INTERNATIONAL DEVELOPMENT ASSOCIATION
AND
INTERNATIONAL MONETARY FUND

GUINEA

Decision Point Document Under the Enhanced Heavily Indebted Poor Countries (HIPC) Initiative

Prepared by the Staffs of the International Development Association
and the International Monetary Fund[1]

November 29, 2000

Contents | Page

[1] Approved by Michael Hadjimichael and Masood Ahmed (IMF), and Kemal Dervis and Callisto Madavo (IDA).

Boxes

Tables

Figures

ABBREVIATIONS AND ACRONYMS

AfDB/F	African Development Bank/Fund
BADEA	Arab Bank for Economic Development in Africa
BCRG	Banque Centrale de la Republique de Guinée
CAS	Country Assistance Strategy
CBSD	Capacity Building for Service Delivery Program
CNSS	Social Security Fund
CIRR	Commercial Interest Reference Rate
CRDs	Local communes (Communauté Rurale de Développement)
DSA	Debt Sustainability Analysis
ECOWAS	Economic Community of West African States
ECOMOG	ECOWAS Military Observer Group
EIB	European Investment Bank
ESAF	Enhanced Structural Adjustment Facility
GDP	Gross Domestic Product
GNP	Gross National Product
HIPC	Heavily Indebted Poor Country
IDA	International Development Association
IFAD	International Fund for Agricultural Development
IMF	International Monetary Fund
IsDB	Islamic Development Bank
MDB	Multilateral Development Bank
MIGA	Multilateral Investment Guarantee Agency
MTEF	Medium-Term Expenditure Framework
NDD	National Direction of Debt
NHDP	National Human Development Program
NPV	Net Present Value
ODA	Official Development Assistance
OPEC	Organization of Petroleum Exporting Countries
PDC	Prefecture Development Council
PDSS	Health Services Development Project
PEMAC	Public Expenditure Management Adjustment Credit
PER	Public Expenditure Review
PRGF	Poverty Reduction and Growth Facility
PRSP	Poverty Reduction Strategy Paper
SAC	Structural Adjustment Credit
SSA	Sub-Saharan Africa
VAT	Value-added tax
VCSP	Village Communities Support Program
WAEMU	West African Economic and Monetary Union

I. INTRODUCTION

1. This paper presents a decision point assessment of Guinea's eligibility for assistance under the enhanced Initiative for Heavily Indebted Poor Countries (HIPC Initiative). In their discussions on the preliminary HIPC document on December 21 and 22, 1999, the Executive Boards of the IMF and IDA declared Guinea eligible for assistance under the HIPC Initiative (Guinea is also eligible to receive assistance under traditional debt-relief mechanisms) in view of its high indebtedness, its status as a Poverty Reduction and Growth Facility (PRGF) and IDA-only country, and its track record of reforms.[2] They agreed to consider Guinea's decision point under the enhanced HIPC Initiative upon submission to the Boards of an Interim Poverty Reduction Strategy Paper (I-PRSP) and completion of the first review of the third annual PRGF arrangement, scheduled for December 2000. A new three year PRGF arrangement is expected to be presented to the Fund's Board by the end of the first quarter of 2001.

2. The paper is organized as follows. Section II provides a summary of Guinea's recent adjustment record. Section III contains the main elements of Guinea's medium-term policy outlook including the country's interim poverty reduction strategy. Section IV contains the results of the updated debt sustainability analysis and describes the assistance under the enhanced HIPC Initiative. The staffs' recommendation concerning the completion point triggers are presented in Section V. Conclusions reached by the staff on Guinea's eligibility for HIPC assistance are presented in Section VI. Section VII concludes with the issues for discussion by Executive Directors.

II. SUMMARY OF GUINEA'S ADJUSTMENT RECORD[3]

A. Macroeconomic and Structural Reform

3. Guinea's economic performance over the last 12 months was heavily influenced by exogenous factors, particularly: (i) a 7.4 percent decline in the terms of trade owing to a further fall in the prices of its principal exports, bauxite and alumina, and rising import prices for petroleum products; and (ii) the tenuous security situation and armed conflicts in neighboring countries. Real GDP slowed from 4.5 percent in 1998 to 3.3 percent in 1999 but is projected to recover to 4.5 percent in 2000. Average inflation in 1999 was moderate (4.6 percent) but it increased sharply in the last three months of 1999, and again in the last quarter of 2000, owing to an increase in retail petroleum prices, as well as to a

[2] IDA/R99-200 (December 14, 1999) and IDA/SecM99-709 (December 23, 1999), and EBS/99/226 (December 13, 1999).

[3] Guinea's adjustment record, up to mid-1999 including a detailed description of the macroeconomic, structural and social sector policies implemented, was presented in the above-mentioned Preliminary HIPC Document for Guinea.

marked depreciation of the currency that followed the institution of a central bank foreign-exchange auction (a depreciation of 33 percent in 1999, and a further 7 percent during the first ten months of 2000).

4. On the fiscal front, the revenue effort in 1999 was somewhat weaker than the year before, owing to a substantial shortfall in domestic indirect tax receipts. Overall expenditures increased by 1.1 percentage points to 15.9 percent of GDP, as the currency depreciation raised the local currency cost of external interest payments, and capital expenditure accelerated toward the end of the year. The domestic primary balance declined from 2.4 percent of GDP in 1998 to 2.3 percent in 1999. Moreover, although the external debt obligations were met in full, the authorities had a carryover of domestic arrears from 1998 and somewhat overcommitted the 1999 budget, thus ending the year with substantial payments due (0.6 percent of GDP).

5. The authorities experienced considerable difficulties throughout the first half of the program supported by the third annual PRGF arrangement (October 1999-March 2000). Early in 2000, military expenditures were substantially higher than expected, owing to the deteriorating situation in the region.[4] In addition, expected donor aid was not forthcoming and revenues were flagging. Despite tight expenditure management, the public finance situation at end-March 2000 called for additional action. Moreover, there were delays in implementing critical structural reforms in the areas of (i) strengthening governance (the institution of an Anti-Corruption Committee); (ii) public enterprise privatization and restructuring; and (iii) public finances (tax audits of key public enterprises and of customs). Revised monthly objectives in terms of fiscal and monetary policy, and additional measures in the area of structural reform, were thus set to help the authorities bring the program back on track. By end-September 2000, revenues had strengthened noticeably; expenditures in the priority sectors were brought back into line with the budget objectives; and delayed structural reforms had been implemented. The primary surplus at end-2000 is projected at 2.9 percent of GDP, in line with the original program. The staffs therefore consider that the program has been successfully brought back on track, and the Fund staff recommend that the first review under the third annual PRGF arrangement be concluded. However, with disbursements of foreign budgetary assistance now expected only at end-March 2001, the deficit at end-2000 will have to be bridge-financed by additional domestic bank credit, pushing the revised monetary targets for 2000 out of reach.

6. The authorities' main structural reforms since the mid-1980s are summarized in Table 1 below. The key reforms were in the areas of price liberalization, public sector divestiture, the financial sector, public expenditure management, and trade and exchange rate policies. In the recent period, structural reforms in the areas of public sector management, the public enterprise sector, and the banking sector continued with notable progress. The banking system underwent a restructuring, both financial and operational.

---

[4] Expenditures for Guinea's contribution to the ECOMOG peace-keeping forces in Sierra Leone are projected to nearly triple in 2000 from the budgeted level of GNF 19 billion to 53 billion (equivalent to about 1 percent of GDP). Total military expenditures would thus be some 1.5 percent of GDP.

In addition, the central bank reinforced its supervisory capacity to bring it in line with the recommendations of the Basel Committee for Banking Supervision. The reform of public expenditure management continues. In parallel with efforts to restructure expenditures using the medium-term expenditure framework (MTEF) approach, the government is also implementing a series of measures to (i) strengthen budgetary monitoring and control; (ii) strengthen the regulatory framework that governs the processing of public expenditures; and (iii) standardize and simplify budgetary processes (which also helps to minimize the risk of corruption). The regulatory framework that governs budget implementation has been streamlined and strengthened with (i) the creation of a separate financial control department, (ii) the strengthening of budget and finance staff in all line ministries, (iii) the effective implementation of the new procurement code, and (iv) the publication of a procurement newsletter; all of which have vastly improved government procurement. The computerized expenditure monitoring system became fully operational in June 2000, and a revision of the general accounting framework was adopted in August 2000. The reform plan for reorganizing customs was launched on September 1, 2000. Three of the four fiscal audits of the utility enterprises have been completed, and action plans are being implemented.

7. With regard to the public enterprise sector, the process of liquidating the mining sector parastatal (ANAIM) was launched in August, and liquidation procedures are being prepared for another eight enterprises. Seven additional enterprises were offered for sale in September 2000. A study of the regulatory framework for investment in the public utilities sector has been completed with World Bank assistance. On October 24, 2000, the Council of Ministers adopted a general strategy for the public enterprise sector. Finally, the new management of the social security fund (CNSS) is implementing the reform recommendations of a technical assistance consulting firm with positive initial results. The anticorruption committee (CNLC) that was created in February 2000 began its operations in June 2000, and is preparing a definitive plan for its activities that will include the launching of a nationwide survey on corruption.

Table 1. Guinea's Major Structural Changes in the Economy (1985-2000)			
Area of reform	Mid-1980s	Mid-1990s	End-1990s
Price liberalization	Removal of most price controls.	Liberalization of the distribution of petroleum products and diamonds.	
Privatization	About 234 public enterprises (PEs) existed, accounting for 92 percent of total domestic credit and 38 percent of GDP.	Less than 60 PEs remained in the State's portfolio at end-July 1995.	Privatization of the insurance company and partial privatization of the telephone company and the largest commercial bank. Major mining companies sectors are privately managed.
Financial sector reform	Liquidation of five state-owned commercial banks and establishment of new banks with foreign participation and management.	Recapitalization or closure of ailing banks; introduction of uniform bank reserve requirement; lifting of interest rate controls; and enactment of a new Central Bank Act and a new Financial Institutions Law.	Audit of the National Social Security Fund and reorganization of its financial and accounting directorates.
Public expenditure management	First known formal budget prepared in 1988.	In December 1994, for the first time the budget is approved before the beginning of the fiscal year.	Adoption of a computer-based public sector financial information system; creation of a separate Financial Control Department; adoption of a new procurement code; and launching of a MTEF.
Trade reform and foreign exchange regime	Replacement of the sylli by the Guinean franc with a 13-fold devaluation; removal of some exchange restrictions.	Shift of the surrender of export proceeds from the central bank to the commercial banks; liberalization of the opening of foreign currency deposits with local commercial banks; and introduction of an interbank foreign exchange market.	Introduction of foreign exchange auction at the central bank; reduction of tariff rates.

B. Service Delivery and Poverty Reduction

8. Reliable current data are scarce, but indications are that about 40 percent of the population is living below the 1994/95 Guinean poverty line, equivalent to US$0.82 per day. Despite a per capita income that is higher than the average in sub-Saharan Africa (SSA), Guinea's social indicators are almost uniformly worse (Table 2). Access to safe water is the only indicator where Guinea does better than the average. It is worth noting that public services were in complete disarray in the mid-1980s when Guinea initiated the liberalization process and transition toward a market economy. Nevertheless, as was shown in the preliminary HIPC document, during the 1990-98 period, Guinea made

greater progress in social development than the average SSA country, particularly education. Table 2 shows that Guinea reduced the gap in primary school enrollment rates relative to the average SSA country from 1990 to 1999, as Guinea's overall primary school enrollment rate rose from 29 percent to 56 percent.

Table 2. Guinea: Social Development Indicators, 1990 and 1999

	1990		1999 1/	
	Guinea	Average for Sub-Saharan Africa	Guinea	Average for Sub-Saharan Africa
GNP per capita (in current U.S. dollars)	440	540	540	480
Life expectancy (in years)	44	50	46	51
Infant mortality (per 1,000 births)	136	100	120	91
Urban population (in percent of total population)	26	28	31	33
Urban population with access to safe water (in percent)	55 2/	47 2/	65	…
Illiteracy (in percent of population aged 15 and higher)	76	50	64	42
Gross primary enrollment rate (in percent of school-age population)	29	76	56	77
Male	50	83	72	84
Female	19	68	40	69

Source: Government of Guinea; and World Bank, *World Development Indicators* and *World Development Reports.*

1/ 1999 or latest available statistic.

2/ 1993 data as 1990 data are not available.

9. The groundwork for Guinea's poverty reduction policy was laid in the context of the preparation in 1996 of the strategy dubbed "Guinea—Vision 2010." In particular, the government developed a national strategic vision for poverty reduction through broad consultations with key Guinean stakeholders, who were asked to rank priorities (see Box 1). In terms of specific actions, poverty alleviation measures have chiefly taken the form of increased efforts to fully fund agreed programs in primary education and basic health. Moreover, several overarching poverty reduction initiatives have been launched by the authorities in recent years with the assistance of donors, particularly IDA. These include the National Human Development Program (NHDP), the Country Assistance Strategy (CAS) for

Guinea, the village communities support program (VCSP), and the capacity-building for service delivery program (CBSD).[5]

Box 1. National Strategic Vision—Ranking of Priorities by Beneficiaries

The following priority areas were ranked highest by the stakeholders/beneficiaries who participated in both the grassroots consultative meetings and the National Forum in 1997 and fully reflected the government's development strategy.

Social sector (29 percent of votes cast). Priorities: (i) health (13 percent), with a focus on primary health care; (ii) education (11 percent), with emphasis on basic education; and (iii) employment and housing (5 percent). **Infrastructure** (25 percent of votes cast). **Rural development** (24 percent of votes cast). **Small-scale enterprises/industries** (13 percent of votes cast). **Governance** (9 percent of votes cast).

The priority given to the above five broad areas, both in rural and urban areas, reflects a real concern about the ineffectiveness and inefficiency of these services. The relative importance attached to governance/justice/security issues, especially in urban areas, mirrors people’s concern about the centralization of power in Conakry and the resultant mixed service delivery results. 1/

1/ The government's highly participatory and bottom-up strategic planning exercise to build a broad consensus on a national strategic vision involved consultation with 3,380 beneficiaries/stakeholders (of which 1,015 were women) from civil society, village communities, and women's groups in all four regions of the country and the capital city, Conakry. It culminated in a National Consultative Forum in Conakry at which participants ranked the above sectors as their highest priorities.

Education

10. The government’s education reforms, which dealt with the legacy of a poorly functioning educational system, have achieved significant results. Overall primary school enrollment increased from less than 30 percent in the late 1980s to 56 percent in 1999. Primary school enrollment for girls more than doubled, increasing from 19 percent at the end of the 1980s to 40 percent in 1999. While the record of budget allocations and execution has been mixed over this period, the management capacity of the sector has been considerably strengthened at the regional and prefectoral levels through initiatives such as in-service teacher education. There has also been considerable growth in private education over the past decade as the percentage of primary school children in private schools has increased from about 3 percent to about 15 percent. Qualitative improvements have been limited mostly to primary education, while major reforms at higher levels of the education system have yet to be undertaken.

Health

11. The health care system was in a state of virtual collapse in 1985, with limited services coverage and poor quality of care, particularly in rural areas. Some progress has since been made in the decentralization of decision making, and the development of primary health facilities, district hospitals, and regional and district health

[5] These initiatives are described in Chapter III of Guinea’s Interim Poverty Reduction Strategy Paper (I-PRSP) (EBD/00/104, November 29, 2000; and IDA/SecM2000-672, November 29, 2000).

administrations. The management capacity of the Ministry of Public Health has been strengthened with the setting up of a new management information system. Nevertheless, the health sector is currently facing important problems arising from scarce financial resources, as total health expenditures in the public sector account for only US$3 per capita and represent only 5 percent of the government budget. Important progress has been made with the introduction of a community-based financing system. This has allowed the provision of more accessible and more affordable health services which led to an increase of utilization of preventative and basic curative services and a decrease in the under-5 mortality rate between 1992 and 1999. Essential preventative services such as immunization are provided free of charge and exemptions mechanisms for the poor exist at the community level. The HIV/AIDS epidemic is presently at comparatively low levels (the HIV prevalence rate in the population of reproductive age was estimated at 2.1 percent in 1997) but is increasing, and some groups (e.g., sex workers, truck drivers, and military personnel) are already heavily affected.

Rural development, roads, and water

12. The 1994 Integrated Household Survey showed that poverty in Guinea is essentially a rural phenomenon.[6] The widespread lack of basic infrastructure is a continuing constraint on the rural development process. Poor access and high transport costs limit the extent to which inputs and services can reach the rural population, and hamper the delivery of agricultural products to potential domestic and export markets.

13. A lack of resources for road maintenance and expansion of the road network, particularly in the rural sector, remains an obstacle to promoting rural development and increasing agricultural production and productivity. In 1998, 75 percent of the total network and 90 percent of the rural road network were in poor condition and needed rehabilitation. Based on the future resources that are expected to be available under the road maintenance and investment budgets, including contributions of donors, only about 38 percent of the road network would be in good or average condition in 2007. The government is considering the creation of a second-generation Road Fund, which will increase the amount of resources available for road maintenance. It is also preparing a rural Transport Policy Letter which codifies a transport sector strategy based on a network management approach that responds to local needs and sets out methods and techniques for rehabilitation and management.

14. Considerable improvements have been made in ensuring access to safe water. In 1987, less than 28 percent of the urban population had access to safe water. By 1999, that percentage had more than doubled to 65 percent, although access to safe drinking water in rural areas is limited to only 49 percent of the population.

---

[6] For example, the illiteracy rate, which varies between 69 percent and 76 percent, is more marked in rural zones.

III. Medium-Term Policy Outlook

15. Guinea's medium-term policy outlook was outlined in the Preliminary HIPC document, as well as in the policy framework paper, both of which were presented to the Boards in December 1999. As described in the I-PRSP, the Government's main medium-term development strategy aims at achieving high and sustained growth and poverty reduction by maintaining macroeconomic stability, continuing structural reforms, and intensifying poverty reduction programs in priority sectors.

