



GUINEA-BISSAU

June 2026

ELEVENTH REVIEW UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT, REQUESTS FOR MODIFICATION OF PERFORMANCE CRITERIA AND FINANCING ASSURANCES REVIEW

In the context of the Eleventh Review Under the Extended Credit Facility Arrangement, Requests for Modification of Performance Criteria and Financing Assurances Review, the following documents have been released and are included in this package:

- A **Press Release** including a statement by the Chair of the Executive Board.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on June 12, 2026, following discussions that ended on April 30, 2026, with the officials of Guinea-Bissau on economic developments and policies underpinning the IMF arrangement under the Extended Credit Facility. Based on information available at the time of these discussions, the Staff Report was completed on May 29, 2026.
- A **Debt Sustainability Analysis** prepared by the staffs of the IMF and the World Bank.
- A **Staff Statement** updating information on recent developments.
- A **Statement by the Executive Director** for Guinea-Bissau.

The IMF's transparency policy allows for the deletion of market-sensitive information and premature disclosure of the authorities' policy intentions in published staff reports and other documents.

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IMF Executive Board Completes the Eleventh Review under the Extended Credit Facility Arrangement for Guinea-Bissau

FOR IMMEDIATE RELEASE

- *The IMF Executive Board today completed the Eleventh Review under the Extended Credit Facility (ECF) arrangement for Guinea-Bissau. This allows for an immediate disbursement of SDR 1.18 million (about US\$1.6 million), bringing total disbursements under the arrangement to SDR 38.59 million (about US\$54.8 million).*
- *All end-March 2026 quantitative performance criteria, indicative targets, and continuous structural benchmarks and performance criteria were met, reflecting strong policy implementation and continued commitment to the ECF-supported program.*
- *The authorities remain committed to prudent macroeconomic policies, stronger revenue mobilization, and strict expenditure prioritization. In the face of elevated global uncertainty and ongoing shocks, sustaining reform momentum and strengthening cash and debt management remain critical to safeguarding macroeconomic stability and supporting inclusive growth.*

Washington, D.C. - June 12, 2026: The Executive Board of the International Monetary Fund (IMF) today completed the eleventh review under the [Extended Credit Facility](#) (ECF) arrangement for Guinea-Bissau. [The three-year arrangement](#), approved on January 30, 2023, aims to secure debt sustainability, improve governance, and reduce corruption, while creating fiscal space to foster inclusive growth. [The Executive Board granted an augmentation of access](#) on November 29, 2023. The completion of the review enables the disbursement of SDR 1.18 million (about US\$1.7 million) to help meet the country's balance-of-payments and fiscal financing needs. This brings total disbursements under the arrangement to SDR 38.59 million (about US\$54.8 million).

Program performance under the Eleventh Review was strong. All end-March 2026 quantitative performance criteria, both indicative targets, and all continuous structural benchmarks and performance criteria were met, reflecting firm policy implementation and adherence to the reform agenda. In completing the review, the Executive Board approved the modification of quantitative performance criteria on total domestic tax revenue and domestic primary balance and completed the financing assurances review.

Economic growth in 2025 is estimated at about 5.8 percent, supported by robust agricultural production, particularly cashew exports, and solid private investment. Growth is expected to moderate in 2026 amid a more challenging external environment, including elevated global fuel prices as a result of the war in the Middle East and risks to the cashew campaign. Downside risks including adverse weather, terms-of-trade shocks, and tighter financing conditions underscore the need for continued fiscal discipline. Sustained efforts to strengthen cash and debt management, prioritize spending, and promote diversification, including in fisheries and extractive sectors, will be key to reinforcing resilience over the medium term.

Capacity development (CD) has played a critical role in supporting Guinea-Bissau's economic reforms and has been closely integrated into the ECF-supported program. Since 2023, CD support has increased significantly, with spending nearly doubling and remaining above the Sub-Saharan Africa average, amounting to about US\$6 million during 2023-26. Assistance has focused mainly on revenue administration and tax policy, followed by public financial management, statistics, and debt management. CD has helped deliver key reforms, including replacing the sales tax with a VAT, digitalizing revenue administration, strengthening tax audits, supporting wage bill controls that reduced the wage bill by over 2 percent of GDP, and improving SOE oversight, including by eliminating the losses of the electricity and water utility of over 1 percent of GDP.

At the conclusion of the Executive Board's discussion, Mr. Bo Li, Deputy Managing Director and Acting Chair, made the following statement:

"Guinea-Bissau continues to show resilience despite a complex economic and political backdrop. Growth in 2025 was higher than projected, fiscal discipline has been restored, and program performance has been strong. In the context of elevated fuel prices, continued commitment to program implementation is essential to maintain macroeconomic stability, contain debt vulnerabilities, and address development needs.

"The authorities' fiscal consolidation plan remains appropriate. The corrective measures to restrain current expenditure continue, along with close monitoring of the execution of priority capital expenditure. At the same time, domestic revenue mobilization efforts are bearing fruit, notably through enhanced customs procedures and a stronger focus on large taxpayers. Continued vigilance to ensure that the path of fiscal consolidation is adhered to is essential to contain debt vulnerabilities. In view of the risks related to the persistence of elevated fuel prices, the authorities are committed to minimizing the fiscal impact of any measures to protect vulnerable groups.

"The authorities are advancing structural reforms that are critical to the successful implementation of the program. The authorities completed their disengagement from the undercapitalized bank with the new private investor injecting fresh capital, in line with the restructuring strategy. Progress has also been made in diversifying the energy supply mix. These measures are critical to enhancing the business climate and promoting the conditions for economic diversification."



GUINEA-BISSAU

May 29, 2026

ELEVENTH REVIEW UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT, REQUESTS FOR MODIFICATION OF PERFORMANCE CRITERIA AND FINANCING ASSURANCES REVIEW

EXECUTIVE SUMMARY

Context. The political and social situation remains relatively calm. The transitional government is preparing for the next elections scheduled for December 6, 2026. Following a strong performance in 2025, growth is projected to moderate in 2026 on account of high fuel prices, and the economic outlook is facing significant downside risks. The main source of risks is a continued elevated level of fuel prices, which would slow down growth, push up inflation, and result in revenue shortfalls from the likely contraction of fuel imports and shipping disruptions for cashew exports and may require additional spending for minimum operating costs of energy sector entities. Another source of risks includes possible shocks to cashew production, which is experiencing delays in several regions.

Program performance. The authorities have restored strong program performance. All ten Quantitative Performance Criteria and two Indicative Targets for March 2026 were met. All four continuous Structural Benchmarks (SB) and all continuous performance criteria have been also met.

Policy commitments. At the combined ninth and tenth reviews, the authorities implemented several measures as prior actions, which supported revenue collection and expenditure control during the first quarter of 2026. The authorities are fully committed to meeting all fiscal targets for 2026 and have been implementing additional measures as prior actions for the eleventh review. These measures will help improve revenue collection from large taxpayers, build buffer for possible shocks through a conservative use of cashew revenue, and push for the Treasury Single Account implementation. On the financing side, the authorities have extended until the end-December 2026 the measure to safeguard proceeds of Treasury securities, which has helped improve investor confidence and resulted in lower borrowing costs.

Staff views. Staff supports the completion of the eleventh review under the Extended Credit Facility arrangement, as well as the modification of performance criteria including the introduction of adjustors and completion of financing assurances review.

Approved By
Montfort Mlachila
(AFR) and Jacques
Miniane (SPR)

An IMF team consisting of Messrs. Hobdari (Head), Koshima, Jenkinson (all AFR), Majuca (SPR), Sarr (Resident Representative) and Ms. Sani (local economist) held discussions with the authorities in Bissau during April 21-30, 2026. Mr. Varela (Advisor OED) participated in the discussions. Ms. Derrouis contributed to the preparation of this report. The mission met with Prime Minister and Minister of Finance Mr. Té, Minister of Economy Mr. Djaló, National Director of BCEAO Ms. Cassama, and other senior officials of the government and BCEAO and representatives of development partners.

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CONTEXT

1. The social situation remains relatively calm. The transitional government led by the Prime Minister and Minister of Finance Té has a one-year mandate, with the next elections scheduled for December 6, 2026. Some donors, including the AfDB and FIDA, have continued disbursements for externally financed projects during this period. The World Bank also resumed in early April 2026 disbursements for ongoing commitments of priority projects including the Safim-Mpak road project, following the pause announced in early December 2025 in the wake of the coup.

2. The government renewed its commitments to the ECF-supported program. At the combined ninth and tenth reviews concluded in March 2026, the program was extended until December 29, 2026 to help anchor fiscal sustainability and economic stability during the political transition. The authorities implemented all measures included as prior actions for the combined ninth and tenth reviews, which were aimed at correcting the fiscal slippage in the run up to the elections of November 2025.

RECENT ECONOMIC DEVELOPMENTS

3. Growth was strong and inflation declined in 2025. Real GDP growth has been revised upward to 5.8 percent from 5.5 percent expected earlier, based on updated data from the agriculture, energy, and commerce sectors. Positive changes in terms of trade from higher cashew export prices and lower import prices helped lower average inflation to 0.9 percent in 2025, from 3.7 percent in 2024.

4. Available data suggests a mixed picture of financial sector's soundness. FSI data for June 2025 remained broadly unchanged from December 2024. These data do not reflect the positive impact of increased cashew exports or from the capital injection to the undercapitalized bank. Meanwhile, vulnerabilities related to exchange rate exposures remain limited. In 2026, possible downside shocks to cashew production and exports (¶6) would create risks of an increase in NPLs.

OUTLOOK AND RISKS

5. Growth in 2026 is projected to moderate and the current account deficit to remain broadly unchanged from 2025. In the baseline, which is based on the WEO April 2026 reference scenario, growth is projected at 4.7 percent in 2026, lower than the 5.0 percent projected earlier. This reduction reflects the impact of higher fuel prices, which increased by 27 percent from the previous global assumptions. The government has kept fuel taxes per liter unchanged from the pre-war level, forgoing additional revenue while avoiding a revenue shortfall. With this, pump prices have increased by around 15 percent from the pre-war level. This price increase is likely to cause some but limited decline in the fuel import volume, which helps narrow the current account deficit but has some downward effects on growth. Inflation is expected to increase to around 2.5 percent from the current negative level resulting from a decline in imported rice prices. Meanwhile, cashew export prices remain stable.

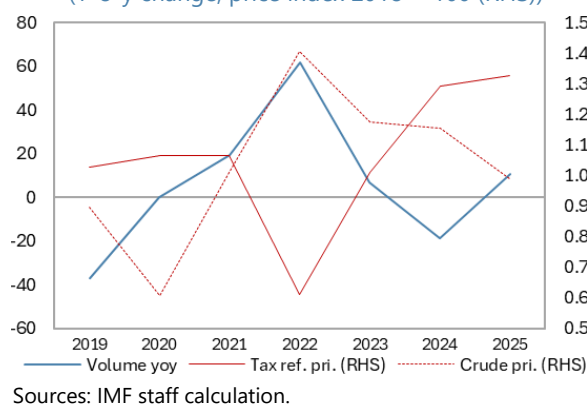
6. There are significant downside risks to the outlook. In particular, if global fuel prices stay at high levels for a protracted period, it would create a departure from the baseline scenario and weigh further on the economy and create pressures on the budget. Under an adverse scenario,¹ growth would be lower at around 4 percent and inflation would be higher at about 4.8 percent in 2026 (Box 1). While revenue loss from lower growth would be relatively contained, the direct impact on revenue from higher fuel prices would come from: (i) a significant contraction in the volume of fuel imports, based on previous experience with high oil prices, and thus tax revenue; and (ii) potential shipping disruptions for cashew exports. There would also be additional spending for operating costs of energy sector entities. Staff estimates that the overall adverse impact on the fiscal deficit through these channels would be about 0.4 percent of GDP. While the government is firmly committed to not lowering fuel taxes relative to the budget, potential spillovers to food prices would add pressures for government interventions. Another source of risks includes potential shocks to cashew production. There has been a significant delay in fruit maturation in several regions. If this delay is not resolved, lower cashew production would decrease the cashew export volume and associated revenue as was the case in 2024.

