Overview

Guinea is on the coast of West Africa and is bordered by Guinea-Bissau, Senegal, Mali, Ivory Coast, Sierra Leone and the Atlantic Ocean.

With a population estimated at 12.8 million in 2019, Guinea’s gross domestic product (GDP) was FG100 780 billion (US$10.99 billion) in 2018, and is expected to be FG104 400 billion (US$11.40 billion) by the end of 2019, according to Trading Economics global macro models and analysts’ expectations. In the long run, Guinea’s GDP is projected to trend around FG110 042 billion (US$12 billion) in 2020.

Most of the country’s 3.9 percent real GDP in 2018 was attributed to the industrial sector dominated by mining and manufacturing. The primary sector recorded 3.1 percent growth rate and the service sectors 3.1 percent. The increased growth, driven by robust reforms in the business climate, improved access to electricity and attracted investment in the agro-food sector.1

Real GDP is projected to grow by 6 percent in 2019 and 2020, underpinned by expansion in services and the extractive subsector, while the manufacturing contribution remains weak. On the demand side, the return of private investment, particularly in the mining sector, should increase the contribution of capital expenditure to growth.2

The budget deficit increased to an estimated 4.4 percent of GDP in 2018, from 2.2 percent in 2017, because of loans to finance public investments. Public debt went from 37.4 percent of GDP in 2017 to 39.0 percent in 2018, 18 percent of which is external debt.3

The inflation rate was expected to be 9.30 percent by the end of September 2019, and is expected to be at nine percent in 12 months. In the long run, the inflation rate is projected to trend around 8.70 percent in 2020.4

The real estate development sector has seen a relative improvement. This is the result of government’s commitment to affordable housing, fiscal reforms and new regulations introduced in 2015 to facilitate access to affordable housing for all.

The adoption by the Government of Guinea (GoG) of a five-year Plan National de Développement Economique et Social (National Economic and Social Development Plan) in 2016, in Paris, has provided new opportunities for foreign direct investment. In her capacity as Minister of Planning and Economic Development, the Minister said the department was able to raise FG73.4 billion (US$8 billion) of FG199 billion (US$21.7 billion) needed for the plan.5

The country has improved its human development score, however, Guinea still has one of the poorest populations according to the United Nations Development Programme, with a Human Development Index ranking of 175 out of 190 2019.6

To promote decent housing in Guinea, several institutional reforms have been undertaken, such as the Land Code, Investment Code, Code of Construction and Housing, Tax Code, Customs Code, and texts related to public-private partnerships. The GoG has set up various bodies to facilitate access to land and to promote financial inclusion. Among these are la Société Nationale

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**Guinea**

**Author:** Youssouf Keita
Affordability and Access to finance

Guinea’s financial sector remains relatively large in size, with 18 commercial banks, 18 microfinance and loans institutions, four electronic money institutions, and five insurance companies. For the mutual funds, known as the President’s Initiative for Poverty Alleviation to facilitate access for youth and women, the official figures show that approximately FG 30 billion was allocated at Afirland First Bank with the technical insights of Agence Nationale des Institutions de Microfinance.

However, there is no widespread mortgage financing in the financial sector in Guinea. Individual banks and microfinance institutions provide housing finance only to their personnel on preferential conditions such as an interest rate as low as 2.5 percent with a 12 years maturity. For the general public, the restricted conditions define up to 17 percent interest rate over 12 years.

The financing of housing on these terms are conditional on certain collaterals such as land titles, houses and other forms of financial and monetary assets.

The financial institutions do not provide mortgage funding. However, they provide short-term financial resources for construction and trade. Major banks such as Société des Banques de Guinée, EcoBank, Banque Islamique de Guinée, Banque Sahélo-Sahélienne pour le Commerce et l’Industrie, and Banque Internationale pour le Commerce et l’Industrie de Guinée (BICIGUI) provide construction finance to major private companies operating in housing development. These private companies include SOGEFEL SA, BEGEC SA, and GUICOPRESS SA, which partner with the GoG to finance construction projects and affordable housing development through public-private partnerships.