16. Guinea's medium-term strategy draws on the considerable body of information gleaned from the profoundly participatory series of consultations that have since 1996 underpinned both the National Human Development Plan and IDA's Country Assistance Strategy. In the context of the preparation of the I-PRSP and as a prelude to the formulation of the medium term development plan, the government took the information-gathering process to its next stage, namely identifying the baseline situation in the different dimensions of social development and poverty reduction. Availability of baseline data[7] in the priority areas (education, health, rural development, road maintenance and justice) fulfils a necessary condition for the establishment of benchmarks that the final PRSP and medium term strategy would both target and be assessed by.

17. The authorities' medium-term objectives and policies will be firmed up in a full PRSP in 2001, formulated through broadly the same participatory approach as for the interim document. The PRSP will set monitorable medium-term poverty-reduction targets, including specific targets for the social and other priority sectors, and provide a medium-term expenditure framework, allocating budgetary resources to finance attainment of these objectives.[8]

A. Macroeconomic Policies

18. The medium-term macroeconomic policy framework remains largely as set out in the Preliminary HIPC document of December 1999.[9] The principal macroeconomic objectives for the next three years are to (i) gradually increase real growth to 5.5 percent per annum; (ii) reduce inflation to less than 4 percent; and (iii) raise international reserves to the equivalent of 3.5 months of imports. Regarding the longer term, the authorities' objective is to achieve output growth of at least 5.6 percent. However, given that the agriculture and mining sectors will be the major sources of growth during this period achievement of these growth rates will be heavily subject to external factors, especially climatic conditions and changes in the demand for and prices of Guinea's main exports.

---

[7] As described in the I-PRSP.

[8] The assessment by the staffs of IDA and the Fund of the I-PRSP and the process for completing the PRSP are contained in IDA/SecM2000-672 (November 29, 2000) and EBD/00/104 (November 29, 2000).

[9] The fundamental orientation of fiscal, monetary, external and structural policies is unchanged. However, specific annual targets of macroeconomic policies, as well as the timing and sequencing of individual reform measures, may be adjusted in light of the poverty reduction strategy as it develops, within the overall context of maintaining macroeconomic stability and fostering sustained growth.

19. In addition to a targeted increase in savings, investment will be financed by attracting foreign capital. The increase in savings is expected to originate—in the first few years at least—in the government sector, with the private sector progressively increasing its share in line with the development of its activity.

20. Fiscal and monetary policies will be used to strengthen macroeconomic stability, supported by structural reforms to promote private sector development and a more effective use of public resources. Fiscal policy will be geared toward attaining a primary surplus sufficient to service the external debt (after debt relief) without resorting to exceptional financing and limiting recourse to domestic bank financing. This outcome would free financial resources in the domestic banking system for private sector development. An important element in the near term will be the continuation of reforms in customs and tax administration (including the rationalization of the system of exonerations and exemptions), with a view to boost the revenue elasticity and gradually raise the revenue-to-GDP ratio to 13 percent, compared with about 11 percent at present. This will provide a rising amount of domestic resources to finance both poverty reduction policies and an increasing share of public investment. Recent improvements in budgetary procedures and expenditure monitoring should result in greater efficiency in reallocating primary expenditure and capital outlays to the priority areas of the poverty reduction strategy, although the absolute levels of current and capital spending in these priority areas are also expected to rise over time.

21. The central bank's increasing reliance on indirect instruments of control should enhance the efficiency of monetary policy in controlling inflation, and thus facilitate the maintenance of an appropriate and stable exchange rate. At the same time, an improved economic and judicial environment for banking sector activity, as well as enhanced banking regulation and supervision consistent with international norms and the strengthening of microfinance institutions, is expected to foster the mobilization of savings and facilitate the domestic financing of an increasing share of investment, including in the small-scale enterprise sector which lacks access to traditional bank financing.

22. **External sector policies** will continue to focus on maintaining a market-determined flexible exchange rate and a sufficient level of international reserves to cushion external and internal shocks. A key objective in this area is the diversification of exports, to reduce dependency on mining and the attendant vulnerability to commodity price fluctuations. The liberalization of exchange and trade, and, more particularly, the strengthening of regional trade in the context of the planned introduction of a second monetary zone in the Economic Community of West African States by 2003, are expected to be an important component of this improvement. External debt reduction and rescheduling will help alleviate the burden of external debt service, while the cost of domestic debt service will fall in the medium term because of the projected improvement in the fiscal position.

B. Structural Policies

23. Reforms aimed at fostering a favorable environment for economic growth and poverty reduction include (i) decentralized service delivery, which brings government closer to the Guinean people;[10] (ii) a more proactive privatization program targeting major public enterprises; (iii) the improvement of public expenditure management; and (iv) improved governance and transparency (fight against corruption).

Decentralized services delivery framework for poverty reduction

24. Since the mid-1990s, a key objective of the Guinean government has been to improve the efficiency and quality of service delivery to local communities, thereby stepping up poverty reduction and promoting social equity and inclusiveness. To meet this goal, the government has followed a four-pronged approach. At the operational level, the aim has been to align the strategic priorities of communities with (i) resource allocation at the macro and decentralized level; (ii) human and institutional capacity (including incentives); and (iii) delivery mechanisms. At the resource level, the aim has been to support better alignment of budgetary resources (including through decentralization) to ensure quality service delivery in the priority social sectors. At the institutional level, the emphasis has been on better service delivery through (i) decentralizing service delivery to local and community organizations; and (ii) forging and strengthening synergies between the central (core and sector ministries) and local governments, the private sector and local community organizations. Finally, at the level of actual service delivery, the goal has been, through a broad-based cross-sectoral approach, to empower local communities to enable them to play their expected central role in decentralized service delivery. The Bank has supported this decentralized service delivery approach framework through (i) the now closed Public Expenditure Management Adjustment Credit (PEMAC, which the forthcoming SAC IV will build on and extend) to support the alignment of resources; (ii) the ongoing Village Communities' Support Program to support the decentralized and integrated service delivery; and (iii) the ongoing Capacity Building for Service Delivery and Urban III projects to support the alignment of capacity and incentives.[11]

---

[10] See Box 5, "Bringing Government Closer to the Guinean People;" and paragraphs 37-42 in the Preliminary Document for the Initiative for Heavily Indebted Poor Countries, EBS/99/226 and IDA/R99-200.

[11] As a first step, the 2001 Budget Law provides for the transfer of 80 percent of the proceeds from two taxes (the *taxe professionnelle unique* and the *contribution foncière unique*) to the local government level. These taxes will be matched by direct transfers of budgetary and donor-financed resources from the central government.

Box 2. Enhancing the Capacity to Deliver Better-Quality Services to the People

Four IDA-supported projects have been put in place to enhance the capacity to deliver better-quality service to the people. The PEMAC aimed at facilitating the restructuring of public expenditures toward priority areas. The Village Communities Support Project (VCSP) and Urban III Project are aimed at strengthening and developing the decentralization framework (i.e. devolving responsibilities and resources to local governments, strengthening the local governments' capacity to perform their functions, and improving local governance and accountability). The Capacity Building for Service Delivery and Project (CBSD) is designed to strengthen the public sector capacity to fulfill its role. Together, these initiatives endeavor to disengage the central government and the public sector, as well as decentralized units, as much as possible from direct provision of services when local governments, the population, and/or the private sector are able to provide them. Additionally, they aim to refocus government and decentralized entities on performing specific missions and on creating an enabling environment to allow local governments, the population, and the private sector to play their role.

Public enterprise reform

25. The government adopted in October 2000 a strategic framework for the public enterprise sector that is intended to send clear signals to the private sector, nationals and foreigners alike, as to the new role of the state. The key elements of the strategy include (i) the extension and acceleration of the privatization program;[12] (ii) improvements in the business, institutional, and regulatory environment to encourage private sector participation, particularly in providing basic infrastructure;[13] (iii) a strengthening of the efficiency, financial situation, and competitiveness of the parapublic sector; and (iv) a reduction in government budgetary costs.

26. In the area of public utilities, an improved regulatory framework and more competitive market structures in the area of the public utilities will contribute to enhancing their efficiency and expanding the access of the population to these services. In the mining sector, the government policy will focus on privatizing the ownership or the management of state-owned companies and on liquidating or privatizing support services in that sector.

Public expenditure management

27. Considerable progress has been made in realigning budgetary resources in accordance with the overall aim of improving public service delivery at the local level and in consolidating and deepening the medium-term expenditure framework approach.

---

[12] This includes (i) the review of the legal framework for privatization, including privatization laws and regulations, bankruptcy laws and procedures, and legislation governing public enterprise employee status; (ii) the creation of a privatization unit, with appropriate mandate, authority, and resources; (iii) the review of selected utility and transport sector legislation and regulatory instruments; and (iv) measures designed to alleviate the social impact of privatization, such as retrenchment plans and a communication strategy.

[13] To this end, the government has acceded to the Organization for the Harmonization of Business Law in Africa (OHADA).

Starting in fiscal-year 2000 (January-December), a new budget classification has been adopted, allowing for the detailed allocation of recurring expenditures, beginning with the priority sectors, to lower levels of government (prefectures) in support of efforts to improve the capacity and delivery mechanisms at the local level, especially in rural areas. As mentioned above, the entire circuit of budgetary expenditures has been computerized, allowing for closer control over government spending. In conjunction with a forward-looking monthly cash-flow plan that has been in use since February 2000, the government is better able to match expenditure commitments to available resources, ensure the proper prioritization of spending, and reduce the likelihood of incurring payments arrears. The Anti-Corruption Committee has already undertaken a preliminary survey of past treasury practices and has recommended specific measures to the Ministry of Justice in some identified areas of irregularities.[14]

28. On the revenue side, the audit of customs procedures and the fiscal audits of four major public utility enterprises, which were completed in the last quarter of 2000, as well as the ongoing program of reform in the customs department and the program of monitoring customs duty exemptions, are expected to close some existing loopholes in the tax and customs system and strengthen the mobilization of domestic revenue. The Anti-Corruption Committee has also been charged with investigating major cases of tax evasion and fraud. Given the importance of a well-functioning Anti-Corruption Committee, its activities are proposed to be monitored as one of the floating completion point triggers.

C. Delivery of Social Services and Poverty Reduction Policies

29. The government will complement the structural reforms outlined above with cross-sectoral rural development and poverty reduction policies that will make Guinea's poverty reduction strategy more effective. The government is committed, with the help of multilateral organizations and bilateral donors, to further moving Guinea toward a strategy for poverty reduction and growth, as stated in the Guinea–Vision 2010 strategy. In order to achieve the quantitative objectives, agreed between the authorities and the IDA, the government will continue to increase the level, share, and efficiency of social expenditures in the government budget.

Poverty reduction policies in the education sector

30. The government of Guinea has announced its goal of reaching full primary school enrollment by 2007, while improving quality and maintaining class sizes at their present levels. This will require a net increase of at least 1,500 teachers per year over the next eight years and the construction of an equivalent number of classrooms per year. As it moves to decentralize services delivery, the government will need urgently to unify the fragmented education sector management (currently under three separate ministries). It

[14] Specifically, the Committee found evidence of misappropriation and non-payment of income from assets in the government's portfolio, and has submitted these cases to the Economic Crimes Brigade for further investigation. The Committee has also found that laxity in the issuance and monitoring of fishing licenses has led to substantial losses in government revenue in foreign exchange and has recommended specific remedial action.

will also need to greatly reduce the costs of administration, which currently consume more than 30 percent of the sector budget.

31. As described in more detail in the I-PRSP, which also includes the medium-term performance indicators, the following policies will be necessary in order to reach these objectives: (i) decentralization of budget and personnel management; (ii) recruitment and posting of teachers by available positions; (iii) increased non-wage budget expenditures and improved execution; (iv) introduction of national languages at lower levels of schooling; (v) privatization of certain services within the ministries of education, notably textbook preparation and distribution; (vi) increase in length of school year and decentralized management of school calendar; (vii) exam reform; (viii) greater support for private education, especially at higher levels; and (ix) reform of the scholarship system for higher levels of education.

Poverty reduction policies in the health sector

32. The government's overall objective is to achieve affordable access to quality health care for the entire population. As described in the I-PRSP, the specific objectives related to the health sector are to (i) improve the access to quality health services for the poorest segment of the population; (ii) improve social accountability, decentralized planning, and management capacity; (iii) reinforce activities to control HIV/AIDS; and (iv) decrease proteino-energetic malnutrition and micronutrient deficiencies.

33. In order to achieve these ambitious objectives, the government will—in addition to sector reform and policy improvements—continue to focus its efforts on the major systemic hurdles and weaknesses, including the following:

- insufficient spending for health compared with other low-income countries, especially for the non-wage recurrent budgets;
- low budget implementation (of both investment and non-wage recurrent budgets);
- decline in government funding for primary health services and for regional and district health administrations;
- inadequate deployment of staff and a persistently uneven distribution of health facilities;
- low-quality and incomplete utilization of services;
- inefficient procurement and distribution system for essential drugs;
- insufficiency of risk-sharing mechanisms, such as small-scale prepayment schemes (*mutuelles de santé*); and
- inefficient and inequitable pricing mechanisms.

The identification of new sources of financing for the health sector, including from funds generated by debt relief, and the launching of small-scale prepayment arrangements, additional reliance on the private sector, and a more efficient use of donor resources are also among the government's priorities. Although HIV/AIDS is not today as serious a threat in Guinea as in some other SSA countries (see above), the fact that the epidemic has increased and become an important development issue has been publicly recognized by government at its highest levels. Efforts are being made to involve all concerned sectors to monitor regularly (i) the epidemic and (ii) the results of various interventions.

For example, the innovative youth-to-youth awareness program has proved to be effective and is being expanded. Targeted intervention for those groups most at risk, for example, military personnel, has also been introduced.

34. Box 3 below shows quantitative targets the government of Guinea plans to achieve in order to address the major causes of morbidity and mortality in Guinea.

Box 3: Quantitative Targets to Address the Major Causes of Morbidity and Mortality in Guinea				
	2000	2001	2002	2003
Immunization rates for children under 1 year of age (for DPT3: diphtheria, tetanus, and pertussis), percentage	45	50	55	60
Assisted deliveries by trained attendants (percentage of total)	35	40	45	50
Use of iodized salt (percentage of population)	10	20	30	50

Rural development, road maintenance, water, and poverty-reduction policies

35. In addition to the policies in the health and education sectors, and related to the structural reforms described in the previous section, the government aims to strengthen rural development and poverty alleviation programs by (i) promoting agricultural production and productivity through support to rural development; (ii) improving service delivery in rural areas through devolution of responsibilities and resources to local institutions and the private sector;[15] (iii) enhancing governance and institutional capacity; (iv) improving labor-intensive public work programs; and (v) extending credit-based programs, especially in the area of microfinance. The first three objectives are described in more detail in the I-PRSP.

36. The improvement of the existing road network and its continued expansion, particularly in rural areas, is expected to have a major indirect effect on the implementation of specific policies in other sectors, such as health, education, and rural development, as well as on overall economic development and, thus, on income and employment opportunities. The medium-term objectives in terms of the improvement in road density and the percentage of the road network in good condition are derived from the transport sector strategy – the choice of which roads to maintain will be made by the affected populations themselves and in view of its impact on the successful implementation of other sectoral policies. Moreover, the government intends to use a labor-intensive approach and to give preference to local labor in all road construction and maintenance activities, with a view to promoting employment and fostering the development of small-scale local enterprises.

[15] For example: export promotion; agribusiness; input commercialization; output commercialization; and privatization/outsourcing of certain services.

37. As the central element of its policy of improving general health conditions, the government intends to raise (i) the rate of rural access to safe water from an estimated 49 percent in 1999, to 70 percent in 2010; and (ii) the rate of urban access to safe water from 65 percent in 1999, to 90 percent in 2010. As such, it will pursue its efforts to install water supply infrastructure in urban areas and water points in rural areas, with increasing reliance on the participation of recipient communities in the financing and maintenance of these infrastructures, in close collaboration with NGOs active in these communities.

Gender equality

38. Building on specific actions already undertaken to reduce poverty among women,[16] the government intends to implement a cross-sectoral approach to fostering gender equality and will take into account the specific status of all underprivileged population groups, particularly women, in the design of all sectoral strategies. Specific targets will thus be set for (i) increasing the access of girls to the various levels of education; and (ii) the expansion and development of health services that aims at addressing effectively the specific needs of women (for example, prenatal care, childbirth assistance, and family planning) and infants. Furthermore, special policies will be designed to develop income- and employment-generating activities for women, including, in particular, promoting the access to microcredits.

Monitoring and tracking poverty-related spending

39. Based on a detailed review of public expenditures by the World Bank completed in 1996, efforts were launched in 1998 to improve resource allocation mechanisms, as well as to monitor and follow-up on public expenditures, with the support of a Public Expenditure Management Adjustment Credit (PEMAC) from IDA. In the context of the medium-term expenditure framework, public expenditures are being restructured in favor of the priority sectors of health, education, rural development, and road maintenance. The combination of the computerized expenditure monitoring system, the prioritization of expenditures within the monthly cash-flow plan, and the application of the MTEF to the priority sectors (in which the HIPC resources are to be spent), enable the authorities to track expenditures in an increasingly efficient way.

40. Effective use of debt-relief assistance remains a key objective of the enhanced HIPC Initiative. The government of Guinea thus intends to continue its efforts to strengthen expenditure management and control, and to improve services delivery in the priority areas. Hence, budget tracking based on an accounting system that would correctly identify and classify specific expenditures will accompany the allocation and management of HIPC assistance to Guinea. This system will be fully implemented in the course of 2001, with the ongoing technical support of the World Bank in the context of public expenditure management.

41. While this system should be simple, and aim to ensure easy monitoring, control, and transparency, it requires that the authorities continue their efforts to address

[16] See the section on "Gender and Equality" in the I-PRSP (EBD/00/104 and IDA/SecM2000-672, Chapter IV, Section B.G.).

weaknesses in the area of expenditure management and control. Overall, this mechanism would be centered on improvements to budget execution in Guinea, including introduction of an accounting system that would allow tracking of all poverty-related spending, improved reconciliation of government budget accounts and banking data, effective internal audit, potential use of expenditure tracking surveys, or implementation of ex post audits of how funds were used, and introduction of annual closing of accounts. Supplementing these public expenditure improvements for poverty-related spending in particular would be (i) the establishment of a monitoring committee consisting of representatives of government and civil society; and (ii) the undertaking (and public dissemination of the results of) technical and financial audits to ensure effective use of these resources in the form of goods and services delivered on a semiannual basis for the first two years and annually thereafter.

