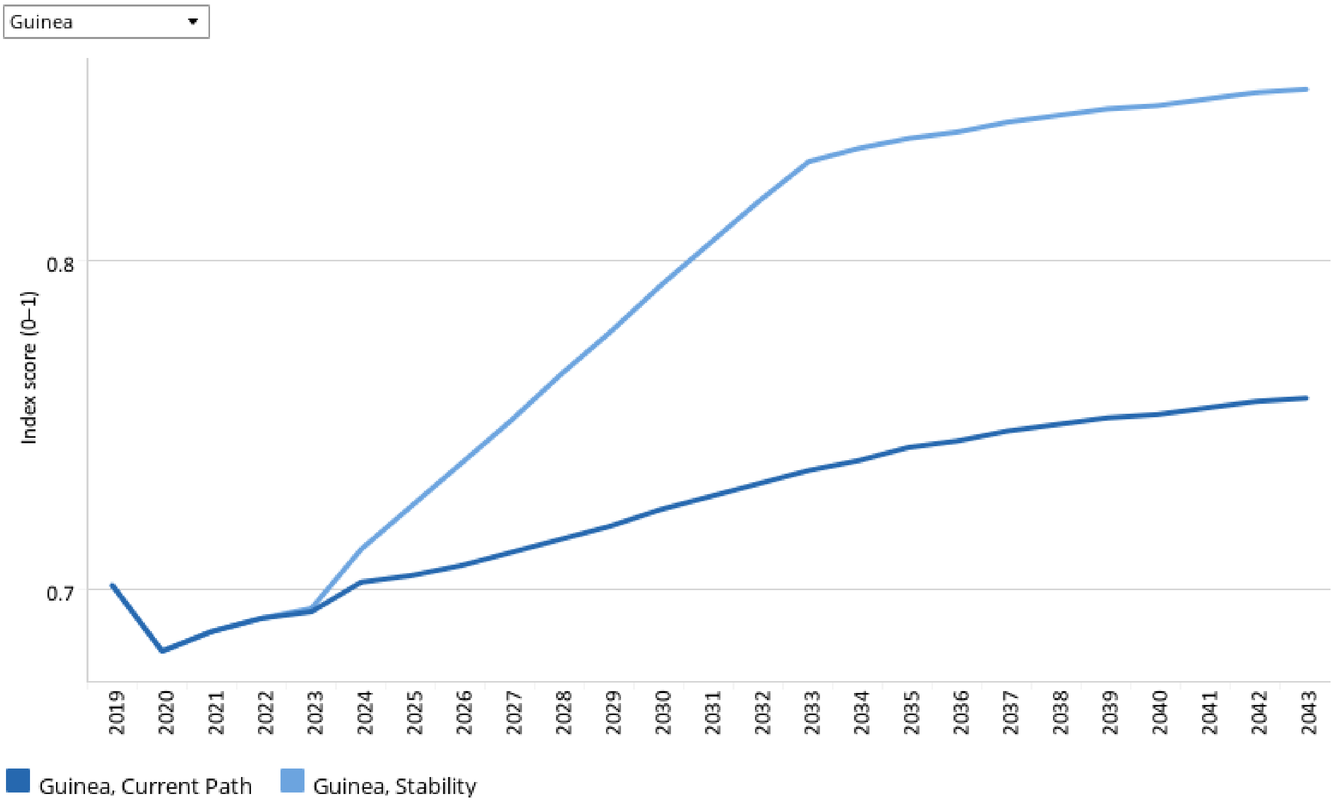
Sectoral Scenarios for Guinea

Stability scenario

Chart 13: Governance security in CP and Stability scenario, 2019–2043
IFs index 0–1



Source: IFs 7.63 goverance security index using internal war and government risk

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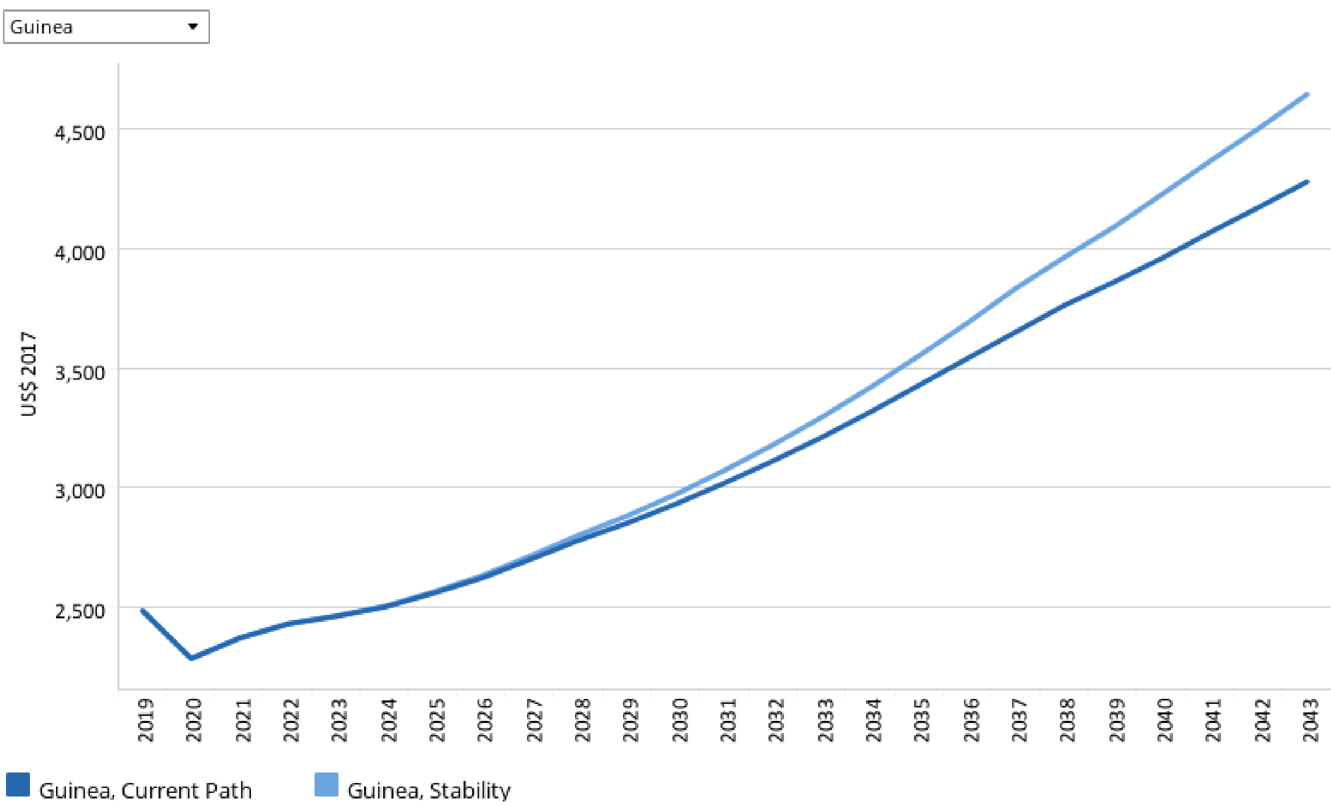
The Stability scenario represents reasonable but ambitious reductions in risk of regime instability and lower levels of internal conflict. Stability is generally a prerequisite for other aspects of development and this would encourage inflows of foreign direct investment (FDI) and improve business confidence. Better governance through the accountability that follows substantive democracy is modelled separately.

The intervention is explained here in the thematic part of the website.

The Stability scenario generally signifies increased political stability, reduced internal conflict, high FDI inflows, improved accountable governance and low levels of corruption in the country. Guinea has had some political stability, although there have been several military interventions in the country. After the nation's independence from France, President Ahmed Sékou Touré ruled the country as a one-party state until his death in 1984 when there was a military takeover. The military group led by Lansana Conté presided over reforms such as the drafting of a new constitution in 1991 and the legalisation of political parties in 1992. This led to a democratic election in which President Conté was elected in 1993. The 2001 national referendum amended the constitution to extend the presidential term from five to ten years and removed term limits. This enabled President Conté to rule until his death in 2008, after which there was another military takeover until 2010 when the country returned to constitutional rule with the election of Alpha Condé. He also ruled the country until a military coup in September 2021 after he had amended the constitution to enable him to contest in the elections for a third term and had subsequently won, amidst allegations of fraud. In 2019, Guinea's score on the governance security index was 0.70, which was higher than the average of 0.64 for low-income countries in Africa. In the Stability scenario, this score is projected to rise from 0.70 to 0.85 in 2043, which is 0.09 points above the Current Path forecast of 0.76 in the same year. This is also 0.14 higher than the average for low-income countries in Africa.

Chart 14: GDP per capita in CP and Stability scenario, 2019–2043

Purchasing power parity



Source: IFs 7.63 initialising from UN Population Division World Population Prospects and World Development Indicators data

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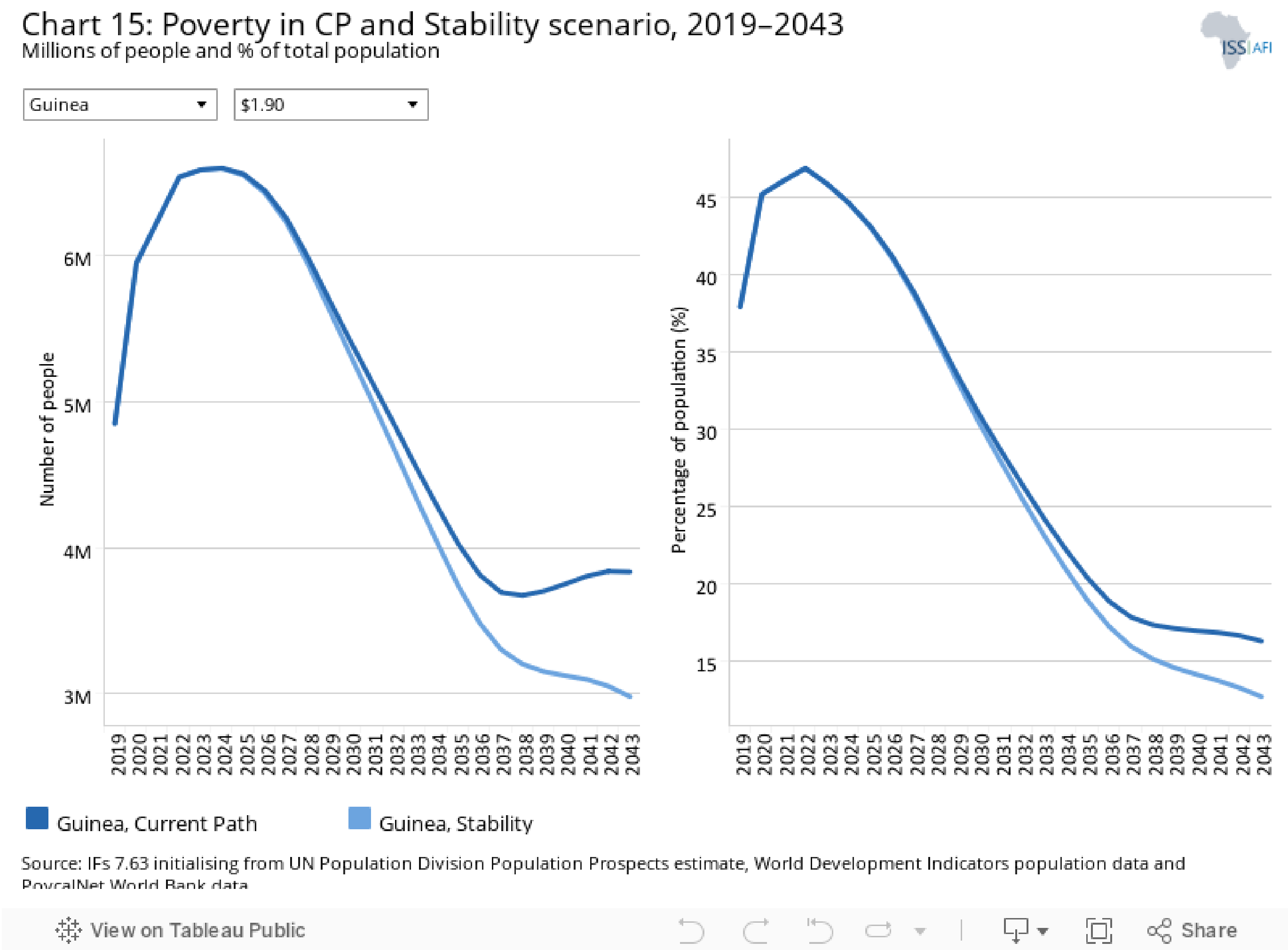
Regime stability and a peaceful environment inspire investor confidence and attract FDI into the country with a positive effect on economic growth. In 2019, the GDP per capita for Guinea was US$2 486, which is US$826 more than the average for low-income countries in Africa. In the Stability scenario, the GDP per capita increases to US$4 643 by 2043, US$365 more than the Current Path forecast and US$668 above the average for low-income countries in Africa.

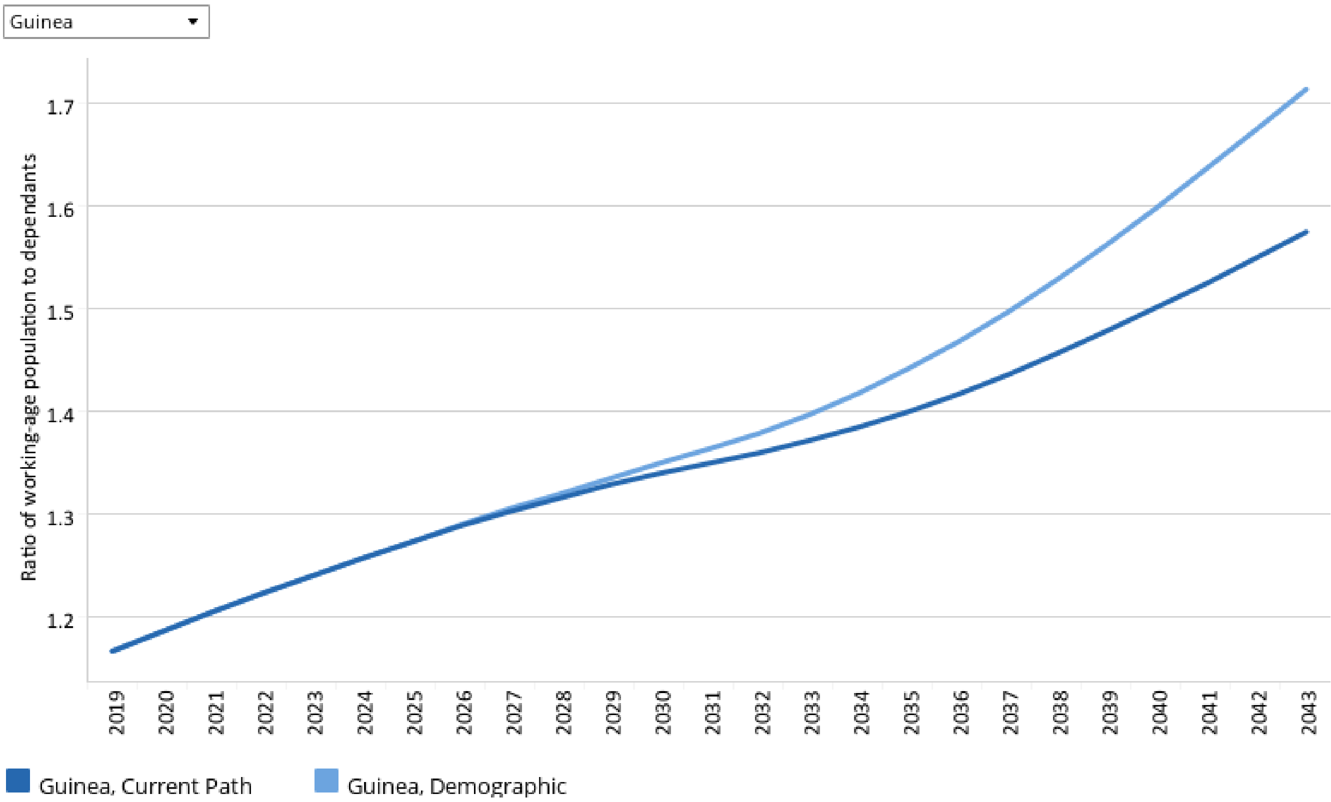


Being a low-income country, Guinea uses the global poverty benchmark of US$1.90 per day. In 2019, the number of people living on less than US$1.90 was around 4.8 million, equivalent to about 37.9% of the population. The Stability scenario reduces the portion of people living below the poverty line to 12.7% by 2043, which is 3.6 percentage points below the Current Path forecast and 10.5 percentage points below the average for low-income countries in Africa. Also in the Stability scenario, the number of poor people declines to three million in 2043. This means that the materialisation of the Stability scenario could lead to 900 000 fewer poor people than the Current Path in 2043.

Demographic scenario

Chart 16: Demographic dividend in CP and Demog scenario, 2019–2043

Ratio of working-age population to dependants



Source: IFs 7.63 initialising from UN Population Division Population Prospects

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This section presents the impact of a Demographic scenario that aims to hasten and increase the demographic dividend through reasonable but ambitious reductions in the communicable-disease burden for children under five, the maternal mortality ratio and increased access to modern contraception.

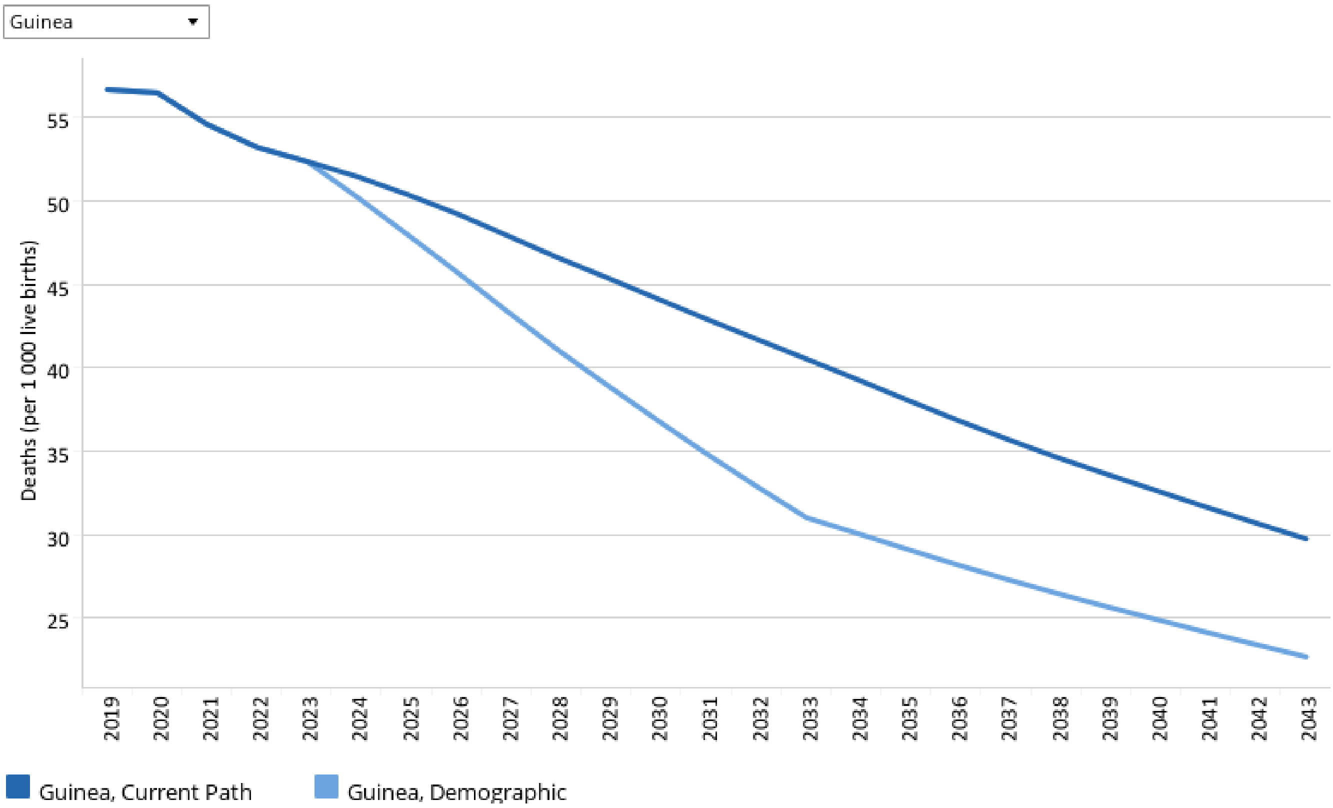
The intervention is explained here in the thematic part of the website.

Demographers typically differentiate between a first, second and even a third demographic dividend. We focus here on the contribution of the size of the labour force (between 15 and 64 years of age) relative to dependants (children and the elderly) as part of the first dividend. A window of opportunity opens when the ratio of the working-age population to dependants is equal to or surpasses 1.7.

In 2019, the ratio of working-age persons to dependants was 1.17, meaning that there were about 1.2 working-age persons for each dependant in the country. This is slightly above the average of 1.16 for low-income countries in Africa. Generally, the demographic dividend materialises when the country reaches a minimum ratio of 1.7 working-age persons for each dependant. While the country will not reach its demographic dividend by 2043 in the Current Path forecast, in the Demographic scenario, Guinea is expected to reach this minimum ratio by 2043. This is a year later than the average for low-income countries in Africa. The materialisation of the demographic dividend in the Demographic scenario can be explained by increased access to modern contraceptives which leads to a decline in fertility rates. In the Demographic scenario, fertility rates decline to 2.7 births per woman in 2043 compared to 3.3 births per woman in the Current Path forecast within the same period.