To access decent and affordable housing for low income earners, the GoG has instituted a tax called solidarity-housing tax. A one percent tax rate is levied on workers’ gross payroll in the public and private sectors. Other financial resources are also collected to finance access to decent housing for low income households.

Affordability

There have been a host of burgeoning debates on housing policy in Guinea recently. GoG’s efforts to narrow the housing backlog and facilitate access to housing remain a challenge for the inhabitants. A main concern of President Alpha Condé’s administration since 2010 has been on providing affordable, decent and secure housing for low income families. The GoG has been developing and building social housing units on government-subsidised lands. In Kéita, for instance, the Ministry of Land, Housing Development and Urban Planning has built social housing units to reduce the housing backlog in the country. In Koba, in Conakry with the help of China, the GoG has undertaken the construction of 20,000 housing units in the first step of a mega project.

On the housing market, a four-room house would cost between FG 85 million (US$92 700) and FG 2 billion (US$218 100). On the housing market, a four-room house would cost between FG 850 million (US$9.27 million) to FG10 000 000 (US$109-US$1 100) for 103 265 households; and more than FG10 000 000 (US$1 100).

Availability of data on housing finance

There are many reasons behind the data gap on housing finance in Guinea. First, confidentiality surrounding official data with civil servants whether at the Ministry of Land, Housing and Urban Development, or Ministry of Finance, or other public entities. The same applies to private sector entities or private developers. Organisations involved in data collection are:

- Ministry of Land, Housing and Urban Development, www.mvat.gov.gn provides land and planning through the land registry system to private developers. It seeks funding through the many entities that it incorporates.
- Ministry of Budget, www.mbudget.gouv.gn, with the Customs Office; provides tax breaks and holidays to private developers.
- Ministry of Trade and Industry; has adopted the Investissements Code in which there are incentives for private companies not specific for housing finance.

There are many other entities providing non-mortgage-housing finance to their in-house personnel with lower interest rates. These entities are in the banking and non-bank sectors.

Again, the main problem is data confidentiality in the strictest sense. The gap is that there is no data or if it exists, it is difficult to collect because they are paper-based.
### GUINEA

**Annual income profile for rural and urban households based on consumption (PPP$)**

<table>
<thead>
<tr>
<th>No. of households (thousands)</th>
<th>Urban</th>
<th>Rural</th>
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<tr>
<td>PPP$001 – PPP$1 000 000</td>
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<td>PPP$23 001 – PPP$40 000</td>
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<td>PPP$12 001 – PPP$23 000</td>
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<td>PPP$8 001 – PPP$12 000</td>
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<td>PPP$6 01 – PPP$8 000</td>
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<tr>
<td>PPP$4 01 – PPP$6 00</td>
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<tr>
<td>PPP$2 01 – PPP$4 00</td>
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<td>&lt;PPP$200</td>
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</table>

- - - Average annual household income needed for the cheapest newly built house by a formal developer, 2018
- - - Average annual household income using expenditure, 2018 (PPP$)

[Source: https://www.cgidd.com/C-GIDD, 2019](https://www.cgidd.com/C-GIDD, 2019)

A recent analysis of the housing market in Guinea, carried out jointly by the GoG and the International Finance Corporation (IFC), and taking into account access to housing that is both decent and secure, provides new information on the housing deficit. According to this study, Guinea faces today a significant housing deficit estimated at 500,000 units with an annual demand of 47,000 homes.12

In this study, the Minister of Land, Housing and Urban Development said that the President’s “A roof for every Guinean” initiative will deal with the general problem of housing in Guinea. Plans include the GoG building 5,000 social housing units in Conakry and upcountry.

The IFC Regional Director for West and Central Africa has made it clear that Guinea is a priority country. According to the director, Guinea faces a major housing crisis. Various sources have indicated that the deficit could be between 250,000 to 650,000 units over the next five to 10 years if nothing is done.