42. To ensure transparency and control the use of funds for poverty-related transactions, the authorities have prepared a supplemental "poverty reduction budget", in which the additional expenditures in the priority areas that will be financed by resources from debt relief under the enhanced HIPC Initiative, as well as from additional donor resources, are clearly identified. The poverty-reduction budget will be submitted to and authorized by the National Assembly and integrated into the overall budget approved under the Budget Law for 2001. An inter-ministerial committee co-chaired by the Minister of Finance and the Secretary of State responsible for Planning (or their representatives) will be entrusted with the responsibility of authorizing the use of these resources, consistent with the priorities set out in the supplemental poverty reduction budget and original budget, and coordinating the preparation of quarterly financial and technical reports on the execution of poverty-related spending in the budget. These reports will be discussed by the monitoring committee and made public through the media (newspapers, radio, and television).

IV. Debt Sustainability Analysis and Assistance Under the Enhanced HIPC Initiative

A. Debt Sustainability Analysis

43. This updated debt sustainability analysis (DSA) was prepared jointly by the Guinean authorities and IMF and World Bank staff using loan-by-loan data provided by the authorities and creditors for debt outstanding at end-1999.[17]

44. The Guinean authorities have contacted all creditors to reconcile the stock-of-debt and repayment terms and the nominal debt data have been reconciled with most creditors' data and, separately with data provided by the Paris Club Secretariat. Debt reconciliation with bilateral creditors has been completed.

[17] Debt management issues were treated in the preliminary document for Guinea, IDA/R99-200 (December 14, 1999) and EBS/99/226 (December 13, 1999).

45. At end-1999, Guinea's external public debt amounted to US$3.4 billion in nominal terms, including arrears. The present value of this debt stock is estimated at US$2.4 billion, or 307 percent of exports and 86.8 percent of GDP. At the end of 1999, total arrears amounted to US$582.6 million, of which US$420.0 million was owed to Russia, and US$159.2 million to non-Paris Club bilaterals and US$3.5 million to multilaterals. Arrears to multilaterals and Paris Club bilaterals other than Russia were cleared in the first two months of 2000.Nominal debt service due was US$197.5 million in 1997, US$159.8 million in 1998, and US$131.4 million in 1999. Debt service actually paid in these three years was US$128.2 million, US$108.0 million, and US$80.9 million, respectively, reflecting the terms and conditions of the 1997 Paris Club arrangement.[18]

Multilateral debt

46. 60.2 percent of the estimated public and publicly guaranteed debt outstanding and disbursed at end-1999 is owed to multilateral creditors. IDA is the largest creditor, with 46.1 percent of the debt outstanding to multilateral creditors, while the African Development Bank/Fund (AfDB/F) account for some 22.9 percent, the European Union/European Investment Bank for 9.8 percent, and the IMF for 9.6 percent.

Bilateral debt

47. Bilateral creditors held 39.4 percent of Guinea's public and publicly guaranteed debt at end-1999, of which 27.9 percent is due to Paris Club creditors (including 11.9 percent to Russia) and 11.5 percent to other bilateral creditors (Table 4).[19] Commercial debt represented only 0.4 percent of total debt following the completion, with assistance from the IDA Debt Reduction Facility and bilateral donors, of the debt-buyback operation in 1998.[20]

48. Guinea has benefited from five Paris Club rescheduling agreements since 1986. The initial rescheduling was on nonconcessional terms (over a ten-year period, including a five-year grace period). Subsequent agreements rescheduled debt-service payments on pre-cutoff-date debt (1986), on Toronto terms (in 1989), on London terms (in 1992 and 1995) and on Naples 50 percent NPV terms (in 1997).

---

[18] In 2000, Guinea continued to pay its Paris Club creditors under the terms and conditions of the 1997 rescheduling agreement (50 percent Naples terms) which expired in 1999. Guinea is thus considered by the Paris Club to have accumulated technical arrears which could amount to some US$18 million by end-2000. A comparison of debt service payments to social expenditures is not possible due to a lack of detailed data on social expenditures in past years.

[19] Bilateral debt with some creditors has not yet been reconciled. The impact of the positions taken by some creditors on the total debt stock is analyzed below. In early 1999, the arrears outstanding to Argentina were purchased by the Guinea authorities (at a substantial discount of 85.5 percent), following similar procedures used in a 1997 buyback of debt to the former Czechoslovakia. The staff has advised the authorities to refrain from further debt-buyback of debt-conversion operations prior to reaching the HIPC decision point, to ensure equitable burden-sharing.

[20] The debt buyback, which provided a discount of 87 cents per $1 of principal, was completed in 1998, although some aspects of this transaction were finalized in 1999. The remaining commercial debt is related to commercial loans to an alumina company that was taken over by the government in late 1998, but which was subsequently leased to an international company. As it concerns a leasing arrangement, the commercial loans remain formally government debt, although they are serviced in full from the company's proceeds.

49. Debt relief under the baseline scenario takes account of the 1997 Paris Club agreement and envisages an end-1999 stock-of-debt operation on all pre-cutoff-date debt to Paris Club creditors on Naples terms (67 percent NPV reduction). Guinea is also assumed to have reached a bilateral agreement with Russia and non-Paris Club bilateral creditors by end-1999 on terms comparable to those agreed with the Paris Club.[21] Thus, under the baseline scenario, the external debt stock at end-1999 is reduced to US$2.7 billion in nominal terms and US$ 1.7 billion in net present value terms, or 219 percent of exports and 48 percent of GDP.

New borrowing assumptions

50. Disbursements on existing loans, including disbursement for project loans, are estimated at US$124.5 million in 2000, and projected at US$146.9 million in 2001, and US$101.5 million in 2002.[22] This includes in 2001 expected program support from IDA (US$45 million) and the AfDB (US$9 million). All new borrowing is projected to be on concessional terms from Guinea's traditional multilateral sources. Furthermore, it is assumed that Guinea will qualify for a new three-year arrangement under the Poverty Reduction and Growth Facility (PRGF) of similar magnitude as the last arrangement (US$21.2 million). The remaining financing gap after debt relief is assumed to be financed on concessional terms.[23]

Baseline scenario

51. The baseline scenario assumes sound economic and financial policies, the deepening of structural reforms, continued increases in social spending, especially in the health and education sectors, and average climatic conditions for the development of Guinea's agricultural and hydroelectric potential. The scenario also critically depends on the evolution of bauxite, alumina, and gold prices, and climatic conditions. The key assumptions underlying this scenario are quantified in Table3 and summarized in Box 4.

---

[21] Agreement in principle was reached in April 2000 between Russia and Guinea on the modalities of treatment for these outstanding claims.

[22] New project borrowing in 2000 is based on the authorities' estimates, and projections from 2001 onward are based on a real annual growth rate of project lending of 2 percent and inflation of 2 percent. As the rate of real growth of new project lending is well below projected long-term real GDP growth of 5.6 percent, the share of the project borrowing in GDP declines over time.

[23] From 2001 onward, the analysis assumes that 40 percent of this gap is financed by grants and the remaining 60 percent by multilateral loans on IDA terms (0.75 percent interest and a 10-year grace period, followed by repayment over 30 years, representing a grant element of 66 percent), though the amount of grant financing is assumed to diminish over time.

Box 4. Main Assumptions of the Debt Sustainability Analysis (DSA)

Growth
- Growth is expected to recover from 3.3 percent in 1999 to 4.5 percent in 2000-01, 5.1 percent in 2002, and just over 5.6 percent per year thereafter until 2018. Growth had averaged 4.5 percent during the period 1992-97. Exports, in particular of mining products, are projected to continue to be an important determinant of growth, but an increasing share of growth is expected to be driven by domestic sectors—in particular, agriculture, trade, construction, and services.
- The investment-to-GDP ratio is assumed to increase from 22 percent in 2000 to over 25 percent in 2018, and the domestic savings rate is assumed to increase from 20 percent in 2000 to 23 percent in 2018, as government finances are strengthened and domestic investment opportunities deepen.

Exports and imports
- Export volume growth is projected to remain well above GDP growth during most years. It is forecast to average 7.6 percent over the period 1998-2006, and 5.5 percent from 2007-2019. Until 2003, export prices are projected to develop in line with the IMF's World Economic Outlook and the World Bank's Commodity Division projections. From 2003 onward, export prices are projected to increase by just under 2 percent per year. Receipts from nonfactor service exports are projected to increase by 3.5 percent on average during 2001-03 and to follow the trend of merchandise exports thereafter.
- Growth in the volume of food and petroleum imports is assumed to be somewhat slower than GDP growth as domestic food production expands and the country's hydroelectric potential is exploited, while other imports grow in line with GDP growth. The volume of imports of intermediate and capital goods would increase by more than real GDP, reflecting the rising investment ratio. Overall, average import volume is projected to average 3.4 percent in 1998-2006, and to reach an average of 6.4 percent for the years 2007-2019. Import prices would be in line with the IMF's World Economic Outlook and the World Bank's Commodity Division projections until 2003; thereafter, they are projected to increase by 2 percent per year.

Income and transfers
- Project grants are assumed to increase from US$75 million in 2001 to over US$150 million in 2018—the share of foreign financed investment is assumed to fall from 80 percent to 55 percent over the period, and the relative share of grants within that amount is assumed to fall gradually from 45 percent to 35 percent by 2018.
- Private interest and dividend payments are assumed to expand in line with the privately financed projects in the mining sector.

Current account
- The current account deficit is assumed to initially deteriorate from 5.9 percent of GDP in 2000 to 6.5 percent of GDP in 2001, reflecting the deterioration in the terms of trade. However, the current account deficit is assumed to slowly improve in 2001-03, and to fall below 6 percent during the years 2007-2019.

Capital account
- Net foreign direct investment is projected to increase from US$29 million in 2000 to over US$85 million in 2018.
- The country is assumed to continue receiving substantial concessional financing, increasing from US$125 million in 2001 to US$283 million in 2018.
- New borrowing to cover the residual financing gap is assumed to be on concessional terms (see footnote 21).

52. The debt-service ratio on public and publicly guaranteed debt before debt relief would decline gradually from 20.8 percent in 2000 to 7.9 percent in 2010. In comparison,

with the full use of traditional debt-relief mechanisms, the ratio would fall over the same period from 15.7 percent to 7.7 percent. The nominal debt-to-GDP ratio with the full use of traditional debt-relief mechanisms would decline from 83.5 percent in 2001 to 42.3 percent by 2018. Before rescheduling and including new borrowing, the NPV-to-GDP ratio is 20.2 percent in 2018. After rescheduling the ratio would decline to 17.3 percent.

53. Based on the assumptions and policies outlined above and after the application of traditional debt-relief mechanisms, Guinea's external debt ratios would remain at unsustainable levels, as defined under the debt-to-exports criteria. The NPV of debt-to-exports ratio would decline from 219.2 percent in 1999 to 210.7 percent in 2000 and remain at 200 percent in 2001. The debt-service-to-revenue ratio before debt relief is 50 percent in 2000. Using traditional debt-relief mechanisms, it would be reduced to 37.6 percent in 2001 and 29.6 percent in 2002. Debt service profiles before and after debt relief are presented in Table 9 and Figure 4.

B. Assistance Under the Enhanced HIPC Initiative

Required assistance

54. The calculation of the amount of assistance under the HIPC Initiative has been based on end-1999 debt data and the average annual exports for the three years ended 1999. The breakdown of total assistance between multilateral and bilateral creditors takes into account a proportional burden sharing based on the NPV of debt shares at end-1999. Similarly, for the breakdown of total multilaterals' assistance, their individual share of the NPV at end-1999 is used, multiplied by the total amount of multilateral assistance required at the decision point. The breakdown between Paris Club and non-Paris Club creditors is based on their respective shares in overall exposure after full application of traditional debt-relief mechanisms at the decision point.

55. As detailed in Table 5, the assistance required at the decision point to bring Guinea's external debt to a sustainable level, as defined by the threshold of NPV of debt-to-exports ratio of 150 percent, amounts to US$545 million in NPV terms.[24] This implies a common reduction factor for multilateral and bilateral commercial creditors of 31.6 percent on debt outstanding at end-1999 after full application of traditional debt-relief mechanisms. Preliminary calculations suggest that Paris Club creditors could provide their share of assistance with an NPV reduction of about 95.2 percent of eligible debt.

[24] In 1999, Guinea's projected export-to-GDP ratio is 21.3 percent, and its budgetary revenue-to-GDP ratio is projected at 10.7 percent. Given these ratios, Guinea does not qualify under the fiscal criteria of the enhanced HIPC Initiative. Furthermore, Guinea's export-to-GDP ratio is projected to remain under 35 percent until 2018. The government revenue-to-GDP ratio is not expected to surpass 15 percent before 2018.

Multilateral assistance

56. IDA's assistance of US$152 million in NPV terms is proposed to be delivered over the next 20 years by providing 50 percent relief of Guinea's debt service falling due to IDA (between January 1, 2001 and September 30, 2015) on disbursed and outstanding IDA credits as of end-1999.[25] The details of IDA's assistance are further illustrated in Table 11. Total assistance from the IMF under the enhanced framework would be US$31.4 million, in net present value terms. This assistance will be delivered over seven years, including interim assistance of US$4.7 million, as set out in Table 10. It is recommended that US$3.14 million of this interim assistance be deposited into Guinea's account after the decision point has been reached, given that satisfactory assurances of full participation in debt relief for Guinea under the enhanced HIPC Initiative have been received from creditors representing some 88 percent of the NPV of the debt stock after the full use of traditional debt relief mechanisms. The AfDB/F is assumed to provide interim assistance by forgiving 80 percent of debt-service due annually, to a maximum of 40 percent of total assistance. Consequently, total assistance from AfDB/F will be US$91.1 million, of which US$36.4 million will be provided as interim relief. Other multilateral institutions are assumed to provide assistance from the completion point onward in line with their modalities of participation.[26]

Assistance from bilateral and commercial creditors

57. For Paris Club creditors, a flow rescheduling on Cologne terms is assumed from the first quarter of 2001 (after approval of a new three-year PRGF arrangement) to December 2002. The difference between the NPV reduction of this flow rescheduling on Cologne terms and a hypothetical flow rescheduling on Naples terms, is counted as interim relief. The remaining amount of required assistance is then delivered through a stock-of-debt operation on Cologne terms at the completion point. The same assumption (i.e., comparable treatment with that of Paris Club creditors) was made for non-Paris Club bilateral and commercial creditors.[27]

Impact of enhanced HIPC Initiative assistance

58. After debt relief under the enhanced HIPC Initiative, Guinea's external debt at end-1999 would be reduced to US$1182 million in NPV terms (Figure 1); this would be equivalent to 150 percent of exports (assuming a hypothetical delivery at end-1999). The amount of assistance under the enhanced HIPC Initiative would be US$545 million (Table 5) equivalent to US$800 million in nominal terms. Thus, Guinea's external debt would be reduced to 68 percent of the NPV of debt outstanding before HIPC assistance, and less than one-half of the NPV of debt that was outstanding before traditional debt relief mechanisms (Figure 1). Several Paris Club creditors have indicated possible debt relief beyond their assistance under the HIPC Initiative. This could amount to an

---

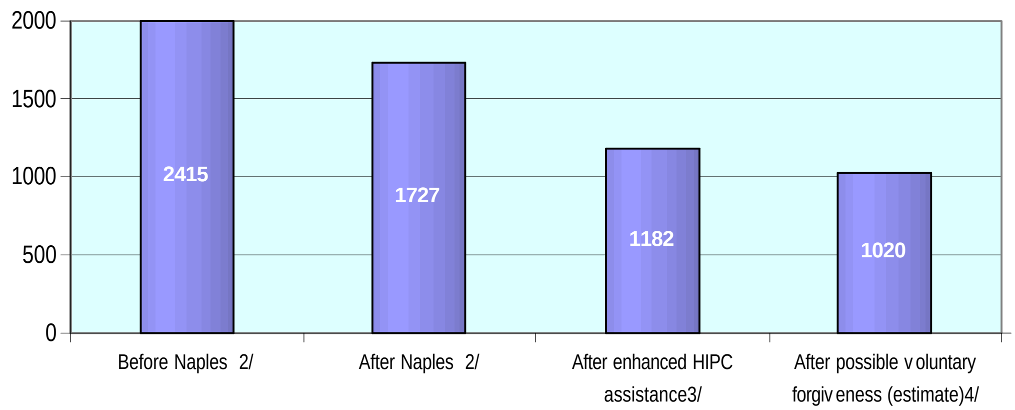
[25] IDA/R2000-4 (1/10/2000) entitled "Heavily Indebted Poor Countries (HIPC) Initiative: Note on Modalities for Implementing HIPC Debt Relief Under the Enhanced Framework."

[26] Guinea was discussed at the Multilateral Development Bank (MDB) meetings held in Washington at the World Bank on October 11 and 12, 2000.

[27] The debt relief assumptions are consistent with those in Table 4.

additional US$162 million in NPV terms. Guinea's debt service ratio would decline from 16 percent in 2001 before HIPC relief to 8 percent after HIPC relief.

Figure 1. Guinea: Net Present Value of External Public Debt
(In millions of U.S. dollars, at end-1999) 1/



Source: Guinean authorities; staff estimates.
1/ Nominal GDP in 1999 was US$4.413 million.
2/ Before (After) Naples means before (after) a of debt operation on Naples terms (67 percent NPV reduction) and hypothetical comparable treatment from non-Paris Club bilateral creditors.
3/ Assumes delivery at end-1999.
4/ Reflects assistance beyond the enhanced HIPC from certain Paris Club creditors.