Box 1. Outlook under an Adverse Scenario

The adverse scenario assumes oil prices being 41 percent higher than in the baseline. In Guinea-Bissau, the fuel import volume tends to have a relatively high elasticity with respect to changes in pump prices. When the government eliminated tax cuts of fuels in 2024, pump prices increased by around 10 percent, and the import volume declined by 20 percent (Box 1 Figure 1). Given the government's commitments to not lowering fuel taxes from the budget, higher oil prices would translate into higher pump prices and likely decrease the fuel import volume by a projected 35 percent from 2025 (consistent with past experience).

Further rationalization of fees and margin would also require additional spending to meet operating costs of energy sector entities, which would be around CFAF 200 million per month. In addition, the cashew exports would be affected through shipping disruptions, which would lower the export volume by around 11 percent from the baseline. Under these assumptions, growth would slow further to 4.0 percent, and inflation would increase to 4.8 percent. The current account deficit would widen to 8.0 percent of GDP. While the possible revenue loss from lower GDP growth should be offset by measures, revenue loss from exogenous shocks to the fuel import volume and the cashew export volume and additional spending for operating costs of energy sector entities would widen the overall fiscal deficit by an estimated 0.4 percent of GDP.

Box 1. Figure 1. Changes in Fuel Import Volume
(Y-o-y change, price index 2018 = 100 (RHS))



7. In the medium-term, growth is projected to remain close to potential. Inflation is expected to converge to the regional target of around 2 percent. The current account deficit is

¹ This is based on the adverse scenario in the April 2026 WEO.

expected to narrow gradually to around 4 percent of GDP. Risks to the medium-term outlook are tilted to the downside. They could arise from negative terms of trade shocks, adverse weather conditions, and tight regional financial conditions. Financial risks from state-owned enterprises and the banking system could generate contingent liabilities.

PROGRAM PERFORMANCE

8. The authorities have restored strong program performance. All ten Quantitative Performance Criteria (QPC) and two Indicative Targets (IT) for March 2026 have been met. All four continuous Structural Benchmarks (SB) and all continuous performance criteria have also been met.

POLICY DISCUSSIONS

A. Fiscal Policy

Fiscal Consolidation

9. The authorities are on track to meet the program's fiscal targets. In 2026 Q1, tax revenue of both the Directorate-General of Customs (DGA) and the Directorate-General of Duties and Taxes (DGCI) grew strongly from 2025 (Text Table 1). The government's intervention for high fuel prices is limited to forgoing of additional revenue and has had no material deficit impact.² In line with the agreed spending limits, the authorities have maintained tight expenditure controls, including the zero ceiling on "other common expenditure." With this, domestic primary spending for 2026 Q1 was lower by 0.9 percent of GDP from 2025, although spending for domestic Public Investment Program (PIP) was higher (Text Table 2).³

Text Table 1. Tax Revenue (CFAF billion)				Text Table 2. Domestic Primary Spending (Percent of GDP) ^{1/}		
	2025 Q1		2026 Q1		2025 Q1	2026 Q1
	Est.	Prel.	% change		Est.	Prel.
Tax revenue	24.2	27.1	11.8	Domestic primary spending	3.2	2.2
DGCI	13.6	16.0	17.4	Wage bill	1.0	0.9
DGA	10.6	11.0	4.3	Other common expenditure	0.6	0.0
Cashew	0.0	0.1	-	Other non-wage recurrent exp.	1.1	0.9
				Domestic PIP	0.3	0.5

Source: IMF staff calculations.

Source: IMF staff calculations.
1/Total does not add up due to rounding up.

10. The authorities have been implementing revenue and expenditure measures to help ensure achievement of the fiscal targets for the remainder of 2026. To build towards the

² In addition to forgoing of additional revenue, the authorities cut various fees on fuel sales, which are not included in the budget. Revenue loss from this measure is limited to around 0.04 percent of GDP mainly due to loss of VAT charged on these fees.

³ There was CFAF 7.8 billion of large capital expenditure in March, which is included in the budget, but the timing of payments was brought forward.

domestic primary surplus target in 2026, as a prior action, the authorities are committed to a conservative use of cashew revenue. Specifically, they will reprioritize spending and spend 0.3 percent of GDP less relative to the budget until the outcome of the cashew campaign becomes clear in around October; this would essentially serve as a buffer if cashew production and export turn out to be lower than assumed in the budget. In addition, despite the good fiscal performance in Q1 2026, there remain challenges from low compliance by large taxpayers, lackluster collection of nontax revenues, widespread informality (Annex II) and continued upward pressures on the wage bill. Given these challenges, and to build a margin for the targets, the authorities have been implementing other revenue and expenditure measures, which have an estimated impact of 0.4 percent of GDP, and most of them are part of prior actions for the eleventh review (Text Table 3).

Text Table 3. Revenue and Expenditure Measures for Eleventh Review (Percent of GDP)			
Measures		Status	Impact
Revenue measures			0.30
Census of taxpayers to identify unregistered taxpayers and tackle informality		PA	
Collection of tax arrears of large taxpayers, especially from telecom, banks, and gas stations		PA	
Collection of flat-rate fees under VAT law from large importers who do not pay VAT to DGCI		Implemented	
Implementation of the value module of Sydonia World		PA	
Placing rev. collectors at line ministries and channeling to budget 80% of cashew fees		PA	
Expenditure measures			0.07
Reduction of rent of government offices		New	
A new structure of salaries and subsidies of seasonal education workers		PA	
Census of workers of the Ministry of Interior		PA	

Source: IMF staff calculations.

Fiscal Structural Reforms

11. The authorities have institutionalized the prevention of unrecorded expenditure (DNT) and are making progress in the Treasury Single Account (TSA). With the introduction of bank reconciliation at the combined ninth and tenth reviews, no DNT has occurred since September 2025.⁴ To institutionalize this success, the new decree has been approved by the Council of Ministers to prohibit the Treasury from paying DNT. This strengthens the legal framework, which previously allowed ex-post regularization of DNT without any limitations. On the TSA, the authorities have been implementing a prior action to repay overdraft at a large bank and request it to send revenue to the BCEAO on a daily basis. This will help address the major obstacles to the TSA implementation highlighted by Capacity Development (CD) missions (Annex I).

Public Debt

12. Guinea-Bissau is at a high risk of debt distress, but debt is assessed as sustainable. In the attached DSA update, the debt carrying capacity for Guinea Bissau has been upgraded from low to medium. Following this update in the debt carrying capacity, all the external debt burden indicators are below the thresholds under the baseline. However, given the high level of uncertainty

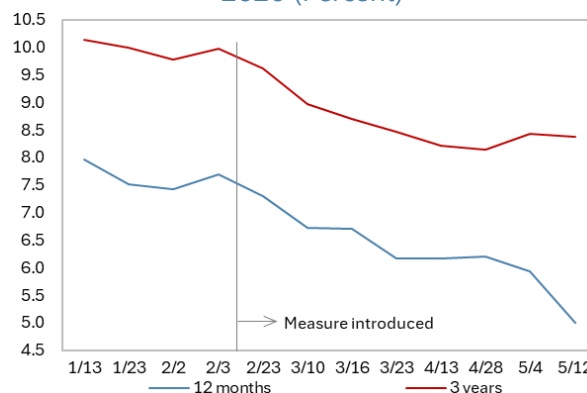
⁴ In addition, unrecorded use of cash withdrawals has not occurred since March 2025. The amount of cash withdrawals during 2026 Q1 was reduced by 37 percent from 2025 Q1.

in the external environment that poses significant downside risks relative to the baseline outlook as discussed in ¶16 above, judgement is applied to assess that the risk of external debt distress remains high. In addition, the PV of public debt to GDP ratio breaches the benchmark for a prolonged period. However, the authorities' commitments to fiscal consolidation will reduce public debt below the WAEMU criteria (70 percent of GDP) in 2028, two years ahead of the previous DSA, and put it on a steady downward trajectory.

13. The measure to safeguard proceeds of Treasury securities has helped reduce significantly borrowing costs and mitigated debt service risks.

At the combined ninth and tenth reviews, the authorities introduced a measure to safeguard proceeds of Treasury securities in the sequestered account of the BCEAO and use them only for debt service payments for February-March 2026. This measure has had significant positive effects in improving investor confidence and reducing interest rates (Text Figure 1). To sustain investor confidence and possibly reduce further interest rates, the authorities have extended the measure until end-December 2026.

Text Figure 1. Yield of Treasury Securities, 2026 (Percent)



Source: IMF staff calculations.

14. The authorities should continue to strengthen debt management. Given the large undisbursed amounts of existing loan contracts, which will create a significant amount of expenditure in the medium-term,⁵ the borrowing plan includes no new loan for 2026 and 2027 (Text Table 4). The Directorate-General of Debt has strictly controlled the disbursements of project loans within the budget limit through approval of disbursement requests under the continuous SB.

Text Table 4. External Borrowing Plan
(In USD million)

PPG external debt contracted or guaranteed	Volume of new debt ¹		PV of new debt ¹	
	2026	2027	2026	2027
Sources of debt financing	3.0	3.0	2.0	2.0
Concessional debt ²	3.0	3.0	2.0	2.0
Multilateral debt	3.0	3.0	2.0	2.0
Uses of debt financing	3.0	3.0	2.0	2.0
Energy	-	-	-	-
Transportation	3.0	3.0	2.0	2.0

Source: Guinea-Bissau authorities and IMF staff estimates.

1/ Contracting and guaranteeing of new debt excluding IMF. The present value of debt is calculated using the terms of individual loans and applying the 5 percent program discount rate.

2/ Debt with a grant element of at least 35 percent.

⁵ The undisbursed amount of existing loan contracts is estimated to be around 9-10 percent of 2026 GDP. This means that the existing projects will disburse a similar amount for the next five years, while the projection for loan-financed capital expenditure is limited to 9.8 percent of 2026 GDP in the framework.

Fiscal Risks from the Public Utility Company

15. EAGB has made significant progress in restoring its financial viability. To mobilize revenue, EAGB has installed 11,603 pre-paid meters since January 2026 and continues to install around 2,000 meters per month. Many meters are installed at newly connected clients in rural areas, to which EAGB has recently begun sales of electricity. It has also completed a connection to the first industrial client, expanding the customer base. With these efforts, EAGB's revenue reached CFAF 1.9 billion in March 2026, increasing by around 20 percent from the 2025 average. For infrastructure development, the priorities include completion of the ring transmission line project with 15MW of a backup powerplant, for which additional financing was signed in August 2025.

B. Financial Sector

16. The recapitalization of the undercapitalized bank is underway. Following the approval by the regional banking commission in February 2025, the contract to transfer the government shares was signed in October 2025. The investor injected CFAF 7.0 billion of capital in November 2025 and additional CFAF 3.0 billion in May 2026. However, as outlined in the recapitalization plan, a further injection or accumulation of CFAF 10 billion of capital is still needed to meet the new minimum capital requirement, which the regional regulation of December 2023 augmented from CFAF 10 billion to CFAF 20 billion. Staff calls for completion of the recapitalization in the shortest possible timeframe.

C. Governance

17. The government has continued to make progress in governance reforms. The Directorate-General of Public Tenders continues to publish beneficial ownership information of public contracts. The Center of Formalization of Enterprises (CFE) plans to expand the corporate register by improving beneficial ownership information and digitalizing paper-based information of older companies in 2026. In October 2025, the Court of Auditors published an audit of COVID-19 spending, supplementing the two audits of spending of the COVID-19 High Commissioner published in 2022 and 2023. The anti-corruption institutions, including the Judiciary Police, have been active in pursuing corruption cases, but should continue to push for reforms, beginning with formalization of 90 new recruits and revival of the Office of Asset Recovery.

D. Capacity Development

18. CD has been integrated with program implementation and has made significant achievements in several areas (Annex I). In particular, CD support has constructed the DGCI's revenue administration system (Kontaktu) from scratch, and contributed to reduction of the wage bill by 2.3 percent of GDP since 2022 and the elimination of EAGB's operating losses of over 1 percent of GDP per year. Going forward, continued CD is needed to strengthen taxpayer compliance and advance further the implementation of TSA reforms. To facilitate critical reforms for the

government accounting functions, lack of which was an underlying cause of DNT, the country could benefit from hand-on support through a resident CD advisor.