Chart 17: Infant mortality in CP and Demog scenario, 2019–2043

Deaths per 1 000 live births



Source: IFs 7.63 initialising from Institute for Health Metrics and Evaluation Mortality Visualization Tool data

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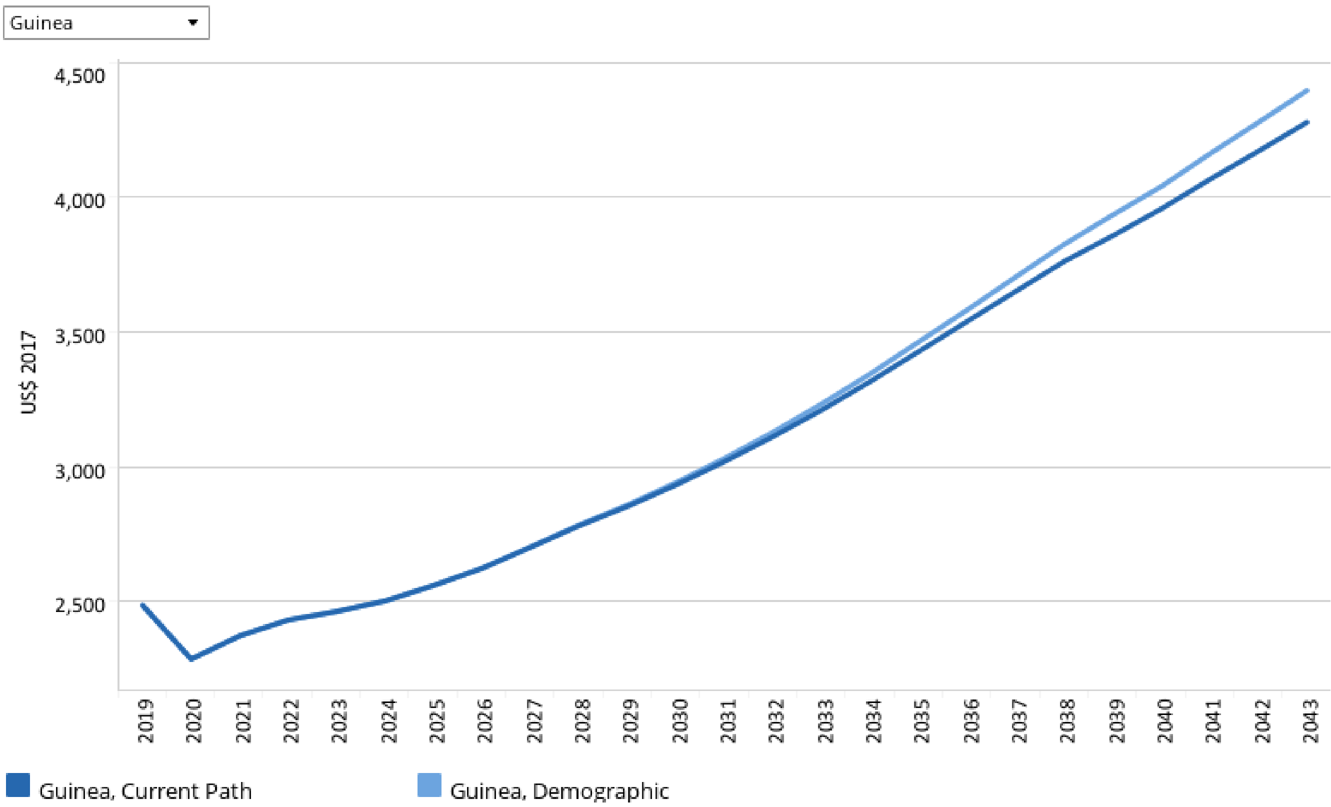
The infant mortality rate is the number of infant deaths per 1 000 live births and is an important marker of the overall quality of the health system in a country.

The infant mortality rate in Guinea in 2019 was 56.7 deaths per 1 000 live births, meaning that for every 1 000 infants born, about 57 died. This figure is higher than the average of 48.5 for low-income countries in Africa. By 2043, the Demographic scenario leads to a decline in infant mortality to 22.7 deaths per 1 000 live births, which is seven deaths per 1 000 live births lower than the Current Path forecast and 1.5 higher than the average for low-income countries in Africa. In the Current Path, this target will not be achieved in the forecast period.

Chart 18: GDP per capita in CP and Demog scenario, 2019–2043

Purchasing power parity



Source: IFs 7.63 initialising from UN Population Division World Population Prospects and World Development Indicators data

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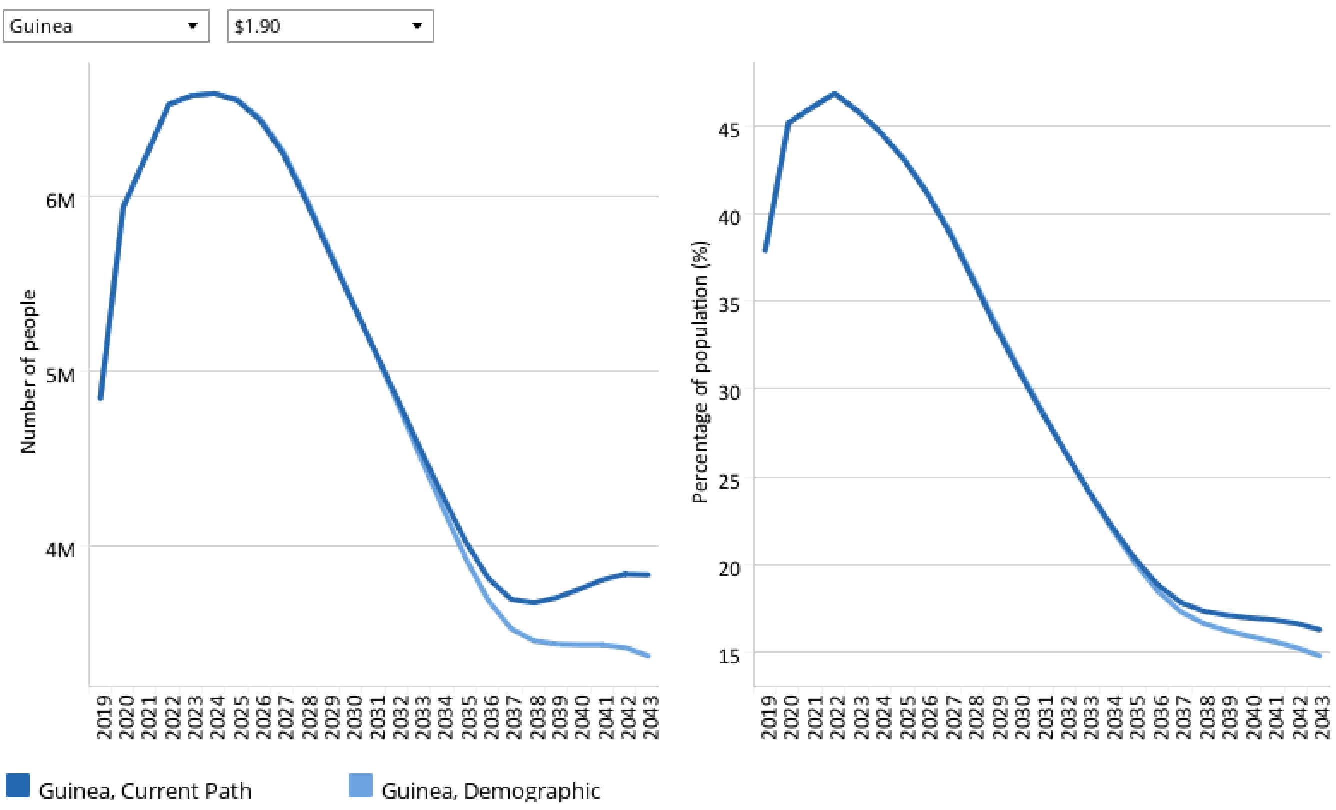
In 2019, the GDP per capita for Guinea was US$2 486, which was US$826 higher than the average for low-income African countries. By 2043, in the Demographic scenario, the GDP per capita increases to US$4 846, which is US$568 more than the projected US$4 278 on the Current Path in the same year. It is also significantly above the US$3 930 average for low-income countries in Africa. The additional increase in the GDP per capita as a result of the Demographic scenario can partly be attributed to the reduction in population growth as a result of the decline in fertility rates emanating from improved access to contraceptives. It can also be attributed to economic growth arising from the materialisation of the demographic dividend.

Chart 19: Poverty in CP and Demog scenario, 2019–2043
Millions of people and % of total population



Source: IFs 7.63 initialising from UN Population Division Population Prospects estimate, World Development Indicators population data and PovcalNet World Bank data

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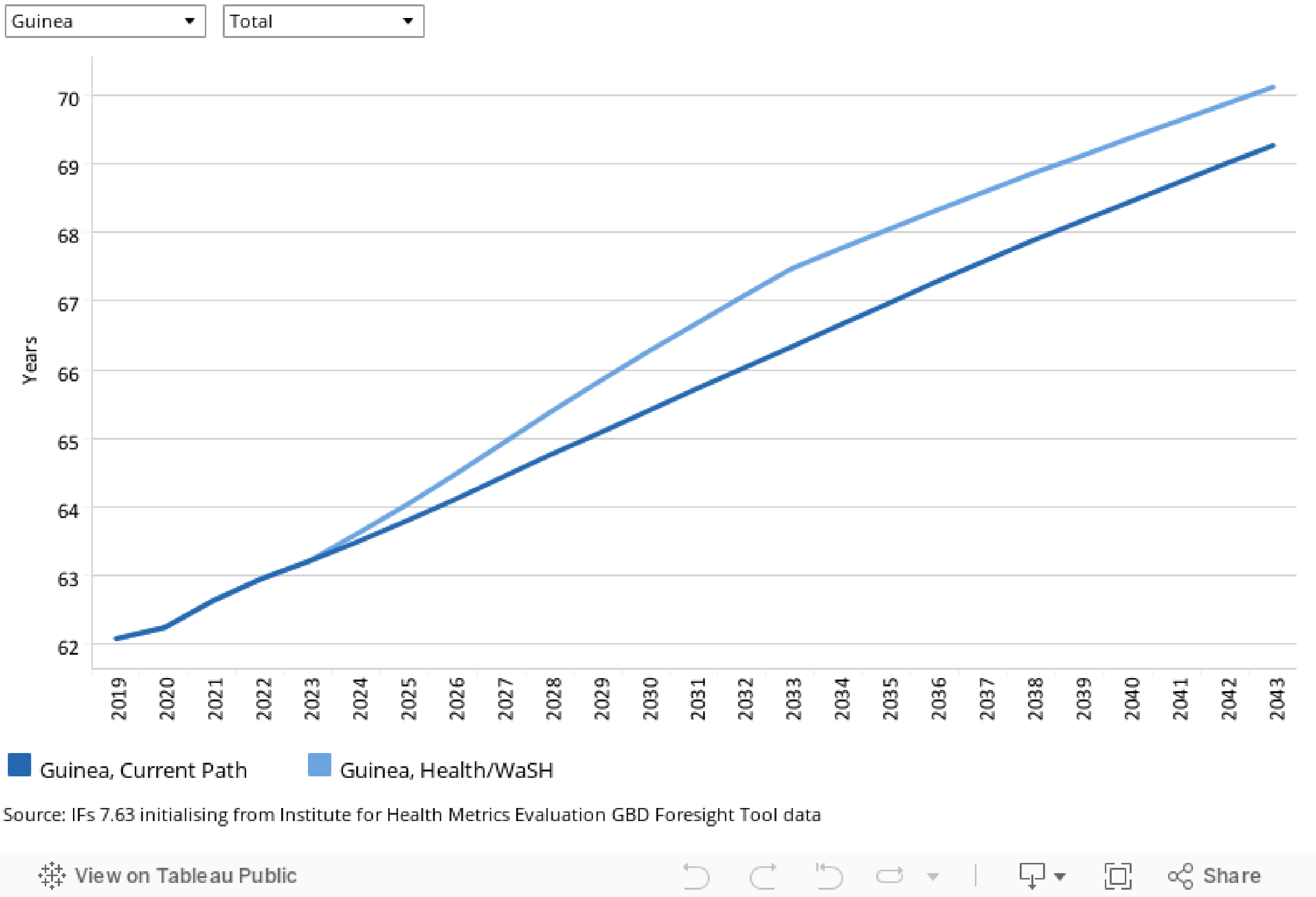
As noted earlier, the number of people in Guinea living below the poverty line of US$1.90 per day in 2019 was 4.9 million. Based on the Demographic scenario, this number steadily rises to 6.6 million in 2024 after which it declines to 3.4 million in 2043, which is 460 000 fewer people than the Current Path forecast. Similarly, the proportion of the poor population can be reduced to 14.8% in the Demographic scenario, which is about 1.5 percentage points lower than the Current Path forecast and 10.4 percentage points lower than the average for low-income countries in Africa in 2043. The decline in both the number and portion of poor people based on the Demographic scenario reflects the decline in population size as a result of the use of modern contraceptives that reduces fertility rates.

Health/WaSH scenario

Chart 20: Life expectancy in CP and Health/WaSH scenario, 2019–2043



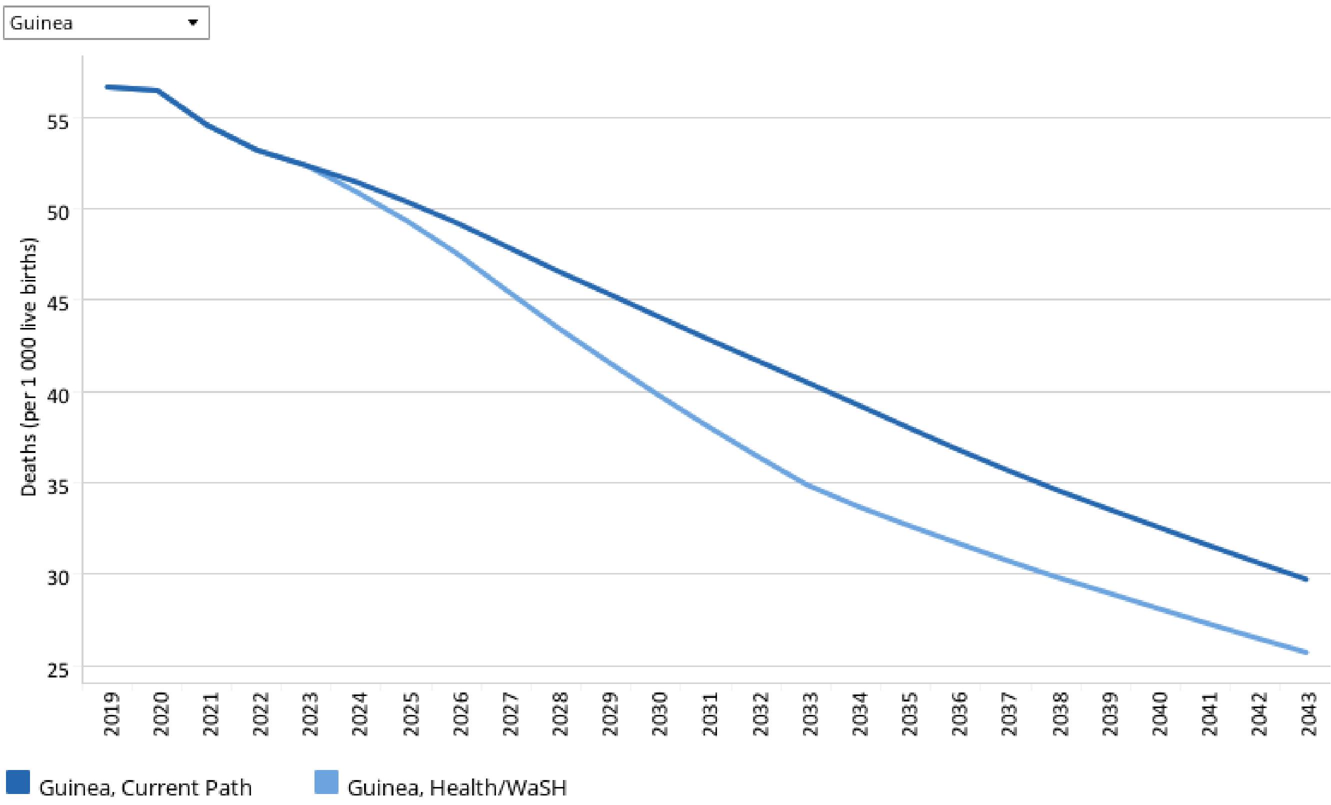
Source: IFs 7.63 initialising from Institute for Health Metrics Evaluation GBD Foresight Tool data

This section presents reasonable but ambitious improvements in the Health/WaSH scenario, which include reductions in the mortality rate associated with both communicable diseases (e.g. AIDS, diarrhoea, malaria and respiratory infections) and non-communicable diseases (NCDs) (e.g. diabetes), as well as improvements in access to safe water and better sanitation. The acronym WaSH stands for water, sanitation and hygiene.

The intervention is explained here in the thematic part of the website.

An increase in life expectancy can be the result of a reduction in mortality caused by communicable and non-communicable diseases. It can also be achieved through improved sanitation and access to safe water. The life expectancy at birth for the average Guinean was 62.1 years in 2019, which was below the average of 63.8 for low-income countries in Africa. On average, females have a higher life expectancy at birth (63.1 years) than males (61 years). Based on the Health/WaSH scenario, life expectancy is estimated to increase to about 70.1 by 2043, which is above the Current Path forecast of 69.3 but below the average of 71.4 for low-income African countries. This increased life expectancy in the country can be attributed to the expected improvement in access to safe water (for nearly 100% of the population) and sanitation, as well as a reduction in mortality from communicable diseases. However, deaths from non-communicable diseases continue to be a problem. Females continue to have a higher life expectancy than males throughout the period.

Chart 21: Infant mortality in CP and Health/WaSH scenario, 2019–2043
Deaths per 1 000 live births



Source: IFs 7.63 initialising from Institute for Health Metrics and Evaluation Mortality Visualization Tool data

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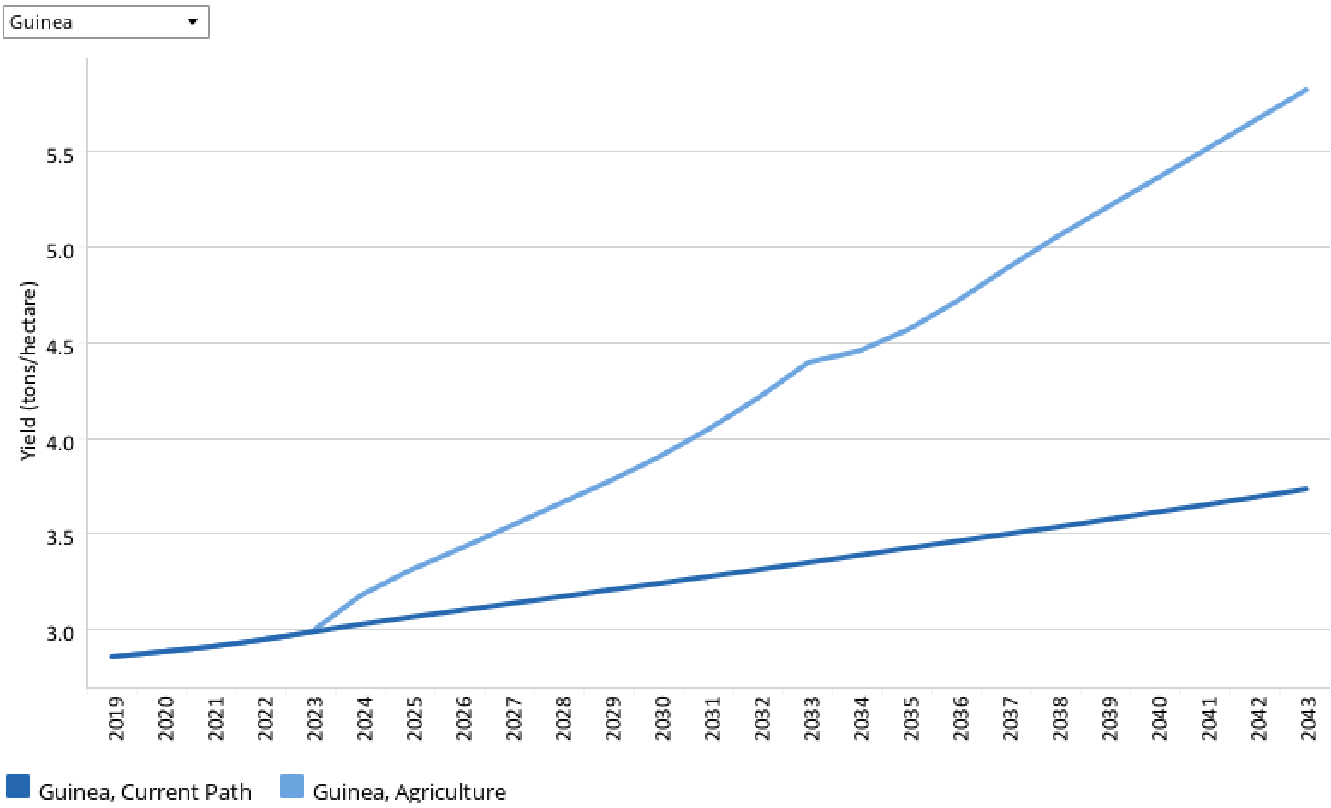
In Guinea, the infant mortality rate per 1 000 live births in 2019 was 56.7, which is much higher than the SDG target of 25. Although the Health/WaSH scenario reduces infant mortality more quickly than the Current Path forecast, the country still misses the SDG target for 2030 by about 15 deaths per 1 000 live births. The Current Path forecast for 2030 misses the SDG target by 17.9 deaths. In both the Health/WaSH scenario and in the Current Path forecast, Guinea will not achieve the SDG target even by 2043, at which time infant mortality per 1 000 live births in the country will be 25.7 in the Health/WaSH scenario and 29.7 in the Current Path forecast.

Agriculture scenario

Chart 22: Yield/hectare in CP and Agric scenario, 2019–2043

Pre-loss levels



Source: IFs 7.63 initialising from FAOSTAT on-line statistical service data

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The Agriculture scenario represents reasonable but ambitious increases in yields per hectare (reflecting better management and seed and fertiliser technology), increased land under irrigation and reduced loss and waste. Where appropriate, it includes an increase in calorie consumption, reflecting the prioritisation of food self-sufficiency above food exports as a desirable policy objective.

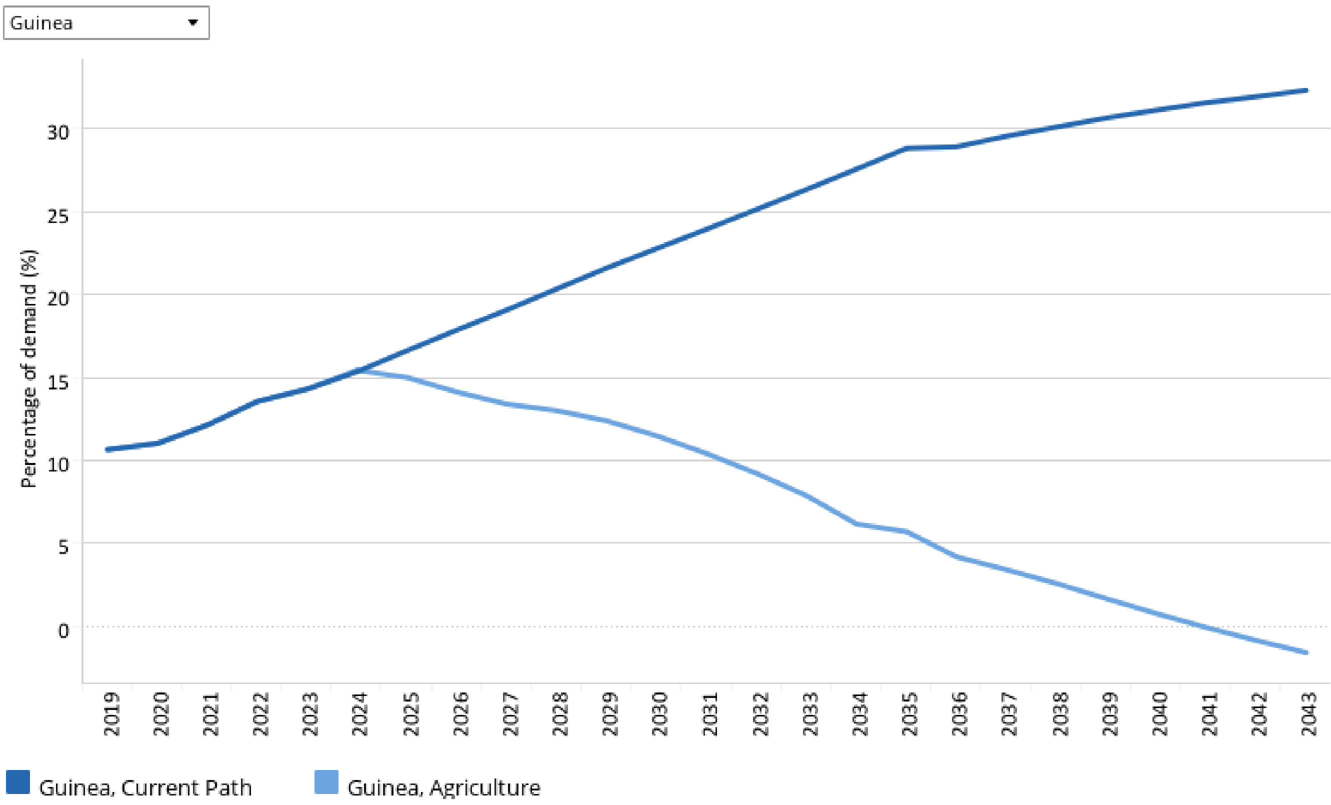
The intervention is explained here in the thematic part of the website.

