Guinea’s economic freedom score is 56.5, making its economy the 121st freest in the 2020 Index. Its overall score has increased by 0.8 point due to an improvement in the score for fiscal health. Guinea is ranked 17th among 47 countries in the Sub-Saharan Africa region, and its overall score is slightly above the regional average and well below the world average.

With a few exceptions, the Guinean economy has been in the mostly unfree category since the inception of the Index in 1995. GDP growth, however, has been robust, driven by mining exports and investment.

Guinea is one of the world’s poorest countries. The lack of political stability is a serious drag on business confidence, and the export earnings from extractive industries have not generated either broad-based economic activity or the development of domestic markets. Any serious effort to move toward greater economic freedom will need to start with a serious effort to address corruption and improve the rule of law.

**ECONOMIC FREEDOM SCORE**

![Economic Freedom Score Graph]

**RECENT FREEDOM TREND**

**QUICK FACTS**

**POPULATION:** 13.3 million

**GDP (PPP):** $30.7 billion

5.8% growth in 2018

5-year compound annual growth 6.7%

$2,310 per capita

**UNEMPLOYMENT:** 3.6%  

**INFLATION (CPI):** 9.7%  

**FDI INFLOW:** $482.7 million  

**PUBLIC DEBT:** 38.7% of GDP

BACKGROUND: In 2010, Alpha Condé won Guinea’s first presidential election since independence from France in 1958, but the election was marred by irregularities and political violence. Condé easily won a second five-year term in 2015 after the opposition boycotted the elections. His Rally of the Guinean People coalition lost its slim parliamentary majority in 2017. As a result of a constitutional change, and despite hundreds of Guineans being killed during violent anti-Condé protests in 2018 and 2019, Condé was expected to be elected to a third term in late 2019 or 2020. Guinea has huge bauxite reserves and large deposits of iron ore, gold, and diamonds. Despite this great mineral wealth, however, many Guineans face a dearth of jobs, power cuts, and a lack of drinking water.
### 12 ECONOMIC FREEDOMS | GUINEA

#### RULE OF LAW

<table>
<thead>
<tr>
<th>Property Rights</th>
<th>Judicial Effectiveness</th>
<th>Government Integrity</th>
</tr>
</thead>
<tbody>
<tr>
<td>38.7</td>
<td>33.3</td>
<td>16.1</td>
</tr>
</tbody>
</table>

(+4.0) (+0.7) (-9.4)

Land sales and business contracts generally lack transparency. Enforcement of property rights depends on the inefficient Guinean legal and administrative system. The same piece of land may have several overlapping deeds. Although the constitution and law provide for an independent judiciary, the judicial system lacks independence and is underfunded, inefficient, and vulnerable to corruption. A pervasive culture of impunity and corruption hampers business activity.

#### GOVERNMENT SIZE

<table>
<thead>
<tr>
<th>Tax Burden</th>
<th>Government Spending</th>
<th>Fiscal Health</th>
</tr>
</thead>
<tbody>
<tr>
<td>70.0</td>
<td>91.4</td>
<td>93.8</td>
</tr>
</tbody>
</table>

(+0.6) (+1.6) (+6.6)

The top personal income tax rate is 40 percent, and the top corporate tax rate is 35 percent. Other taxes include value-added and inheritance taxes. The overall tax burden equals 13.3 percent of total domestic income. Government spending has amounted to 16.9 percent of the country’s output (GDP) over the past three years, and budget deficits have averaged 1.4 percent of GDP. Public debt is equivalent to 38.7 percent of GDP.

#### REGULATORY EFFICIENCY

<table>
<thead>
<tr>
<th>Business Freedom</th>
<th>Labor Freedom</th>
<th>Monetary Freedom</th>
</tr>
</thead>
<tbody>
<tr>
<td>55.4</td>
<td>58.0</td>
<td>70.6</td>
</tr>
</tbody>
</table>

(+0.8) (+3.1) (+4.2)

Guinea has made some regulations and fees simpler and less costly. Small and medium-size companies often face a shortage of credit availability. The labor force participation rate has increased. Mandatory benefits are avoided by the hiring of contractors. Widespread, illegal, and dangerous child labor persists. Guinea maintains some state-owned enterprises for public utilities (water and electricity), but the government is gradually privatizing them.

#### OPEN MARKETS

<table>
<thead>
<tr>
<th>Trade Freedom</th>
<th>Investment Freedom</th>
<th>Financial Freedom</th>
</tr>
</thead>
<tbody>
<tr>
<td>60.4</td>
<td>50.0</td>
<td>40.0</td>
</tr>
</tbody>
</table>

(-2.8) (No change) (No change)

The total value of exports and imports of goods and services equals 132.1 percent of GDP. The average applied tariff rate is 12.3 percent, and nontariff barriers further constrain trade freedom. Political instability has deterred foreign investment. The financial sector remains underdeveloped. The country has fewer than 10 commercial banks, and most economic activity remains outside of the formal banking sector.