PROGRAM MODALITIES AND OTHER ISSUES

19. Prior actions. They include: (i) revenue measures to address prominent issues in low compliance and arrears of large taxpayers, widespread informality, stagnated nontax collection, and under-declarations at the customs; (ii) expenditure measures to set spending limits for April-May 2026, develop a buffer for downside risks through conservative use of cashew revenue, and create saving of the wage bill; (iii) Treasury management measures to extend the safeguarding arrangement of proceeds of Treasury securities until end-December 2026; and (iv) fiscal structural reforms to institutionalize the prevention of DNT and facilitate the TSA implementation.

20. Staff supports the request for modification of QPCs to introduce capped adjusters for the possibility that fuel prices are higher than in the program baseline, given the government's tight fiscal policy. The QPCs on tax revenue and domestic primary balance are proposed to be adjusted by the amount of tax revenue loss from a lower fuel import volume relative to the baseline, up to 0.2 percent of GDP by August 2026.⁶ Such revenue loss is predicated on the projected decline of imported fuel volumes due to higher pump prices in case of further increases in global fuel prices, as a result of the government's firm commitments to not lowering fuel taxes from the budget. Separately, the QPC on domestic primary balance is proposed to be adjusted for up to 0.1 percent of GDP on an annual basis in case of further increases in fuel import prices, which would likely require further rationalization of fees and margin of energy sector entities and compensation of their operating costs.

21. The program is fully financed. There are firm commitments of financing for the remainder of the program period.⁷

22. Guinea-Bissau's capacity to repay is adequate but subject to significant risks. Outstanding Fund credit will peak at 2.5 percent of GDP in 2026. Debt service to the Fund based on existing and prospective drawings would peak at 21.2 percent of debt service in 2031 or 2.6 percent of revenues (excluding grants) in 2030 or 2.5 percent of exports in 2030. Capacity to repay the Fund is subject to significant downside risks, including those from global oil prices, shocks to cashew exports, political uncertainty and fiscal underperformance, all in the context of high risks of debt distress. Risks are partially mitigated by the government's commitment to fully implement the program, robust implementation of fiscal reforms as well as its strong track record of servicing debt

⁶ The baseline of the fuel import volume (32,000 kilo liter by June and 43,000 kilo liter by August 2026) is based on the actual import volume in 2025. By March, the fuel import volume for 2026 is higher by 24 percent from 2025. The import volume typically peaks in the second and third quarter, and the revenue loss is expected to be concentrated during this period.

⁷ The updated framework includes a budget support grant of AfDB (CFAF 4.0 billion) for 2026.

to the Fund. Reforms in the financial and energy sectors have also significantly reduced contingent liability risks.

23. Safeguards assessment. The most recent assessment, completed in August 2023, found that the BCEAO continued to have well established audit arrangements and a strong control environment. Implementation of a priority recommendation, to align the BCEAO's Statute with the Cooperation Agreement of December 21, 2019, signed between the WAEMU member States and the French Republic, remains pending, as it requires ratification of the said agreement by all WAEMU member countries. To date, four out of the eight member States have ratified the Agreement. Nevertheless, several of its provisions are already being applied. Staff continue to engage with the authorities on follow up efforts.

24. Legacy external arrears. Guinea-Bissau has legacy external arrears, totaling US\$4.1 million at end-2024, to Brazil and Pakistan. Negotiations with Brazil (US\$1.9 million) are pending final approval from the Brazilian Parliament. For Pakistan (US\$2.2 million), the working group between the two countries was recently created to verify and resolve such arrears.⁸

STAFF APPRAISAL

25. Economic growth is projected to moderate and faces significant downside risks. The recent sharp increase in fuel prices due to the conflict in the Middle East is likely to moderate growth. Staff welcomes the government's firm commitment to not lowering fuel taxes from the budget, which supports debt sustainability. However, further increases in fuel prices or prices staying high for longer than projected in the baseline would pose significant downside risks to growth and increase inflationary pressures. The cashew export campaign has been progressing relatively smoothly but is facing downside risks of lower-than-expected production.

26. Staff commend the authorities for restoring strong program performance. The authorities implemented several prior actions of the combined ninth and tenth reviews, which supported up-front adjustments and boosted revenue collection in 2026 Q1. The authorities have maintained strict controls of current expenditure including a continued zero ceiling on "other common expenditure," while beginning execution of priority capital expenditure. With this, all QPCs and ITs for March were met and all continuous SBs have also been met.

27. There remain significant downside risks to the targeted fiscal adjustment. While the authorities are firmly committed to not lowering fuel taxes, further increases in fuel prices or prices staying high for longer than projected in the baseline would cause revenue loss from a likely contraction of the fuel import volume and shipping disruptions for cashew exports and create additional expenditure for operating costs of energy sector entities.

⁸ Staff has obtained from the relevant Executive Directors consent to move ahead with the completion of the review notwithstanding the arrears. In addition, the bilateral agreement with Portugal covering the pre-HIPC arrears is being finalized and, in the meantime, Portugal consents to move ahead with the completion of the eleventh ECF review.

28. The authorities should maintain tight fiscal discipline to prevent downside risks from affecting the fiscal consolidation path. On the revenue side, it is critical to strengthen inland revenue collection from large taxpayers, which show persistent low compliance. On the expenditure side, the authorities should continue to adhere to strict spending limits and build buffers through conservative use of cashew revenue.

29. Improved debt management has reduced borrowing costs and mitigated debt risks. Staff welcomes the extension of the measure to safeguard proceeds of Treasury securities for debt service until end-December 2026. This measure has helped improve investor confidence, contributing to a significant reduction of borrowing costs across all maturities. In addition to this measure, addressing high risks of debt distress requires sustained fiscal consolidation in 2026 and beyond, which will bring public debt down to 70 percent of GDP of the WAEMU criteria by 2028.

30. The authorities should continue to pursue structural reforms. Staff welcomes the approval of the new decree to institutionalize the prevention of DNT and the authorities' commitments to a prior action on the TSA implementation. The authorities should continue to push for structural reforms of Public Financial Management, revenue administration, and governance. Staff also recommends that the authorities continue making progress in mitigating fiscal risks through EAGB's revenue mobilization and recapitalization of the undercapitalized bank.

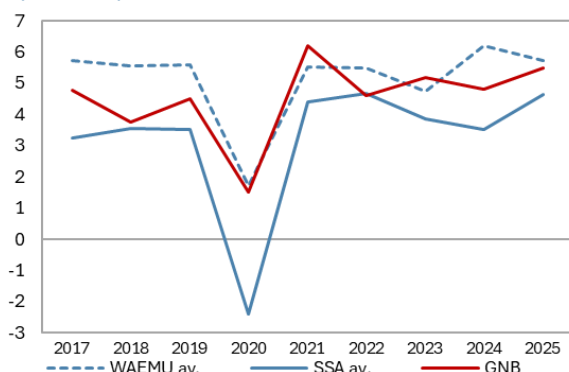
31. Staff support the authorities' request for completion of the eleventh ECF review. Staff also support modification of QPCs to introduce adjusters for fuel prices above the program baseline and completion of financial assurance reviews and disbursement of SDR 1.18 million.

Figure 1. Guinea-Bissau: Growth and Inflation

Growth has been resilient, supported by public and private investments as well as consumption...

Real GDP Growth

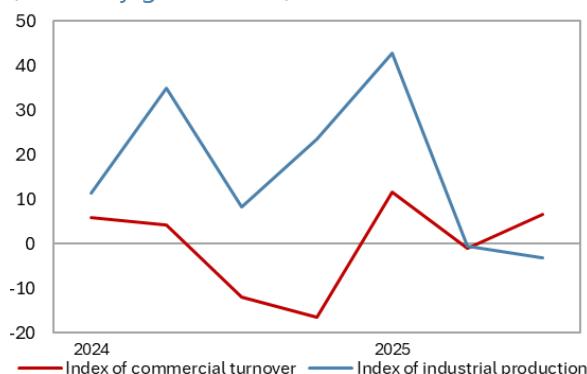
(Percent)



...and growth of commercial activities has been recovering...

Indicators of Economic Activities

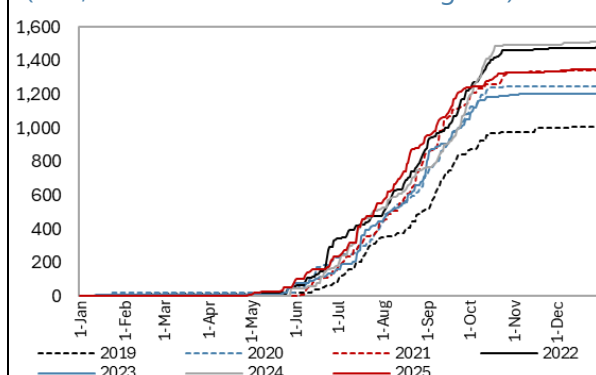
(Quarterly growth rate)



...while weather conditions normalized in 2025, supporting agricultural production.

Cumulative Precipitation

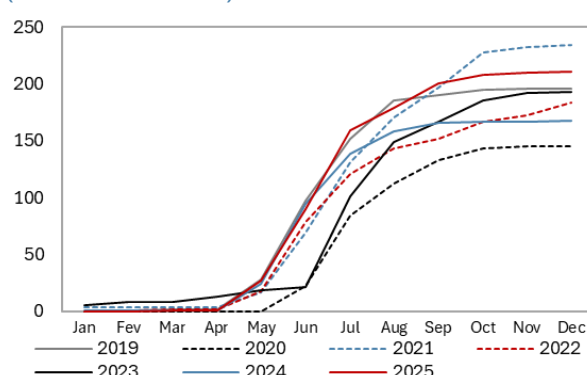
(mm, north of Bafata and Gabu regions)



For 2025, growth was supported by high export volume of cashew nuts...

Export Volume of Cashew Nuts

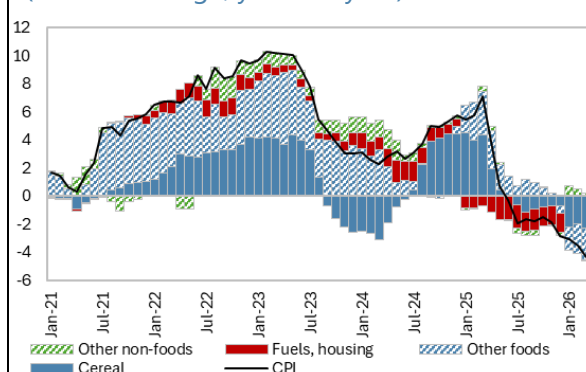
(Thousand tonnes)



...while inflation has declined after the effects of rice subsidy reversal wore out...

CPI inflation

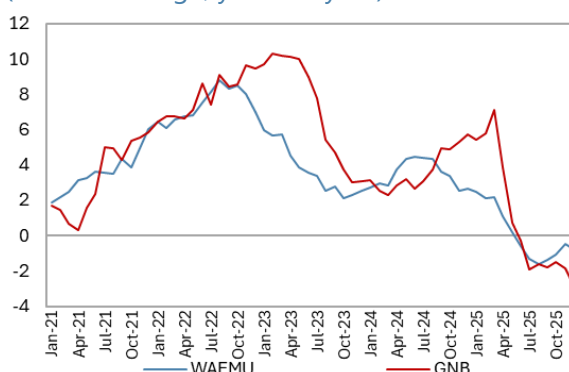
(Percent change, year-on-year)



...and is below the WAEMU average.

CPI inflation

(Percent change, year-on-year)

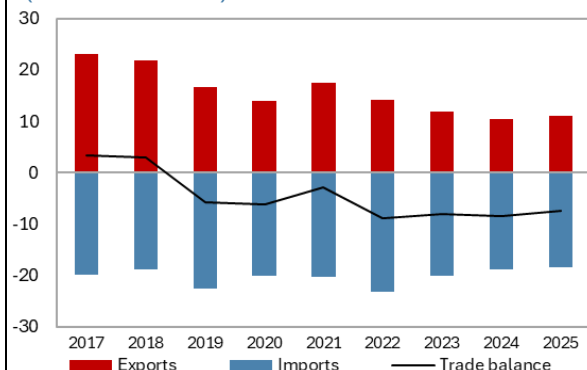


Source: Guinea-Bissau authorities and staff calculations.