Interim relief and creditor participation

59. Using the assumptions above, the possible cash-flow relief from the interim HIPC debt service relief would amount to an average of about US$53 million per year for the next two years. This could translate into lower debt-service payments on the order of 2.3 percent of GDP during the next few years, which will help fund additional social spending. The entire amount of enhanced HIPC relief is earmarked for social expenditures in the priority sectors (health, education, rural development, road maintenance, and justice). This would allow the share of non-wage recurrent expenditures in the priority sectors, relative to total such spending, to rise from 34 percent in 2001 before HIPC relief to 52 percent in 2001 after HIPC relief. The allocations of debt relief for increases in social expenditures will be carefully assessed in subsequent years within the macroeconomic context and the consultative PRSP process.

60. Most of Guinea's multilateral creditors, including IDA, the African Development Bank Group, the IMF, BADEA, the European Union, Islamic Development Bank, OPEC Fund and the International Fund for Agricultural Development, have agreed to participate

in the enhanced HIPC Initiative.[28] Specific decisions on the delivery of assistance to Guinea will be taken by the decision-making bodies of multilateral creditors once the Boards of the Bank and the Fund have discussed the decision point document. Along with the Paris Club, which has discussed Guinea several times since the issuance of the preliminary document and has agreed to consider providing assistance under the enhanced HIPC Initiative in the form of a Cologne flow rescheduling, these creditors represent some 88 percent of the relief to be provided to Guinea.

Sensitivity analysis

61. The sensitivity of Guinea's long-term balance of payments projections to the assumed export volume growth rates and the new borrowing conditions are summarized in Table 8. If the volume of Guinea's exports of goods and nonfactor services grew by only 4 percent (the average rate for 1991-98) instead of the 6 percent assumed under the baseline scenario, the NPV of debt-to-exports ratio would be 157.3 percent in 2018, as compared to 92.5 percent under the baseline scenario. The debt service ratio on public and publicly guaranteed debt would be 8.8 percent, compared with 6.1 percent under the baseline scenario.

62. Similarly, less concessional new borrowing to finance projects and the immediate financing gap would increase the debt-service ratio to 16.3 percent in 2018, compared to 6.1 percent in the baseline.[29]

Decision Point

63. Guinea experienced difficulty in implementing the economic and financial policies of the third annual PRGF arrangement during the first six months of the program supported by this arrangement (October 1999 to March 2000). However, as with past slippages, the authorities have responded decisively to put the program back on track (see paragraph 5 above). This decision point is being considered just before the expiration of the current PRGF arrangement. IMF staff intend to begin negotiations on a successor three-year PRGF arrangement in February 2001. The draft budget for 2001 has been formulated in consultation with Fund and Bank staff with a view to serving as a base for the first year of this new program. Notwithstanding the difficulties which have emerged over the past year in implementing the third year of the PRGF, the staffs therefore consider that the recent track record is sufficient that a decision point could be considered by the Boards in December 2000.

---

[28] The only exception is the ECOWAS Fund which represents 0.3 percent of the total debt for Guinea.

[29] This sensitivity test assumes that concessional loans on new project financing and the financing to fill the gap in 1999 and 2000 would be financed at a 3 percent interest rate and with a 5 year grace period, followed by repayment over 15 years (representing a 30 percent grant element).

V. The Floating Completion Point

64. The staffs of IDA and the IMF propose that Guinea's floating completion point under the HIPC Initiative be triggered by (i) successful implementation of the specific poverty reduction policies described in Box 5 below; (ii) satisfactory assessments by the Boards of the PRSP and its first annual progress report; and (iii) the maintenance of a stable macroeconomic environment, as evidenced by performance under a program supported by an arrangement under the PRGF. These measures were identified in discussions with the Guinean authorities. In the staffs' view, they reflect key issues in the government's medium-term program as described in the I-PRSP and the policy matrix attached thereto, and provide a basis for assessing Guinea's progress in the implementation of growth-enhancing and poverty-reducing policies. The government intends to accelerate the implementation of its reform program and aims to reach a completion point in 2002. The quantitative targets set out in the key priority areas result from simulations made of the implementation of policies already formulated in the context of various sectoral strategies.

65. Given the importance of microfinance in supporting rural and small-scale enterprise activity, the government has included a trigger on the development and implementation of an appropriate regulatory framework for microcredit institutions. The authorities have agreed to add two completion point triggers related to governance and anticorruption policies, namely: (i) making publicly available annual progress reports of the Anti-Corruption Committee; and (ii) implementing procedures to audit all large (over GF 100 million) procurement contracts.

66. With regard to Guinea's goal of achieving universal primary education by 2007, two triggers are proposed to ensure attainment of this important poverty reduction goal. First, it requires that the gross enrollment rate for primary school students be increased from 56 percent in 1999, to 62 percent in 2001 and to 71 percent in 2002; over the same period, the ratio of girls will increase from 40 percent in 1999 to 51 percent in 2001 and to 61 percent in 2002. Second, to make sure that the increase in students is met with an adequate increase in teachers, it is also proposed that the government's goal of increasing the number of new primary school teachers by at least 1,500 per year be a trigger for the HIPC completion point.

67. Finally, in order to achieve the government's goals of reducing child and maternal mortality in Guinea, it is proposed that the HIPC completion point triggers include increasing the immunization rates for children under 1 year of age from 45 percent in 2000 to 55 percent by 2002 and increasing prenatal consultations of pregnant women from 70 percent in 2000 to 85 percent by 2002, as detailed in Box 5.

Box 5. Triggers for the Floating Completion Point

Poverty reduction

- A full PRSP has been prepared through a participatory process and satisfactorily implemented for one year as evidenced by the Joint Staff Assessment of the country's annual progress report.
- Improvement of the poverty database and monitoring capacity by preparing a living standards measurement survey which will include establishment of poverty lines and indicators based thereon, and the establishment of a poverty monitoring system involving key stakeholders.

Macroeconomic and structural reforms

- Continued maintenance of macroeconomic stability as evidenced by satisfactory implementation of the PRGF-supported program.
- Develop and take steps to provide an appropriate regulatory framework for microcredit institutions.

Governance and Anticorruption

- Make publicly available a one-year progress report (showing resources and activities) of the Anti-Corruption Committee.
- Audit all large government procurement contracts over GF 100 million and publish results of these audits on a quarterly basis.

Education

- Increase gross enrollment rate for primary school students from 56 percent in 1999 to 62 percent in 2001 and to 71 percent in 2002, of which the gross enrollment rate of girls should be 40 percent in 1999, 51 percent in 2001 and 61 percent in 2002.
- Increase the number of new primary school teachers hired by at least 1,500 per year for each year until the HIPC completion point, from an estimated base of about 15,000 primary school teachers in 2000.

Health

- Increase immunization rates for children under 1 year of age, in percent (DTP3: diphtheria, tetanus, pertussis) from 45 percent in 2000, to 50 percent in 2001, and to 55 percent in 2002.
- Improve the percentage of pregnant women benefiting from at least 1 prenatal consultation from 70 percent in 2000, to 80 percent in 2001, and to 85 percent in 2002.

VI. Conclusion

68. The staff and management of the Bank and the IMF strongly support the plans of the government of Guinea for enhancing growth and reducing poverty. The policies described in the medium-term policy matrix attached to the I-PRSP and summarized in this document should help the country to achieve sustainable growth and to lower the incidence of poverty. Although Guinea's economy remains vulnerable to exogenous shocks (declining prices of main exports and increased conflicts in neighboring countries), the staff and management of the Fund and IDA suggest that Guinea has made satisfactory progress toward reaching the decision point under the HIPC Initiative. Interim assistance under the HIPC Initiative will be contingent upon the continued implementation of strong macroeconomic, structural, and poverty reduction policies.

VII. Issues for Discussion

69. The staffs seek decisions from Executive Directors on the following issues:

- **Eligibility and decision point.** The staffs and managements recommend approval of a decision point, based on the deliberations of the IDA and IMF Boards on the preliminary document and Guinea's performance over the last three years, at the time of completion of the PRGF review, and pending endorsement by the Boards of Guinea's I-PRSP. Do Executive Directors agree that Guinea has met the conditions set forth in paragraph 63 above, including the policy measures, for reaching the decision point under the enhanced HIPC Initiative?

- **Amount and delivery of assistance.** Do Directors agree that total assistance under the enhanced HIPC Initiative, estimated to amount to US$545 million in NPV terms, be provided to reduce Guinea's debt-to-exports ratio to 150 percent? Of this amount, US$152 million is to be provided by the IDA and US$31.4 million (SDR 22.9 million) by the IMF. In light of the fact that satisfactory financing assurances have been provided by creditors holding some 88 percent of total debt (NPV), the staff propose that interim assistance be provided to Guinea by the Fund and the Bank between the decision point and the completion point. Do Directors agree?[30]

- **Floating completion point.** Do Directors agree that the conditions described in Box 5 are appropriate triggers for Guinea's floating completion point?

[30] Heavily Indebted Poor Countries (HIPC) Initiative, "Note on Modalities for Implementing HIPC Debt Relief Under the Enhanced Framework" (IDA/R2000-4, January 10, 2000), and "Modification to the Heavily Indebted Poor Countries (HIPC) Initiative—Proposed Decision to Amend the PRGF-HIPC Trust Fund Instrument" (EBS/00/9, January 20, 2000).

Table 3. Guinea: Main Assumptions on Macroeconomic Framework, 1997-2019

(In percent of GDP, unless otherwise indicated)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1998-2006	2007-2019
				Projected							Average	
Economic growth and inflation												
GDP in constant prices	4,086.5	4,271.6	4,412.9	4,610.6	4,815.8	5,063.3	5,334.5	5,628.9	5,943.6	6,275.8	5,150.8	9,375.8
Real GDP (percentage change)	4.8	4.5	3.3	4.5	4.5	5.1	5.4	5.5	5.6	5.6	4.9	5.6
Real GDP per capita (percentage change)	2.2	1.9	0.7	1.8	1.8	2.5	2.7	2.8	2.9	2.9	2.2	2.9
Average inflation	1.9	5.1	4.6	7.7	9.5	3.5	3.0	2.8	2.5	2.5	4.6	2.5
National accounts												
Gross domestic investment	23.6	21.0	22.0	22.2	21.8	22.5	22.4	22.5	22.6	22.8	22.2	23.9
Of which: private	14.0	14.0	14.0	14.0	14.0	14.1	14.3	14.4	14.6	14.7	14.2	15.8
Gross national savings	20.5	18.7	18.3	19.5	18.8	19.2	18.9	19.7	19.6	19.5	19.1	18.6
Government revenue	11.5	11.2	10.7	11.6	13.0	13.5	13.7	13.9	14.0	14.3	12.9	15.1
Government expenditures	17.5	14.8	16.0	17.0	17.0	16.9	16.5	15.5	15.4	15.3	16.0	15.5
Overall government balance	-6.0	-3.6	-5.3	-5.3	-4.0	-3.4	-2.8	-1.6	-1.4	-1.0	-3.2	-0.4
Balance of payments												
Debt service before relief 1/	197.5	159.8	131.4	180.0	183.0	181.0	190.0	178.0	166.0	163.0	170.2	144.1
Exports of goods and services 2/	20.4	23.0	21.3	28.6	33.0	32.9	32.7	32.1	31.2	31.0	29.5	29.7
Imports of goods and services 2/	22.6	25.1	25.7	30.7	34.7	34.8	34.6	33.4	33.0	33.1	31.7	34.1
Current account, including grants	-3.2	-2.3	-3.7	-2.7	-3.0	-3.3	-3.4	-2.7	-3.0	-3.2	-3.0	-5.1
Current account, excluding grants	-6.5	-6.1	-6.8	-5.9	-6.5	-6.7	-6.1	-5.3	-5.5	-5.7	-6.1	-5.7
Gross official reserves (in months of imports) 3/	3.2	3.3	2.7	2.5	2.8	3.5	3.5	3.5	3.5	3.5	3.2	3.5
Terms of Trade (percentage change)	13.1	4.9	-17.4	-7.4	-1.1	14.2	1.5	1.7	1.8	2.1	0.0	3.5

Sources: Guinean authorities; and staff estimates and projections.

1/ In millions of U.S. dollars.
2/ Exports (imports) of goods and services as defined in the IMF Balance of Payments Manual, (5th ed. 1993), in millions of U.S. dollars.
3/ Imports of goods and nonfactor services.

Table 4. Guinea: Nominal and Net Present Value of External Debt Outstanding, end-December, 1999.

	Nominal debt before rescheduling 1/			NPV of debt before rescheduling 2/			NPV of debt after rescheduling 2/		
	Millions of U.S. dollars	Percent of total	Percent of group	Millions of U.S. dollars	Percent of total	Percent of group	Millions of U.S. dollars	Percent of total 3/	Percent of group
Total	3,375	100.0	…	2,415	100.0	…	1,727	100.0	…
Multilateral institutions	1,810.0	53.6	100.0	1,039.2	43.0	100.0	1,039.2	60.2	100.0
African Development Bank	117.2	3.5	6.5	129.0	5.3	12.4	129.0	7.5	12.4
African Development Fund	248.8	7.4	13.7	109.6	4.5	10.5	109.6	6.3	10.5
BADEA	34.3	1.0	1.9	28.7	1.2	2.8	28.7	1.7	2.8
ECOWAS	4.5	0.1	0.2	4.6	0.2	0.4	4.6	0.3	0.4
European Investment Bank	12.6	0.4	0.7	12.1	0.5	1.2	12.1	0.7	1.2
European Union (administered by EIB)	128.4	3.8	7.1	88.3	3.7	8.5	88.3	5.1	8.5
European Union (administered by IDA)	2.7	0.1	0.1	1.5	0.1	0.1	1.5	0.1	0.1
IDA	1,012.8	30.0	56.0	479.5	19.9	46.1	479.5	27.8	46.1
IFAD	44.4	1.3	2.5	22.1	0.9	2.1	22.1	1.3	2.1
IMF	127.2	3.8	7.0	99.5	4.1	9.6	99.5	5.8	9.6
Islamic Development Bank	63.7	1.9	3.5	52.8	2.2	5.1	52.8	3.1	5.1
OPEC Fund	13.4	0.4	0.7	11.6	0.5	1.1	11.6	0.7	1.1
Official bilateral creditors	1,555	46.1	...	1,368	56.7	…	680	39.4	…
Paris Club	1,178	34.9	100.0	1,037	42.9	100.0	482	27.9	100.0
Post-cutoff date	273	8.1	23.2	220	9.1	21.2	220	12.7	45.7
Pre-cutoff date	905	26.8	76.8	817	33.8	78.8	262	15.2	54.3
Of which: ODA	153	4.5	13.0	109	4.5	10.5	84	4.9	17.5
Non-ODA	752	22.3	63.9	708	29.3	68.3	178	10.3	36.8
Of which:									
Austria	12.6	0.4	1.1	7.6	0.3	0.7	4.5	0.3	0.9
Belgium	9.1	0.3	0.8	6.6	0.3	0.6	3.2	0.2	0.7
Brazil	11.3	0.3	1.0	5.8	0.2	0.6	3.9	0.2	0.8
France	345.4	10.2	29.3	291.7	12.1	28.1	254.0	14.7	52.7
Germany	3.9	0.1	0.3	4.4	0.2	0.4	2.4	0.1	0.5
Italy	48.9	1.4	4.2	38.7	1.6	3.7	23.7	1.4	4.9
Japan	81.8	2.4	6.9	75.0	3.1	7.2	58.0	3.4	12.0
Norway	12.5	0.4	1.1	11.6	0.5	1.1	6.7	0.4	1.4
Russia	498.0	14.8	42.3	489.0	20.2	47.2	57.3	3.3	11.9
Spain	17.4	0.5	1.5	12.8	0.5	1.2	6.5	0.4	1.4
United Kingdom	8.4	0.2	0.7	5.8	0.2	0.6	2.9	0.2	0.6
United States of America	128.5	3.8	10.9	87.6	3.6	8.4	59.0	3.4	12.2
Non-Paris Club Official Bilateral	376.9	11.2	100.0	331.2	13.7	100.0	198	11.5	100.0
Post-cutoff date	158.2	4.7	42.0	125.4	5.2	37.9	131	7.6	66.1
Pre-cutoff date	218.7	6.5	58.0	205.8	8.5	62.1	67	3.9	33.9
Of which: ODA	105.6	3.1	28.0	92.7	3.8	28.0	29	1.7	14.8
Non-ODA	113.2	3.4	30.0	113.2	4.7	34.2	38	2.2	19.0
Of which:									
Bulgaria	10.4	0.3	2.8	10.4	0.4	3.1	3.5	0.2	1.7
China	97.0	2.9	25.7	83.2	3.4	25.1	25.7	1.5	13.0
Egypt	8.6	0.3	2.3	8.0	0.3	2.4	9.5	0.5	4.8
Iraq	5.8	0.2	1.5	5.8	0.2	1.8	1.9	0.1	1.0
Korea, DPR	1.9	0.1	0.5	1.9	0.1	0.6	0.5	0.0	0.2
Kuwait	79.1	2.3	21.0	66.4	2.8	20.1	50.6	2.9	25.5
Libya	35.6	1.1	9.4	35.6	1.5	10.7	11.9	0.7	6.0
Morocco	24.7	0.7	6.5	24.7	1.0	7.4	8.2	0.5	4.1
Romania	15.3	0.5	4.1	15.3	0.6	4.6	15.3	0.9	7.7
Saudi Arabia	83.8	2.5	22.2	65.1	2.7	19.6	65.5	3.8	33.1
Thailand	1.3	0.0	0.4	1.3	0.1	0.4	1.3	0.1	0.7
Yugoslavia	13.5	0.4	3.6	13.5	0.6	4.1	4.5	0.3	2.3
Commercial loans	10	0.3	…	8	0.3	…	7.6	0.4	…

Sources: Guinean authorities; and staff estimates.

1/ Total debt outstanding at end-December 1999 before up-front discount from Russia.

2/ After full use of traditional debt relief mechanisms and comparable treatment by Non-Paris Club official bilateral and commercial creditors at end-1999.