The Prime Minister and Head of Government have said that the theme is in line with the priorities of the presidential programme of social housing, with the ambition to make every citizen a real estate owner, and guarantee a roof over the head of each family.13

In view of its development and modernisation plan of Guinea, the GoG envisages the construction of 100,000 social housing units in the peripheral areas of Conakry. The signing of a memorandum of understanding took place in 2016 between the GoG and national private companies in charge of the project, under the auspices of the Guinean Chief of State Alpha Condé.14 The total cost of the project is valued at US$6 billion. According to the memorandum, social housing units will be offered to more than 100,000 families at affordable prices. The project spans five to eight years.

The GoG, through SONAPI, has identified 20 hectares in Conakry and surrounding areas. The project will be financed by companies from the United States, China, Switzerland, Gabon, Germany, and Guinean national companies.

Lack of diversified financing options on a large scale, has spurred the self-building of houses in Guinea. The gap between housing supply and demand is immense. Based on the salary level, the most vulnerable people are teachers, youth and women with a monthly income below FG1.5 million (US$164). China Drill Group is a major participant in the housing sector in Guinea. In a partnership agreement with the GoG and a commercial bank for mortgage financing, China Drill Group will provide 200,000 houses comprised of social housing, economic housing, medium standing, and high standing units. Launched on 24 April 2018, this project is part of a global package of a project named the New City of Conakry and is yet to start. It covers 20,000 social housing units to be built in Conakry on a total land area of 700 hectares including green space.15

In the short run, China will help build 80,000 affordable houses in the capital, Conakry. It’s one of the largest construction projects in the country and is set to make a visible difference in a nation that is classified as one of the poorest on the continent, according to China Global Television Network on 21 May 2018.16

The GoG has started building social housing in the areas of Ketyaya in Dubreka and Kassonya in Conakry.17 The materials used are locally produced and made of blocks, concrete, cement, sand, concrete iron, wood, timber, corrugated sheets and sheet. The land sizes vary between 70m² and 250m² and up for F2, F3 and F4.18

Seventy percent of the housing market is dominated by rental with an average price valued at FG15 million (US$1,636) located in the city centre, and FG45 million (US$600) outside the city centre in THE residential area.19 There are no official figures on rental in Guinea, but the Code of Construction and Housing set up the average rental price.

The National Bureau of Statistics identified 1,253,154 households in Guinea during the last general census survey in 2012. Urban population growth accounts for 30 percent of the total population with 6.1 percent population growth rate a year in the capital city of Conakry. While 470,270 households live in urban areas, 290,000 households live in Conakry. To put an end to precarious housing in Guinea, the GoG has signed more than 10 partnership agreements with national private companies and foreign developers to build 120,000 housing units in Lambalji and Cobayah in the northeast of Conakry, as well as in Dubreka.20

**Property markets**

Guinea does not have a vibrant housing market because of both acute poverty and non-existent mortgage financing options. However, Guinea’s investment and tax code, and the regulatory bodies, provide security to investors in the housing and construction industry. There is not yet a reliable system of property registration. However, as of September 2019, the GoG has sent agents into the field to record the houses.

Measuring business regulations, the World Bank Doing Business 2019 report notes that Guinea is making steady progress in improving its business atmosphere in dealing with the construction permits and registering property. However, the country recorded a low 152 out of 190 countries in the Ease of Doing Business Index. On average, it takes almost 151 days to deal with a construction permit, slightly above Sub-Saharan African countries and below the countries of Organisation for Economic Cooperation and Development (OECD). It requires 15 procedures to obtain construction permit in Guinea, while in Sub-Saharan Africa and the OECD countries, the average number of procedures is 14.7 and 12.7 respectively. The cost of registering a warehouse is relatively equivalent with OECD countries’ scores but far below Sub-Saharan Africa on average.