Figure 2. Guinea-Bissau: External Sector

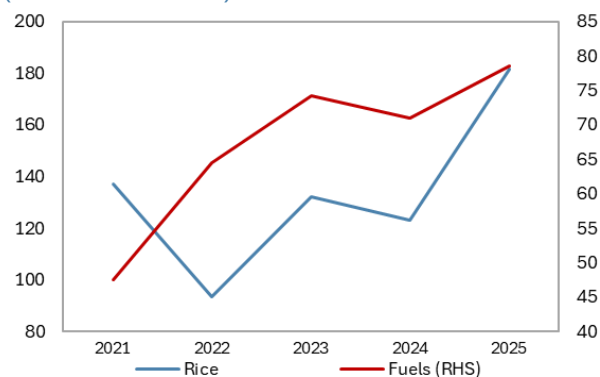
In 2025, the trade balance improved slightly with increased exports...

Trade Balance (Percent of GDP)



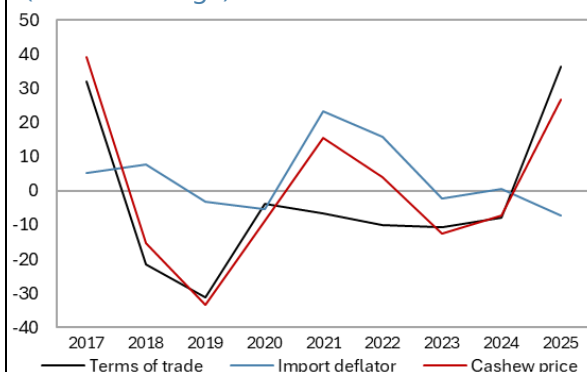
...although the positive impact was partially offset by an increase in import volumes.

Import Volume (Thousand tonnes)

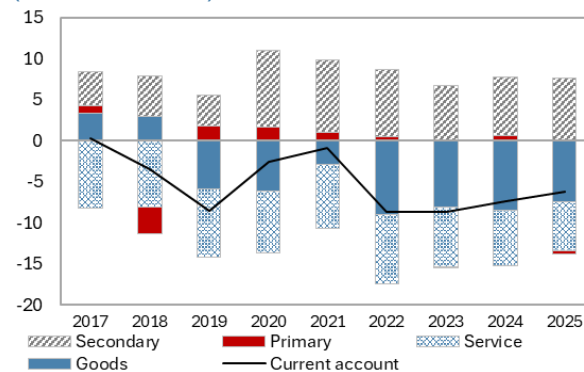


In 2025, the higher cashew prices and lower import prices caused positive terms-of-trade changes...

Terms of Trade (Percent change)

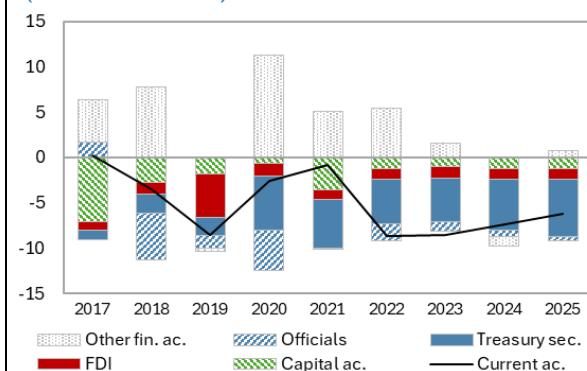


Current Account Balance (Percent of GDP)



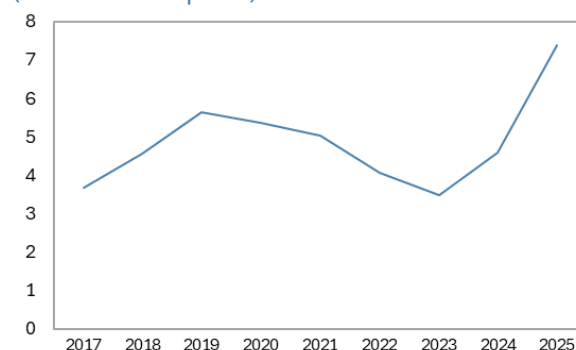
The current account deficit has been financed mostly by issuance of Treasury securities in the regional market.

Current Account Deficit and Financing (Percent of GDP)



At the WAEMU level, the regional reserve recovered to 7.4 months of imports at end-2025.

WAEMU Regional Reserve (Months of imports)



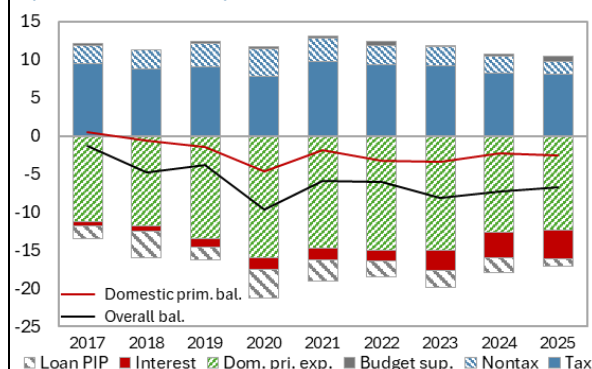
Source: Guinea-Bissau authorities and staff calculations.

Figure 3. Guinea-Bissau: Fiscal Development

The overall deficit narrowed in 2025 due to spending cuts in ... due to underperformance of DGCI ... 4Q, despite overruns through August and lower revenue...

Fiscal Balance

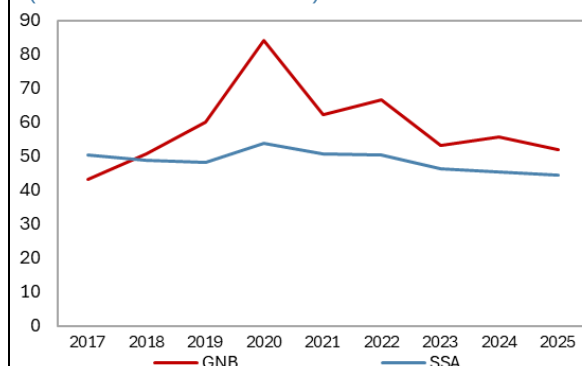
(Percent of GDP)



...whereas the wage bill declined in terms of tax revenue...

Wage Bill

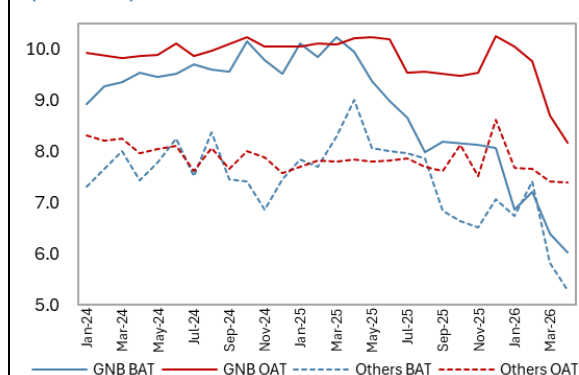
(Percent of tax revenue)



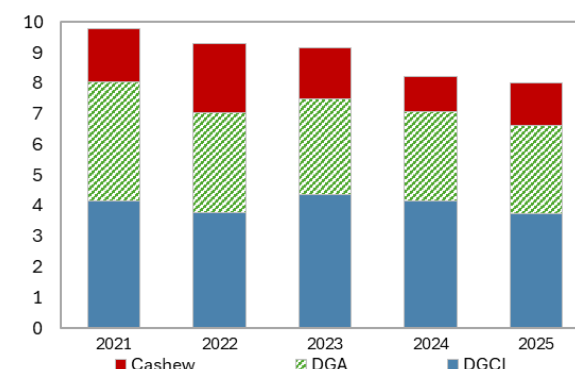
In recent months, interest of both short-term bills and long-term bonds have declined significantly...

Yield of Treasury Securities

(Percent)

**Tax Revenue**

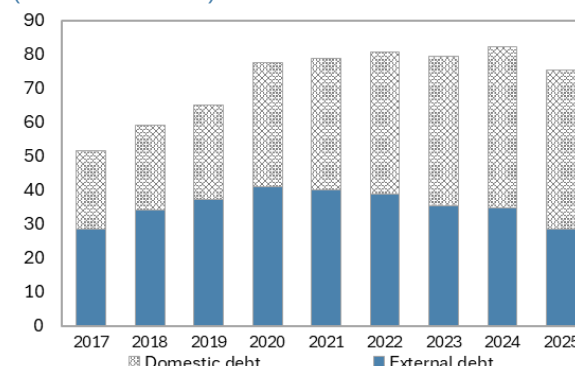
(Percent of GDP)



...and with progress in fiscal consolidation, both domestic and external debt decreased in 2025 as a share of GDP.

Public Debt

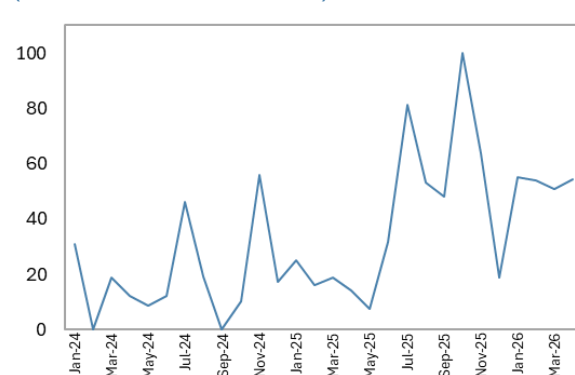
(Percent of GDP)



...and the authorities have increased the share of treasury bonds in total issuance to reduce rollover risks.

Share of OAT in Treasury Securities Issuance

(Percent of total issuance)



Source: Guinea-Bissau authorities and staff calculations.

Table 1. Guinea-Bissau: Selected Economic and Financial Indicators, 2023–31
(Percent of GDP)

	2023	2024	2025		2026		2027	2028	2029	2030	2031
			9/10th Review	Prel.	9/10th Review	Proj.			Proj.		
(Annual percent change, unless otherwise indicated)											
National accounts and prices											
Real GDP at market prices	5.2	4.8	5.5	5.8	5.0	4.7	4.9	4.5	4.5	4.2	4.2
Real GDP per capita	3.0	2.6	3.3	3.6	2.9	2.6	2.8	2.4	2.5	2.2	2.2
GDP deflator	7.9	4.0	10.0	10.0	2.8	2.9	2.9	2.8	2.8	3.1	2.3
Consumer price index (annual average)	7.2	3.7	0.9	0.9	2.0	2.5	2.1	2.0	2.0	2.0	2.0
External sector											
Exports, f.o.b. (CFA francs)	-4.8	-4.3	21.5	21.5	-3.8	-3.8	8.3	8.3	8.3	8.3	8.2
Imports, f.o.b. (CFA francs)	-1.8	2.7	12.9	11.9	-3.1	1.3	5.2	3.8	7.6	7.6	4.3
Terms of trade (deterioration = -)	-10.6	-7.8	36.5	36.6	-3.6	-9.4	3.6	3.1	3.0	3.0	3.0
Real effective exchange rate (depreciation = -)	5.9	1.5	...	1.0	...	...	...	...	...	...	...
Exchange rate (CFA franc per US\$; average)	606.5	606.2	580.8	580.8	...	...	...	...	...	...	...
Government finances											
Revenue excluding grants	11.8	-2.8	9.5	9.5	18.6	18.6	13.7	11.1	7.7	7.9	7.4
Expenditure	16.8	1.4	13.3	11.1	-3.7	-1.9	10.8	6.5	8.1	8.1	6.9
Current expenditure	21.6	2.0	12.0	12.0	-5.2	-5.2	6.7	6.3	5.0	3.0	5.2
Capital expenditure	5.3	-0.4	16.9	8.8	0.2	7.5	21.0	7.1	15.0	18.3	9.9
Money and credit											
Domestic credit	9.4	3.0	7.8	7.8	7.6	7.1	7.2	8.9	8.3	9.4	6.5
Credit to the government (net)	46.0	21.5	1.0	1.0	-1.4	-1.4	-3.7	-3.4	-4.7	-6.4	-6.1
Credit to the economy	-9.4	-12.2	15.5	15.5	16.6	15.6	16.4	17.6	15.7	16.9	11.3
Net domestic assets	2.0	8.5	5.1	5.1	10.2	9.5	9.4	11.4	10.3	11.6	7.8
Broad money (M2)	-1.1	6.2	4.3	4.3	6.4	4.7	6.5	7.4	8.2	10.1	8.5
(Percent of GDP, unless otherwise indicated)											
Investments and savings											
Gross investment	17.2	17.5	17.0	16.7	17.2	17.3	18.2	18.9	19.8	21.0	22.1
Of which: government investment	4.0	3.6	3.7	3.4	3.4	3.4	3.8	3.8	4.0	4.5	4.6
Gross domestic savings	2.0	2.4	3.6	3.5	5.1	4.4	6.1	7.7	8.8	10.1	11.8
Of which: government savings	-6.2	-6.1	-5.8	-5.6	-3.3	-3.3	-2.5	-1.9	-1.8	-1.4	-1.2
Gross national savings	8.6	10.0	10.8	10.5	11.5	10.9	13.0	14.2	15.4	16.7	18.0
Government finances											
Revenue excluding grants	11.6	10.4	9.8	9.8	10.8	10.8	11.3	11.7	11.8	11.8	11.9
Domestic primary expenditure	15.0	12.7	12.4	12.4	10.0	10.0	10.3	10.3	10.4	10.7	11.4
Domestic primary balance	-3.4	-2.3	-2.6	-2.6	0.8	0.8	1.1	1.4	1.3	1.1	0.5
Overall balance (commitment basis)											
Including grants	-8.2	-7.3	-6.7	-6.7	-4.0	-4.0	-3.5	-3.0	-3.0	-3.0	-3.0
Excluding grants	-10.3	-10.0	-10.1	-9.7	-7.0	-6.9	-6.8	-6.3	-6.4	-6.4	-6.4
External current account											
Excluding official current transfers	-8.6	-7.4	-6.2	-6.2	-5.8	-6.3	-5.2	-4.7	-4.5	-4.3	-4.0
Stock of public and publicly guaranteed debt	79.4	82.4	75.3	75.1	73.6	73.5	71.7	69.7	67.9	66.2	65.1
Of which: external debt	35.4	34.7	28.4	28.3	26.9	26.9	26.0	25.1	24.5	23.6	22.4
Memorandum items:											
Nominal GDP at market prices (CFA francs billions)	1216.1	1325.4	1538.1	1542.5	1660.3	1662.6	1794.6	1927.9	2071.1	2224.9	2371.5
WAEMU gross official reserves (billions of US\$)	15.8	21.6	...	40.6	...	...	...	...	...	...	...
(percent of broad money)	19.6	26.3	...	66.9	...	...	...	...	...	...	...