Table 5. Guinea HIPC Initiative: Assistance Levels Under a Proportional Burden-Sharing Approach 1/
(in millions of US dollars in end-December 1999 NPV terms; unless otherwise indicated) 2/

	Total	Multilaterals	Bilaterals	Commercial Banks	Common Reduction Factor 3/ (Percent)	Memo item: Required NPV debt reduction on comparable treatment on bilateral debt based on overall exposure 4/ (Percent)
NPV of debt-to-exports target (in percent)	**150**					
Debt relief under baseline scenario	545	328	215	2	31.6	
NPV of debt 5/ 6/	1,727	1,039	680	8		
Three-year export average	788					
NPV of debt-to-export ratio (percent) 7/	219					
Paris Club Creditors:						77.2
of which pre-cod non-ODA						95.2
Non-Paris Club Creditors:						77.2
of which pre-cod non-ODA						122.0
Commercial Creditors:						68.8

Sources: Guinean authorities; and staff estimates and projections.

1/ Assumes proportional burden-sharing as described in "HIPC Initiative: Estimated Costs and Burden-Sharing Approaches" (EBS/97/127; 7/7/97, and IDA/SEC M97-306;7/7/97), that is, after full application of traditional debt relief mechanisms.
2/ Using six-month backward-looking discount rates at end-December 1999, and end-1999 exchange rates.
3/ Each creditor's NPV reduction in percent of its exposure at the decision point (after hypothetical Naples stock at the end of the base year).
4/ Includes traditional debt relief; a hypothetical stock-of-debt on Naples terms with comparable treatment from non Paris Club creditors.
5/ After a hypothetical stock-of-debt operation on Naples terms at end-1999.
6/ Based on latest data available at the decision point after full application of traditional debt relief mechanisms.
7/ Based on the three-year backward looking average of exports of goods and nonfactor services (e.g. 1997-99).

Table 6. Guinea: Discount Rate and Exchange Rate Assumptions

	Discount Rates 1/ (in percent)	Exchange Rates 2/ (currency per U.S. dollar)
Currency		
Austrian Schilling	5.47	13.70
Belgian Franc	5.47	40.16
Unit of Account (ISDB, AfDF/AfDB)	5.59	0.73
Canadian Dollar	6.67	1.44
CFA Franc	5.47	652.95
Swiss Franc	4.27	1.60
Chinese Yuan	5.59	8.28
Deutsche Mark	5.47	1.95
Danish Kroner	5.32	7.40
European Currency Unit/Euro	5.47	1.00
Spanish Peseta	5.47	165.62
Finnish Markaa	5.47	5.92
French Franc	5.47	6.53
Great Britain Sterling	6.70	0.62
Irish Punt	5.47	0.78
Italian Lira	5.47	1,927.40
Japanese Yen	1.98	102.20
Kuwaiti Dinar	5.59	0.30
Libyan Dinar	5.59	0.46
Luxembourg Franc	5.47	40.16
Netherland Guilders	5.47	2.19
Norwegian Kroner	6.64	8.04
Portuguese Escudo	5.47	199.56
Saudi Arabia Riyal	5.59	3.75
Special Drawing Rights	5.59	0.73
Swedish Kroner	5.80	8.53
Russian Rouble	7.04	0.60
United States Dollar	7.04	1.00

Source: European Central Bank; IMF, International Financial Statistics; OECD; and staff estimates.

1/ Average Commercial Interest Reference Rates for respective currencies over the six-month period prior to end-December 1999 (i.e., the end of the period for which actual debt and export data are available).
2/ End-of-period exchange rates as of end-December, 1999.

Table 7. Guinea: Net Present Value of External Debt After Rescheduling, 1999–2018
(in millions of US dollars)

After traditional debt relief 1/	1999 Actual	2000	2001	2002	2003	2004	2005 Projected	2006	2007	2008	2009	2010	1999-2008 Average	2009-2018 Average
NPV of total debt 2/	1727.2	1724.8	1713.4	1709.2	1685.7	1680.1	1679.0	1684.8	1700.3	1729.0	1771.4	1823.8	1703.4	2132.9
NPV of old debt	1727.2	1691.6	1639.8	1586.8	1517.2	1461.5	1404.4	1347.0	1291.1	1239.2	1191.0	1141.0	1490.6	953.5
Official bilateral and commercial	688.0	677.3	653.8	629.2	593.9	576.1	558.3	538.8	518.2	497.9	478.3	457.2	593.1	355.3
Paris Club	482.1	473.4	461.8	450.3	438.1	425.3	411.8	397.1	381.6	366.7	352.9	338.1	428.8	256.6
post-cutoff date	220.1	210.5	197.9	185.3	171.9	157.9	143.1	128.2	113.5	100.8	90.7	81.2	162.9	48.9
pre-cutoff date	262.0	262.9	263.9	265.0	266.2	267.4	268.7	269.0	268.1	265.9	262.2	256.9	265.9	207.7
o/w ODA	84.4	85.3	86.3	87.4	88.5	89.8	91.1	92.5	94.0	95.6	97.3	99.1	89.5	105.0
Other official bilateral	198.3	195.8	183.2	169.6	155.8	150.9	146.4	141.7	136.6	131.2	125.4	119.2	160.9	98.7
post-cutoff date	131.2	127.3	113.3	98.1	82.6	76.0	69.7	63.2	56.5	49.6	42.6	35.3	86.7	17.2
pre-cutoff date	67.1	68.5	70.0	71.5	73.1	74.9	76.8	78.5	80.1	81.6	82.8	83.8	74.2	81.4
o/w ODA	29.4	30.8	32.2	33.8	35.4	37.2	39.0	41.0	43.1	45.4	47.8	50.3	36.7	59.6
Commercial	7.6	8.2	8.7	9.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.4	0.0
post-cutoff date	7.6	8.2	8.7	9.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.4	0.0
pre-cutoff date	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Multilateral	1039.2	1014.3	986.0	957.6	923.4	885.4	846.1	808.2	772.8	741.4	712.7	683.8	897.4	598.2
o/w IMF	99.5	96.1	88.2	80.6	68.6	51.2	34.4	21.0	8.6	2.1	0.0	0.0	55.0	338.7
o/w World Bank	479.5	486.4	492.4	497.9	502.4	506.1	508.5	508.6	507.8	503.5	496.8	486.4	499.3	99.0
o/w AfDB/AfDF	238.6	222.2	211.2	200.2	190.0	180.0	169.4	158.9	148.1	139.0	129.8	120.9	185.7	107.5
Others	221.6	209.6	194.3	178.9	162.3	148.1	133.8	119.7	108.3	96.8	86.1	76.4	157.4	53.0
NPV of new debt	0.0	33.1	73.6	122.4	168.5	218.6	274.6	337.8	409.3	489.8	580.3	682.9	212.8	1179.4
Memorandum items:														
Exports of goods and services 3/	765.5	863.3	941.9	1013.5	1089.7	1168.1	1250.7	1338.6	1432.8	1533.6	1641.5	1757.0	1139.8	2272.8
Three-year export average 4/	787.8	818.7	856.9	939.6	1015.0	1090.4	1169.5	1252.5	1340.7	1435.0	1535.9	1644.0	1070.6	2126.5
Central government revenue 5/	297.9	359.0	443.7	506.1	564.1	632.9	709.2	788.2	864.4	948.0	1039.7	1140.2	611.3	1631.0
NPV of debt-to-exports ratio (percent) 6/	219.2	210.7	200.0	181.9	166.1	154.1	143.6	134.5	126.8	120.5	115.3	110.9	165.7	101.7
NPV of debt-to-revenue ratio (percent)	579.8	480.5	386.2	337.7	298.9	265.5	236.7	213.8	196.7	182.4	170.4	160.0	317.8	135.6
After enhanced HIPC assistance														
NPV of total debt 2/	2117.0	1766.8	1732.5	1254.8	1266.8	1291.8	1326.5	1352.3	1384.6	1431.2	1491.3	1565.5	1492.4	1984.3
NPV of old debt	2117.0	1733.6	1658.9	1132.4	1098.3	1073.2	1051.9	1014.5	975.3	941.5	911.0	882.6	1279.6	804.8
Official bilateral and commercial	1077.8	719.4	715.9	446.6	407.7	377.3	358.9	340.2	321.8	305.3	291.4	277.9	507.1	239.4
Paris Club	715.9	517.8	516.0	295.2	282.7	269.7	256.1	242.3	228.9	217.4	208.6	200.3	354.2	170.9
Other official bilateral	354.4	193.4	191.2	142.1	125.0	107.6	102.8	97.9	93.0	87.9	82.8	77.6	149.5	68.5
Commercial	7.6	8.2	8.7	9.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.4	0.0
Multilateral	1039.2	1014.3	942.9	685.8	690.5	695.9	693.0	674.3	653.5	636.1	619.6	604.7	772.6	565.5
NPV of new debt	0.0	33.1	73.6	122.4	168.5	218.6	274.6	337.8	409.3	489.8	580.3	682.9	212.8	1179.4
Memorandum items:														
Old Debt														
NPV of debt-to-exports ratio (percent) 6/	268.7	211.8	193.6	120.5	108.2	98.4	89.9	81.0	72.7	65.6	59.3	53.7	131.0	39.9
NPV of debt-to-revenue ratio (percent)	710.7	482.9	373.9	223.8	194.7	169.6	148.3	128.7	112.8	99.3	87.6	77.4	264.5	54.1
Total Debt														
NPV of debt-to-exports ratio (percent) 6/	268.7	215.8	202.2	133.5	124.8	118.5	113.4	108.0	103.3	99.7	97.1	95.2	148.8	93.5
NPV of debt-to-revenue ratio (percent)	710.7	492.2	390.5	247.9	224.6	204.1	187.0	171.6	160.2	151.0	143.4	137.3	294.0	124.3
After unconditional delivery of enhanced HIPC assistance 7/														
NPV of total debt 2/	1181.7	1202.5	1230.7	1254.8	1266.8	1291.8	1326.5	1352.3	1384.6	1431.2	1491.3	1565.5	1292.3	1984.3
NPV of old debt	1181.7	1169.3	1157.0	1132.4	1098.3	1073.2	1051.9	1014.5	975.3	941.5	911.0	882.6	1079.5	804.8
Official bilateral and commercial	470.7	466.0	461.4	446.6	407.7	377.3	358.9	340.2	321.8	305.3	291.4	277.9	395.6	239.4
Paris Club	329.8	322.0	314.2	295.2	282.7	269.7	256.1	242.3	228.9	217.4	208.6	200.3	275.8	170.9
Other official bilateral	135.7	137.4	139.1	142.1	125.0	107.6	102.8	97.9	93.0	87.9	82.8	77.6	116.9	68.5
Commercial	5.2	6.6	8.0	9.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.9	0.0
Multilateral	711.0	703.3	695.7	685.8	690.5	695.9	693.0	674.3	653.5	636.1	619.6	604.7	683.9	565.5
NPV of new debt	0.0	33.1	73.6	122.4	168.5	218.6	274.6	337.8	409.3	489.8	580.3	682.9	212.8	1179.4
Memorandum items:														
Old Debt														
NPV of debt-to-exports ratio (percent) 6/	150.0	142.8	135.0	120.5	108.2	98.4	89.9	81.0	72.7	65.6	59.3	53.7	106.4	39.9
NPV of debt-to-revenue ratio (percent)	396.7	325.7	260.8	223.8	194.7	169.6	148.3	128.7	112.8	99.3	87.6	77.4	206.0	54.1
Total Debt														
NPV of debt-to-exports ratio (percent) 6/	150.0	146.9	143.6	133.5	124.8	118.5	113.4	108.0	103.3	99.7	97.1	95.2	124.2	93.5
NPV of debt-to-revenue ratio (percent)	396.7	335.0	277.4	247.9	224.6	204.1	187.0	171.6	160.2	151.0	143.4	137.3	235.5	124.3

Sources: Guinean authorities; and staff estimates and projections.

1/ Assumes a stock of debt operation on Naples terms in end-1999 with comparable treatment from non-Paris Club bilateral creditors
2/ Discounted on the basis of a six-month average of Commercial Interest Reference Rate (CIRR) for July-December 1999. The conversion of currency-specific NPVs into U.S. dollars occurs for all years at the base date exchange rate (end-December 1999)
3/ As defined in IMF Balance of Payments Manual, 5th edition, 1993
4/ Backward-looking average (e.g. average over 1997–1999 for exports in 1999
5/ Converted into U.S. dollars at the end-December 1999 exchange rate
6/ NPV of debt in percent of three-year average of exports of goods and services.
7/ Entire assistance assumed to be delivered unconditionally at end-December 1999 .