The data on yield per hectare (in metric tons) is for crops but does not distinguish between different categories of crops.

In 2019, the average yield per hectare for crops was 2.9 metric tons per hectare, which was above the average of 2.7 metric tons per hectare for low-income countries in Africa. In the Current Path forecast, it is projected to increase to 3.7 metric tons per hectare by 2043. In the Agriculture scenario, however, the average yield will be 5.8 metric tons per hectare. This means that if the country is able to adopt modern methods of farming including the use of fertiliser and improved seeds, there will be a resulting increase of an extra 2.1 metric tons per hectare compared to the Current Path forecast in 2043. However, this is less than the average of 5.9 for low-income countries in Africa.

Chart 23: Agriculture imports in CP and Agric scenario, 2019–2043

Net imports for meat, crops and fish, % of demand



Source: IFs 7.63 initialising from Food and Agriculture Organization Food Balance Sheets data

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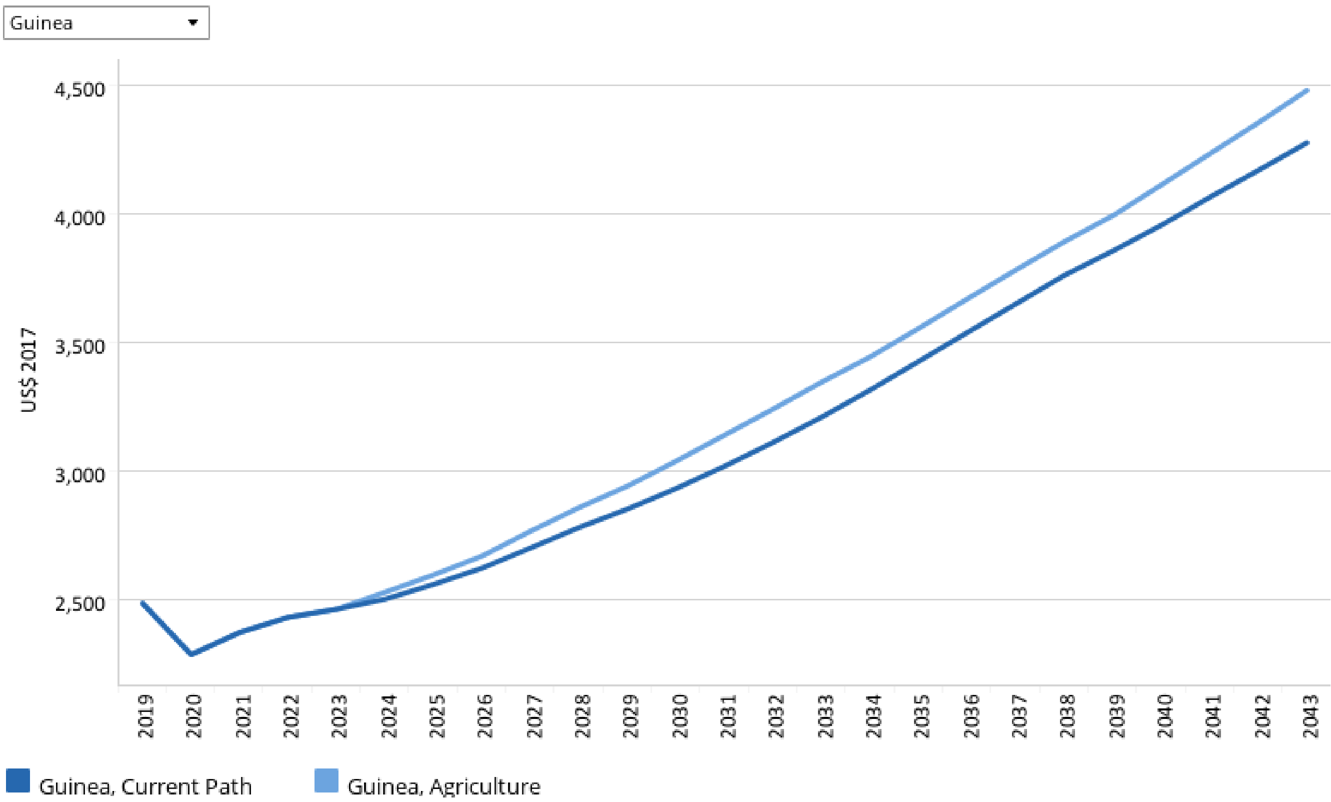
In 2019, Guinea's net agricultural import was 10.7% of agricultural demand in the country, which was above the average for low-income countries in Africa. Rice is the largest imported food item in Guinea and accounted for about 40% of all food imports into the country in 2020, followed by flour and wheat. Although there is local production of these items, they are unable to meet local demand given that these food items are staples of the Guinean diet. Occasionally, the government takes measures to protect domestic production as was done in 2011 and 2016. [1] Guinea has the potential to export food items such as bananas, pineapples, potatoes and mangoes, among others, if agricultural production is mechanised. The Current Path forecast is that import dependence grows to 32.3% of total demand. The situation is reversed in the Agriculture scenario such that by 2043, the country will be a net exporter of agricultural products, with a balance of 1.6% of total agricultural demand. This balance will be slightly higher than the average for low-income countries.

Chart 24: GDP per capita in the CP and Agric scenario, 2019–2043

Purchasing power parity



Source: IFs 7.63 initialising from UN Population Division World Population Prospects and World Development Indicators data

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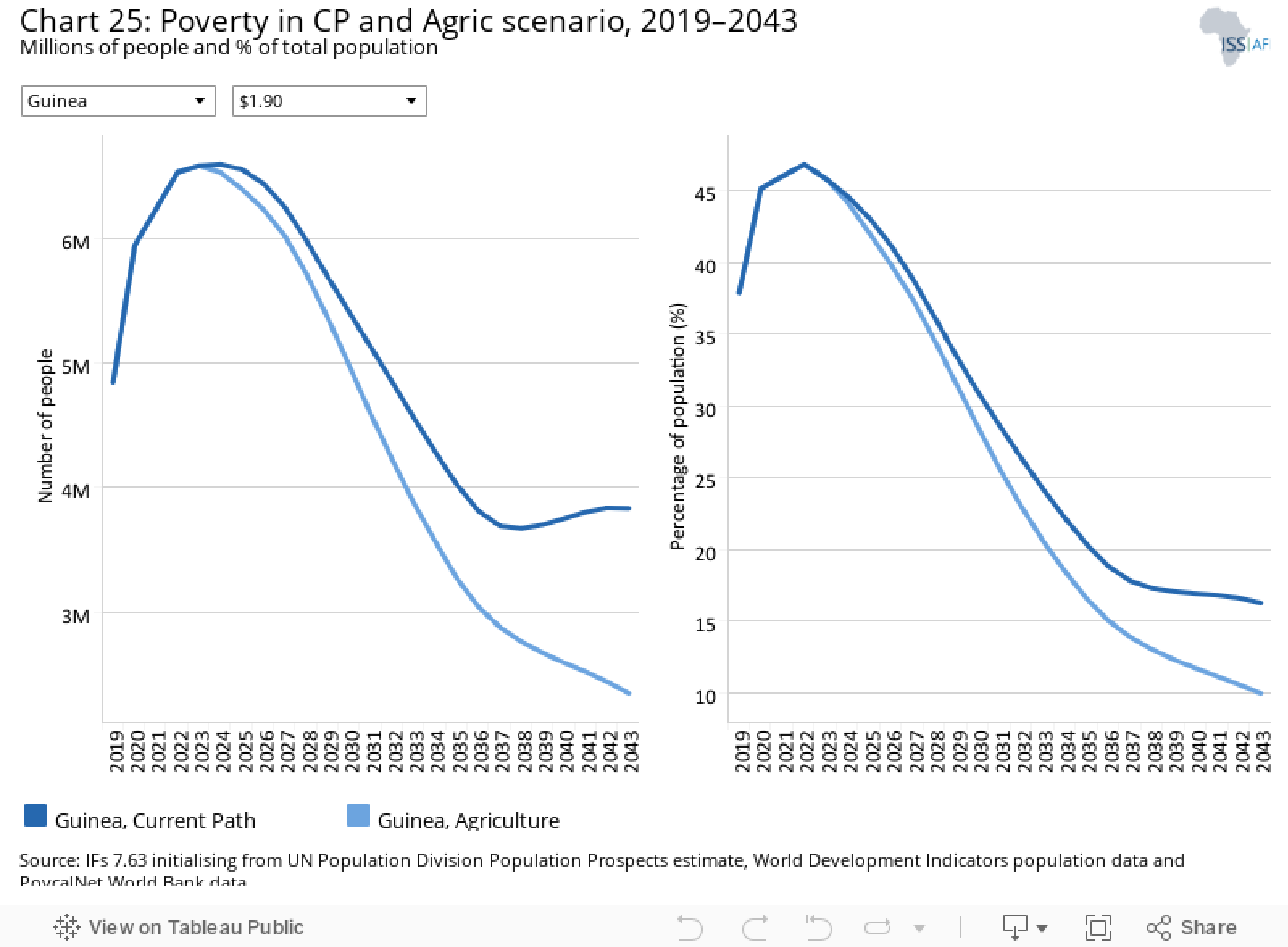
The Agriculture scenario is expected to lead to an increase in the GDP per capita over the years: GDP per capita as a result of the Agriculture scenario increases from US$2 486 in 2019 to US$4 482 in 2043, constituting an 80.3% increase over the period. These estimates are greater than the projections in the Current Path forecast so that by 2043, the additional gains from the GDP per capita as a result of the Agriculture scenario will be US$204. In this scenario, Guinea's GDP per capita will still remain above the average for low-income countries in Africa.

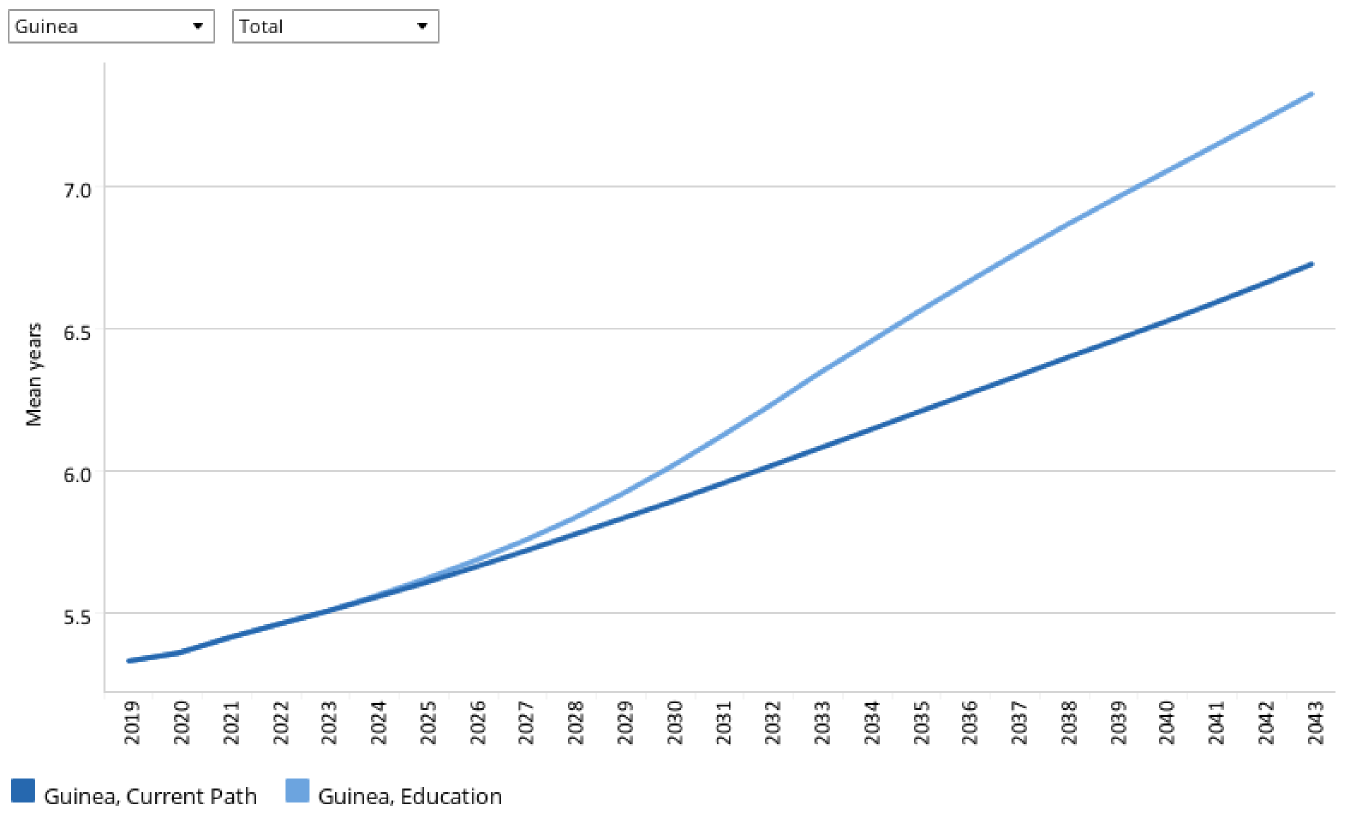


Implementing good agricultural policies that result in increased yield per hectare and reduced waste appear to have a significant impact on poverty reduction in the country. In the Current Path forecast, 3.8 million people (16.3% of the population) are projected to be extremely poor by 2043. However, in the Agriculture scenario, the number of people living below the poverty line of US$1.90 will be reduced to 2.4 million, constituting about 10% of the population. This means that 1.4 million additional Guineans can be lifted out of extreme poverty by focusing primarily on agricultural growth. This is expected since the majority of the poor population in Guinea is employed within the agricultural sector. Throughout the period, in the Agriculture scenario, the proportion of people living in extreme poverty in Guinea will be lower than the average for low-income countries in Africa, although the gap closes. By 2043, the poverty rate in Guinea will be 15.2 percentage points below the average for low-income countries in Africa.

Education scenario

Chart 26: Mean years of education in CP and Educ scenario, 2019–2043

Mean years of adult (+15) education



Source: IFs 7.63 initialising from Barro-Lee data

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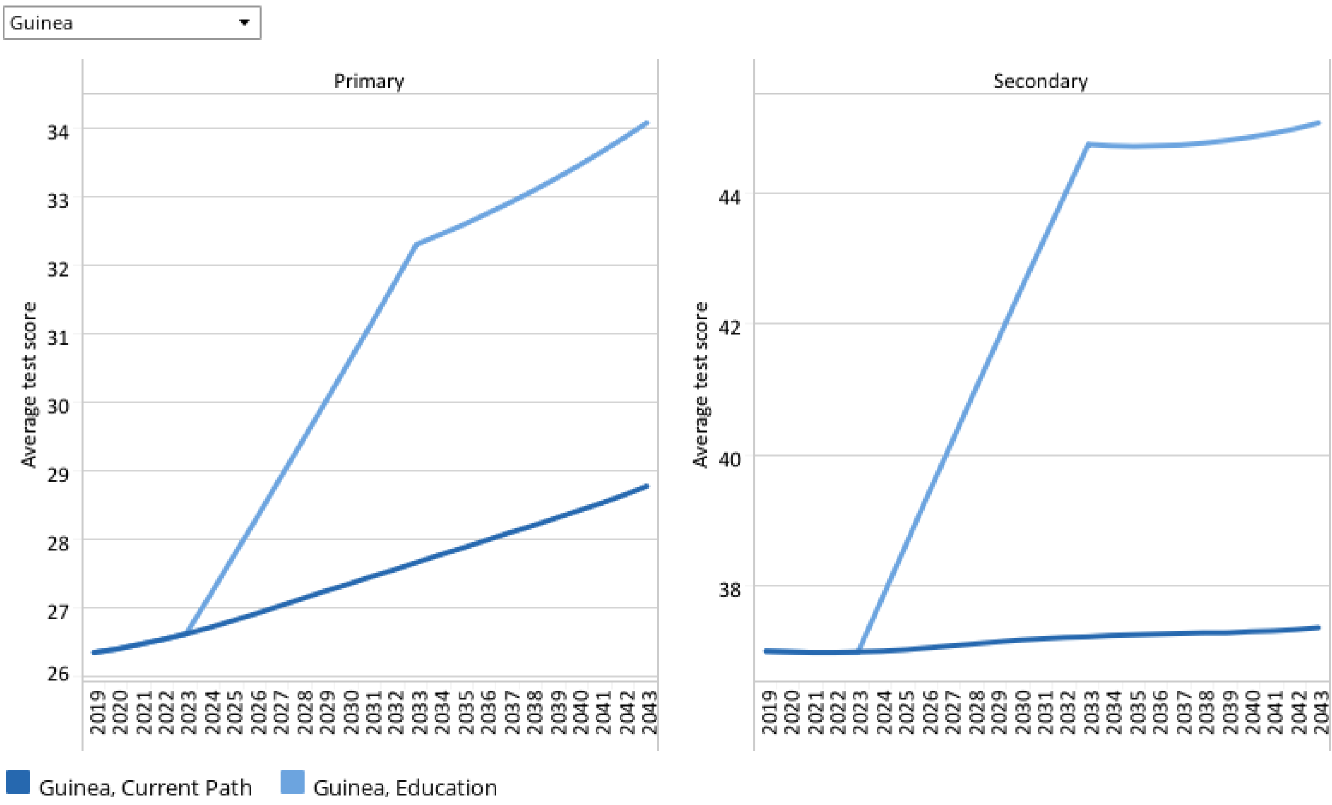
The Education scenario represents reasonable but ambitious improved intake, transition and graduation rates from primary to tertiary levels and better quality of education. It also models substantive progress towards gender parity at all levels, additional vocational training at secondary school level and increases in the share of science and engineering graduates.

The intervention is explained here in the thematic part of the website.

According to the 2020 Guinean constitution, education is free and compulsory until age 16. However, inequality in the distribution of education facilities in the country serves as a barrier to most rural people in accessing quality education. In addition, the lack of teaching and learning materials, poor learning outcomes, inadequately trained teachers and low primary completion rates hinder quality education. In 2019, Guinea's mean years of education was 5.3, which was above the average of 4.4 for low-income countries on the continent. In terms of gender, the mean years of education for males is 6.4, which is 2 years more than females' average of 4.4. This means that on average, men are more likely to attain higher education than women. The gap in favour of men for mean years of education in Guinea is higher than the average of 1.3 years for low-income countries in Africa. By 2043, in the Education scenario, the mean years of education will rise to 7.3 years — 0.6 years more than the Current Path estimates and 0.7 years more than the average for low-income countries in Africa. Also, in the Education scenario, the gender gap regarding mean years of education will close by 0.8 years by 2043, while the gender gap closes by 0.5 years for the average low-income countries in Africa within the same period.

Chart 27: Education quality in CP and Educ scenario, 2019–2043

Average test scores for primary and secondary learners



Source: IFs 7.63 initialising from World Bank EDSTATS

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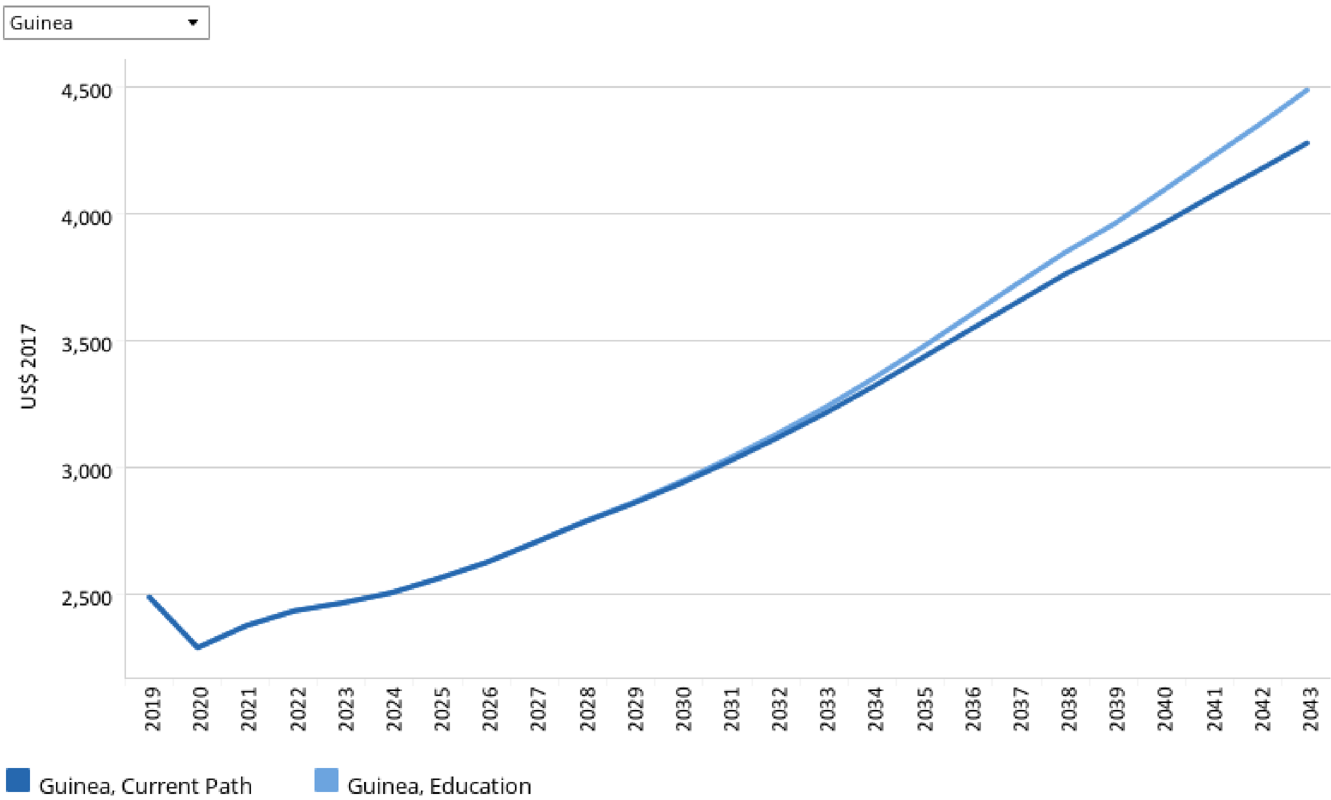
The average test score for primary learners in Guinea for 2019 was 26.4%, which was lower than the 27.7% for the average low-income country in Africa, signifying a relatively weaker performance in this regard. The Education scenario increases the average test score for primary learners to 34.1%, compared to the Current Path forecast of 28.8%. However, the Education scenario for 2043 results in test scores 1.5 percentage points less than the continental average for low-income countries.