Sources: Guinea-Bissau authorities; and IMF staff estimates and projections.

Table 2a. Guinea-Bissau: Balance of Payments, 2023–31
(CFAF billions)

	2023	2024	2025		2026		2027	2028	2029	2030	2031
			9/10th Review	Proj.	9/10th Review	Proj.			Proj.		
Current Account Balance	-104.5	-98.2	-94.8	-95.8	-95.6	-105.2	-93.0	-90.3	-92.9	-95.0	-95.7
Goods and services	-186.5	-201.0	-205.4	-203.0	-206.4	-216.3	-217.7	-218.2	-229.0	-240.9	-244.6
Goods	-98.8	-111.6	-114.1	-111.5	-111.6	-121.5	-122.8	-119.4	-127.1	-135.4	-132.7
Exports, f.o.b	145.4	139.1	169.0	169.0	162.6	162.6	176.1	190.8	206.6	223.6	241.9
Of which: cashew nuts	128.8	121.4	151.3	151.3	143.6	143.5	155.6	168.7	182.6	197.5	213.6
Imports, f.o.b.	-244.2	-250.7	-283.1	-280.5	-274.2	-284.1	-298.9	-310.2	-333.7	-359.0	-374.6
Of which: food products	-69.2	-67.0	-77.5	-77.7	-70.1	-73.1	-73.4	-74.6	-75.7	-81.0	-85.9
petroleum products	-54.1	-56.5	-55.0	-55.2	-52.9	-63.8	-59.5	-60.9	-63.7	-67.6	-76.6
Services	-87.7	-89.4	-91.3	-91.5	-94.8	-94.8	-94.9	-98.7	-101.9	-105.5	-111.9
Credit	27.2	28.9	33.5	33.6	36.2	36.3	39.1	42.0	45.2	48.5	51.7
Debit	-114.9	-118.3	-124.8	-125.2	-131.0	-131.0	-134.1	-140.8	-147.1	-154.0	-163.6
Incomes	-0.1	7.6	-6.7	-6.7	-5.6	-5.5	-3.6	-4.0	-2.8	-1.5	-1.2
Credit	22.0	22.8	20.3	20.3	24.5	24.5	25.9	27.2	28.4	29.8	31.4
Of which: EU fishing compensation	11.5	12.1	8.2	8.2	11.1	11.1	11.1	11.1	11.1	11.1	11.1
Other license fees	4.3	4.1	5.0	5.0	6.0	6.0	7.1	7.9	8.6	9.6	10.7
Debit	-22.1	-15.2	-27.0	-27.0	-30.0	-30.0	-29.5	-31.2	-31.2	-31.3	-32.6
Of which: government interest	-15.6	-19.0	-27.0	-27.0	-30.0	-30.0	-29.5	-31.2	-31.2	-31.3	-32.6
Current transfers (net)	82.2	95.2	117.3	113.9	116.4	116.7	128.3	131.8	138.9	147.3	150.1
Official	17.1	23.1	35.2	31.8	31.1	31.1	39.7	42.7	46.8	50.3	53.6
Private	65.1	72.2	82.1	82.1	85.2	85.6	88.5	89.1	92.1	97.1	96.5
Of which: remittances	61.8	70.0	76.1	76.1	79.1	79.5	82.2	82.7	85.5	90.1	89.6
Capital account	10.9	16.5	19.3	17.0	20.6	20.6	22.5	24.0	26.2	28.0	29.8
Of which: official transfers	8.4	13.9	16.8	14.5	18.1	18.1	19.9	21.4	23.4	25.2	26.8
Financial account	-68.6	-113.8	-111.4	-111.4	-73.5	-80.5	-70.7	-65.7	-74.1	-83.9	-88.2
FDI	-15.0	-15.9	-18.5	-18.5	-19.9	-19.9	-21.5	-23.1	-24.8	-26.7	-28.4
Other investment	-53.6	-97.9	-92.9	-92.9	-53.6	-60.6	-49.2	-42.6	-49.2	-57.2	-59.8
Official medium- and long-term disbursements	-26.8	-24.9	-15.2	-15.2	-22.0	-22.0	-30.8	-30.7	-37.7	-42.2	-31.2
Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Projects	-26.8	-24.9	-15.2	-15.2	-22.0	-22.0	-30.8	-30.7	-37.7	-42.2	-31.2
Amortization	13.6	16.3	6.8	6.8	8.6	8.6	9.4	10.8	10.6	17.7	17.4
Treasury bills (regional financing)	-58.7	-74.3	-95.7	-95.7	-55.2	-55.2	-47.8	-42.7	-42.2	-52.8	-66.1
Commercial bank net foreign assets	-7.4	-24.8	-18.8	-18.8	10.0	5.0	10.0	10.0	10.0	10.0	10.0
Other net foreign assets	25.9	9.7	30.0	30.0	5.0	3.0	10.0	10.0	10.0	10.0	10.0
Errors and Omissions	22.5	4.0	-7.2	-4.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	-2.6	36.1	28.6	28.6	-1.5	-4.1	0.2	-0.6	7.3	17.0	22.3
Financing	2.6	-36.1	-28.6	-28.6	1.5	4.1	-0.2	0.6	-7.3	-17.0	-22.3
Net foreign assets excluding IMF (increase -)	-5.1	-46.3	-29.7	-29.7	1.2	3.7	3.4	3.4	-2.6	-10.1	-16.5
IMF purchases	10.7	13.6	3.8	3.8	3.6	3.6	0.0	0.0	0.0	0.0	0.0
IMF repurchases	-3.1	-3.3	-2.7	-2.7	-3.3	-3.3	-3.6	-2.8	-4.7	-6.9	-5.8
Grant for debt relief under the IMF CCRT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in arrears	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Residual financing gap	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Memorandum items:</i>											
Cashew export quantity (thousands of tons)	193	167	211	211	215	215	226	237	249	261	274
Cashew export prices (US\$ per ton)	1,050	975	1,236	1,236	1,200	1,200	1,236	1,273	1,311	1,351	1,391
Import volume of goods (annual percentage change)	3.9	2.1	25.4	24.5	1.9	-0.7	5.1	3.8	6.9	7.1	4.7
Oil prices (international, US\$ per barrel)	80.6	79.2	67.7	67.7	64.7	82.2	76.0	74.2	73.9	73.7	73.3
Scheduled debt service											
Percent of exports and service credits	12.2	7.5	9.5	9.5	9.0	9.1	8.9	9.2	12.1	12.1	10.9
Percent of total government revenue	14.9	10.0	10.5	10.5	9.5	9.6	9.2	9.5	12.6	12.6	11.4
Current account balance (percent of GDP)	-8.6	-7.4	-6.2	-6.2	-5.8	-6.3	-5.2	-4.7	-4.5	-4.3	-4.0
Official transfers (percent of GDP)	2.1	2.8	3.4	3.0	3.0	3.0	3.3	3.3	3.4	3.4	3.4
WAEMU gross official reserves (billions of US\$)	15.8	21.6	...	40.6	...	...	...	...	...	...	...
(percent of broad money)	19.6	26.3	...	66.9	...	...	...	...	...	...	...

Sources: BCEAO; and IMF staff estimates and projections.

Table 2b. Guinea-Bissau: Balance of Payments, 2023–31
(Percent of GDP)

	2023	2024	2025		2026		2027	2028	2029	2030	2031
			9/10th Review	Proj.	9/10th Review	Proj.			Proj.		
Current Account Balance											
Including all official transfers	-8.6	-7.4	-6.2	-6.2	-5.8	-6.3	-5.2	-4.7	-4.5	-4.3	-4.0
Excluding official transfers	-10.0	-9.2	-8.5	-8.3	-7.6	-8.2	-7.4	-6.9	-6.7	-6.5	-6.3
Goods and services	-15.3	-15.2	-13.4	-13.2	-12.4	-13.0	-12.1	-11.3	-11.1	-10.8	-10.3
Goods	-8.1	-8.4	-7.4	-7.2	-6.7	-7.3	-6.8	-6.2	-6.1	-6.1	-5.6
Exports, f.o.b.	12.0	10.5	11.0	11.0	9.8	9.8	9.8	9.9	10.0	10.1	10.2
Of which: cashew nuts	10.6	9.2	9.8	9.8	8.6	8.6	8.7	8.8	8.8	8.9	9.0
Imports, f.o.b.	-20.1	-18.9	-18.4	-18.2	-16.5	-17.1	-16.7	-16.1	-16.1	-16.1	-15.8
Of which: food products	-5.7	-5.1	-5.0	-5.0	-4.2	-4.4	-4.1	-3.9	-3.7	-3.6	-3.6
petroleum products	-4.5	-4.3	-3.6	-3.6	-3.2	-3.8	-3.3	-3.2	-3.1	-3.0	-3.2
Services (net)	-7.2	-6.7	-5.9	-5.9	-5.7	-5.7	-5.3	-5.1	-4.9	-4.7	-4.7
Credit	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Debit	-9.4	-8.9	-8.1	-8.1	-7.9	-7.9	-7.5	-7.3	-7.1	-6.9	-6.9
Incomes (net)	0.0	0.6	-0.4	-0.4	-0.3	-0.3	-0.2	-0.2	-0.1	-0.1	-0.1
Credit	1.8	1.7	1.3	1.3	1.5	1.5	1.4	1.4	1.4	1.3	1.3
EU fishing compensation	0.9	0.9	0.5	0.5	0.7	0.7	0.6	0.6	0.5	0.5	0.5
Other license fees	0.4	0.3	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5
Debit	-1.8	-1.1	-1.8	-1.8	-1.8	-1.8	-1.6	-1.6	-1.5	-1.4	-1.4
Of which: external interest	-1.3	-1.4	-1.8	-1.8	-1.8	-1.8	-1.6	-1.6	-1.5	-1.4	-1.4
Current transfers (net)	6.8	7.2	7.6	7.4	7.0	7.0	7.1	6.8	6.7	6.6	6.3
Official ²	1.4	1.7	2.3	2.1	1.9	1.9	2.2	2.2	2.3	2.3	2.3
Private	5.4	5.4	5.3	5.3	5.1	5.1	4.9	4.6	4.4	4.4	4.1
Of which: remittances	5.1	5.3	4.9	4.9	4.8	4.8	4.6	4.3	4.1	4.1	3.8
Capital account	0.9	1.2	1.3	1.1	1.2	1.2	1.3	1.2	1.3	1.3	1.3
Financial account	-5.6	-8.6	-7.2	-7.2	-4.4	-4.8	-3.9	-3.4	-3.6	-3.8	-3.7
FDI	-1.2	-1.2	-1.2	-1.2	-1.2	-1.2	-1.2	-1.2	-1.2	-1.2	-1.2
Other investment	-4.4	-7.4	-6.0	-6.0	-3.2	-3.6	-2.7	-2.2	-2.4	-2.6	-2.5
Official medium- and long-term disbursements	-2.2	-1.9	-1.0	-1.0	-1.3	-1.3	-1.7	-1.6	-1.8	-1.9	-1.3
Amortization	1.1	1.2	0.4	0.4	0.5	0.5	0.5	0.6	0.5	0.8	0.7
Treasury bills and regional financing	-4.8	-5.6	-6.2	-6.2	-3.3	-3.3	-2.7	-2.2	-2.0	-2.4	-2.8
Commercial bank net foreign assets	-0.6	-1.9	-1.2	-1.2	0.6	0.3	0.6	0.5	0.5	0.4	0.4
Other net foreign assets	2.1	0.7	2.0	1.9	0.3	0.2	0.6	0.5	0.5	0.4	0.4
Errors and Omissions	1.8	0.3	-0.5	-0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	-0.2	2.7	1.9	1.9	-0.1	-0.2	0.0	0.0	0.4	0.8	0.9
Financing	0.2	-2.7	-1.9	-1.9	0.1	0.2	0.0	0.0	-0.4	-0.8	-0.9
Net foreign assets excluding IMF (increase -)	-0.4	-3.5	-1.9	-1.9	0.1	0.2	0.2	0.2	-0.1	-0.5	-0.7
IMF purchases	0.9	1.0	0.2	0.2	0.2	0.2	0.0	0.0	0.0	0.0	0.0
IMF repurchases	-0.3	-0.3	-0.2	-0.2	-0.2	-0.2	-0.2	-0.1	-0.2	-0.3	-0.2
Grant for debt relief under the IMF CCRT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in arrears	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Residual financing gap	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Sources: BCEAO; and IMF staff estimates and projections.