Table 8. Guinea: External Debt Indicators and Sensitivity Analysis, 1999–2018 1/

ons of US dollars; unless otherwise indicated)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Average 2000-2009	Average 2010-2018
Baseline scenario																						
Nominal debt stock after traditional debt relief mechanisms	2747.9	2795.1	2845.5	2919.3	2958.6	3019.9	3094.2	3186.3	3300.3	3440.5	3608.2	3802.8	4022.0	4267.4	4543.6	4850.3	5194.1	5563.8	5969.0	6418.4	3116.8	4959.1
Multilateral	1810.0	1753.8	1691.7	1629.4	1561.3	1489.7	1417.4	1347.2	1280.2	1217.8	1158.8	1099.9	1042.5	988.9	938.9	888.8	839.4	790.9	742.4	692.2	1454.7	891.5
Official Bilateral	928.0	906.7	872.5	837.3	801.3	773.8	746.4	717.6	688.0	658.8	630.7	601.3	569.8	536.8	503.3	467.1	428.2	379.8	327.5	273.5	763.3	454.1
o/w Paris Club	603.3	589.2	572.1	555.2	537.6	519.5	500.9	481.2	460.9	441.3	423.1	404.0	382.9	360.5	335.7	308.0	277.3	239.8	198.7	156.0	508.1	295.9
o/w Post cutoff date	272.8	258.6	241.6	224.6	207.0	189.0	170.4	151.8	133.8	118.0	105.2	93.2	81.4	70.3	59.5	48.6	37.7	27.1	17.1	10.2	180.0	49.5
Commercial	10.0	10.0	10.0	10.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.0	0.0
New debt	0.0	124.5	271.4	442.6	596.0	756.4	930.4	1121.5	1332.1	1563.8	1818.7	2101.6	2409.7	2741.7	3101.5	3494.4	3926.5	4393.1	4899.1	5452.8	895.8	3613.4
Nominal debt before traditional debt relief (including new debt)	3374.8	3375.2	3390.1	3428.3	3438.0	3464.1	3514.4	3583.0	3675.2	3801.3	3955.9	4136.6	4342.7	4576.8	4843.6	5144.2	5485.0	5869.0	6295.1	6779.1	3562.5	5274.7
NPV of debt	1727.2	1724.8	1713.4	1709.2	1685.7	1680.1	1679.0	1684.8	1700.3	1729.0	1771.4	1823.8	1884.8	1957.2	2042.7	2137.9	2245.7	2358.8	2483.5	2623.1	1707.8	2173.1
Multilateral	1039.2	1014.3	986.0	957.6	923.4	885.4	846.1	808.2	772.8	741.4	712.7	683.8	655.6	630.7	608.5	585.6	562.4	539.2	515.1	488.4	864.8	585.5
Official Bilateral	680.4	669.2	645.0	619.9	593.9	576.1	558.3	538.8	518.2	497.9	478.3	457.2	433.8	408.8	383.1	354.7	323.6	283.0	238.3	191.7	569.6	341.6
o/w Paris Club	482.1	473.4	461.8	450.3	438.1	425.3	411.8	397.1	381.6	366.7	352.9	338.1	321.2	302.8	282.1	258.4	231.5	197.8	160.4	121.1	415.9	245.9
o/w Post cutoff date	220.1	210.5	197.9	185.3	171.9	157.9	143.1	128.2	113.5	100.8	90.7	81.2	71.5	62.5	53.4	44.2	34.6	25.1	15.9	9.7	150.0	44.2
Commercial	7.6	8.2	8.7	9.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.6	0.0
New debt	0.0	33.1	73.6	122.4	168.5	218.6	274.6	337.8	409.3	489.8	580.3	682.9	795.4	917.7	1051.0	1197.6	1359.7	1536.5	1730.1	1943.0	270.8	1246.0
NPV of debt before traditional debt relief (including new debt)	2414.8	2373.7	2334.0	2300.6	2252.5	2215.6	2193.1	2177.6	2173.0	2188.6	2218.3	2256.9	2304.3	2364.2	2438.6	2525.3	2626.8	2750.0	2890.9	3059.6	2242.7	2579.6
(in percent of exports of goods & non factor services) 2/																						
NPV of debt after traditional debt-relief mechanisms	219.23	210.7	200.0	181.9	166.1	154.1	143.6	134.5	126.8	120.5	115.3	110.9	107.1	103.9	101.3	99.0	97.2	95.4	93.8	92.5	155.3	100.1
o/w multilateral	131.9	127.9	123.7	114.9	107.6	101.2	95.8	91.5	88.2	85.8	84.2	83.1	82.5	82.2	82.3	82.6	83.2	83.9	84.8	85.8	102.1	83.4
Debt service	--	15.7	16.0	14.8	15.1	12.7	11.8	10.9	10.0	9.0	8.1	7.7	7.3	6.9	6.5	6.4	6.2	6.3	6.2	6.1	12.4	6.6
o/w multilateral	--	9.8	9.3	8.6	8.5	8.2	7.7	7.0	6.4	5.7	5.1	4.8	4.6	4.4	4.2	4.1	4.1	4.0	4.0	4.1	7.6	4.3
NPV of debt after enhanced HIPC relief	268.7	215.8	202.2	133.5	124.8	118.5	113.4	108.0	103.3	99.7	97.1	95.2	93.8	93.0	92.7	92.7	92.8	92.5	92.5	92.8	131.6	93.1
o/w multilateral	131.9	123.9	110.0	73.0	68.0	63.8	59.3	53.8	48.7	44.3	40.3	36.8	33.6	30.9	28.7	26.5	24.3	21.8	19.5	17.2	77.7	26.6
NPV of debt after unconditional delivery of enhanced HIPC relief 3/	150.0	146.9	143.6	133.5	124.8	118.5	113.4	108.0	103.3	99.7	97.1	95.2	93.8	93.0	92.7	92.7	92.8	92.5	92.5	92.8	118.9	93.1
Debt service after enhanced HIPC relief	--	16.2	8.3	8.9	9.1	7.9	7.1	7.8	7.4	6.6	5.9	5.4	5.2	4.8	4.4	4.3	4.5	4.9	4.8	4.6	8.5	4.8
(in percent)																						
NPV of debt-to-revenue ratio before traditional debt relief 4/	1132.9	940.2	764.0	677.5	609.5	547.3	495.5	454.6	425.2	401.0	380.5	362.8	347.3	333.7	322.0	311.9	303.2	295.8	289.3	284.1	569.5	316.7
NPV of debt-to-revenue ratio after traditional debt relief 4/	579.8	480.5	386.2	337.7	298.9	265.5	236.7	213.8	196.7	182.4	170.4	160.0	150.7	142.7	135.8	129.6	124.1	118.9	114.1	109.9	276.9	131.8
NPV of debt-to-revenue after (unconditional) enhanced HIPC relief 3/ 4/	396.7	335.0	277.4	247.9	224.6	204.1	187.0	171.6	160.2	151.0	143.4	137.3	132.1	127.8	124.3	121.3	118.5	115.3	112.6	110.3	210.2	122.2
NPV of debt-to-GDP ratio before traditional debt relief	86.8	76.9	68.5	61.4	54.7	48.7	43.3	39.5	36.2	33.5	31.2	29.2	27.4	25.9	24.5	23.3	22.3	21.5	20.7	20.2	49.4	23.9
NPV of debt-to-GDP ratio after traditional debt relief	62.1	55.9	50.3	45.6	40.9	36.9	33.1	30.6	28.4	26.5	25.0	23.6	22.4	21.4	20.5	19.8	19.1	18.4	17.8	17.3	37.3	20.0
NPV of debt-to-GDP ratio after (unconditional) enhanced HIPC relief 3/	42.5	39.0	36.1	33.5	30.8	28.4	26.2	24.5	23.1	21.9	21.0	20.3	19.7	19.2	18.8	18.5	18.2	17.9	17.6	17.4	28.4	18.6
Grant element in total debt	37.1	38.3	39.8	41.5	43.0	44.4	45.7	47.1	48.5	49.7	50.9	52.0	53.1	54.1	55.0	55.9	56.8	57.6	58.4	59.1	44.9	55.8
Grant element in new debt	--	73.4	72.9	72.4	71.7	71.1	70.5	69.9	69.3	68.7	68.1	67.5	67.0	66.5	66.1	65.7	65.4	65.0	64.7	64.4	70.8	65.8
Alternative scenario - lower overall exports growth																						
NPV of debt after traditional debt-relief mechanisms	1727.2	1724.8	1713.4	1721.9	1713.7	1726.3	1747.1	1779.4	1826.5	1892.5	1978.9	2082.9	2203.9	2345.4	2509.5	2693.9	2902.9	3130.0	3382.8	3666.4	1782.4	2768.6
(in percent of exports of goods & non factor services) 2/																						
NPV of debt after traditional debt relief	219.2	210.7	202.4	188.8	177.9	169.4	161.7	155.2	150.2	146.7	144.6	143.4	143.1	143.5	144.7	146.5	148.8	151.2	154.0	157.3	170.7	148.1
Debt service after traditional debt relief	4.9	15.7	16.5	15.6	16.3	13.8	13.1	12.2	11.4	10.4	9.6	9.2	8.9	8.6	8.3	8.3	8.3	8.6	8.7	8.8	13.5	8.6
NPV of debt after enhanced HIPC relief 3/	268.7	215.8	204.6	140.4	136.7	133.8	131.6	128.6	126.6	125.9	126.3	127.7	129.8	132.6	136.2	140.1	144.3	148.3	152.7	157.6	147.0	141.0
NPV of debt after unconditional delivery of enhanced HIPC relief 3/	150.0	146.9	146.0	140.4	136.7	133.8	131.6	128.6	126.6	125.9	126.3	127.7	129.8	132.6	136.2	140.1	144.3	148.3	152.7	157.6	134.3	141.0
Debt service after enhanced HIPC relief	--	16.2	8.9	9.7	10.3	9.1	8.3	9.1	8.8	8.0	7.4	6.9	6.8	6.4	6.2	6.3	6.6	7.2	7.3	7.3	9.6	6.8
(in percent)																						
NPV of debt-to-revenue ratio 4/	579.8	480.5	386.2	343.2	307.4	276.5	249.9	229.1	214.4	202.6	193.2	185.4	178.8	173.5	169.2	165.6	162.6	159.8	157.4	155.5	288.3	167.5
NPV of debt-to-GDP ratio	48.0	57.2	60.1	56.1	51.7	47.8	44.0	41.6	39.7	38.1	37.0	36.2	35.5	35.1	34.9	34.7	34.8	34.8	34.9	35.1	47.3	35.1
Grant element in new debt	--	73.4	72.9	72.5	71.9	71.3	70.8	70.2	69.7	69.1	68.6	68.1	67.6	67.1	66.7	66.4	66.0	65.7	65.4	65.1	71.0	66.5
Alternative scenario - less concessional new borrowing																						
NPV of debt after traditional debt-relief mechanisms	1727.2	1724.8	1713.4	1773.4	1809.7	1870.8	1947.2	2045.9	2172.0	2319.7	2493.5	2692.9	2916.4	3165.0	3443.5	3749.9	4089.3	4449.9	4839.6	5277.1	1987.0	3847.1
(in percent of exports of goods & non factor services) 2/																						
NPV of debt after traditional debt relief	219.2	210.7	200.0	188.7	178.3	171.6	166.5	163.3	162.0	161.7	162.3	163.8	165.7	168.0	170.8	173.7	177.0	179.9	182.8	186.2	176.5	174.2
Debt service after traditional debt relief	4.9	15.7	16.0	15.1	15.6	13.4	12.8	12.1	11.4	11.4	11.3	11.6	12.1	12.4	12.7	13.4	14.1	15.1	15.9	16.3	13.5	13.7
NPV of debt after enhanced HIPC relief 3/	268.7	215.8	202.2	140.4	137.0	136.0	136.4	136.8	138.5	140.9	144.1	148.1	152.5	157.1	162.2	167.4	172.5	177.0	181.5	186.4	152.8	167.2
NPV of debt after unconditional delivery of enhanced HIPC relief 3/	150.0	146.9	143.6	140.4	137.0	136.0	136.4	136.8	138.5	140.9	144.1	148.1	152.5	157.1	162.2	167.4	172.5	177.0	181.5	186.4	140.0	167.2
Debt service after enhanced HIPC relief	--	16.2	8.3	9.2	9.6	8.6	8.0	9.0	8.8	9.0	9.1	9.4	9.9	10.3	10.7	11.4	12.4	13.6	14.4	14.8	9.6	11.9
(in percent)																						
NPV of debt-to-revenue ratio 4/	579.8	480.5	386.2	350.4	320.8	295.6	274.5	259.6	251.3	244.7	239.8	236.2	233.2	230.8	229.0	227.3	226.1	224.3	222.4	221.2	310.3	227.8
NPV of debt-to-GDP ratio	62.1	55.9	50.3	47.3	44.0	41.1	38.4	37.1	36.2	35.6	35.1	34.9	34.7	34.6	34.6	34.6	34.7	34.7	34.7	34.8	42.1	34.7
Grant element in new debt	--	73.4	72.9	61.9	58.2	55.7	53.7	51.9	50.1	48.7	47.4	46.2	45.1	44.2	43.3	42.5	41.7	41.0	40.4	39.8	57.4	42.7

Sources: Guinean authorities; and staff estimates.

1/ All debt indicators refer to public and publicly guaranteed (PPG) debt and are defined after rescheduling, unless otherwise indicated.

2/ As defined in IMF Balance of Payments Manual, 5th edition, 1993. Based on a three-year average of exports on the previous year (e.g. export average over 1997-1999 for NPV of debt-to-exports ratio in 1999).

3/ Entire assistance assumed to be delivered unconditionally at end-December 1999 .

4/ Revenues are defined as central government revenues, excluding grants.

Table 9. Guinea: Debt Service Payments on Public and Publicly Guaranteed External Debt, 2000-2019
(in millions of U.S. dollars; unless otherwise indicated)

																					Average		
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2011-2013	2014-2016	2017-2019
Before debt relief																							
Debt service on outstanding debt 1/	180	183	181	190	178	166	163	157	144	138	139	142	141	140	144	147	144	148	145	146	141	145	146
Principal	124	132	133	144	134	124	123	118	106	100	102	102	98	93	92	91	83	80	70	65	98	89	71
Interest	55	49	45	41	38	35	32	29	26	24	21	19	17	15	13	11	10	9	7	7	17	11	7
New borrowing	1	2	3	4	6	7	8	10	12	14	16	21	26	32	38	45	52	59	68	74	26	45	67
After traditional debt relief mechanisms 2/	135	151	150	165	148	148	146	143	138	133	135	138	139	140	147	154	167	176	185	154	139	156	172
Principal	77	96	97	114	99	100	99	97	92	87	88	91	92	92	98	103	116	123	131	100	92	106	118
Multilateral	56	62	62	68	72	72	70	67	62	59	59	57	54	50	50	49	49	49	50	50	54	49	50
o/w IMF	8	13	12	16	21	19	15	13	7	2	0	0	0	0	0	0	0	0	0	0	0	0	0
o/w World Bank	13	14	15	16	18	19	22	23	26	29	32	33	34	35	35	35	36	36	38	38	34	36	37
o/w AfDB/AfDF	17	14	14	14	14	14	15	15	14	14	14	12	9	7	7	7	7	7	7	7	10	7	7
Others	18	21	21	22	19	19	19	16	15	14	13	12	11	8	8	7	5	5	5	5	10	7	5
Official bilateral	21	34	35	36	27	27	29	30	29	28	29	32	33	34	36	39	48	52	54	19	33	41	42
Paris Club	14	17	17	18	18	19	20	20	20	18	19	21	22	25	28	31	37	41	43	15	23	32	33
post-cutoff date	14	17	17	18	18	19	19	18	16	13	12	12	11	11	11	11	11	10	7	6	11	11	8
o/w ODA	13	16	16	17	17	18	18	17	16	13	12	12	11	11	11	11	11	10	7	6	11	11	8
pre-cutoff date	0	0	0	0	0	0	1	2	4	5	7	9	11	14	17	20	27	31	36	8	12	21	25
o/w ODA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3	4	4	4	0	1	4
o/w non ODA	0	0	0	0	0	0	1	2	4	5	7	9	11	14	17	20	24	27	32	4	12	20	21
Other official bilateral	7	17	18	18	9	9	9	9	10	10	10	10	11	9	9	8	11	11	11	5	10	9	9
post-cutoff date	7	17	18	18	9	9	9	9	9	9	9	9	8	6	5	4	3	2	1	0	7	4	1
pre-cutoff date	0	0	0	0	0	0	0	0	1	1	2	2	2	3	4	4	8	9	10	4	2	5	8
o/w ODA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3	3	3	4	0	1	3
Commercial	0	0	0	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
post-cutoff date	0	0	0	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
New borrowing	0	0	0	0	0	0	0	0	0	0	0	2	5	9	12	15	19	22	27	31	6	15	27
Interest	58	54	53	51	49	48	47	47	46	46	46	47	47	48	49	50	52	53	54	53	47	50	53
Multilateral	28	24	22	20	19	17	16	14	13	11	10	9	8	8	7	7	6	6	6	5	8	7	6
o/w IMF	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
o/w World Bank	8	7	7	7	7	7	7	7	6	6	6	6	6	5	5	5	5	4	4	4	6	5	4
o/w AfDB/AfDF	13	10	9	8	7	6	5	5	4	3	3	2	2	1	1	1	1	1	1	1	2	1	1
Others	7	6	5	5	4	4	3	3	2	2	2	1	1	1	1	1	1	0	0	0	1	1	0
Official bilateral	29	29	27	26	25	24	23	23	22	21	20	19	18	17	16	14	12	10	8	5	18	14	8
Paris Club	22	21	21	20	20	19	19	18	18	17	17	16	15	14	13	12	10	9	7	5	15	12	7
post-cutoff date	6	6	5	5	4	4	3	3	2	2	2	2	1	1	1	1	1	0	0	0	1	1	0
o/w ODA	5	5	5	4	4	3	3	3	2	2	2	2	1	1	1	1	1	0	0	0	1	1	0
pre-cutoff date	16	16	16	16	16	16	16	16	15	15	15	14	14	13	12	11	10	8	7	4	14	11	6
o/w ODA	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
o/w non ODA	11	11	11	11	11	11	11	11	11	11	10	10	9	9	8	7	5	4	2	0	9	7	2
Other official bilateral	8	7	7	6	5	5	5	4	4	4	4	4	3	3	3	2	2	1	1	0	3	2	1
post-cutoff date	4	4	4	3	2	2	2	1	1	1	1	1	1	0	0	0	0	0	0	0	1	0	0
pre-cutoff date	3	3	3	3	3	3	3	3	3	3	3	3	3	2	2	2	2	1	1	0	3	2	1
o/w ODA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Commercial	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
post-cutoff date	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
pre-cutoff date	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
New borrowing	1	2	3	4	6	7	8	10	12	14	16	18	21	23	26	30	33	37	41	43	21	30	40
After enhanced HIPC assistance 3/	140	78	90	99	92	88	105	106	101	97	96	97	96	95	100	111	129	135	140	151	96	113	142
Principal	91	54	68	73	67	62	75	76	70	66	64	64	62	59	62	69	83	86	88	97	62	71	90
Multilateral	56	29	30	27	27	35	48	49	45	44	43	41	37	33	33	38	48	49	50	50	37	40	50
Official bilateral	35	25	38	39	40	27	27	27	25	22	21	21	20	18	17	16	16	15	11	15	19	16	14
o/w: Paris Club	33	17	17	18	18	19	19	18	16	13	12	12	12	12	12	12	12	12	9	13	12	12	11
Commercial	0	0	0	7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
New borrowing	0	0	0	0	0	0	0	0	0	0	0	2	5	9	12	15	19	22	27	31	6	15	27
Interest	49	24	22	26	25	26	30	30	31	31	32	33	34	36	38	42	46	49	53	54	35	42	52
Multilateral	28	9	9	7	6	7	10	10	9	8	7	6	5	5	5	5	6	6	6	5	6	5	6
Official bilateral	21	13	10	15	13	12	11	11	10	10	9	9	8	8	8	7	7	7	6	6	8	7	6
o/w: Paris Club	20	7	5	11	10	10	9	9	8	8	8	8	7	7	7	7	6	6	6	5	7	7	6
Commercial	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
New borrowing	1	2	3	4	6	7	8	10	12	14	16	18	21	23	26	30	33	37	41	43	21	30	40
Memorandum items:																							
Exports	863	942	1013	1090	1168	1251	1339	1433	1534	1641	1757	1881	2013	2155	2307	2470	2644	2830	3030	3249	2016	2473	3036
Debt-service ratio before HIPC relief (percent)	16	16	15	15	13	12	11	10	9	8	8	7	7	7	6	6	6	6	6	5	7	6	6
Debt-service ratio after HIPC relief (percent)	16	8	9	9	8	7	8	7	7	6	5	5	5	4	4	4	5	5	5	5	5	5	5

Source: Guinean authorities and staff estimates and projections.
1/ Before Russian up-front discount.
2/ A stock-of-debt under Naples terms is simulated at end-June, 2000.
3/ Completion point is assumed to be reached in December 2002.

Table 10. Guinea: Possible Delivery of IMF Assistance under the Enhanced HIPC Initiative, 2000-09 1/

(In millions of U.S. dollars, unless otherwise indicated)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
(Based on the US$/SDR exchange rate as of December 5, 2000)										
Delivery schedule of IMF assistance (in percent of assistance)	0	10	5	14	25	25	13	8	0	0
Debt Service due on IMF obligations 2/	0.3	13.4	12.7	16.4	20.9	19.5	15.3	13.7	7.6	3.0
Principal	0.0	11.9	11.2	15.1	19.6	18.3	14.2	12.7	6.6	2.0
Interest	0.3	1.5	1.4	1.4	1.3	1.2	1.1	1.0	1.0	1.0
IMF assistance--deposits into Guinea's account										
Interim assistance 3/	3.14	1.57								
Completion point assistance 4/			26.69							
IMF assistance--drawdown schedule 5/	0.00	3.15	1.68	5.50	10.19	9.93	4.65	2.82	0.00	0.00
IMF assistance without interest	0.00	3.14	1.57	4.40	7.85	7.85	4.08	2.51	0.00	0.00
Estimated interest earnings	0.00	0.01	0.11	1.10	2.34	2.08	0.57	0.30	0.00	0.00
Debt service due on IMF obligations after IMF assistance 5/	0.3	10.3	11.0	11.0	10.7	9.6	10.7	10.9	7.6	3.0
Share of debt service due on IMF obligations after IMF assistance (in percent) 5/	0.0	23.4	13.3	33.4	48.7	50.9	30.4	20.5	0.0	0.0
Proportion (in percent) of each repayment falling due during the period to be paid by IMF assistance from the principal deposited in Guinea's account	0.0	26.3	14.0	29.2	40.0	42.9	28.7	19.8	0.0	0.0
Memorandum items:										
(Based on debt service data and exchange rates as of end-1999) 6/										
Total debt service due 7/	134.3	148.6	146.8	160.4	142.4	140.8	137.9	133.3	126.2	119.7
of which: due to the IMF	9.0	13.3	12.5	16.5	21.2	19.7	15.3	13.6	7.1	2.2
Debt service due on end-99 IMF obligations after IMF assistance 5/	9.0	10.1	10.8	11.0	11.1	9.8	10.6	10.8	7.1	2.2
(in percent of exports)	1.0	1.1	1.1	1.0	0.9	0.8	0.8	0.8	0.5	0.1
Share of total debt service covered by IMF assistance (in percent) 5/	0.0	2.1	1.1	3.4	7.2	7.1	3.4	2.1	0.0	0.0

Sources: Guinean authorities; and Fund staff estimates.