While the Land Code stipulates the GoG owns lands, there are still traditional landowners who continue to sell land in the country. Most land is not
registered. To obtain a secure, reliable cadastral system, a Title Deed Restoration Programme by the Ministry of Land, Housing and Urban Development, with the assistance of Morocco, began in 2018 to ensure the registration of land.21

However, prices are skyrocketing in the formal market in the city centre and peripheral surroundings. The GoG with technical assistance from SONAPI is building social housing units in the area of Ketaaya at affordable prices with the help of local banks. The rental price varies. On average in Conakry, office spaces are valued at FG1.9 million (US$2,072) and residential rents are estimated at FG5 million (US$5,452.25). In the suburban areas such as K6, office spaces are valued at approximately FG1.2 million (US$1,310) while residential rent is estimated from FG2.5 million to FG4.5 million (US$2,732-US$4,911). In the same areas, a lot size from 500m² to 800m² is priced on average at FG3.5 billion to FG5 billion (US$382,000 to US$454,245). In area like Somaya in Coyah, the same size of land costs FG475 million (US$52,000) according to Immolux Guinée on its Facebook page. Typical residents cannot afford these prices and instead build their own houses over long periods of years and sometimes decades.

Formal and informal real estate agents coexist in the property market, and the most influential are AGUIMMO SARL, Conorly Immobilier, Agence Immobilière Titi Camara, Kankané IMMO, Immolux Guinée SARL, CIC Guinée, COGEST SA and Guinée Home.

Policy and regulation

The Ministry of Land, Housing and Urban Development, the National Funds for Housing and Urbanism, the National Society for Planning and Real Estate Development, the Mortgage Guarantee Fund, and the Land Security Fund are the five major public institutions in the housing industry. These bodies were created by the 2015 Code of Construction and Housing to accelerate land ownership and housing finance in Guinea:

- Fonds National de l’Habitat et de l’Urbanisme, responsible for raising and mobilising financial resources;22
- Société Nationale de l’Aménagement et de la Promotion Immobilière (National Society for Planning and Real Estate Development) responsible for planning, identifying developers, and promoting affordable housing;
- Fonds de Garantie Hypothécaire (Mortgage Guarantee Fund) responsible for mortgage guarantee;
- Fonds de Sécuration Foncière (Land Security Fund) responsible for land guarantee.24

For these bodies to function, the GoG introduced a new Land Code in 2015.25 The Code stipulates that the state, as well as private individuals and entities, may hold title to land and buildings and exercise the ownership right pertaining to the rules of the Civil Code and those of this Code. The right of ownership confers on its holder the enjoyment and free disposition of the property.

The 2012 Investment Code facilitates investment conditions for national as well as foreign investors in Guinea by providing fiscal incentives as long as they invest in infrastructure and housing development.26

The 2015 Tax Code provides tax incentives for national and foreign real estate developers.27

Finally, the 2015 Code of Construction and Housing governs regulations that guarantees duty-free lands to developers committed to building social housing for low and middle income families.

Despite all these efforts, the housing industry still does not meet the needs of the people who still face major difficulties in the housing industry.

Opportunities

According to the Ministry in charge of Investments and Public Private Partnerships, Guinea has experienced rapid growth and a high urbanisation rate (in 2010, the urban population exceeded the 30 percent population threshold). Many projects in urban planning and development, sanitation and housing have been completed or are underway. The GoG has signed a number of housing development partnerships with private developers. The legal framework has also undergone great reforms with the promulgation of a housing and real estate development code to better organise the housing industry. To promote real estate development for the poor, the GoG assists in providing investment incentives to developers. These incentives are, to mention a few, tax holidays, duty-free entry for construction materials and equipment, and free repatriation of investment proceeds.28 The five-year development plan also provides incentives and stipulates government’s political will to narrow the 500,000 housing gap. The Ministry of Land, Housing and Urban Development and private shareholders are joining together to support the housing economy for the benefit of low income households.

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