Table 2c. Guinea-Bissau: Financing Needs and Sources, 2023–31
(CFAF billions)

	2023	2024	2025		2026		2027	2028	2029	2030	2031
			9/10th Review	Proj.	9/10th Review	Proj.			Proj.		
Financing requirements	-143.3	-187.2	-169.2	-166.8	-137.5	-144.4	-142.4	-143.2	-157.6	-179.9	-189.0
Current account deficit excl. official transfers	-121.6	-121.3	-130.1	-127.6	-126.8	-136.3	-132.7	-133.0	-139.7	-145.2	-149.3
Public debt amortization	-13.6	-16.3	-6.8	-6.8	-8.6	-8.6	-9.4	-10.8	-10.6	-17.7	-17.4
Changes in arrears	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Changes in official reserves	-5.1	-46.3	-29.7	-29.7	1.2	3.7	3.4	3.4	-2.6	-10.1	-16.5
IMF repurchases	-3.1	-3.3	-2.7	-2.7	-3.3	-3.3	-3.6	-2.8	-4.7	-6.9	-5.8
Available financing	131.9	170.1	155.4	153.0	129.8	136.8	132.4	132.6	146.0	167.4	175.6
Project grants	24.9	33.5	41.9	36.2	45.2	45.2	49.7	53.4	58.5	62.9	67.0
Net foreign direct investment	15.0	15.9	18.5	18.5	19.9	19.9	21.5	23.1	24.8	26.7	28.4
Treasury bills (regional financing)	58.7	74.3	95.7	95.7	55.2	55.2	47.8	42.7	42.2	52.8	66.1
Official creditors	26.8	24.9	15.2	15.2	22.0	22.0	30.8	30.7	37.7	42.2	31.2
Other net flows ¹	6.5	21.6	-15.9	-12.6	-12.5	-5.5	-17.4	-17.3	-17.2	-17.1	-17.1
Financing needs	11.4	17.1	13.8	13.8	7.6	7.6	9.9	10.6	11.7	12.5	13.4
Budget support grants	0.7	3.5	10.1	10.1	4.0	4.0	9.9	10.6	11.7	12.5	13.4
o/w Multilateral grants	0.0	0.0	10.1	10.1	4.0	4.0	0.0	0.0	0.0	0.0	0.0
IMF disbursements	10.7	13.6	3.8	3.8	3.6	3.6	0.0	0.0	0.0	0.0	0.0
o/w ECF program	10.7	13.6	3.8	3.8	3.6	3.6	0.0	0.0	0.0	0.0	0.0
Residual financing gap	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: BCEAO, IMF staff estimates and projections

¹ Includes net private capital transfers, changes in NFA of commercial banks and non-financial private sector, SDR allocations, and errors and omissions

Table 3a. Guinea-Bissau: Consolidated Operations of the Central Government, 2023–31
(CFAF billions)

	2023	2024	2025		2026		2027	2028	2029	2030	2031
			9/10th Review	Prel.	9/10th Review	Proj.			Proj.		
Revenue and grants	167.1	173.7	202.7	196.9	228.0	228.0	263.0	290.0	313.6	338.0	362.5
Tax revenue	111.3	109.0	123.1	123.1	140.9	140.9	170.9	191.4	207.0	223.7	240.8
Nontax revenue	30.3	28.6	27.6	27.6	37.9	37.9	32.4	34.6	36.4	38.8	41.3
Grants	25.5	36.1	52.0	46.2	49.2	49.2	59.6	64.1	70.2	75.4	80.4
Budget support	0.7	3.5	10.1	10.1	4.0	4.0	9.9	10.6	11.7	12.5	13.4
Project grants	24.9	32.6	41.9	36.2	45.2	45.2	49.7	53.4	58.5	62.9	67.0
Expenditure	266.2	269.8	305.6	299.9	294.2	294.1	325.8	347.0	375.3	405.5	433.6
Expense	194.9	198.8	222.6	222.6	211.0	211.0	225.2	239.3	251.4	258.9	272.5
Wages and salaries ¹	59.2	60.6	63.8	63.8	64.1	64.1	70.4	75.5	81.1	86.4	91.4
Goods and services ¹	27.5	28.9	29.8	29.8	28.2	28.2	30.1	32.2	34.2	35.5	37.9
Transfers ¹	30.3	23.1	24.4	24.4	25.1	25.1	27.1	28.6	30.6	31.3	32.7
Interest	31.9	44.1	57.5	57.5	61.0	61.0	60.8	63.5	62.9	62.5	64.5
Other	45.8	42.1	47.1	47.1	32.6	32.6	36.8	39.5	42.6	43.2	46.0
Net acquisition of nonfinancial assets	71.3	71.0	83.1	77.3	83.2	83.1	100.6	107.7	123.9	146.6	161.1
Domestically financed	19.6	13.6	25.9	25.9	16.0	16.0	20.1	23.7	27.7	41.5	62.9
Foreign financed (including BOAD)	51.7	57.5	57.1	51.4	67.2	67.1	80.5	84.1	96.2	105.1	98.2
Overall balance, including grants (commitment)	-99.1	-96.2	-103.0	-103.0	-66.2	-66.2	-62.8	-57.0	-61.7	-67.5	-71.1
Overall balance, excluding grants (commitment)	-124.6	-132.2	-154.9	-149.2	-115.4	-115.3	-122.5	-121.1	-131.9	-142.9	-151.5
Change in arrears	-5.8	-0.4	-0.6	-0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic payment arrears ²	-5.8	-0.4	-0.6	-0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accumulation current year	1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payment previous years (-)	-6.8	-0.4	-0.6	-0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(o/w) Legacy Arrears	0.0	0.0	-0.6	-0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net external arrears	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net BOAD interest arrears	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Float and statistical discrepancy	-12.9	-13.4	-3.0	-3.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance, including grants (cash)	-117.8	-110.0	-106.5	-106.5	-66.2	-66.2	-62.8	-57.0	-61.7	-67.5	-71.1
Financing	117.8	110.0	106.5	106.5	66.2	66.2	62.8	57.0	61.7	67.5	71.1
Net acquisition of financial assets (- = build up)	-1.2	-13.1	1.7	1.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bank deposits	-1.2	-10.3	6.0	6.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BCEAO	3.0	-10.6	11.3	11.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Local commercial banks	-4.1	0.3	-5.3	-5.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other ³	0.0	-2.8	-4.3	-4.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic financing	105.7	113.6	96.4	96.4	52.8	52.8	41.5	37.1	34.6	43.1	57.4
BCEAO credit	7.1	9.7	-1.7	-1.7	-2.4	-2.4	-6.4	-5.6	-7.5	-9.7	-8.6
(o/w) IMF	7.6	10.2	1.1	1.1	0.4	0.4	-3.6	-2.8	-4.7	-6.9	-5.8
Other domestic (net)	98.6	103.9	98.1	98.1	55.2	55.2	47.8	42.7	42.2	52.8	66.1
Local commercial banks	39.8	29.6	2.4	2.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Regional commercial banks	58.7	74.3	95.7	95.7	55.2	55.2	47.8	42.7	42.2	52.8	66.1
Foreign financing (net)	13.3	9.5	8.4	8.4	13.4	13.4	21.4	19.9	27.0	24.5	13.7
Disbursements	26.8	24.9	15.2	15.2	22.0	22.0	30.8	30.7	37.7	42.2	31.2
Projects	26.8	24.9	15.2	15.2	22.0	22.0	30.8	30.7	37.7	42.2	31.2
Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortization	-13.6	-16.3	-6.8	-6.8	-8.6	-8.6	-9.4	-10.8	-10.6	-17.7	-17.4
Debt relief	0.0	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Residual financing gap	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Memorandum item:</i>											
Domestic primary balance (commitment)	-41.0	-30.7	-40.3	-40.3	12.8	12.8	18.9	26.5	27.2	24.7	11.2

Sources: Guinea-Bissau authorities; and IMF staff estimates and projections.

¹ Adjusted for embassy salaries.

² Excluding debt service arrears.

³ Including BOAD capital increase in 2024 and 2025 and Treasury's on-lending to EAGB in 2025.

Table 3b. Guinea-Bissau: Consolidated Operations of the Central Government, 2023–31
(Percent of GDP)