In 2019, the average secondary learner test score for Guinea was 37%, which was above the average of 35.8% for low-income African countries. This suggests that Guinea performs relatively better at the secondary level than at the primary level. By 2043, the average test score for secondary learners is set to rise to 45.1%, which is slightly above the average of 44.8% for low-income countries in Africa and 8.1 percentage points more than the Current Path estimates.

Chart 28: GDP per capita in CP and Educ scenario, 2019–2043
Purchasing power parity



Source: IFs 7.63 initialising from UN Population Division World Population Prospects and World Development Indicators data

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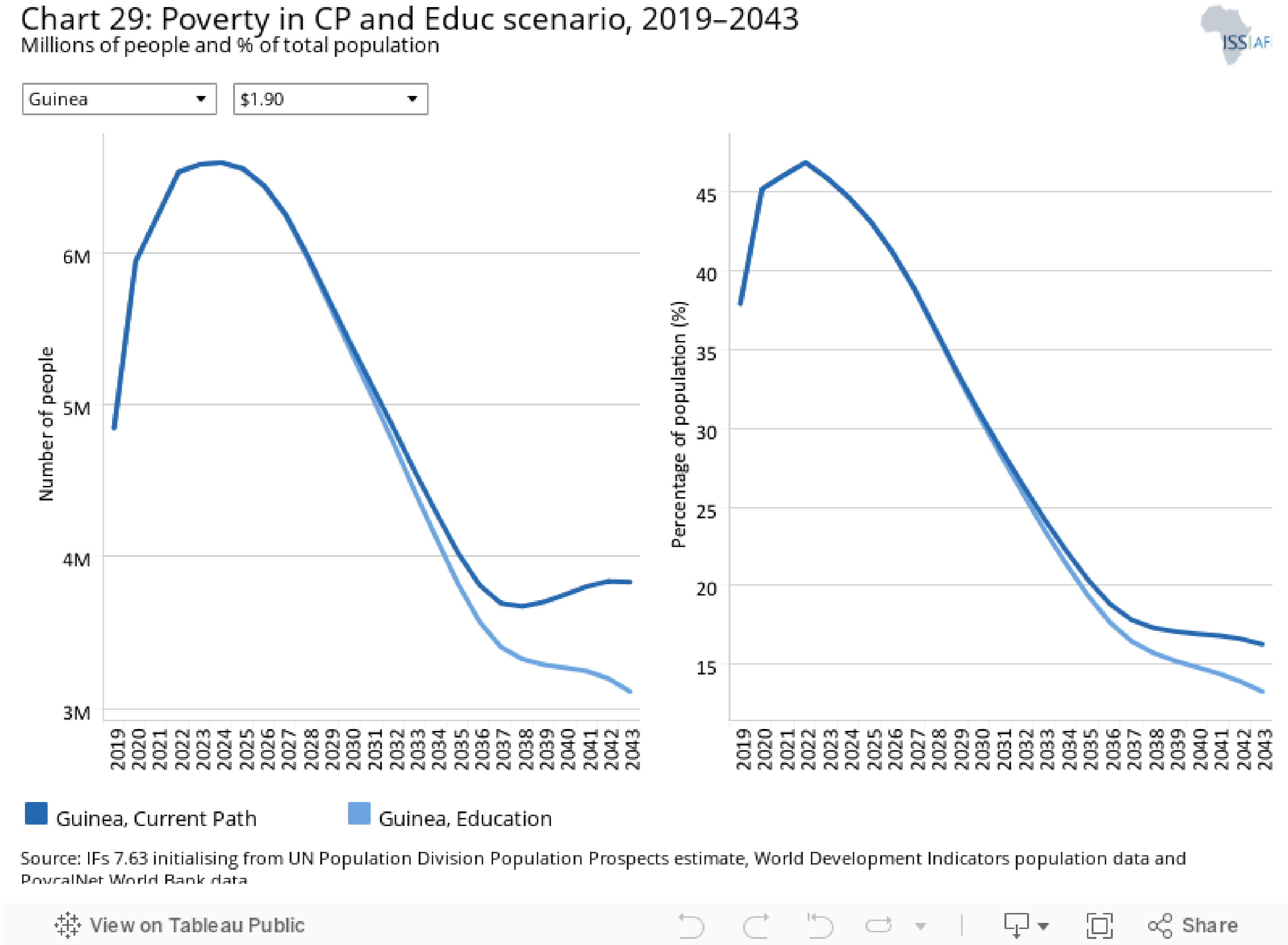
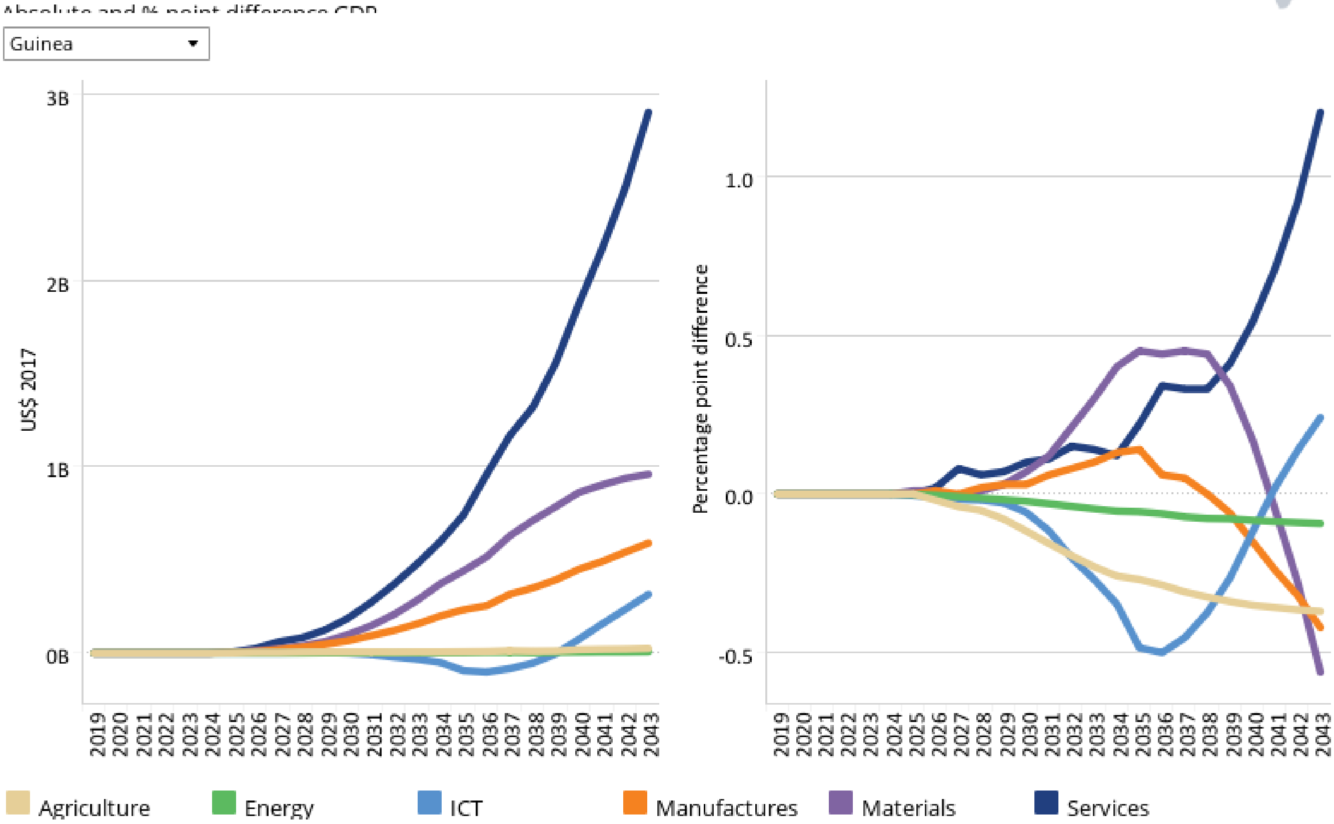
By 2043, the increase in the GDP per capita as a result of the Education scenario is estimated to be US$210 more than the projected US$4 278 in the Current Path forecast, suggesting that investing in education is a powerful means of improving productivity, growth and the income prospects of poor people. This will also be US$564 more than the average of US$3 923 for low-income countries in Africa.



By 2043, in the Education scenario, there will be 3.1 million poor people (13.3% of the population). This means that the Education scenario contributes to reducing the number of poor people by 721 000 people in 2043 compared to the Current Path forecast. The proportion of poor people based on the Education scenario in Guinea will be 11.9 percentage points lower than the average for low-income countries in Africa.

Manufacturing scenario

Chart 30: Value added by sector in CP and Manufac/Transfers scenario, 2019–2043



Source: IFs 7.63 initialising from International Monetary Fund World Economic Outlook database

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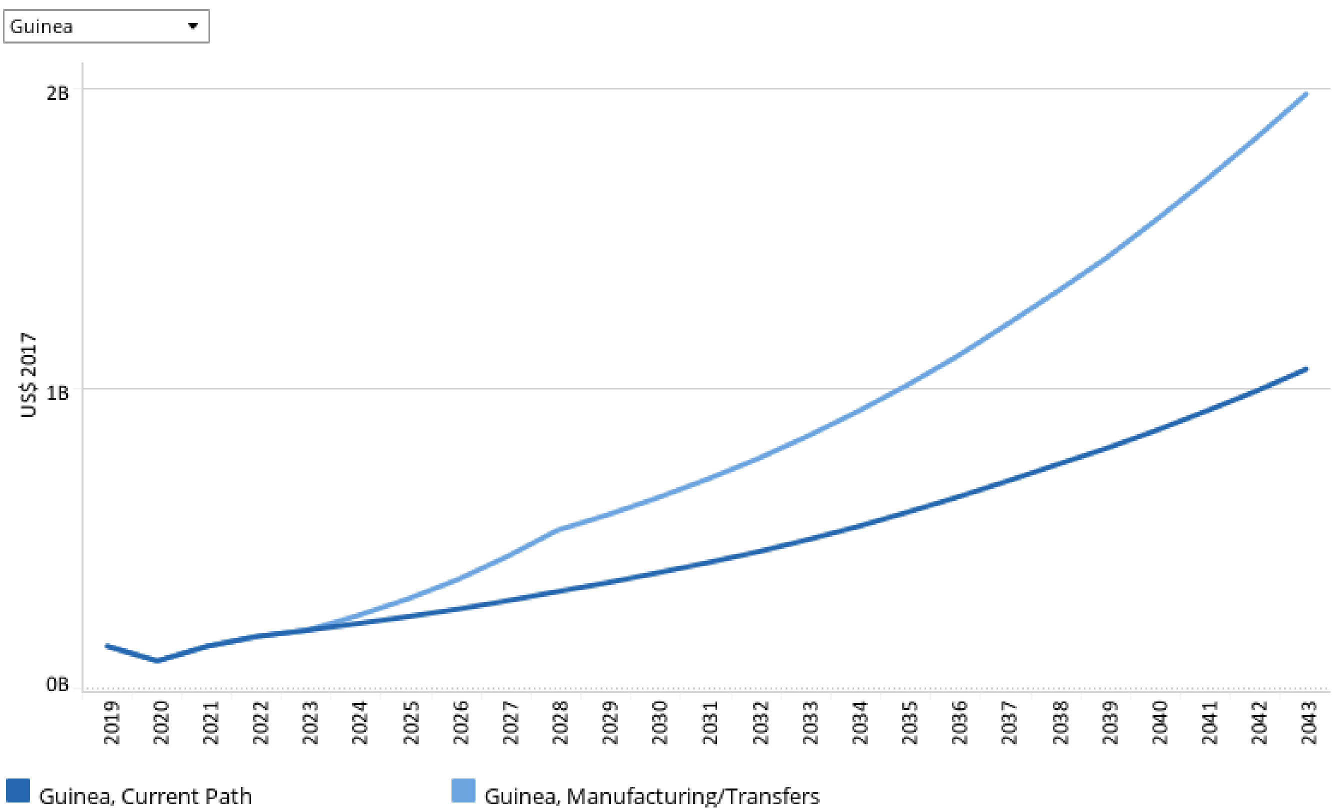
The Manufacturing/Transfers scenario represents reasonable but ambitious manufacturing growth through greater investment in the economy, investments in research and development, and promotion of the export of manufactured goods. It is accompanied by an increase in welfare transfers (social grants) to moderate the initial increases in inequality that are typically associated with a manufacturing transition. To this end, the scenario improves tax administration and increases government revenues.

The intervention is explained here in the thematic part of the website.

Chart 30 should be read with Chart 8 that presents a stacked area graph on the contribution to GDP and size, in billion US$, of the Current Path economy for each of the sectors.

Based on the Manufacturing/Transfers scenario, the service sector will be the largest contributor to GDP with an absolute contribution of US$2.9 billion more by 2043 compared to the Current Path forecast. This corresponds to a rate of contribution to GDP of a 1.2 percentage-point difference in 2043. The materials sector, which is the second largest contributor, is also projected to contribute an additional US$0.96 billion to GDP by 2043, although its rate of contribution declines significantly from 0.44% in 2038 to -0.56% difference to GDP based on the Manufacturing/Transfers scenario in 2043. The third-largest contributor to GDP in Guinea is the manufacturing sector, with a contribution of US$0.59 billion — a rate of contribution of -0.42 percentage points to GDP based on the differences in the Manufacturing/Transfers scenario and the Current Path forecast. It is significant to note that by 2043, agriculture contributes the least to GDP with a projected contribution of US$0.1 billion based on the difference between the Manufacturing/Transfers scenario and the Current Path forecast. This is in spite of the fact that the sector employs more than half of the population. While a decline in the share of agricultural contribution to GDP can be attributed to the structural transformation of the economy, its underperformance is a concern for food security in the country.

Chart 31: Gov welfare transfers in CP and Manufac/Transfers scenario, 2019–2043



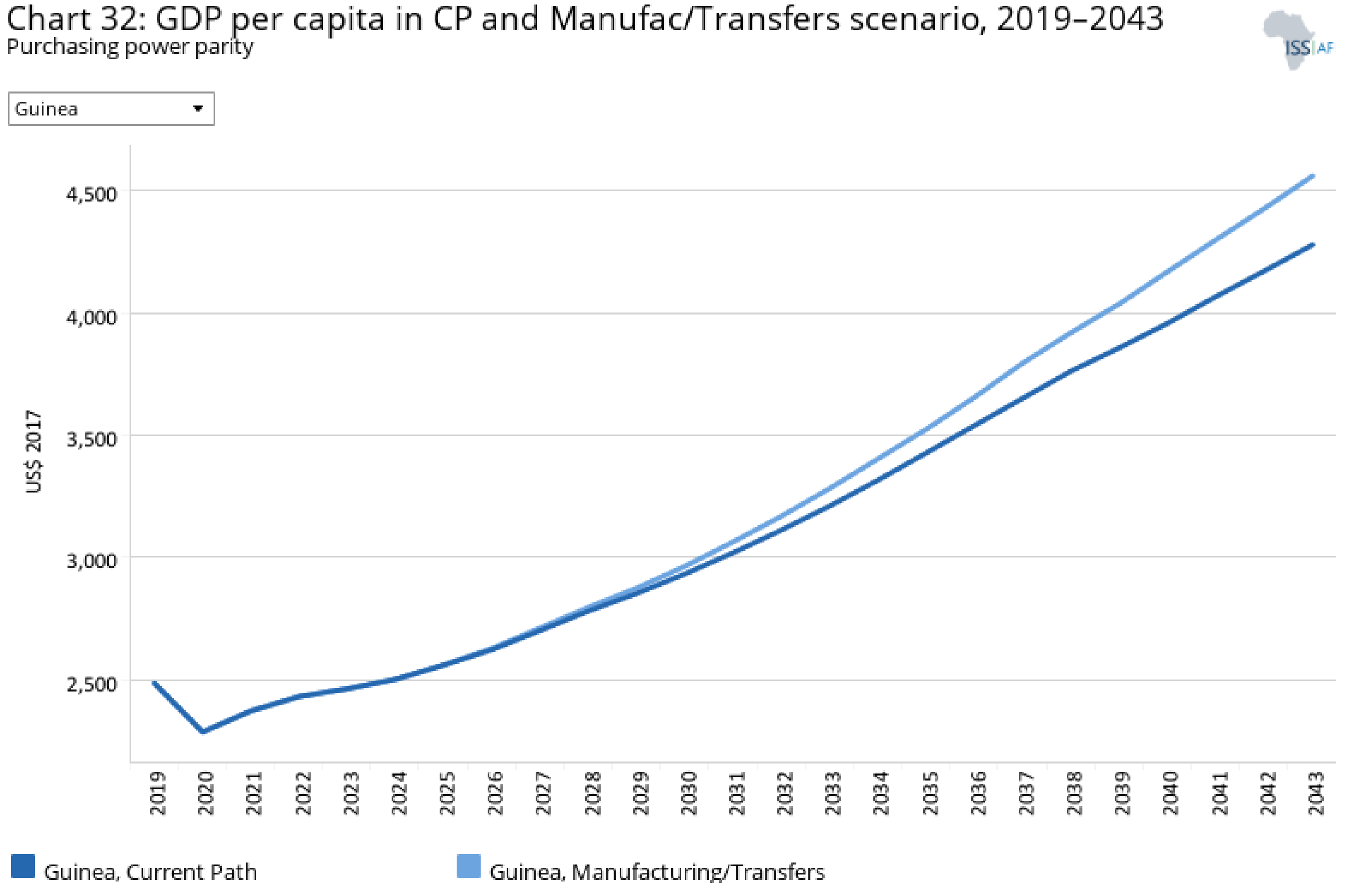
Source: IFs 7.63 initialising from World Development Indicators data

The Guinean government's welfare transfer to households is significantly low. In 2019, total welfare transfer to households was US$0.20 billion (about 1.7% of GDP), which is below the average of 2.2% of GDP for low-income countries in Africa. This is projected to increase to US$2.6 billion by 2043 in the Manufacturing/Transfers scenario, constituting almost 4.8% of GDP — far more than the US$1.6 billion estimated for 2043 based on the Current Path. This suggests that the Manufacturing/Transfers scenario can lead to an improvement in government welfare transfers by an additional US$1 billion compared to the Current Path in 2043.

However, the gap between Guinea and its income group peers in terms of government welfare transfer as a per cent of GDP is expected to increase from 0.5 percentage points in 2019 to 2.3 percentage points in 2043 in the Manufacturing/Transfers scenario.

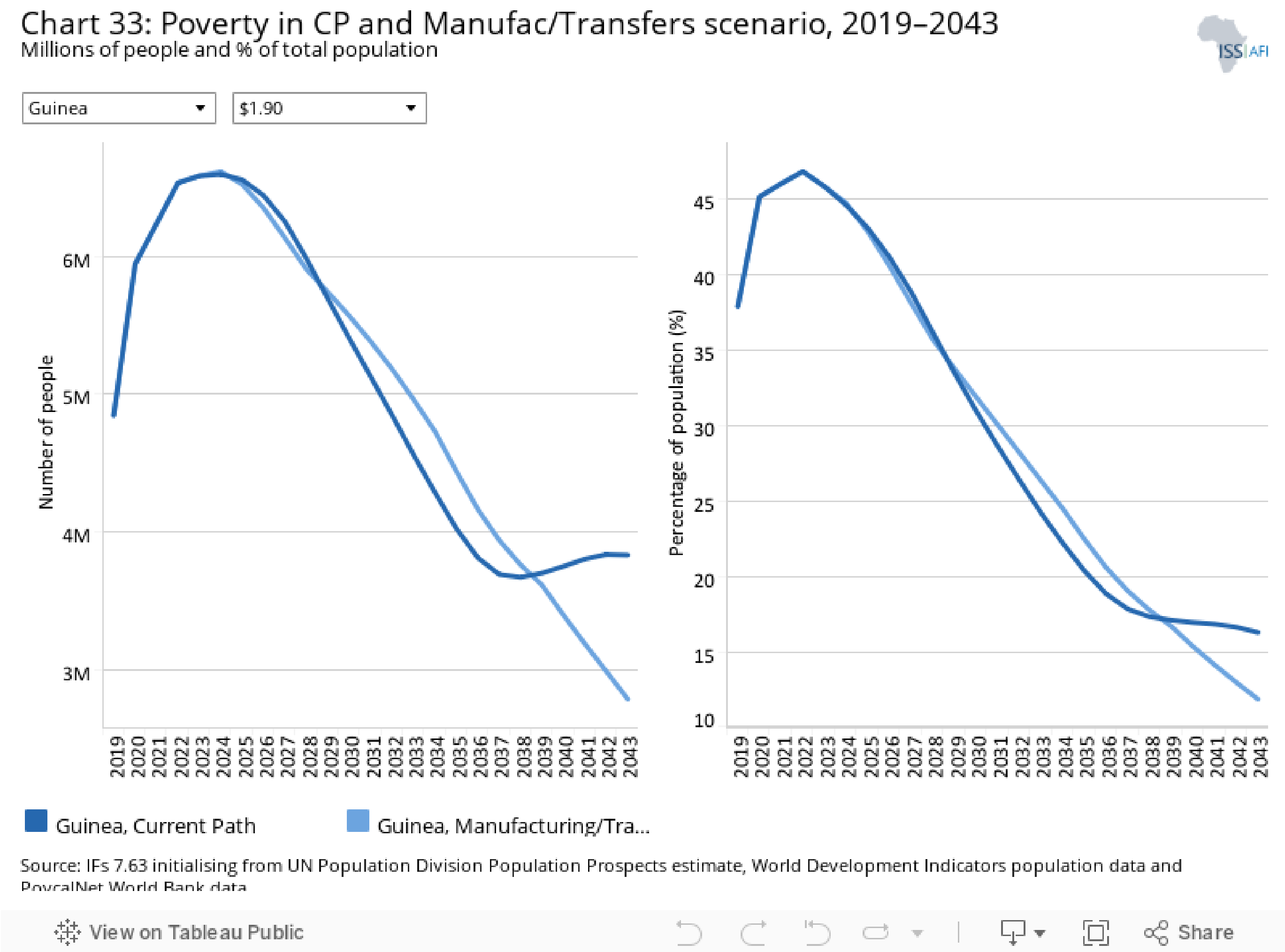
Chart 32: GDP per capita in CP and Manufac/Transfers scenario, 2019–2043

Purchasing power parity



Source: IFs 7.63 initialising from UN Population Division World Population Prospects and World Development Indicators data