1/ Total IMF assistance under the enhanced HIPC Initiative is US$ 31.4 million calculated on the basis of data available at the decision point, excluding interest earned on Guinea's account and on committed but undisbursed amounts as described in footnotes 4 and 5.

2/ Data as of October 31, 2000. Interest obligations include net SDR charges and assessments. Data for 2000 covers obligations falling due after December 20, the expected decision point.

3/ Interim assistance to be deposited into Guinea's account in December 2000 and December 2001, to cover obligations to the Fund falling due for the coming two years. As Guinea has no principal obligation falling due in December 2000, the first repayment of obligations takes place in 2001.

4/ Remaining amount of assistance assumed to be disbursed into Guinea's account at the assumed completion point in December 2002, which is reflected in the calculation of interest.

5/ Includes estimated interest earnings on: (1) amounts held in Guinea's account; and (2), up to the completion point, amounts committed but not yet disbursed. It is assumed that these amounts earn a rate of return of 5.25 percent in U.S. dollar terms; actual interest earnings may be higher or lower. Interest accrued on (1) during a calendar year will be used toward the first repayment obligation(s) falling due in the following calendar year except in the final year, when it will be used toward payment of the final obligation(s) falling due in that year. Interest accrued on (2) during the interim period will be used toward the repayment of obligations falling due during the three years after the completion point.

6/ Excludes charges in the SDR department of the IMF.

7/ After traditional debt relief mechanisms; excluding debt service on new debt.

Table 11. Guinea: Possible Delivery of IDA Assistance Under the Enhanced HIPC Initiative, 2000-2015 1/

(In millions of U.S. dollars, unless otherwise indicated)

	NPV relief required	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Averages 2001-7	2008-15	Cumulative 2000-2024
Debt service before HIPC Assistance		20.3	21.6	22.3	23.7	24.8	26.2	28.7	29.6	33.0	35.2	38.4	25.3	38.1	481.6
of which principal		12.7	14.1	15.0	16.4	17.7	19.2	21.8	22.9	26.5	28.9	32.3	18.2	32.4	386.4
of which interest		7.6	7.5	7.4	7.3	7.1	7.0	6.8	6.7	6.5	6.3	6.1	7.1	5.7	95.2
Debt Service after HIPC Assistance		20.3	10.8	11.2	11.9	12.4	13.1	14.4	14.8	16.5	17.6	19.2	12.7	19.9	248.1
of which principal		12.7	7.1	7.5	8.2	8.8	9.6	10.9	11.5	13.3	14.5	16.2	9.1	17.0	199.6
of which interest		7.6	3.7	3.7	3.6	3.6	3.5	3.4	3.3	3.3	3.2	3.0	3.6	2.9	48.5
Savings on debt service to IDA	152	0.0	10.8	11.1	11.8	12.4	13.1	14.3	14.8	16.5	17.6	19.2	12.6	18.2	233.6
of which principal		0.0	7.0	7.5	8.2	8.8	9.6	10.9	11.4	13.2	14.4	16.1	9.1	15.4	186.9
of which interest		0.0	3.7	3.7	3.6	3.6	3.5	3.4	3.3	3.2	3.1	3.0	3.5	2.7	46.7
Savings as percent of debt service to IDA		0	50	50	50	50	50	50	50	50	50	50	49.9	47.8	49

Source: Staff estimates.

1/ Enhanced HIPC assistance proposed to be delivered over about 15 years through a 50 percent relief on the debt service falling due to IDA on credits outstanding at end-1999.

Table 12. HIPC Initiative: Status of Country Cases Considered Under the Initiative, as of November 14, 2000

Country	Decision Point	Completion Point	Target NPV of Debt-to- Export (in percent)	Target NPV of Debt-to- Gov. revenue (in percent)	Assistance Levels 1/ (In millions of U.S. dollars, present value) Total	Bilateral	Multilateral	IMF	World Bank	Percentage Reduction in NPV of Debt 2/	Estimated Total Nominal Debt Service Relief (In millions of U.S. dollars)
Completion point reached under enhanced framewo											
Uganda					1,003	183	820	160	517		1,950
original framework	*Apr. 97*	*Apr. 98*	*202*		*347*	*73*	*274*	*69*	*160*	*20*	*650*
enhanced framework	*Feb. 00*	*May 00*	*150*		*656*	*110*	*546*	*91*	*357*	*37*	*1,300*
Decision point reached under enhanced framework											
Benin	Jul. 00	*Floating*	150		265	77	189	24	84	31	460
Bolivia					1,302	425	876	84	194		2,060
original framework	*Sep. 97*	*Sep. 98*	*225*		*448*	*157*	*291*	*29*	*53*	*14*	*760*
enhanced framework	*Feb. 00*	*Floating*	*150*		*854*	*268*	*585*	*55*	*141*	*30*	*1,300*
Burkina Faso					398	56	342	42	162		700
original framework	*Sep. 97*	*Jul. 00*	*205*		*229*	*32*	*196*	*22*	*91*	*27*	*400*
enhanced framework	*Jul. 00*	*Floating*	*150*		*169*	*24*	*146*	*20*	*71*	*27*	*300*
Cameroon	Oct. 00	Floating	150		1,260	874	324	37	179	27	2,000
Guyana					585	220	365	74	68		1,030
original framework	Dec. 97	May 99	107	280	256	91	165	35	27	24	440
enhanced framework	*Nov. 00*	*Floating*	*70*	*250*	*329*	*129*	*200*	*40*	*41*	*40*	590
Honduras	Jun. 00	Floating	110	250	556	215	340	30	98	18	900
Mali					523	162	361	58	182		870
original framework	*Sep. 98*	*Sep. 00*	*200*		*121*	*37*	*84*	*14*	*44*	*9*	*220*
enhanced framework	*Sep. 00*	*Floating*	*150*		*401*	*124*	*277*	*44*	*138*	*28*	*650*
Mauritania	Feb. 00	Floating	137	250	622	261	361	47	100	50	1,100
Mozambique					1,970	1,235	736	140	434		4,300
original framework	*Apr. 98*	*Jun. 99*	*200*		*1,716*	*1,076*	*641*	*125*	*381*	*63*	*3,700*
enhanced framework	*Apr. 00*	*Floating*	*150*		*254*	*159*	*95*	*16*	*53*	*9*	*600*
Senegal	Jun. 00	Floating	133	250	488	193	259	45	124	19	850
Tanzania	Apr. 00	Floating	150		2,026	1,006	1,020	120	695	54	3,000
Decision point reached under original framework											
Côte d'Ivoire	Mar. 98	Mar. 01	141	280	345	163	182	23	91	6 3/	800
Total assistance provided/committed					**11,343**	**5,070**	**6,175**	**883 4/**	**2,928**		**20,020**
Preliminary HIPC document issued 5/											
Chad	...	...	150		157	34	123	15	65	27	250
Ethiopia	...	...	200		636	225	411	22	214	23	1,300
Gambia, The	...	...	150		72	20	52	2	24	29	102
Guinea	...	...	150		638	256	383	37	173	34	1,150
Guinea-Bissau	...	...	200		300	148	153	8	73	73	600
Madagascar	...	...	150		880	502	378	23	264	41	…
Malawi	...	...	150		629	163	466	29	323	43	1,100
Nicaragua	...	...	150		2,507	1,416	1,091	32	188	66	5,000
Rwanda	...	...	150		447	56	391	43	227	71	800
Zambia	...	...	150		2,468	1,121	1,326	600	491	62	4,500

Sources: IMF and World Bank Board decisions, completion point documents, decision point documents, preliminary HIPC documents, and staff calculations.

1/ Assistance levels are at countries' respective decision or completion points, as applicable.
2/ In percent of the net present value of debt at the decision or completion point (as applicable), after the full use of traditional debt-relief mechanisms.
3/ Nonreschedulable debt to non-Paris Club official bilateral creditors and the London Club, which was already subject to a highly concessional restructuring, is excluded from the NPVof debt at the completion point in the calculation of this ratio.
4/ Equivalent to SDR 678.1 million at an SDR/USD exchange rate of 0.768.
5/ Figures are based on preliminary assessments at the time of the issuance of the preliminary HIPC document; and are subject to change. Assistance levels for Ethiopia and Guinea-Bissau were based on the original framework and applied at the completion point; for Chad, The Gambia, Guinea, Madagascar, Malawi, Nicaragua, Rwanda, and Zambia, targets are based on the enhanced framework and assistance levels are at the assumed decision point.

Table 13. Guinea: Balance of Payments, 1999-2019
(In millions of U.S. dollars, unless otherwise indicated)

	1999 Prel.	2000 Proj.	2001 Proj.	2002 proj.	2005 proj.	2010 proj.	2015 proj.	2019 proj.
Merchandise trade balance	53	152	180	190	232	242	209	635
Exports, f.o.b.	650	740	814	881	1,093	1,540	2,171	3,306
Of which: mining products 1/	520	608	670	727	900	960	1,019	1,023
Imports (f.o.b.)	-597	-589	-635	-692	-861	-1,298	-1,962	-2,671
Services trade balance	-211	-215	-230	-250	-304	-444	-657	-569
Services exports	116	123	128	132	158	217	299	569
Services imports	-327	-338	-357	-382	-461	-661	-956	-1,138
Income balance	-76	-104	-108	-124	-130	-147	-175	-172
Dividend payments	-32	-43	-45	-48	-57	-77	-103	-88
Interest on public debt 2/	-50	-55	-45	-57	-54	-51	-53	-107
Transfers	101	86	73	82	83	100	116	54
Official transfers	109	96	100	105	101	124	149	114
Current account								
Including public transfers	-134	-82	-86	-102	-118	-249	-507	-52
Excluding public transfers	-243	-178	-185	-207	-220	-373	-656	-165
Capital movements	68	64	6	32	46	63	134	-75
Public (medium and long-term)	70	34	-17	8	17	25	82	-164
Project-related loans	151	124	93	101	129	176	238	0
Program financing	0	0	0	0	0	0	0	0
Amortization due	-81	-90	-110	-94	-111	-151	-156	-164
Public (short-term)	0	0	0	0	0	0	0	0
Direct and other private investment (net)	-1	29	23	24	29	39	52	89
Errors and omissions	-27	-28	0	0	0	0	0	1
Overall balance	-92	-46	-80	-70	-72	-185	-373	-126
Financing	92	46	-45	-21	-26	-39	-70	-91
Change in net official reserves (increase -)	42	26	-45	-21	-26	-39	-70	-91
IMF (net)	4	-8	-13	-12	-19	0	0	0
Other reserves (net)	38	35	-32	-10	-7	-39	-70	-91
Changes in arrears (net)	8	0	0	0	0	0	0	0
Debt relief	42	20	0	0	0	0	0	0
Residual financing gap	0	0	125	92	98	225	443	217
Memorandum items:								
Current account-GDP ratio (in percent)								
Including public transfers	-3.7	-2.7	-3.0	-3.3	-3.0	-4.3	-6.0	-0.3
Excluding public transfers	-6.8	-5.9	-6.5	-6.7	-5.5	-6.4	-7.8	-1.1
Exports of GNFS-GDP ratio (in percent)	21.3	28.6	33.0	32.9	31.2	30.2	29.3	25.9
Imports of GNFS-GDP ratio (in percent)	-25.7	-30.7	-34.7	-34.8	-33.0	-33.7	-34.6	25.4
External medium-and long-term public debt	3,376	3,165	3,312	3,430	3,692	4,227	4,963	3,898
In percent of GDP	93.9	104.9	115.9	111.3	92.1	72.7	58.8	26.0
Debt-service ratio 3/	17.2	16.8	16.4	14.9	13.3	11.5	8.5	7.0
Gross reserves	207.5	189.6	235.0	313.1	385.6	571.4	851.1	1,110.8
In months of imports (GNFS)	2.7	2.3	2.6	3.5	3.5	3.5	3.5	3.5

Sources: Guinean authorities; and staff estimates and projections.

1/ Covering only exports of mining products from facilities identified in 1999.
2/ Includes interest on loans for gap financing.
3/ As percentage of exports of goods and non-factor services.

Table 14. Guinea: 2001 Baseline Budget and Full Budget after HIPC Interim Debt Relief 1/
(In billions of Guinean francs, unless otherwise indicated)

	Total Expenditure	Priority Expenditure: Public Health	Education	Road Maintenance	Other Priority Sectors	Total Priority Expenditure	Share of total expenditure in percent
		Base case scenario					
Current primary non military expenditure	434.8	23.7	114.3	14.5	29.3	181.7	41.8
Wages and salaries	223.5	13.7	75.2	0.0	21.3	110.2	49.3
Other goods and services	138.7	5.6	22.4	14.5	7.2	49.6	35.8
Subsidies and transfers 2/	72.6	4.4	16.7	0.0	0.8	21.9	30.2
Domestically financed public investment program	63.6	2.6	7.0	9.8	6.9	26.3	41.4
		Additional expenditure					
Current primary non military expenditure		11.2	44.3	16.4	9.0	80.8	100.0
Wages and salaries		0.0	0.0	0.0	0.0	0.0	0.0
Other goods and services		6.3	25.4	16.4	8.2	56.1	69.5
Subsidies and transfers 2/		4.9	18.9	0.0	0.9	24.7	30.5
Domestically financed public investment program		2.9	7.9	11.1	6.5	28.5	35.2
		Expenditure after HIPC Initiative					
Current primary non military expenditure	515.6	34.9	158.6	30.8	38.3	262.5	50.9
Wages and salaries	223.5	13.7	75.2	0.0	21.3	110.2	49.3
Other goods and services	194.9	11.9	47.8	30.8	15.3	105.7	54.3
Subsidies and transfers 2/	97.3	9.3	35.6	0.0	1.7	46.6	47.9
Domestically financed public investment program	92.1	5.5	15.0	20.9	13.4	54.8	59.5

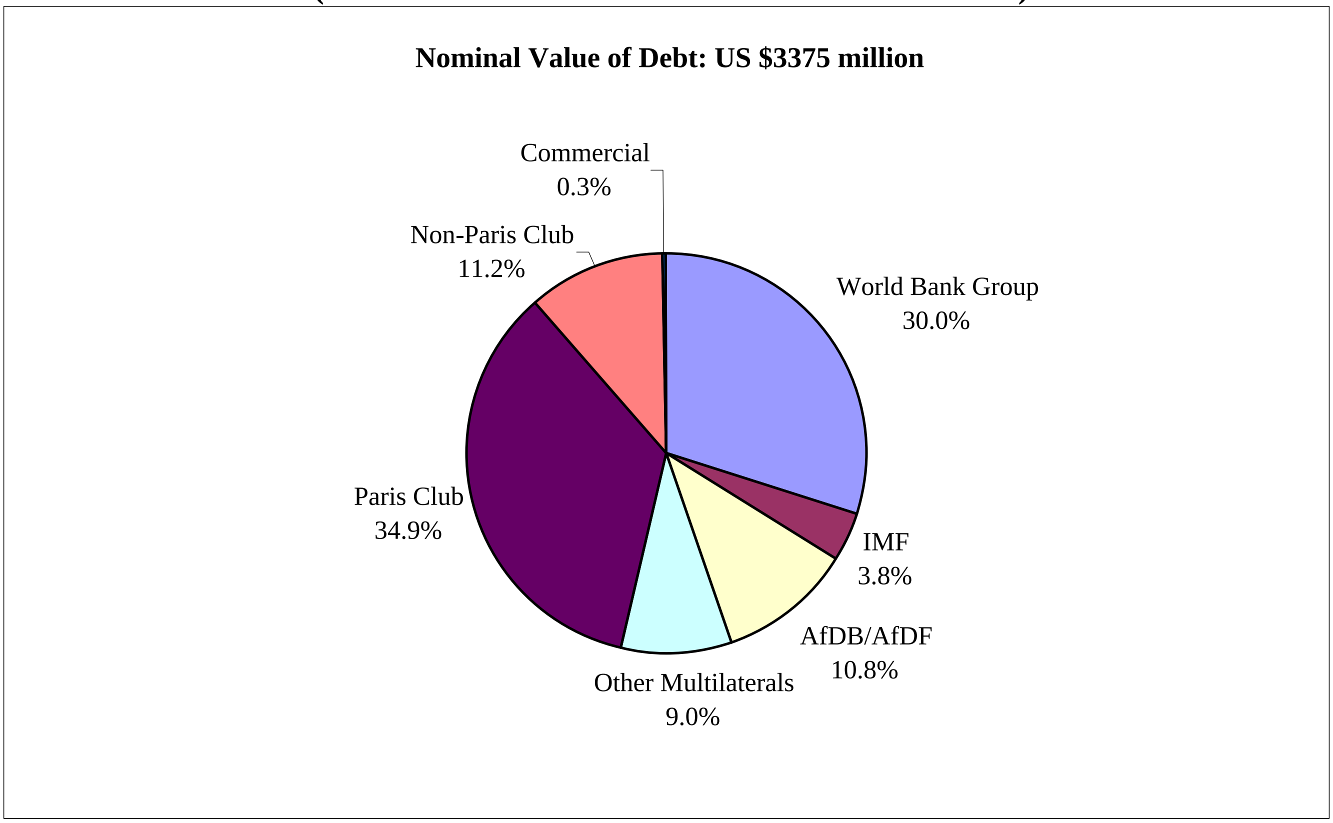
Memorandum items (In billions of Guinean francs):