	2023	2024	2025		2026		2027	2028	2029	2030	2031
			9/10th Review	Prel.	9/10th Review	Proj.			Proj.		
Revenue and grants	13.7	13.1	13.2	12.8	13.7	13.7	14.7	15.0	15.1	15.2	15.3
Tax revenue	9.2	8.2	8.0	8.0	8.5	8.5	9.5	9.9	10.0	10.1	10.2
Nontax revenue	2.5	2.2	1.8	1.8	2.3	2.3	1.8	1.8	1.8	1.7	1.7
Grants	2.1	2.7	3.4	3.0	3.0	3.0	3.3	3.3	3.4	3.4	3.4
Budget support	0.1	0.3	0.7	0.7	0.2	0.2	0.6	0.6	0.6	0.6	0.6
Project grants	2.0	2.5	2.7	2.3	2.7	2.7	2.8	2.8	2.8	2.8	2.8
Expenditure	21.9	20.4	19.9	19.4	17.7	17.7	18.2	18.0	18.1	18.2	18.3
Expense	16.0	15.0	14.5	14.4	12.7	12.7	12.5	12.4	12.1	11.6	11.5
Wages and salaries ¹	4.9	4.6	4.1	4.1	3.9	3.9	3.9	3.9	3.9	3.9	3.9
Goods and services ¹	2.3	2.2	1.9	1.9	1.7	1.7	1.7	1.7	1.7	1.6	1.6
Transfers ¹	2.5	1.7	1.6	1.6	1.5	1.5	1.5	1.5	1.5	1.4	1.4
Interest	2.6	3.3	3.7	3.7	3.7	3.7	3.4	3.3	3.0	2.8	2.7
Other	3.8	3.2	3.1	3.1	2.0	2.0	2.0	2.0	2.1	1.9	1.9
Net acquisition of nonfinancial assets	5.9	5.4	5.4	5.0	5.0	5.0	5.6	5.6	6.0	6.6	6.8
Domestically financed	1.6	1.0	1.7	1.7	1.0	1.0	1.1	1.2	1.3	1.9	2.7
Foreign financed (including BOAD)	4.3	4.3	3.7	3.3	4.0	4.0	4.5	4.4	4.6	4.7	4.1
Overall balance, including grants (commitment)	-8.2	-7.3	-6.7	-6.7	-4.0	-4.0	-3.5	-3.0	-3.0	-3.0	-3.0
Overall balance, excluding grants (commitment)	-10.3	-10.0	-10.1	-9.7	-7.0	-6.9	-6.8	-6.3	-6.4	-6.4	-6.4
Change in arrears	-0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic payment arrears ²	-0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accumulation current year	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payment previous years (-)	-0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(o/w) Legacy Arrears	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net external arrears	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net BOAD interest arrears	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Float and statistical discrepancy	-1.1	-1.0	-0.2	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance, including grants (cash)	-9.7	-8.3	-6.9	-6.9	-4.0	-4.0	-3.5	-3.0	-3.0	-3.0	-3.0
Financing	9.7	8.3	6.9	6.9	4.0	4.0	3.5	3.0	3.0	3.0	3.0
Net acquisition of financial assets (- = build up)	-0.1	-1.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bank deposits	-0.1	-0.8	0.4	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BCEAO	0.2	-0.8	0.7	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Local commercial banks	-0.3	0.0	-0.3	-0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other ³	0.0	-0.2	-0.3	-0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic financing	8.7	8.6	6.3	6.2	3.2	3.2	2.3	1.9	1.7	1.9	2.4
BCEAO credit	0.6	0.7	-0.1	-0.1	-0.1	-0.1	-0.4	-0.3	-0.4	-0.4	-0.4
(o/w) IMF	0.6	0.8	0.1	0.1	0.0	0.0	-0.2	-0.1	-0.2	-0.3	-0.2
Other domestic (net)	8.1	7.8	6.4	6.4	3.3	3.3	2.7	2.2	2.0	2.4	2.8
Local commercial banks	3.3	2.2	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Regional commercial banks	4.8	5.6	6.2	6.2	3.3	3.3	2.7	2.2	2.0	2.4	2.8
Foreign financing (net)	1.1	0.7	0.5	0.5	0.8	0.8	1.2	1.0	1.3	1.1	0.6
Disbursements	2.2	1.9	1.0	1.0	1.3	1.3	1.7	1.6	1.8	1.9	1.3
Projects	2.2	1.9	1.0	1.0	1.3	1.3	1.7	1.6	1.8	1.9	1.3
Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortization	-1.1	-1.2	-0.4	-0.4	-0.5	-0.5	-0.5	-0.6	-0.5	-0.8	-0.7
Debt relief	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Residual financing gap	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Memorandum item:</i>											
Domestic primary balance (commitment)	-3.4	-2.3	-2.6	-2.6	0.8	0.8	1.1	1.4	1.3	1.1	0.5

Sources: Guinea-Bissau authorities; and IMF staff estimates and projections.

¹ Adjusted for embassy salaries.

² Excluding debt service arrears

³ Including BOAD capital increase in 2024 and 2025 and Treasury's on-lending to EAGB in 2025.

Table 4. Guinea-Bissau: Monetary Survey, 2023–31

	2023	2024	2025		2026		2027	2028	2029	2030	2031
			9/10th Review	Prel.	9/10th Review	Proj.			Proj.		
Net foreign assets	264.4	275.7	285.5	285.5	294.0	286.4	296.6	306.1	323.4	350.4	382.6
Central Bank of West African States (BCEAO)	171.5	207.5	236.1	236.1	234.6	232.1	232.3	231.7	239.0	256.0	278.3
Commercial banks	92.9	68.2	49.4	49.4	59.4	54.4	64.4	74.4	84.4	94.4	104.4
Net domestic assets	229.7	249.2	262.0	262.0	288.6	286.9	313.8	349.7	385.9	430.6	464.3
Credit to the government (net)	142.3	172.9	174.6	174.6	172.2	172.2	165.8	160.2	152.7	143.0	134.3
BCEAO	75.0	75.1	86.9	86.9	84.4	84.4	78.1	72.5	64.9	55.2	46.6
Deposits (-)	3.3	13.6	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Credit	78.3	88.7	89.0	89.0	86.6	86.6	80.2	74.7	67.1	57.4	48.8
Commercial banks	67.3	97.8	87.7	87.7	87.7	87.7	87.7	87.7	87.7	87.7	87.7
Deposits (-)	15.8	21.6	33.5	33.5	33.5	33.5	33.5	33.5	33.5	33.5	33.5
Credit	83.2	119.4	121.2	121.2	121.2	121.2	121.2	121.2	121.2	121.2	121.2
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credit to the economy	172.9	151.9	175.4	175.4	204.5	202.8	236.1	277.6	321.3	375.7	418.1
Other items (net)	-85.5	-75.6	-88.1	-88.1	-88.1	-88.1	-88.1	-88.1	-88.1	-88.1	-88.1
Money supply (M2)	494.1	524.9	547.5	547.5	582.5	573.3	610.4	655.8	709.3	780.9	847.0
Currency outside banks	287.7	292.4	316.0	316.0	336.3	330.9	352.4	378.5	409.4	450.8	488.9
Bank deposits	206.4	232.5	231.4	231.4	246.3	242.4	258.1	277.2	299.9	330.2	358.1
Base money (M0)	311.1	332.0	361.3	361.3	384.5	378.4	402.9	432.8	468.1	515.4	559.0
Contribution to the growth of broad money (M2)											
Net foreign assets	-2.0	2.3	1.9	1.9	1.5	0.2	1.8	1.5	2.6	3.8	4.1
BCEAO	-0.5	7.3	5.4	5.4	-0.3	-0.7	0.0	-0.1	1.1	2.4	2.9
Commercial banks	-1.5	-5.0	-3.6	-3.6	1.8	0.9	1.7	1.6	1.5	1.4	1.3
Net domestic assets	0.9	3.9	2.4	2.4	4.9	4.6	4.7	5.9	5.5	6.3	4.3
Credit to the central government	9.0	6.2	0.3	0.3	-0.4	-0.4	-1.1	-0.9	-1.1	-1.4	-1.1
Credit to the economy	-3.6	-4.3	4.5	4.5	5.3	5.0	5.8	6.8	6.7	7.7	5.4
Other items (net)	-4.5	2.0	-2.4	-2.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:											
Broad money (M2, annual percentage change)	-1.1	6.2	4.3	4.3	6.4	4.7	6.5	7.4	8.2	10.1	8.5
Base money (M0, annual percentage change)	-4.0	6.7	8.8	8.8	6.4	4.7	6.5	7.4	8.2	10.1	8.5
Credit to the economy (annual percentage change)	-9.4	-12.2	15.5	15.5	16.6	15.6	16.4	17.6	15.7	16.9	11.3
Velocity (GDP/M2)	2.5	2.5	2.8	2.8	2.9	2.9	2.9	2.9	2.9	2.8	2.8
Money multiplier (M2/M0)	1.6	1.6	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5

Sources: BCEAO; and IMF staff estimates and projections.

Table 5. Guinea-Bissau: Selected Financial Soundness Indicators, 2020–25

	2020	2021	2022	2023	2024	2025	Excluding undercapitalized bank				
							2020 Dec	2021 Dec	2022 Dec	2023 Dec	2024 Jun
Capital Adequacy											
Capital to risk-weighted assets	-3.6	-1.4	-4.0	-33.8	-16.3	-22.1	25.6	25.5	26.6	23.1	21.7
Tier 1 capital to risk weighted assets	-3.6	-1.4	-4.0	-33.8	-16.3	-22.1	25.6	25.5	26.6	23.1	21.7
Provisions to risk-weighted assets	20.4	20.3	9.9	10.1	12.7	15.3	2.3	8.0	4.3	4.9	5.8
Capital to total assets	-1.3	-0.5	-1.3	-8.3	-5.0	-6.6	12.8	7.2	12.1	13.7	12.6
Asset Composition and Quality											
Total loans to total assets	40.4	38.1	45.5	48.4	46.7	46.3	36.5	36.8	45.5	41.0	43.9
Concentration: loans to 5 largest borrowers to capital	-379.3	-2344.0	-273.5	-155.0	-249.1	-187.7	...	...	...	...	...
Sectoral distribution of loans											
Agriculture and fishing	0.8	1.4	1.5	2.0	1.8	2.2	0.8	1.4	1.5	2.8	1.8
Extractive industries	1.2	1.1	0.8	0.5	0.1	0.1	1.2	1.1	0.8	1.2	0.1
Manufacturing	15.7	14.8	15.4	6.0	13.4	12.2	15.7	14.8	15.4	9.2	13.4
Electricity, water and gas	10.5	10.7	4.9	12.2	11.0	8.3	10.5	10.7	4.9	8.0	11.0
Construction	7.7	8.1	3.2	8.3	1.3	7.4	7.7	8.1	3.2	9.1	1.3
Retail and wholesale trade, restaurants and hotels	25.2	24.1	40.5	35.7	39.4	32.5	25.2	24.1	40.5	30.1	39.4
Transportation and communication	7.1	7.4	7.1	9.4	2.9	9.1	7.1	7.4	7.1	12.0	2.9
Insurance, real state and business services	1.1	1.1	1.0	2.3	2.1	2.2	1.1	1.1	1.0	2.0	2.1
Other services	30.7	31.5	25.6	23.6	27.9	26.0	30.7	31.5	25.6	25.6	27.9
Gross NPLs to total loans	21.8	19.4	10.4	13.9	19.8	22.3	9.1	7.4	5.9	20.0	16.6
General provisions to gross NPLs	68.8	80.8	61.6	35.0	38.8	40.1	32.7	63.0	71.4	31.6	35.4
Net NPLs to total loans	8.0	4.4	4.3	9.5	13.1	14.6	6.2	2.7	1.7	13.4	9.7
Net NPLs to capital	-257.0	-333.9	-154.5	-55.8	-122.5	-103.4	15.9	7.7	6.5	34.9	58.3
Earnings and profitability											
Average cost of borrowed funds	1.2	1.3	1.6	2.3	2.4	...	1.2	1.3	1.6	...	...
Average interest rate on loans	9.7	7.4	9.3	11.0	10.9	...	9.7	7.4	9.3	...	...
Average interest margin	8.5	6.1	7.7	8.7	8.5	...	8.5	6.1	7.7	...	...
After-tax return on average assets (ROA)	0.8	0.7	1.7	1.7	0.7	...	0.8	1.5	1.7	...	...
After-tax return on average equity (ROE)	9.9	8.7	21.3	16.4	6.9	...	9.9	11.2	21.3	...	...
Non-interest expenses to net banking income	70.0	67.3	69.2	68.0	68.7	...	70.0	61.6	69.2	...	...
Personnel expenses to net banking income	31.8	29.2	29.9	30.2	30.6	...	31.8	26.7	29.9	...	...
Liquidity											
Liquid assets to total assets	17.3	18.0	24.9	24.0	21.9	20.1	17.3	18.0	24.9	23.8	25.5
Liquid assets to total deposits	30.4	31.3	46.7	41.4	35.6	33.3	30.4	31.3	46.7	40.8	41.1
Total loans to total deposits	83.6	78.9	91.0	87.8	82.3	84.4	93.3	81.6	92.7	86.7	84.8
Total deposits to total liabilities	56.9	57.3	53.4	58.0	61.4	60.3	42.1	45.5	47.3	47.3	51.8

Source: BCEAO.