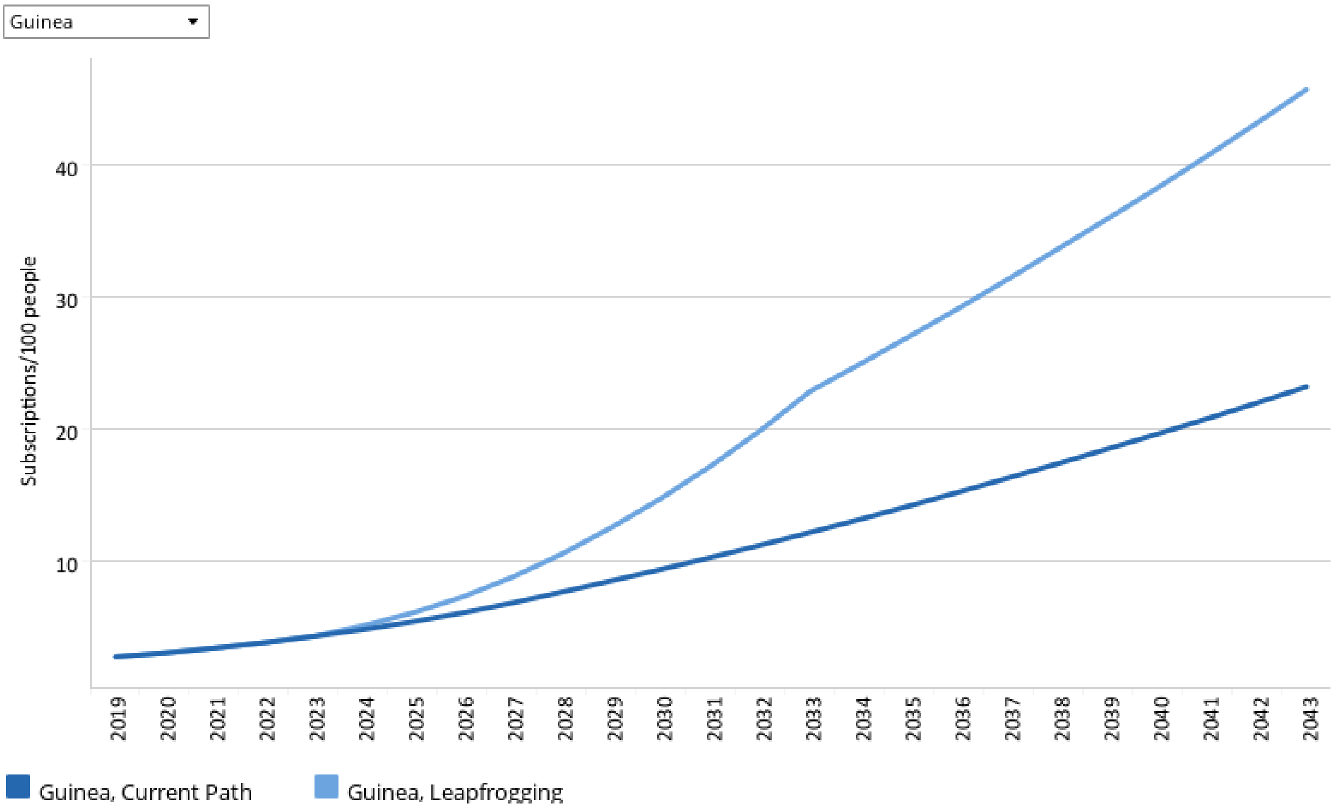
By 2043, it is estimated that Guinea's GDP per capita rises to US$4 559, which is US$281 more than in the Current Path forecast. The GDP per capita for Guinea by 2043 in the Manufacturing/Transfers scenario will also be above the average of US$4 005 for low-income countries in Africa.



Between 2030 and 2038, the Current Path forecast leads to a quicker reduction in the absolute number of poor people in Guinea compared to the Manufacturing/Transfers scenario. However, from 2039, the Manufacturing/Transfers scenario overtakes the Current Path forecast such that by 2043, an estimated one million people (about 4.4% of the population) can be lifted above the poverty line of US$1.90 as a result of the Manufacturing/Transfers scenario. This means that if the country embarks on policies such as investment in the economy, research and development, as well as export promotion, the absolute number of poor people will be one million fewer than on the Current Path in 2043. The proportion of poor people in Guinea based on the Manufacturing/Transfers scenario in 2043 will be about 13.3 percentage points below the average for low-income countries in Africa.

Leapfrogging scenario

Chart 34: Fixed broadband access in CP and Leapfrogging scenario, 2019–2043
Subscriptions per 100 people



Source: IFs 7.63 initialising from International Telecommunication Union data

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The Leapfrogging scenario represents a reasonable but ambitious adoption of and investment in renewable energy technologies, resulting in better access to electricity in urban and rural areas. The scenario includes accelerated access to mobile and fixed broadband and the adoption of modern technology that improves government efficiency and allows for the more rapid formalisation of the informal sector.

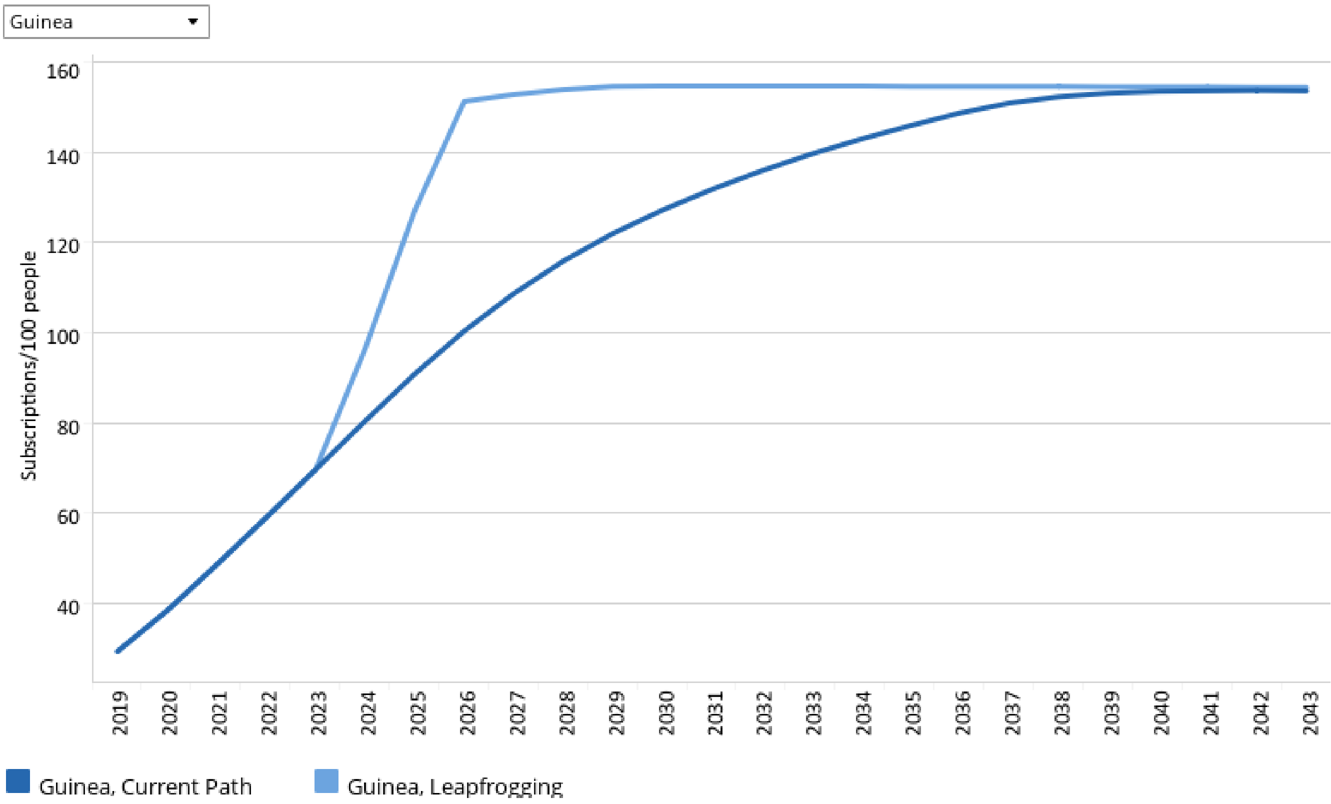
The intervention is explained here in the thematic part of the website.

Fixed broadband includes cable modem Internet connections, DSL Internet connections of at least 256 KB/s, fibre and other fixed broadband technology connections (such as satellite broadband Internet, ethernet local area networks, fixed-wireless access, wireless local area networks, WiMAX, etc.).

In 2019, the total number of fixed broadband subscriptions was 2.8 per 100 people, which was slightly above the average for low-income countries in Africa. In the Current Path forecast, fixed broadband subscriptions are expected to rise to 23.2 per 100 people. The Leapfrogging scenario leads to a greater increase in fixed broadband subscriptions compared to the Current Path forecast, with a difference of 22.5 subscriptions per 100 people by 2043. This means that the additional fixed broadband subscriptions as a result of the Leapfrogging scenario is 22.5 subscriptions per 100 people in 2043. Across the forecast horizon, fixed broadband subscriptions in Guinea are expected to be lower than the average for low-income African countries.

Chart 35: Mobile broadband access in CP and Leapfrogging scenario, 2019–2043

Subscriptions per 100 people



Source: IFs 7.63 initialising from International Telecommunication Union data

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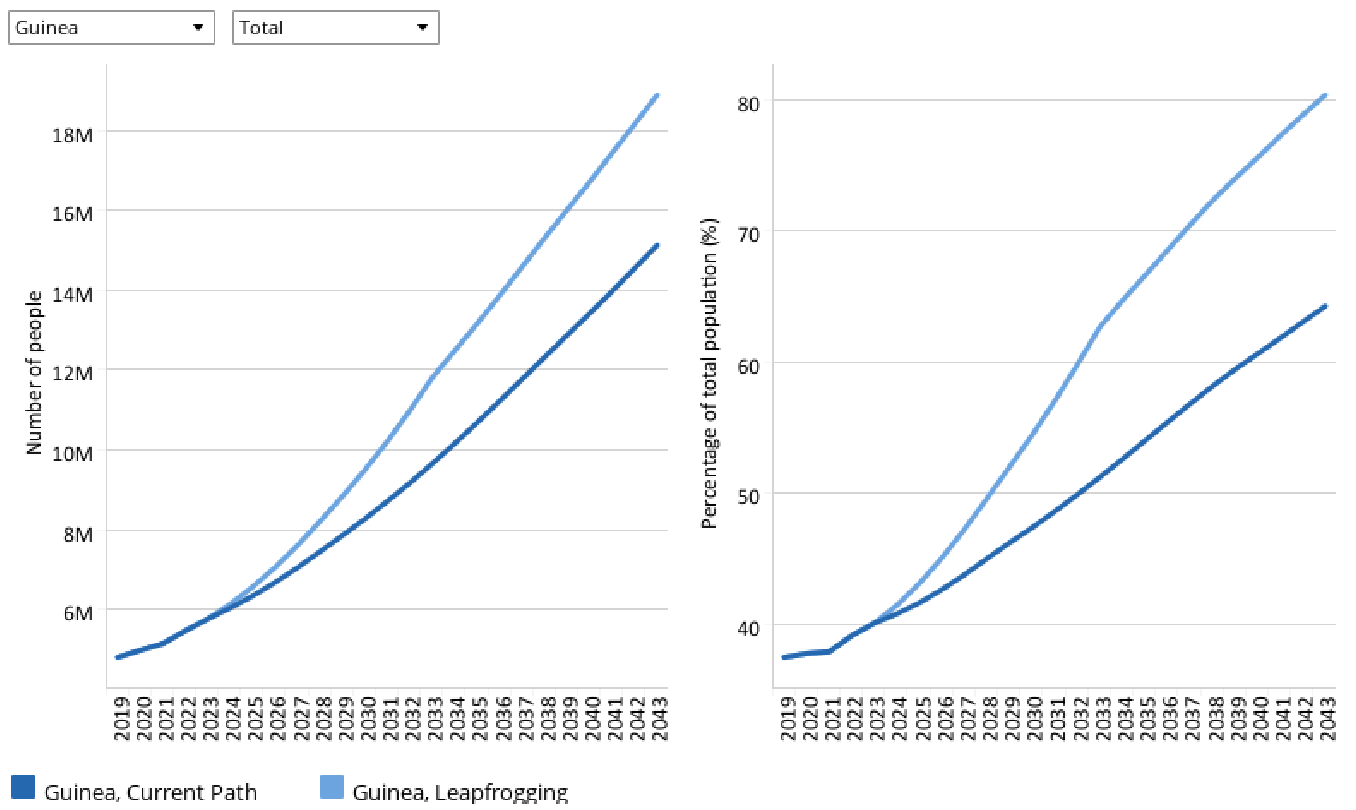
Mobile broadband refers to wireless Internet access delivered through cellular towers to computers and other digital devices.

Guinea had mobile broadband subscriptions of 29.4 per 100 people in 2019 — more than the average of 22.9 for low-income countries on the continent. Although between 2024 and 2038 mobile broadband subscriptions in the Leapfrogging scenario rise above the Current Path, in the long term, the Leapfrogging scenario and the Current Path forecast converge. By 2043, mobile broadband subscriptions in the Current Path forecast and the Leapfrogging scenario increase to 154.4 per 100 people, above the average of 137.4 for Africa's low-income countries.

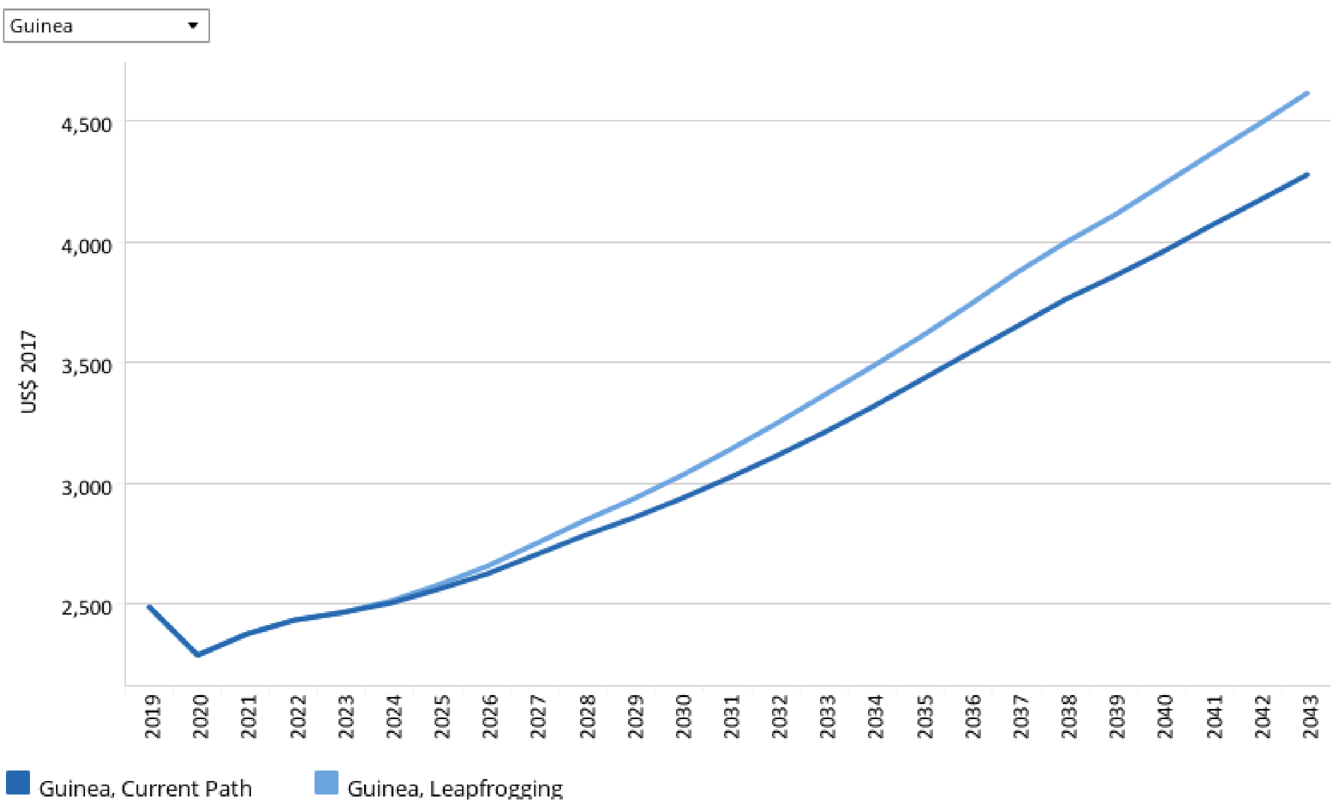
Chart 36: Electricity access in CP and Leapfrogging scenario, 2019–2043
Millions of people and % of population



Source: IFs 7.63 initialising from World Development Indicators data

In 2019, 4.8 million Guineans (37.5% of the total population) had access to electricity. This is above the average of 32.2% for low-income countries in Africa. There exists rural–urban disparity in terms of access to electricity in the country. About 70.4% of people in urban centres had access to electricity, compared to the paltry 19.3% of those in the rural areas in 2019. In the Leapfrogging scenario, it is projected that by 2043 about 80% of Guineans (constituting 18.9 million people) will have access to electricity. This is above the average for low-income countries in Africa. It is also higher than the 64.3% (15.1 million people) projected in the Current Path forecast, signifying that the Leapfrogging scenario provides access to electricity to an additional 3.8 million people. By 2043, 87.2% and 93.7% of urban dwellers in Guinea will have access to electricity, in the Current Path forecast and the Leapfrogging scenario, respectively. In the case of rural dwellers, 71.6% and 49.2% will have access to electricity by 2043 based on the Leapfrogging scenario and the Current Path forecast, respectively. This means that the gap between rural and urban residents in terms of access to electricity closes quicker in the Leapfrogging scenario.

Chart 37: GDP per capita in CP and Leapfrogging scenario, 2019–2043
Purchasing power parity



Source: IFs 7.63 initialising from UN Population Division World Population Prospects and World Development Indicators data

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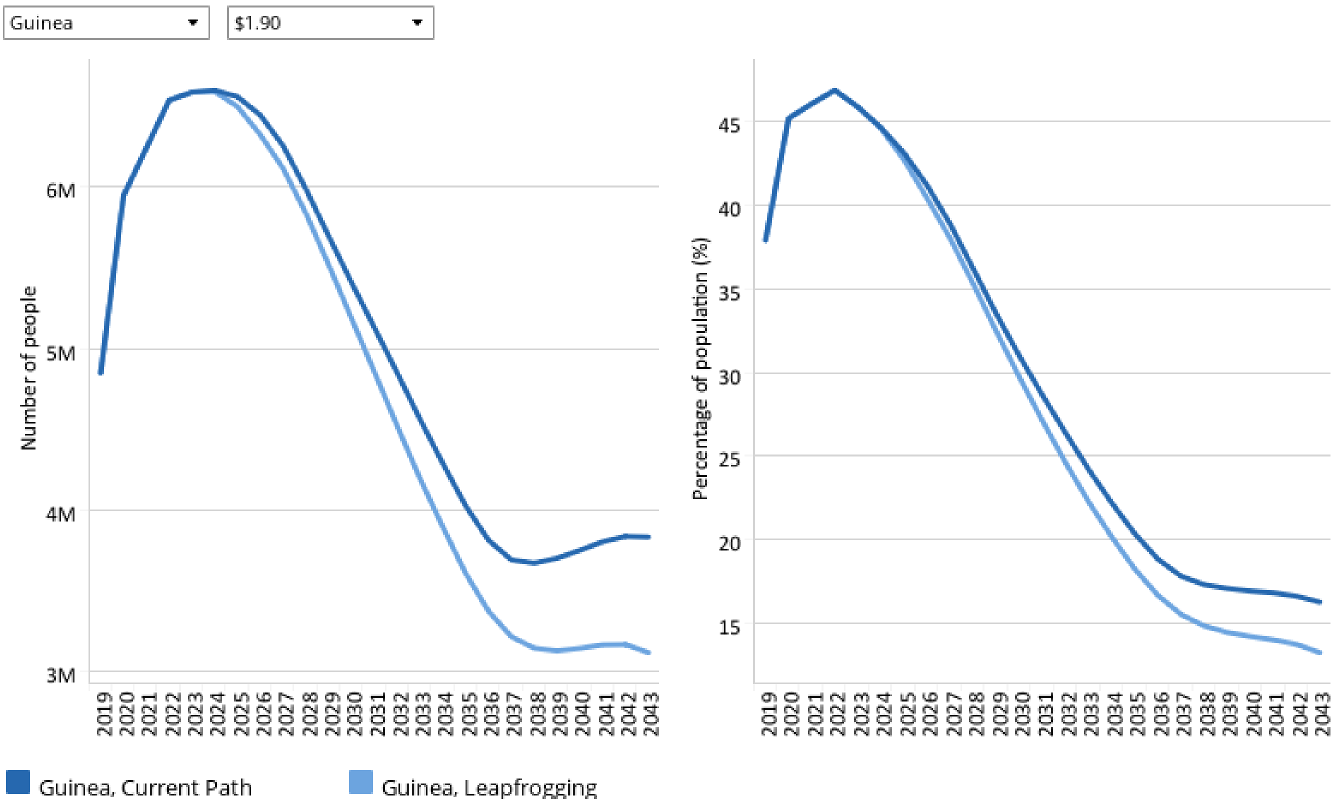
Guinea's GDP per capita is projected to increase from US$2 486 in 2019 to US$4 616 in 2043 in the Leapfrogging scenario — an increase of US$338 compared to the Current Path forecast in 2043. It is also higher than the average of US$4 130 for low-income countries in Africa.