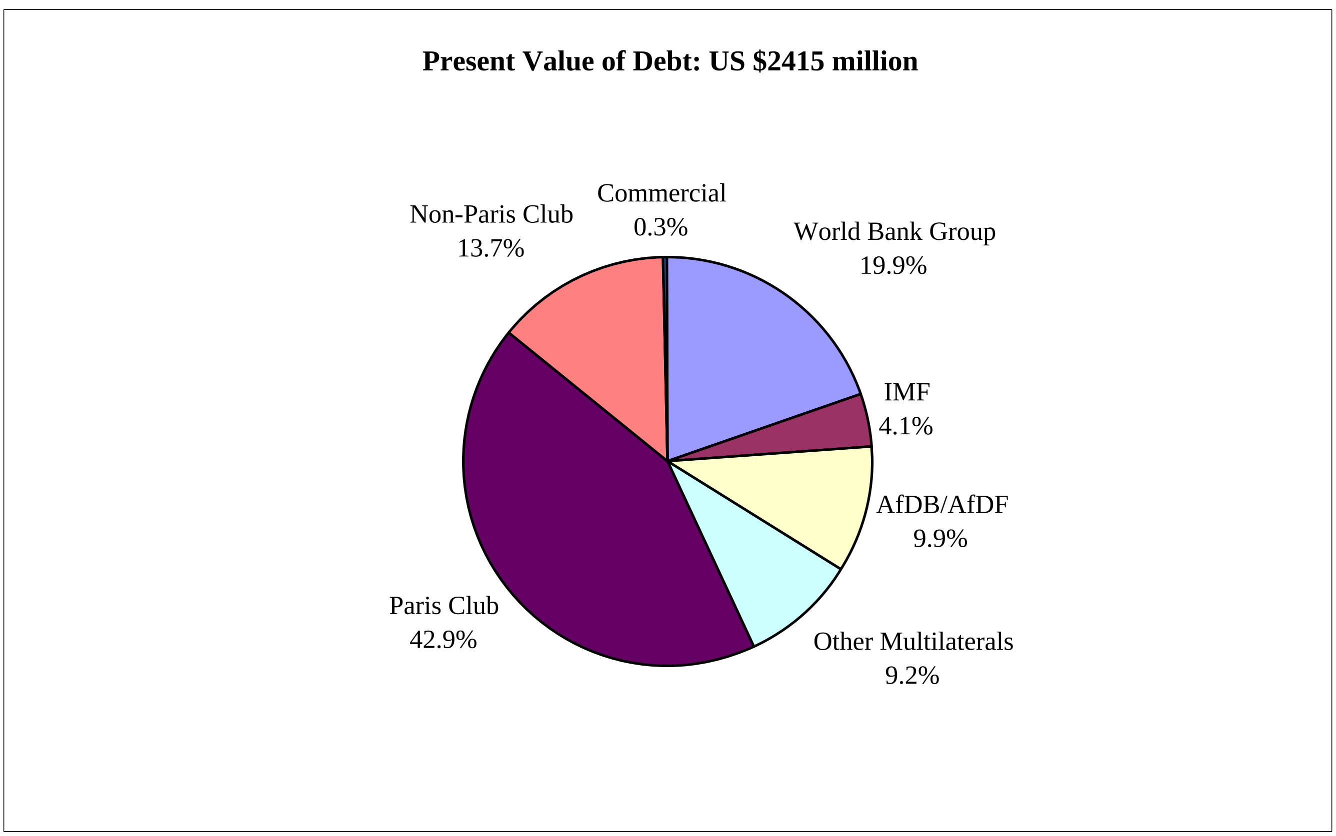
Debt service due	319.9
Possible debt relief under HIPC Initiative	109.3

1/ Reflects the agreements reached with the authorities on the 2001 budget. The allocation of expenditure for the 2002-2003 period is expected to be determined during the discussions for a new medium-term program, taking into account the I-PRSP.
2/ Excluding GNF 45 billion for the contribution to ECOMOG.

Figure 2. Guinea: Composition of Stock of External Debt, end-December, 1999

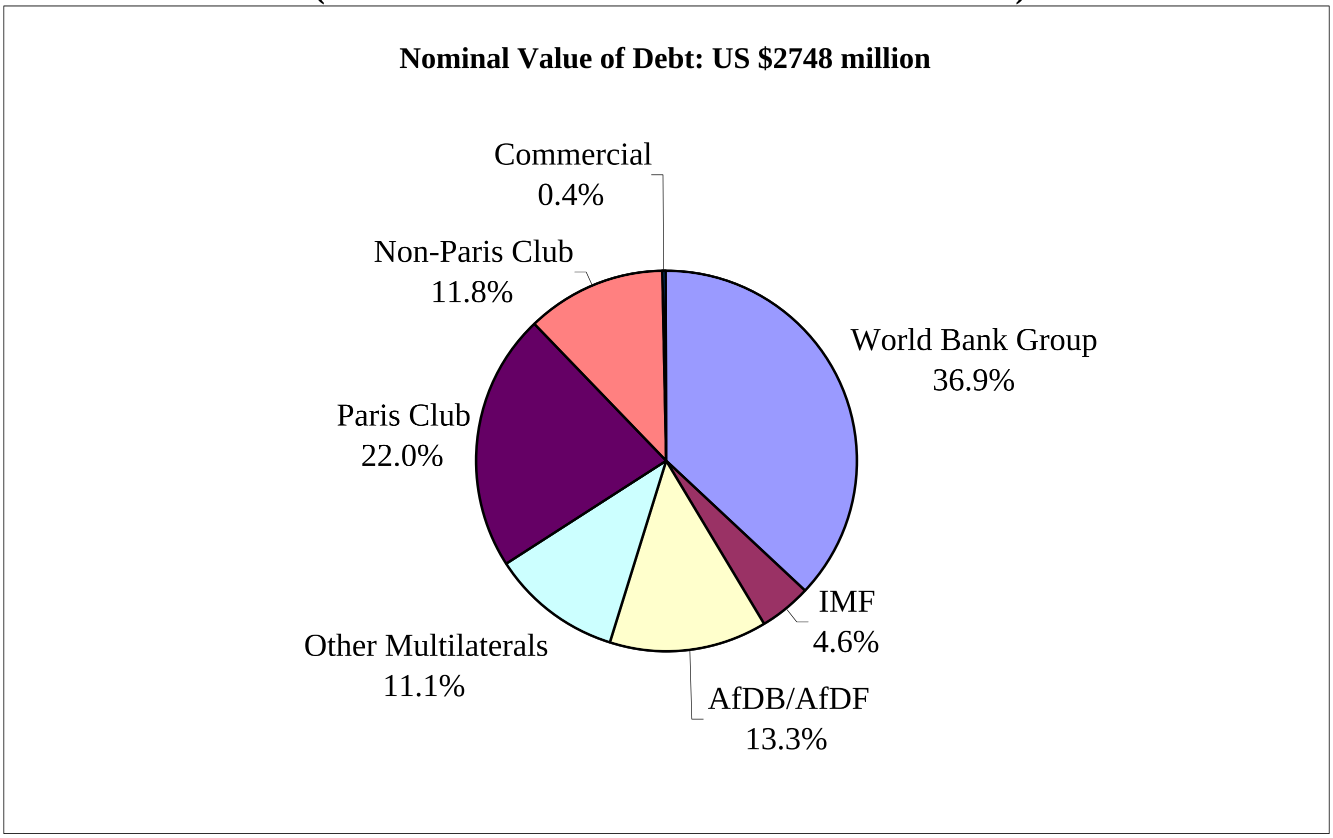
(Before full use of traditional debt relief mechanisms)

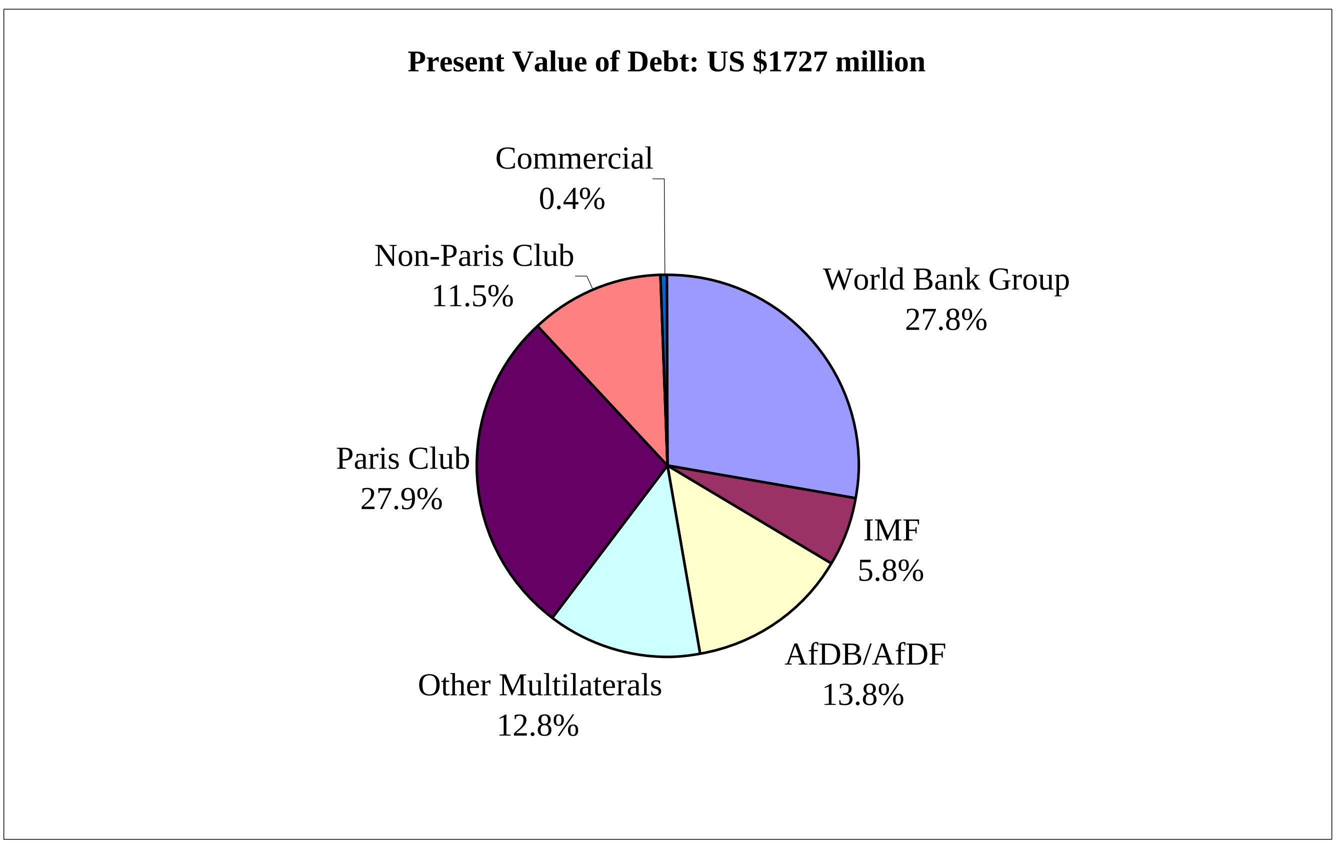




Sources: Guinean authorities; and staff estimates.

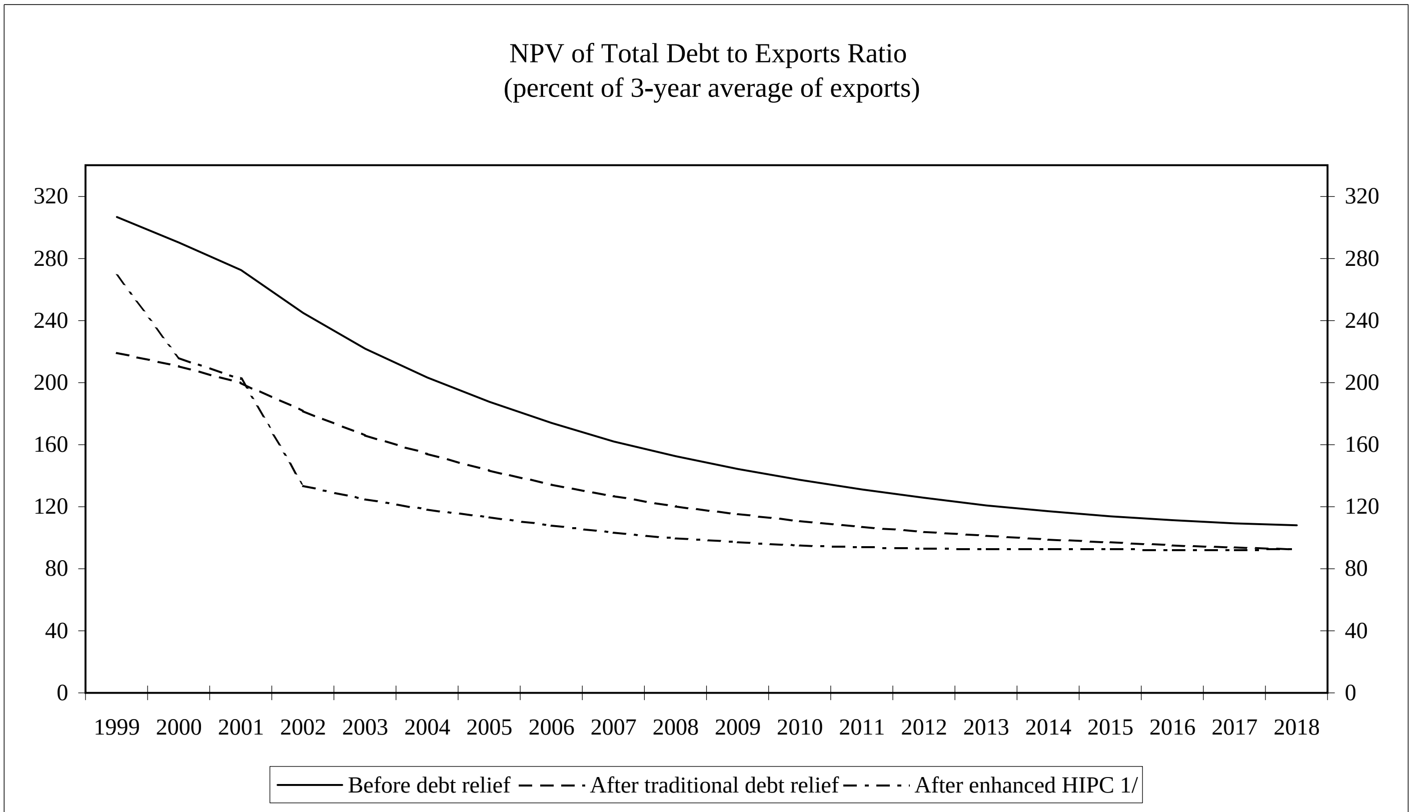
Figure 3. Guinea: Composition of Stock of External Debt, end-December, 1999
(After full use of traditional debt relief mechanisms)

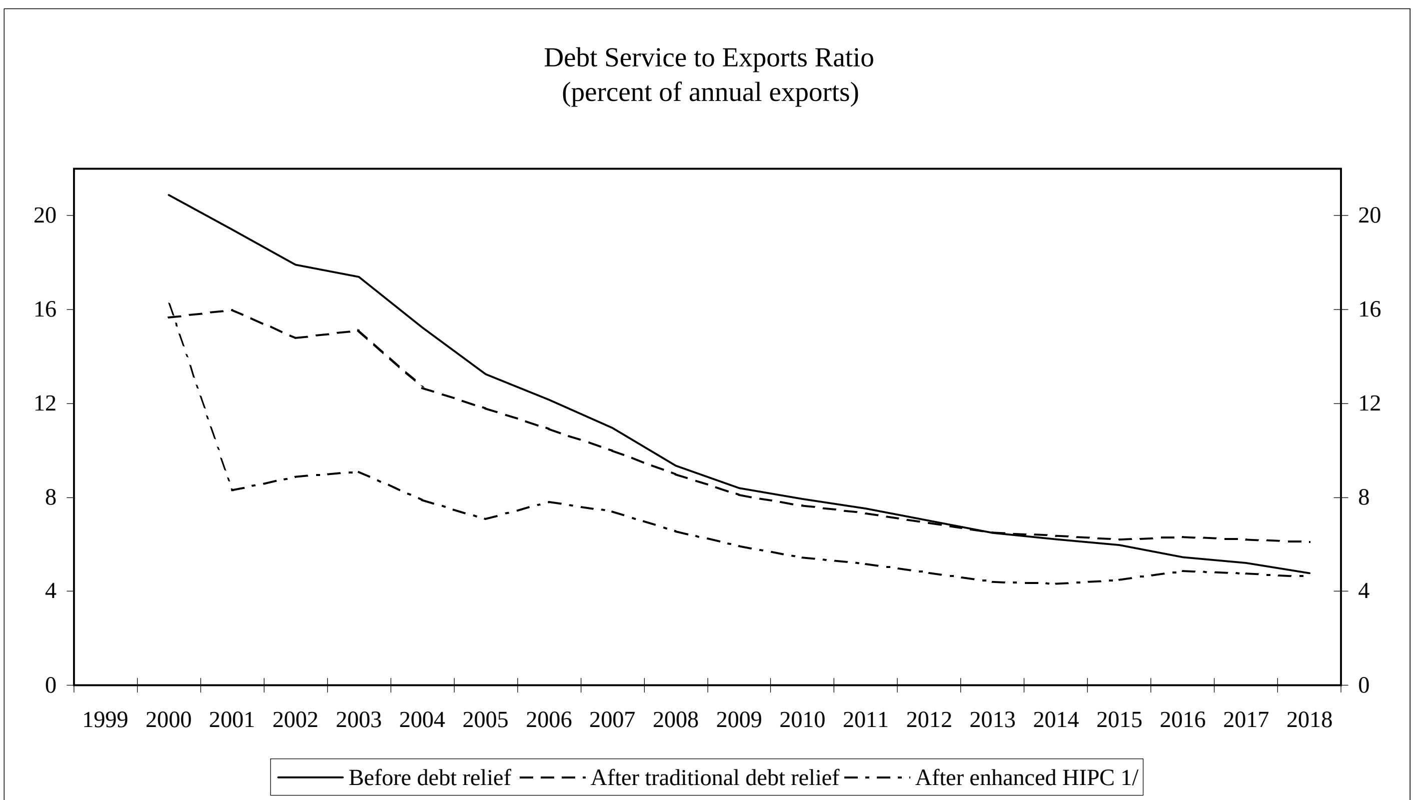




Sources: Guinean authorities; and staff estimates.

Figure 4. Guinea: Benefits from the HIPC Initiative, 1999-2018





Source: Guinean authorities; and staff estimates and projection
1/ Includes Russian upfront discount in 199