Chart 38: Poverty in CP and Leapfrogging scenario, 2019–2043

Millions of people and % of total population



Source: IFs 7.63 initialising from UN Population Division Population Prospects estimate, World Development Indicators population data and PovcalNet World Bank data

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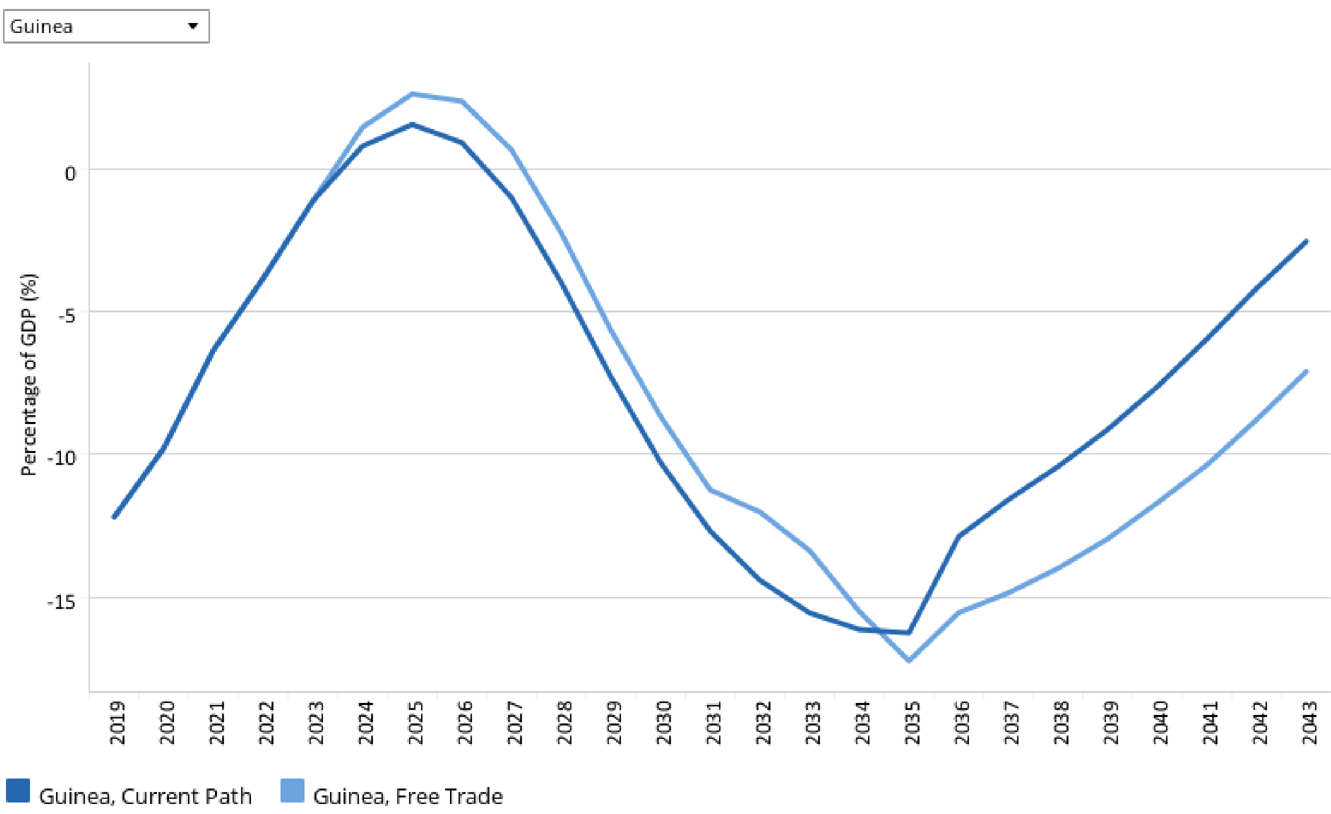
In the Leapfrogging scenario, the number of poor people in 2043 is projected to be 3.1 million, representing 13.3% of the population. This projection is lower than the 3.8 million people estimated in the Current Path forecast in the same year, which suggests that the number of poor people in the Leapfrogging scenario is about 700 000 fewer than the Current Path forecast in 2043. The number of poor people projected in the Leapfrogging scenario is 11.9 percentage points lower than the average for low-income African countries.

Free Trade scenario

Chart 39: Trade balance in CP and Free Trade scenario, 2019–2043

% of GDP



Source: IFs 7.63 initialising from World Development Indicators data

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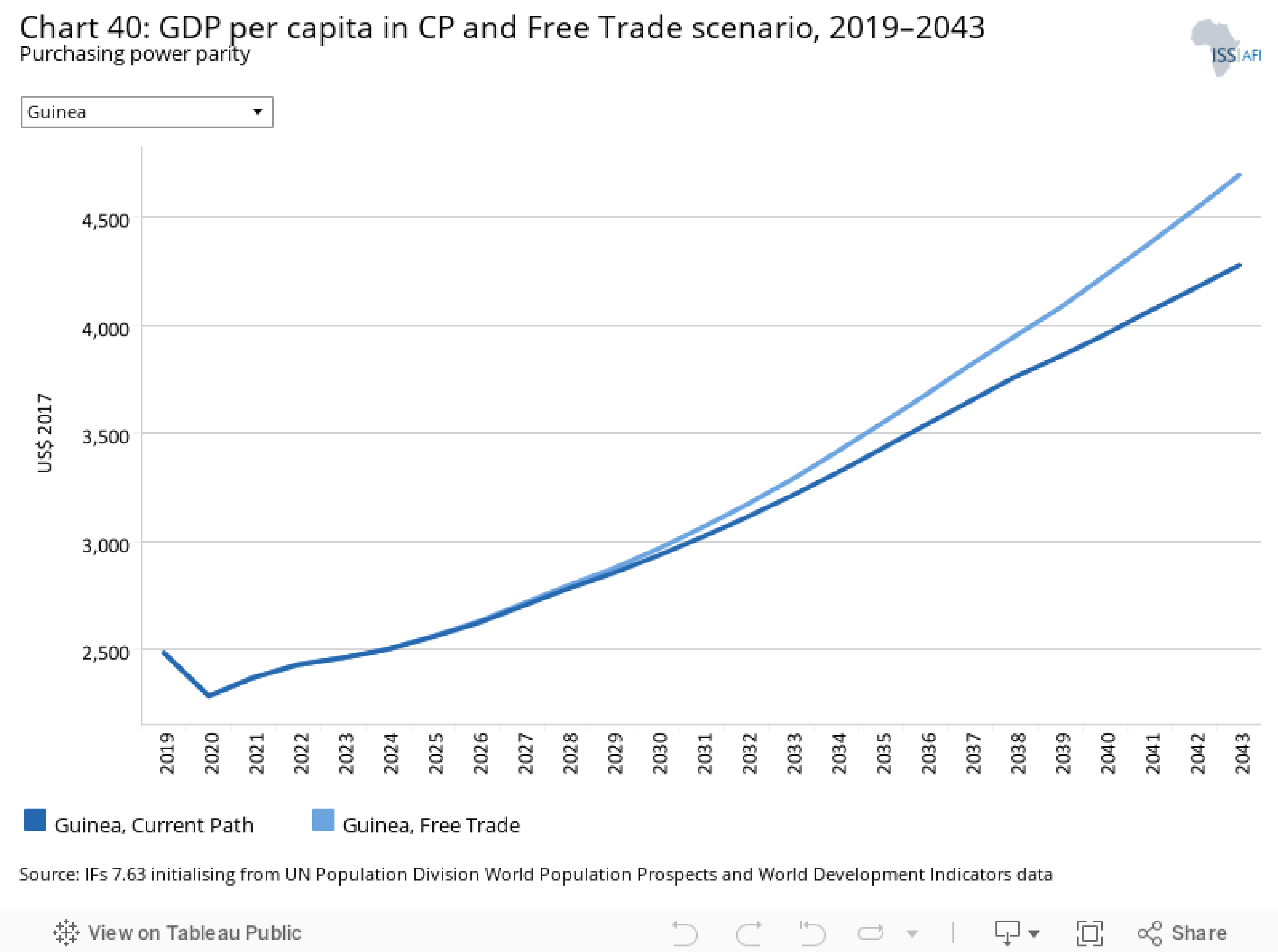
The Free Trade scenario represents the impact of the full implementation of the African Continental Free Trade Area (AfCFTA) by 2034 through increases in exports, improved productivity and increased trade and economic freedom.

The intervention is explained here in the thematic part of the website.

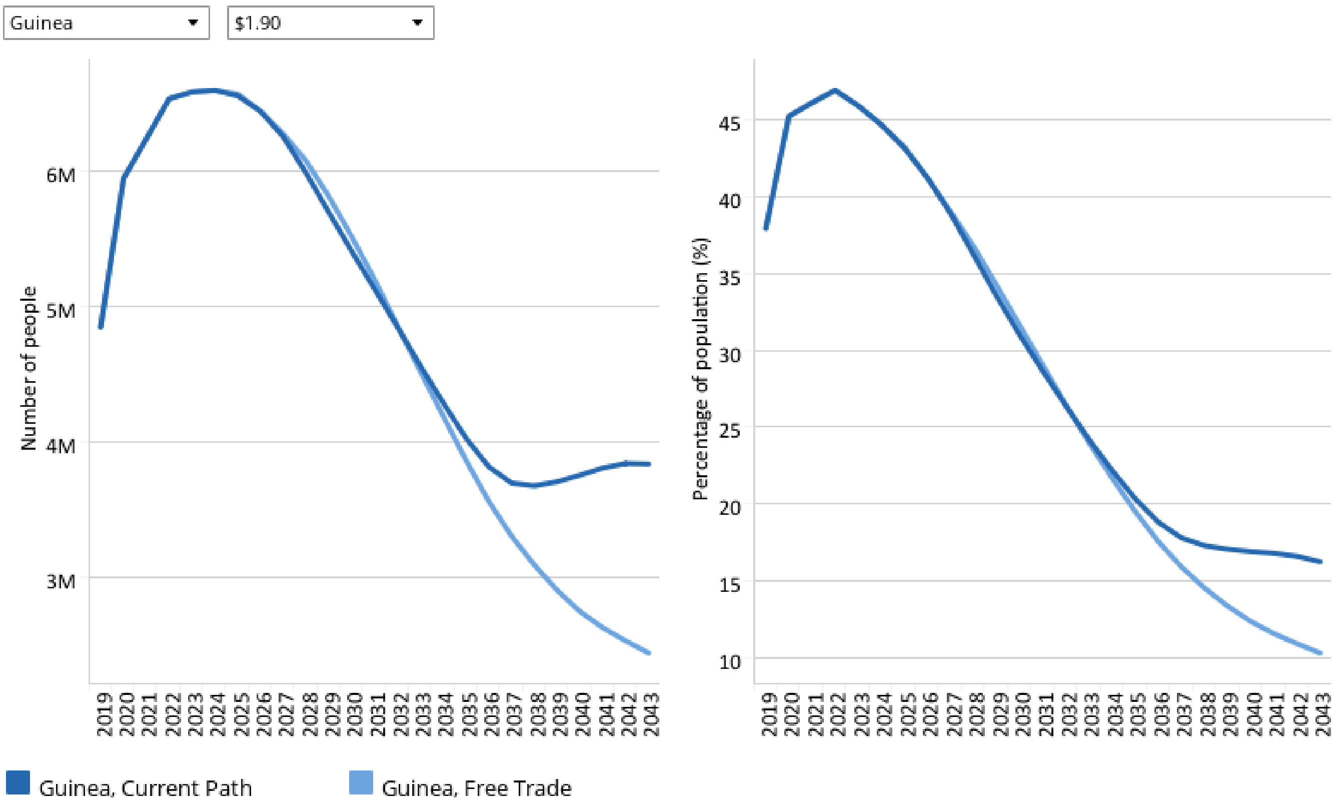
The trade balance is the difference between the value of a country's exports and its imports. A country that imports more goods and services than it exports in terms of value has a trade deficit, while a country that exports more goods and services than it imports has a trade surplus.

Guinea, like many African economies, is a net importer of goods and services. In 2019, Guinea's trade deficit represented 12.2% of GDP. This large deficit is mainly due to the large import of rice, refined petroleum, packaged medicaments, delivery trucks and cars. Guinea begins to see an improvement in its trade balance in both the Current Path forecast and the Free Trade scenario, although the improvement is much quicker in the latter. This upward trend continues until it reaches a peak of a surplus of about 2.6% and 1.5% of GDP in 2025 in the Free Trade scenario and in Current Path forecast, respectively. However, these gains begin to decline, so that the trade balance will be deficit until it peaks with a balance of 17.2% in the Free Trade and 16.2% on the Current Path by 2035. Thereafter, the trade balance improves again so that by 2043, the projected trade deficit will be 7.1% of GDP in the Free Trade scenario, which is much higher than the projected 2.6% of GDP in the Current Path forecast. This suggests that the full implementation of AfCFTA will in the long term worsen the trade balance of Guinea due to the expected reduction in exports and increase in imports as a result of free trade. With the exception of the period between 2031 and 2038, Guinea's trade deficit as a percentage of GDP is lower than the average for low-income African countries.



The GDP per capita for Guinea is estimated to increase to US$4 696 by 2043 in the Free Trade scenario, which is US$418 more than the projections of the Current Path in 2043. This means that if Guinea takes advantage of the AfCFTA to increase trade and productivity, it can achieve an extra US$418 increase in the GDP per capita compared to the Current Path forecast in 2043. It is US$441 more than the average GDP per capita of US$4 255 for low-income African countries in the Free Trade scenario.

Chart 41: Poverty in CP and Free Trade scenario, 2019–2043
Millions of people and % of total population



Source: IFs 7.63 initialising from UN Population Division Population Prospects estimate, World Development Indicators population data and PovcalNet World Bank data

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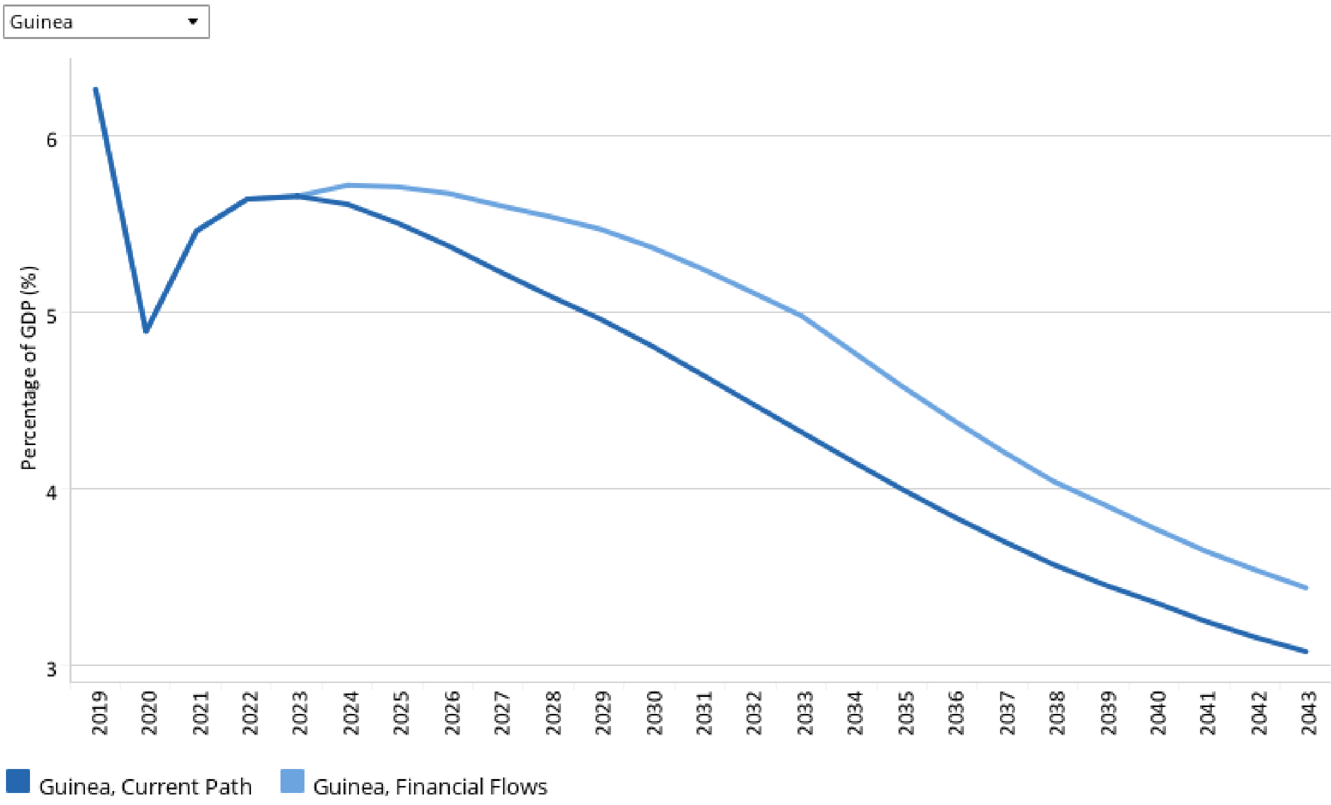
By 2043, about 2.4 million people (representing 10.4% of the population) will be living below the poverty line of US$1.90 in the Free Trade scenario. This is 5.9 percentage points lower than the Current Path forecast, meaning that the Free Trade scenario has 1.4 million fewer poor people than the Current Path by 2043. The proportion of the poor people in the Free Trade scenario is 14.8 percentage points lower than the average for low-income countries in Africa. If Guinea takes advantage of the opportunities available in the continental free trade agreement, it increases productivity and increase export of domestically produced goods that have the poor at the lower end of production. The cumulative effect is that poverty reduces by 1.4 million people in 2043 compared to the Current Path forecast.

Financial Flows scenario

Chart 42: Foreign aid in CP and Financial Flows scenario, 2019–2043

% of GDP



Source: IFs 7.63 initialising from Development Assistance Committee of the OECD data, and World Bank and OECD GNI estimates.

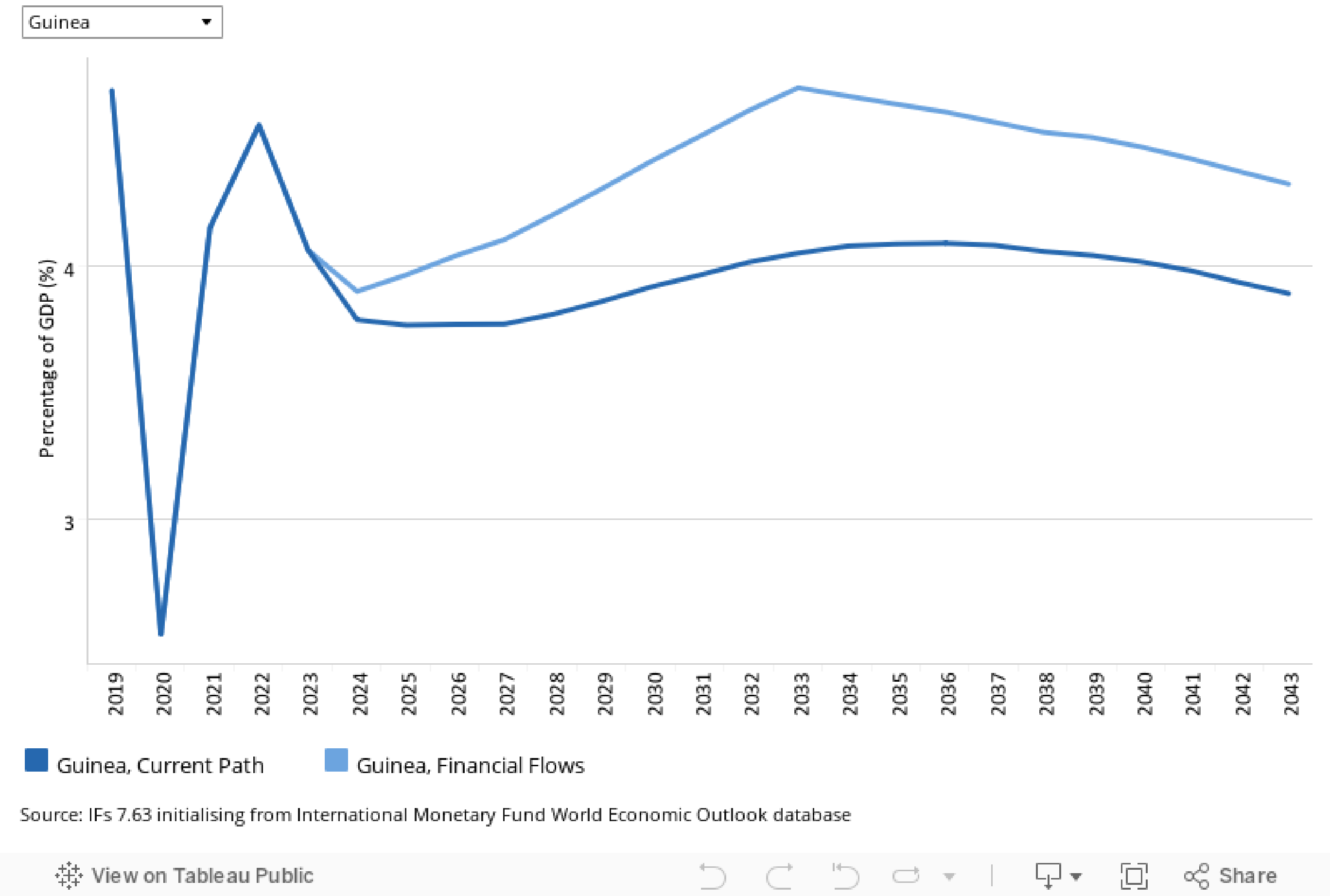
The Financial Flows scenario represents a reasonable but ambitious increase in worker remittances and aid flows to poor countries, and an increase in the stock of foreign direct investment (FDI) and additional portfolio investment inflows to middle-income countries. We also reduced outward financial flows to emulate a reduction in illicit financial outflows.

The intervention is explained here in the thematic part of the website.

Generally, the total foreign aid received by Guinea has been quite low. The total foreign aid received by Guinea in 2019 was 6.3% of GDP, which was below the average of 8.6% for low-income countries in Africa. This constitutes about US$580.68 million. Between 2008 and 2009, restrictions were placed on foreign aid to the country due to military control. The restrictions were lifted after the political transition and subsequent election in 2010. The Guinean government was suspended from international bodies and prevented from receiving aid in 2011 during an outbreak of violence in the country. The recent 2021 coup d'état has also led to the imposition of sanctions on the country by the international community amidst calls for a return to constitutional rule. These factors have contributed to the low levels of foreign aid received by the country. Foreign aid as a percentage of GDP declines such that by 2043, the total foreign aid received by the country is projected to be 3.4% of GDP in the Financial Flows scenario and 3.1% of GDP in the Current Path forecast. This suggests that in the Financial Flows scenario, foreign aid as a percentage of GDP is lower than the Current Path forecast in 2043. Further, these projections are still below the average for a low-income African country.

Chart 43: Inflow of FDI in CP and Financial Flows scenario, 2019–2043

% of GDP

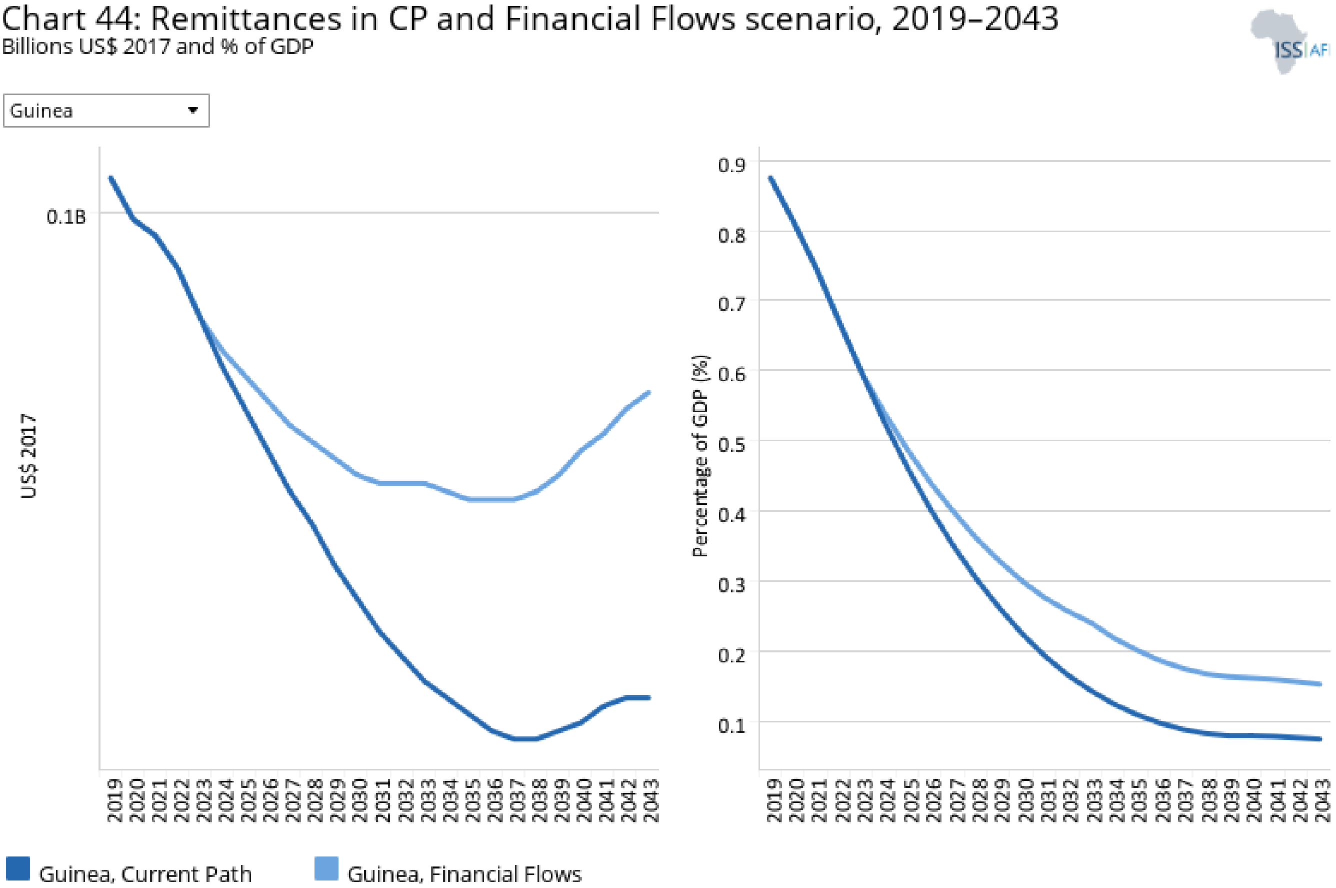


Source: IFs 7.63 initialising from International Monetary Fund World Economic Outlook database

In the past, the country has been unable to attract a lot of FDI due to high levels of political and institutional corruption as well as the poor infrastructural network in the country. Also, weaknesses in the justice delivery system scares investors away. In 2016, the country launched a new website — Investment Promotion Agency of Guinea — to promote transparency and reduce bottlenecks in doing business. This was an attempt to attract FDI into the country. Guinea's total FDI in 2019 amounted to 4.7% of GDP, which is slightly higher than the average of 4.3% for low-income African countries. By 2043, the total FDI to the country will be about 3.9% of GDP in the Current Path forecast. In the Financial Flows scenario, FDI will be 4.3% of GDP in 2043, which is below the average for low-income countries on the continent.

Chart 44: Remittances in CP and Financial Flows scenario, 2019–2043

Billions US$ 2017 and % of GDP



Source: IFs 7.63 initialising from World Development Indicators data

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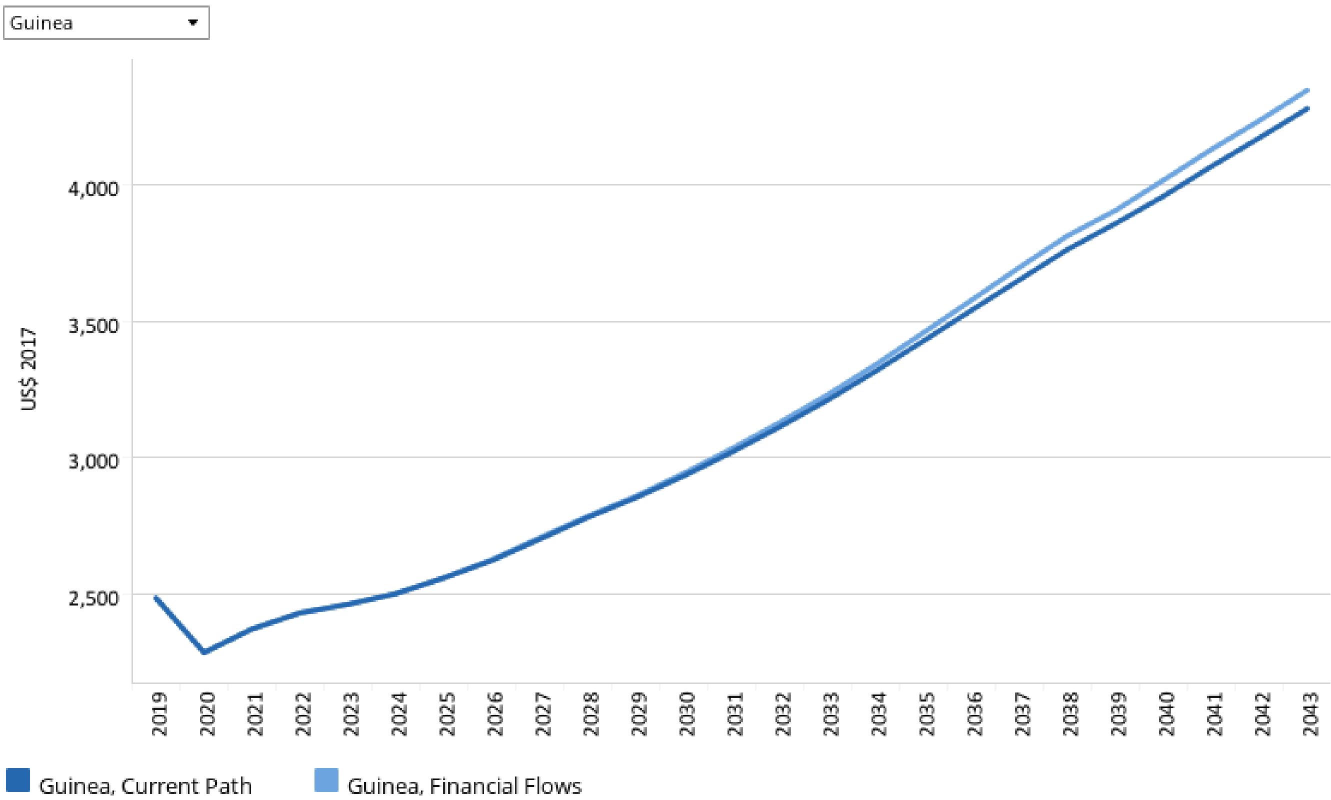
In 2019, the total value of remittances that Guinea received amounted to US$0.10 billion, which constituted about 0.9% of GDP. This is significantly lower than the average for low-income African countries. Both the absolute value of remittance and remittances as a percentage of GDP are projected to fall. In the Financial Flows scenario, remittance is projected to decline to US$0.08 billion, representing 0.15% of GDP. Remittances decline quicker in the Current Path forecast, so that by 2043, the total value of remittances in the country will be only US$0.04 billion, representing 0.08% of GDP.

Chart 45: GDP per capita in CP and Financial Flows scenario, 2019–2043
Purchasing power parity



Source: IFs 7.63 initialising from UN Population Division World Population Prospects and World Development Indicators data

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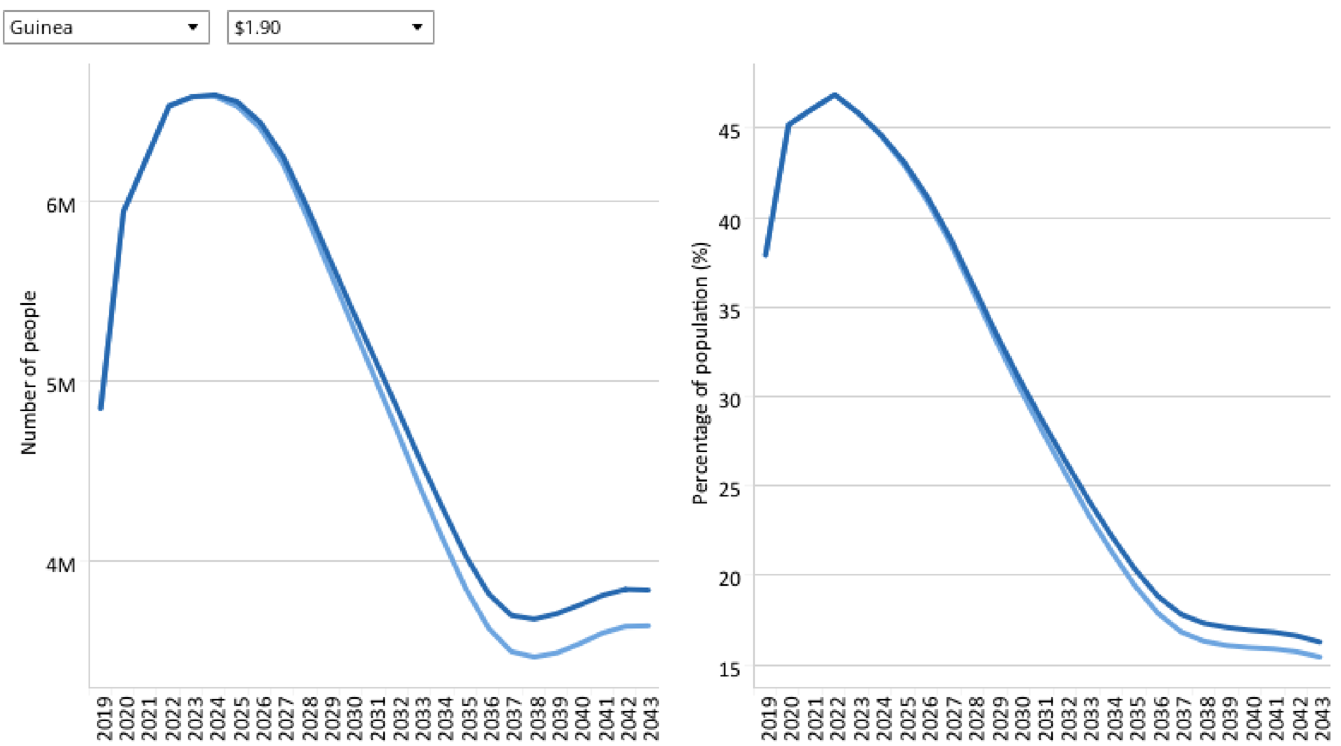
More financial flows in a country means more public and private investment, which in turn have a rippling effect on income levels. Guinea's GDP per capita is estimated to increase to US$4 346 by 2043 in the Financial Flows scenario. This represents an increase of US$68 over the Current Path forecast in the same year. The estimate of US$4 346 is also above the average for low-income countries in Africa, which is US$3 864 by 2043.

Chart 46: Poverty in CP and Financial Flows scenario, 2019–2043

Millions of people and % of total population



Guinea, Current Path
Guinea, Financial Flows

Source: IFs 7.63 initialising from UN Population Division Population Prospects estimate, World Development Indicators population data and PovcalNet World Bank data

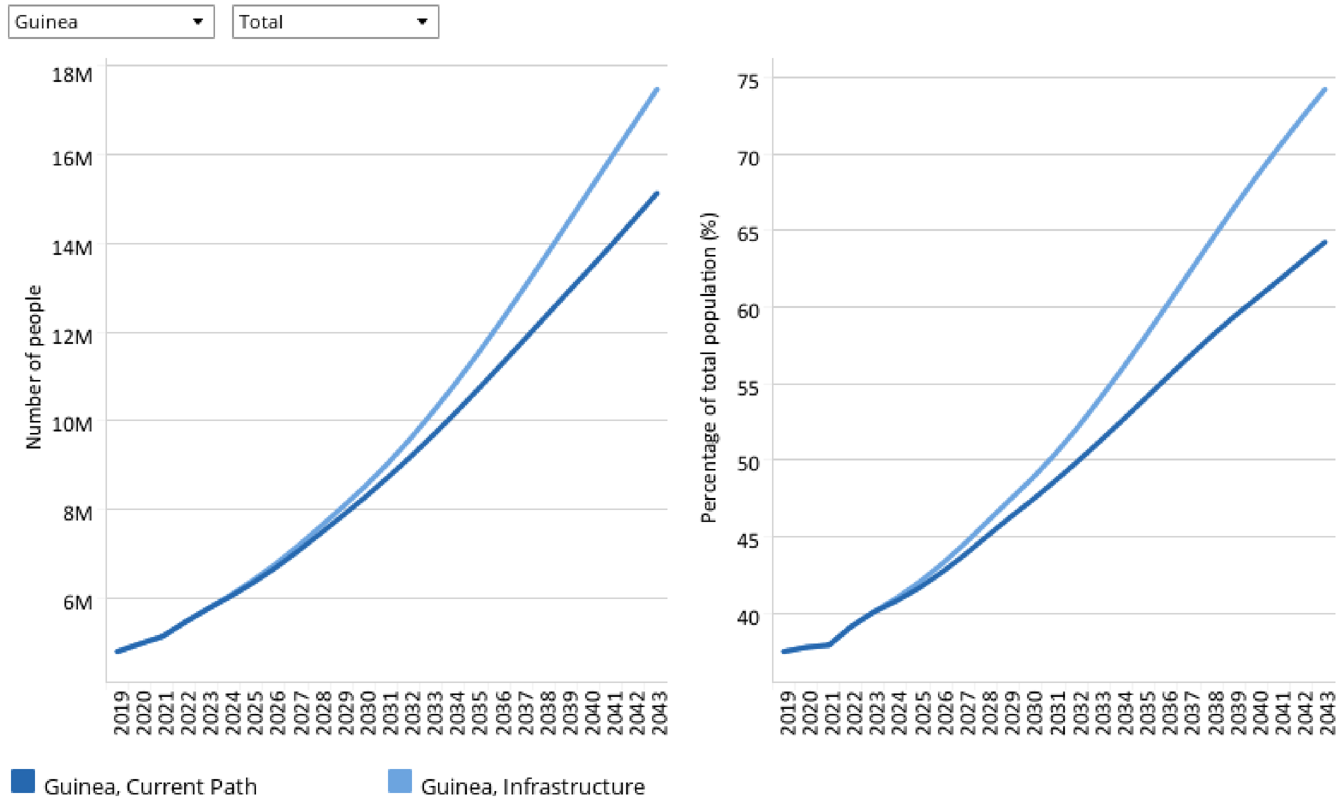
Trade openness will reduce poverty in the long term after initially increasing it due to the redistributive effects of trade. Most African countries export primary commodities and low-tech manufacturing products, and therefore a continental free trade agreement (AfCFTA) that reduces tariffs and non-tariff barriers across Africa will increase competition among countries in primary commodities and low-tech manufacturing exports. Countries with inefficient, high-cost manufacturing sectors might be displaced as the AfCFTA is implemented, thereby pushing up poverty rates. In the long term, as the economy adjusts and produces and exports its comparatively advantaged (lower relative cost) goods and services, poverty rates will decline.

Financing poverty reducing programmes and projects can be costly. If financial flows are used to promote pro-poor private and public investments, the number and proportion of poor people declines. Based on the Financial Flows scenario, the total number of people living below the poverty line of US$1.90 declines to 3.6 million in 2043, representing 15.4% of the total population. This estimate constitutes a reduction of about 200 000 people compared to the Current Path in the same year. It is also below the average of 25.2% of the total population for low-income countries in Africa.

Infrastructure scenario

Chart 47: Electricity access in CP and Infrastructure scenario, 2019–2043

Millions of people and % of population



Source: IFs 7.63 initialising from World Development Indicators data

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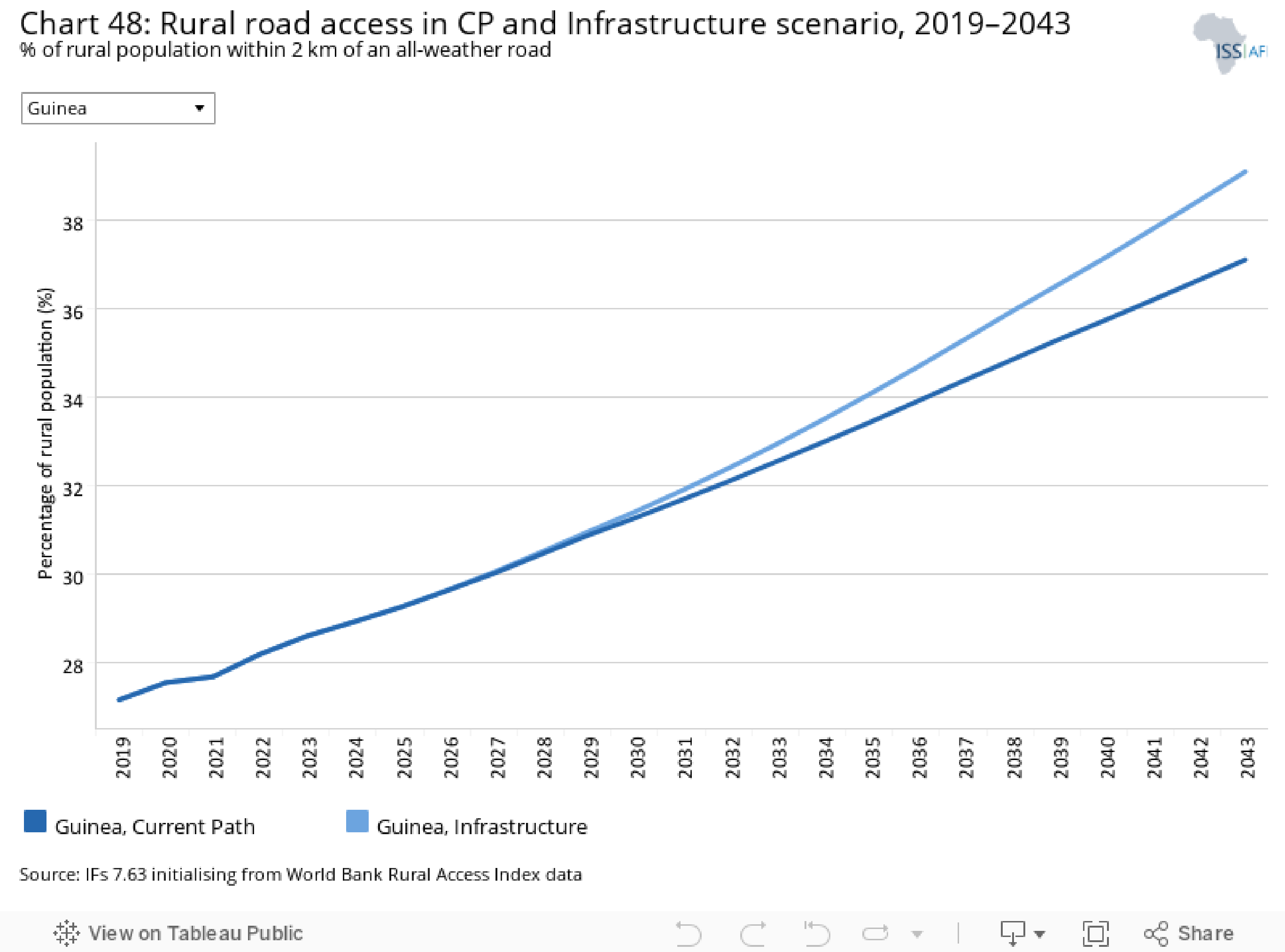
The Infrastructure scenario represents a reasonable but ambitious increase in infrastructure spending across Africa, focusing on basic infrastructure (roads, water, sanitation, electricity access and ICT) in low-income countries and increasing emphasis on advanced infrastructure (such as ports, airports, railway and electricity generation) in higher-income countries.

Note that health and sanitation infrastructure is included as part of the Health/WaSH scenario and that ICT infrastructure and more rapid uptake of renewables are part of the Leapfrogging scenario. The interventions there push directly on outcomes, whereas those modelled in this scenario increase infrastructure spending, indirectly boosting other forms of infrastructure, including that supporting health, sanitation and ICT.

The intervention is explained here in the thematic part of the website.

In Guinea, 4.8 million people (37.5% of the population) have access to electricity, which is above the average for low-income countries in Africa, increasing to 17.5 million in 2043 (74.2% of the population) in the Infrastructure scenario. This increase exceeds the projected value of 15.1 million people (64.3% of the population) in the Current Path forecast. In terms the of rural–urban dichotomy, by 2043, it is projected that 87.2% and 90.2% of urban dwellers will have access to electricity in the Current Path forecast and the Infrastructure scenario, respectively. However, only 63.8% and 49.2% of rural dwellers in the Infrastructure scenario and the Current Path forecast respectively will have access to electricity in

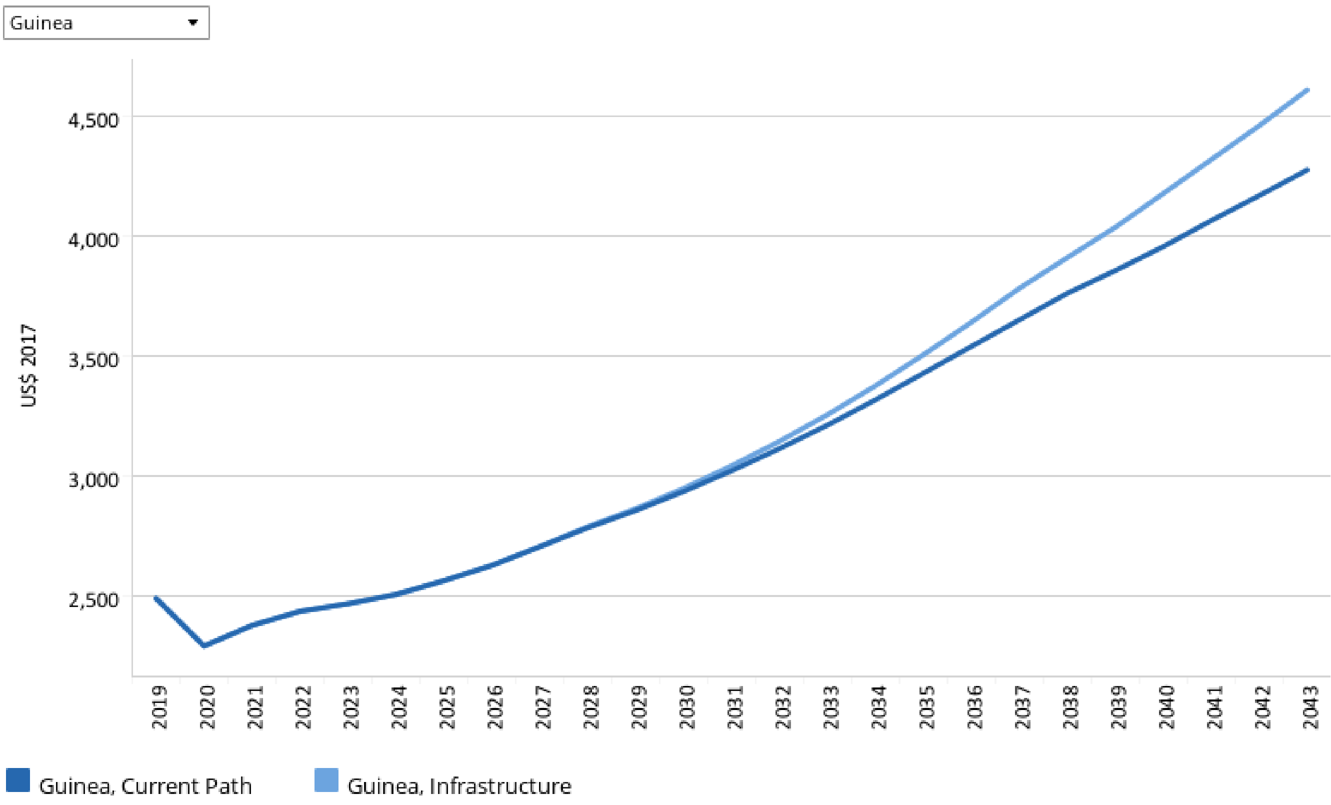
2043, indicating a disparity in access to electricity between urban and rural dwellers in both the Current Path forecast and the Infrastructure scenario.



Indicator 9.1.1 in the Sustainable Development Goals refers to the proportion of the rural population who live within 2 km of an all-season road and is captured in the Rural Access Index.

Accessibility to rural areas is important in spurring the socio-economic development of a country and improving the living standards of rural dwellers. It enables rural dwellers to enjoy amenities from nearby urban areas while allowing urban centres to benefit more easily from the agricultural products supplied by rural areas. In 2019, only 27.2% of all rural dwellers in Guinea resided within 2 km from all-weather roads, which was lower than the average of 43% for low-income African countries. In the Infrastructure scenario, it is expected to rise to 39.1% by 2043, higher than 37.1% in the Current Path forecast but much lower than the average of 53.5% for low-income countries in Africa.

Chart 49: GDP per capita in CP and Infrastructure scenario, 2019–2043
Purchasing power parity



Source: IFs 7.63 initialising from UN Population Division World Population Prospects and World Development Indicators data

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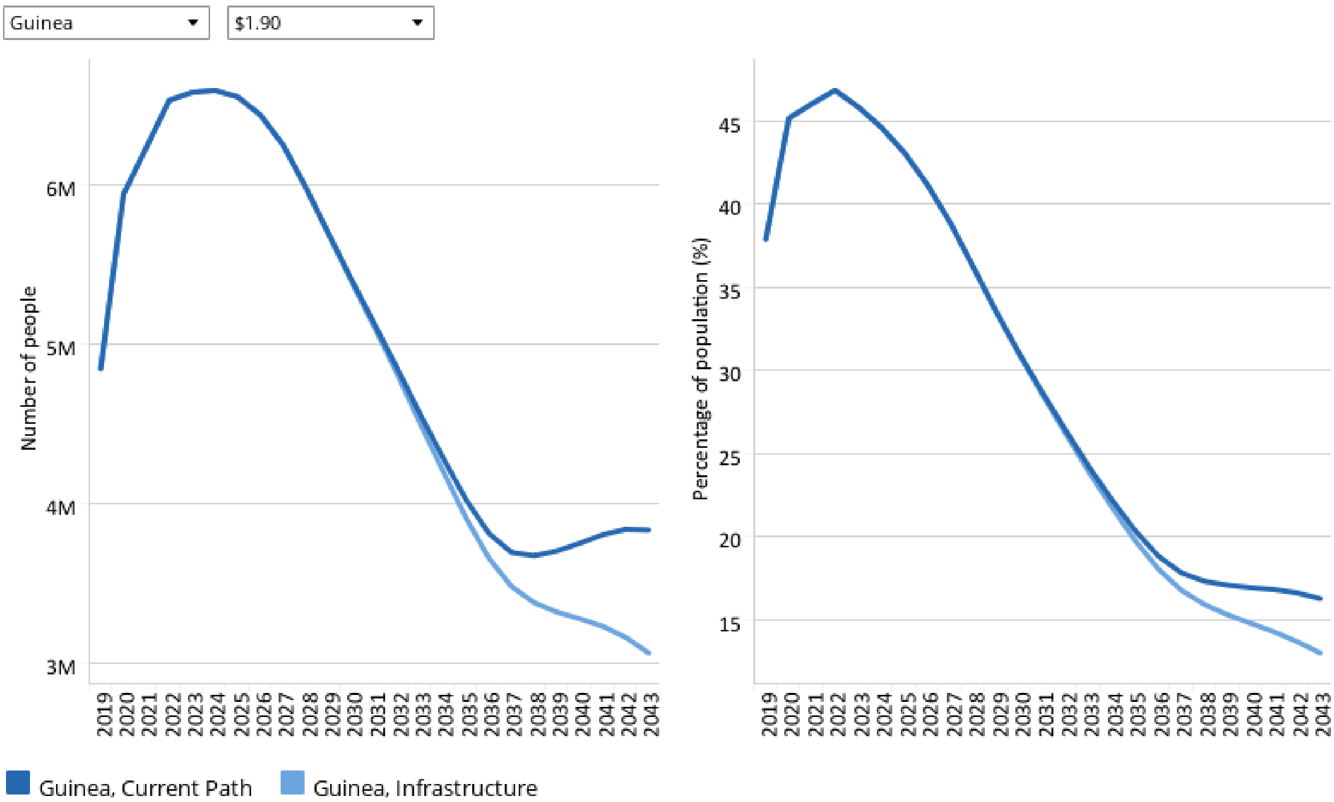
Guinea's GDP per capita is estimated to rise to US$4 613 by 2043 in the Infrastructure scenario. This is US$335 more than the projection in the Current Path forecast in the same year and above the average of US$3 949 for low-income countries in Africa.

Chart 50: Poverty in CP and Infrastructure scenario, 2019–2043
Millions of people and % of total population



Source: IFs 7.63 initialising from UN Population Division Population Prospects estimate, World Development Indicators population data and PovcalNet World Bank data

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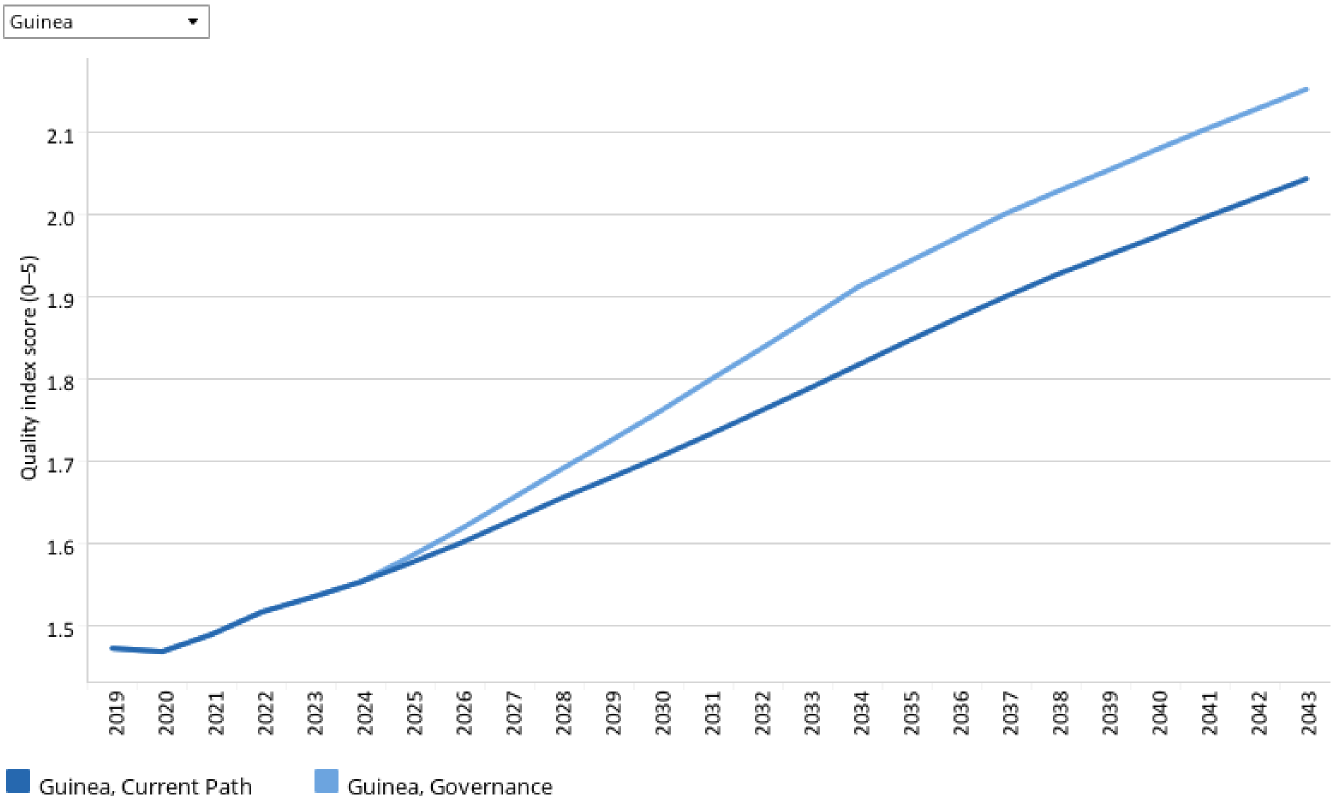
By 2043, the proportion of the poor population is expected to decline from 37.9% in 2019 to 13% in 2043 in the Infrastructure scenario. This corresponds to 3.1 million poor people in 2043 living below the poverty line. Comparing this with the projections in the Current Path suggests that there will be 770 000 fewer poor people in the Infrastructure scenario than in the Current Path forecast for the same year. This will also be lower than the estimated average of 25.2% for low-income countries in Africa.

Governance scenario

Chart 51: Gov effectiveness in CP and Governance scenario, 2019–2043

World Bank quality index score for government effectiveness



Source: IFs 7.63 initialising from Kaufmann, Kraay and Mastruzzi (2010) data

The Governance scenario represents a reasonable but ambitious improvement in accountability and reduces corruption, and hence improves the quality of service delivery by government.

The intervention is explained here in the thematic part of the website.

As defined by the World Bank, government effectiveness 'captures perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies'.

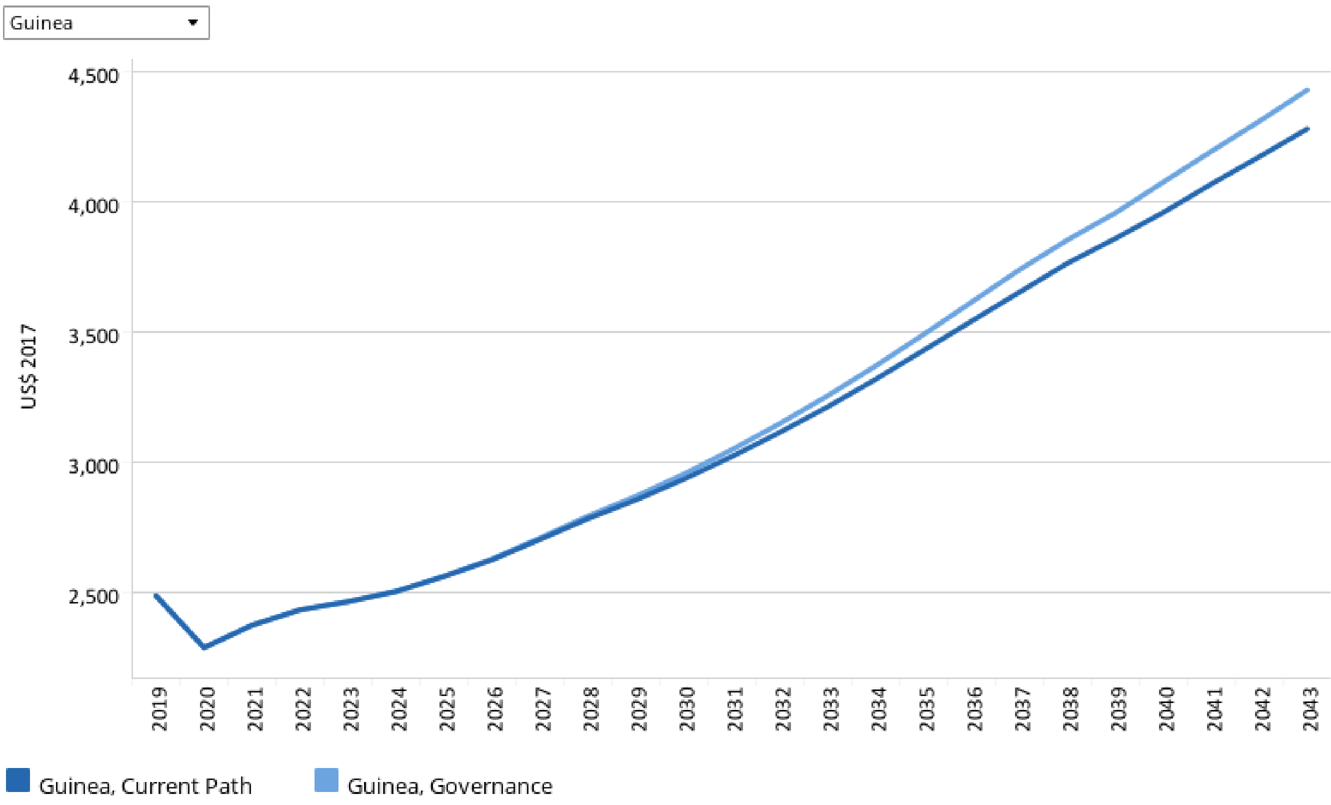
Chart 51 presents the impact of the interventions in the Governance scenario on government effectiveness.

In 2019, Guinea's score in government effectiveness was 1.47, which was above the average of 1.37 for low-income countries in Africa. In both the Current Path forecast and the Governance scenario, government effectiveness is estimated to increase over the period, although the increase in the Governance scenario is higher than the increase in the Current Path forecast. Government effectiveness in the Governance scenario by 2043 is 2.15, which is 0.11 more than in the Current

Path forecast. Guinea's score for 2043 will be higher compared to the average of low-income countries in Africa.

Chart 52: GDP per capita in CP and Governance scenario, 2019–2043

Purchasing power parity



Source: IFs 7.63 initialising from UN Population Division World Population Prospects and World Development Indicators data

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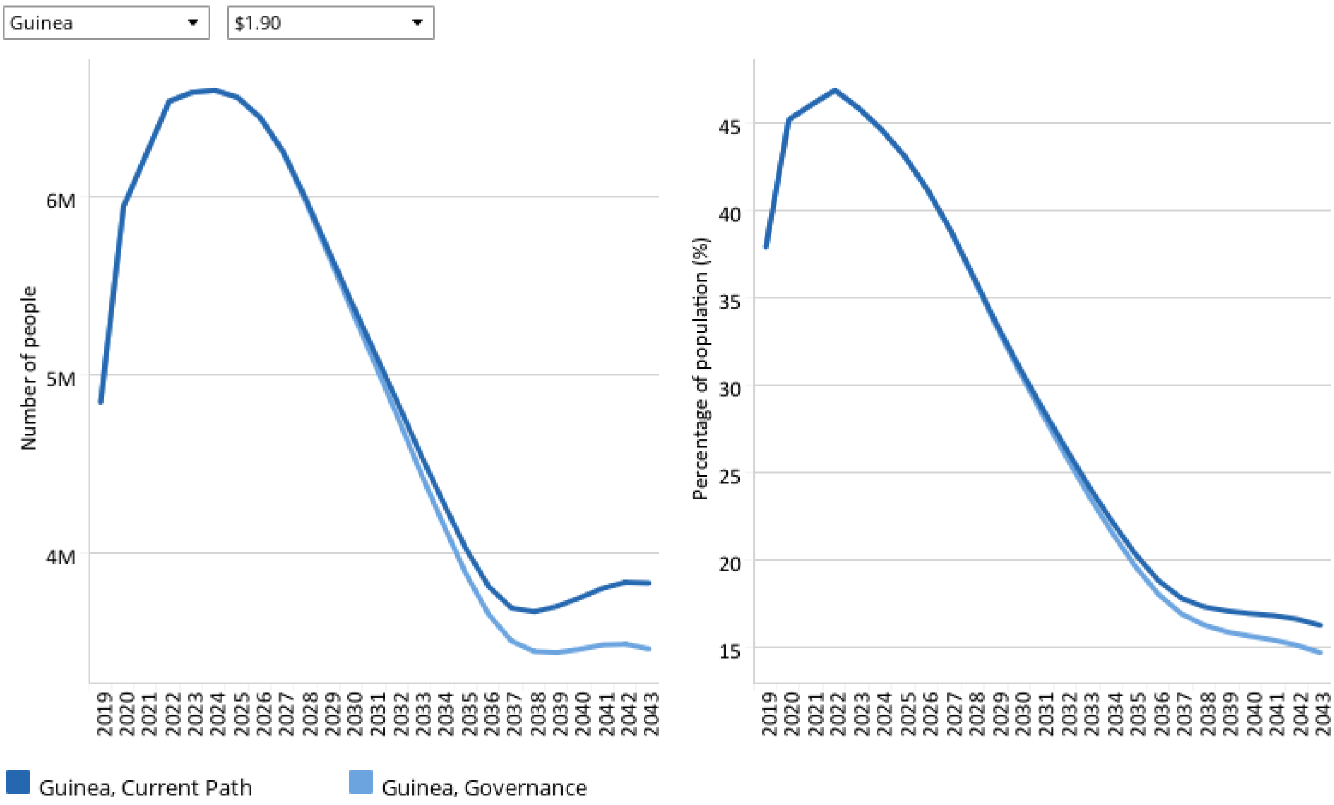
In the Governance scenario, Guinea's GDP per capita is projected to increase to US$4428 in 2043, which is US$150 more than the estimates in the Current Path forecast and higher than the average for low-income countries on the continent in the same year. This suggests that good governance in the forms of reducing corruption, improving the quality of service delivery and accountability can lead to an additional US$150 in GDP per capita compared with the Current Path in 2043.

Chart 53: Poverty in CP and Governance scenario, 2019–2043
Millions of people and % of total population



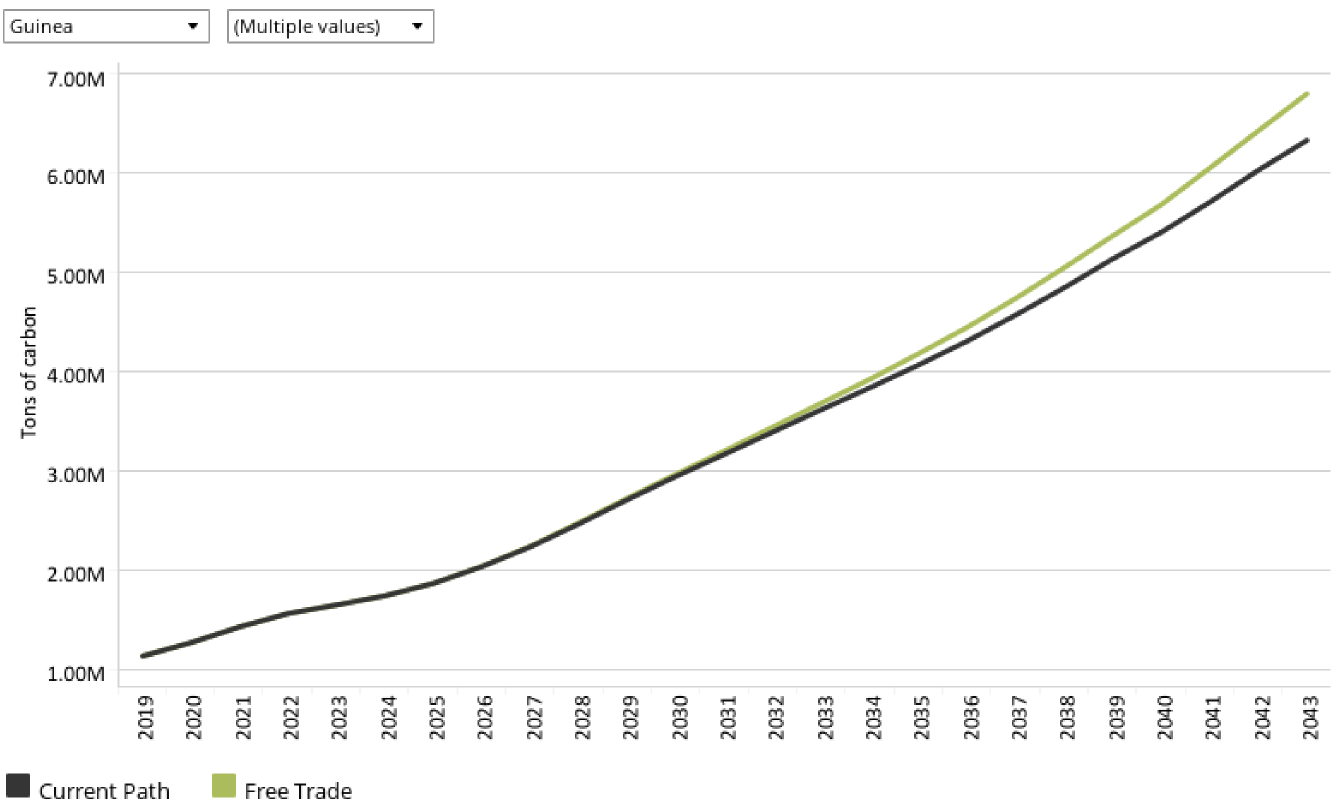
Source: IFs 7.63 initialising from UN Population Division Population Prospects estimate, World Development Indicators population data and PovcalNet World Bank data

The proportion of people living below the poverty line of US$1.90 declines to 14.7% in 2043 in the Governance scenario, which is lower than the 25.2% average for low-income African countries. It also corresponds to about 370 000 people fewer than the 3.8 million poor people projected in the Current Path forecast for 2043.

Impact of scenarios on carbon emissions

Chart 54: Carbon emissions in CP and scenarios, 2019–2043

Million tons of carbon (note, not CO_2 equivalent)



Source: IFs 7.63 initialising from Carbon Dioxide Information Analysis Center data

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This section presents projections for carbon emissions in the Current Path for Guinea and the 11 scenarios. Note that IFs uses carbon equivalents rather than CO_2 equivalents.

The total amount of carbon emitted by Guinea in 2019 was 8.6 million tons. Guinea's carbon emissions are projected to increase in all the scenarios so that by 2043 the intervention with the greatest impact on carbon emissions is the Free Trade scenario, which leads to Guinea's carbon emissions being 6.8 million tons of carbon in 2043. This is followed by the Stability and Infrastructure scenarios, while the interventions with the least impact on carbon emissions are the Demographic and Financial Flows scenario, respectively.

Endnotes

1. International Trade Administration, Guinea country commercial guide, Agricultural sector

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Mr Enoch Randy Aikins joined the AFI in May 2021. Before that, Enoch was a research and programmes officer at the Institute for Democratic Governance in Accra. He also worked as a research assistant (economic division) with the Institute for Statistical Social and Economic Research at the University of Ghana. Enoch's interests include African politics and governance, economic development, public sector reform, poverty and inequality. He has an MPhil in economics from the University of Ghana, Legon.

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