Table 6. Guinea-Bissau: Indicators of Capacity to Repay the Fund, 2026–36

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
	Projections										
	(SDR millions, unless otherwise indicated)										
Fund obligations based on existing credit											
Principal	4.26	4.66	3.62	6.11	8.90	8.67	7.96	6.54	4.21	1.42	0.24
Charges and interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fund obligations based on existing and prospective credit											
Principal	4.26	4.66	3.62	6.11	8.90	8.78	8.43	7.01	4.68	1.89	0.59
Charges and interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total obligations based on existing and prospective credit											
SDR millions	4.26	4.66	3.62	6.11	8.90	8.78	8.43	7.01	4.68	1.89	0.59
CFAF billions	3.26	3.58	2.79	4.72	6.89	6.82	6.54	5.44	3.63	1.47	0.46
Percent government revenue	1.82	1.76	1.23	1.94	2.63	2.42	2.16	1.68	1.06	0.40	0.12
Percent exports of goods and services	1.64	1.66	1.20	1.88	2.53	2.32	2.04	1.57	0.97	0.37	0.11
Percent debt service	17.30	18.37	13.42	20.45	20.88	21.21	20.50	17.26	11.86	4.99	1.51
Percent GDP	0.20	0.20	0.14	0.23	0.31	0.29	0.26	0.20	0.13	0.05	0.01
Percent quota	15.00	16.40	12.74	21.52	31.35	30.93	29.67	24.67	16.48	6.65	2.07
Outstanding Fund credit											
SDR millions	54.66	50.00	46.39	40.28	31.37	22.59	14.17	7.16	2.48	0.59	0.00
CFAF billions	41.83	38.42	35.79	31.13	24.30	17.53	10.99	5.56	1.92	0.46	0.00
Percent government revenue	23.40	18.90	15.84	12.79	9.25	6.21	3.63	1.72	0.56	0.12	0.00
Percent exports of goods and services	21.04	17.85	15.37	12.36	8.93	5.97	3.44	1.60	0.51	0.11	0.00
Percent debt service	221.94	197.16	172.10	134.78	73.58	54.55	34.46	17.64	6.28	1.56	0.00
Percent GDP	2.52	2.14	1.86	1.50	1.09	0.74	0.43	0.21	0.07	0.02	0.00
Percent quota	192.46	176.07	163.33	141.81	110.47	79.54	49.88	25.21	8.73	2.07	0.00
Net use of Fund credit											
Disbursements	4.72	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Repayments and repurchases	4.26	4.66	3.62	6.11	8.90	8.78	8.43	7.01	4.68	1.89	0.59
	(CFAF billions, unless otherwise indicated)										
Memorandum items:											
Nominal GDP	1,662.6	1,794.6	1,927.9	2,071.1	2,224.9	2,371.5	2,527.8	2,681.5	2,844.5	3,017.5	3,200.9
Exports of goods and services	198.8	215.3	232.8	251.7	272.2	293.6	319.8	347.1	374.2	400.7	420.1
Government revenue	178.8	203.3	226.0	243.4	262.6	282.1	302.5	322.6	344.0	367.6	392.6
External debt service	18.8	19.5	20.8	23.1	33.0	32.1	31.9	31.5	30.6	29.4	30.2
CFAF/SDR (period average)	765.3	768.4	771.6	772.9	774.4	776.0	776.0	776.0	776.0	776.0	776.0
Quota (SDR millions)	28.4	28.4	28.4	28.4	28.4	28.4	28.4	28.4	28.4	28.4	28.4

Source: IMF staff estimates and projections.

Table 7a. Guinea-Bissau: Public Debt Holder Profile, 2025–27¹

	Debt Stock (end of period)			Debt Service					
	2025			2025	2026	2027	2025	2026	2027
	(In US\$ million)	(Percent of total debt)	(Percent of GDP) ⁵	(In US\$ million)			(Percent of GDP)		
Total	2,067.9	100.0	75.1	535.8	684.3	763.9	20.2	22.9	23.7
External	778.8	37.7	28.3	26.0	33.9	34.0	1.0	1.1	1.1
Multilateral creditors ²	656.6	31.8	23.8	22.6	30.0	27.8	0.8	1.0	0.9
IMF	74.1	3.6	2.7						
World Bank	229.2	11.1	8.3						
AfDB	57.5	2.8	2.1						
BOAD	233.4	11.3	8.5						
Other Multilaterals	62.4	3.0	2.3						
o/w: Islamic Development Bank	28.1	1.4	1.0						
BADEA	8.7	0.4	0.3						
Bilateral Creditors	122.3	5.9	4.4	3.5	3.9	6.2	0.1	0.1	0.2
Paris Club	6.5	0.3	0.2	0.7	1.2	1.4	0.0	0.0	0.0
o/w: Brazil	1.9	0.1	0.1						
Non-Paris Club	115.7	5.6	4.2	2.8	2.7	4.8	0.1	0.1	0.2
o/w: Angola	49.1	2.4	1.8						
Kuwait	28.9	1.4	1.0						
EximBank India	19.3	0.9	0.7						
Saudi Fund	13.1	0.6	0.5						
Libya	3.1	0.2	0.1						
Pakistan	2.2	0.1	0.1						
Domestic	1,289.1	62.3	46.8	509.8	650.5	729.9	19.2	21.8	22.7
Held by residents, total	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Held by non-residents, total	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Regional T-bills	896.4	43.4	32.6	362.5	495.1	573.9	13.6	16.6	17.8
BCEAO	225.1	10.9	8.2	4.9	5.1	5.3	0.2	0.2	0.2
Loans local commercial banks ³	145.5	7.0	5.3	141.5	150.2	150.7	5.3	5.0	4.7
Payment Arrears	22.0	1.1	0.8	1.0	-	-	0.0	-	-
Memo items:									
Collateralized debt ⁴	0	0.0	0.0						
Contingent liabilities	9.2	0.4	0.3						
Public guarantees	9.2	0.4	0.3						
Nominal GDP	2,655.7			2,655.7	2,988.9	3,218.8			

1/ As reported by the country authorities according to their classification of creditors, including by official and commercial. Debt coverage is the same as the DSA.

2/ "Multilateral creditors" are simply institutions with more than one official shareholder and may not necessarily align with creditor classification under other IMF policies (e.g. Lending Into Arrears).

3/ Including public guarantees.

4/ Debt is collateralized when the creditor has rights over an asset or revenue stream that would allow it, if the borrower defaults on its payment obligations, to rely on the asset or revenue stream to secure repayment of the debt. Collateralization entails a borrower granting liens over specific existing assets or future receivables to a lender as security against repayment of the loan. Collateral is "unrelated" when it has no relationship to a project financed by the loan. An example would be borrowing to finance the budget deficit, collateralized by oil revenue receipts. See the joint IMF-World Bank note for the G20 "Collateralized Transactions: Key Considerations for Public Lenders and Borrowers" for a discussion of issues raised by collateral.

5/ Calculated based on the amounts in CFA francs.

Table 8. Guinea-Bissau: Schedule of Disbursements under the ECF Arrangement, 2023–26

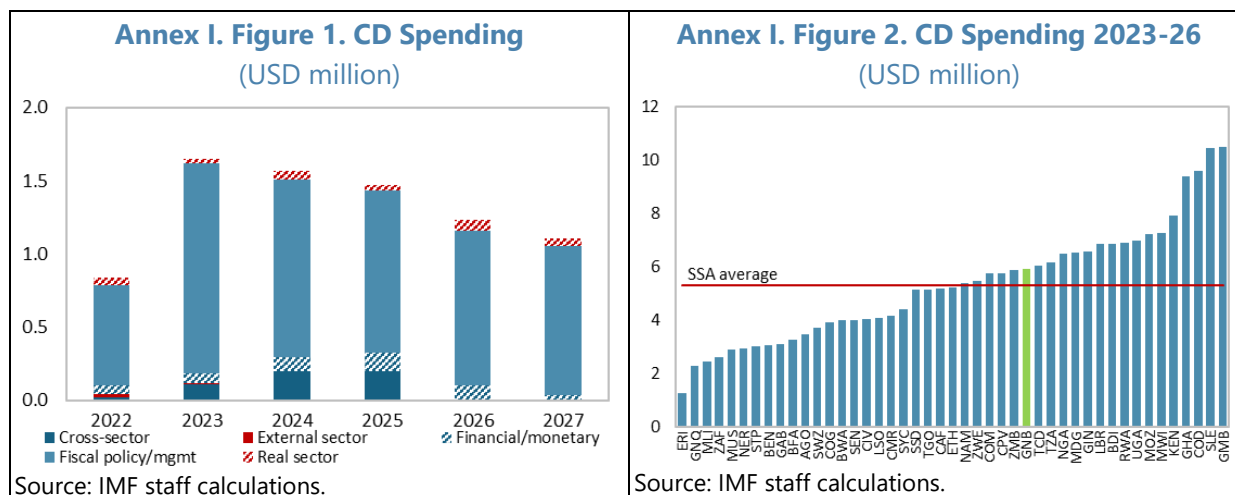
Availability Date	Disbursements		Conditions for Disbursement
	In millions of SDR	In percent of Quota	
January 30, 2023	2.37	8.3	Executive Board approval of the three-year ECF arrangement.
April 17, 2023	2.37	8.3	Observance of the performance criteria for January 31, 2023 and completion of the first review under the arrangement.
July 17, 2023	2.37	8.3	Observance of the performance criteria for March 31, 2023 and completion of the second review under the arrangement.
October 17, 2023	6.16	21.7	Observance of the performance criteria for June 30, 2023 and completion of the third review under the arrangement.
January 17, 2024	6.16	21.7	Observance of the performance criteria for September 30, 2023 and completion of the fourth review under the arrangement.
April 17, 2024	0.01	0.0	Observance of the performance criteria for December 31, 2023 and completion of the fifth review under the arrangement.
August 17, 2024	5.44	19.2	Observance of the performance criteria for April 30, 2024 and completion of the sixth review under the arrangement.
October 17, 2024	5.43	19.2	Observance of the performance criteria for June 30, 2024 and completion of the seventh review under the arrangement.
April 17, 2025	4.73	16.7	Observance of the performance criteria for December 31, 2024 and completion of the eighth review under the arrangement.
October 17, 2025	2.36	8.3	Observance of the performance criteria for June 30, 2025 and completion of the ninth review under the arrangement.
February 17, 2026	0.01	0.0	Observance of the performance criteria for December 31, 2025 and completion of the tenth review under the arrangement.
May 17, 2026	1.18	4.2	Observance of the performance criteria for March 31, 2026 and completion of the eleventh review under the arrangement.
October 17, 2026	1.17	4.1	Observance of the performance criteria for August 31, 2026 and completion of the twelfth review under the arrangement.
Total Disbursements	39.76	140.0	

Source: IMF staff estimates and projections.

Annex I. Role of Capacity Development in Program Execution

Capacity Development (CD) in Guinea-Bissau has been an integral part of the reform implementation under the ECF-supported program. CD made unprecedented achievements in digitalization of the inland revenue administration and provided critical diagnosis of the wage bill control and the SOE oversight, all of which have been program priorities. In other key areas, such as taxpayer compliance and the Treasury Single Account (TSA), which require sequenced approaches, CD and the program have been jointly pushing for difficult reforms. In case of reforms for the government accounting functions, despite its importance, the Fund CD activities have been relatively limited, as this would require a hand-in approach through a resident CD advisor in this area.

1. CD support to Guinea-Bissau has increased significantly since the beginning of the Extended Credit Facility (ECF) supported program in 2023 (Annex I Figure 1). CD spending for Guinea-Bissau almost doubled in 2023 and has maintained a high level exceeding the SSA average (Annex I Figure 2).

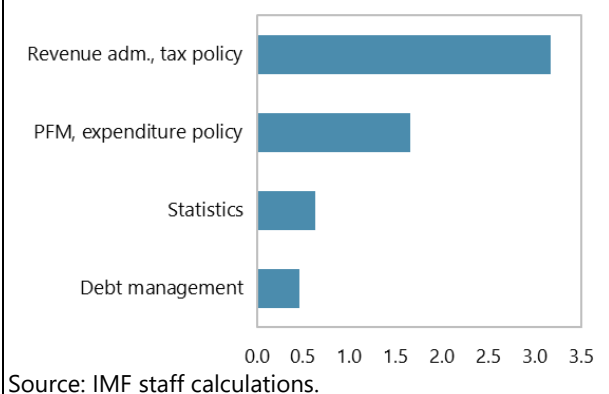


2. The largest share of CD resources has been allocated to the revenue administration and tax policy area (Annex I Figure 3). It is followed by PFM and expenditure policy, statistics, and debt management.

3. CD has been integrated with program implementation and has made significant achievements in several areas (Annex I Table I). Examples include digitalization of the revenue administration, wage bill control, and SOE oversight:

- **CD support has made unprecedented achievements in digitalization of the revenue administration, which created an essential foundation for program implementation.** Under the Staff Monitored Program (SMP) during 2021-22, the Fund CD support designed, constructed, and operationalized the revenue administration system of the DGCI (Kontaktu), which has the fully integrated functionality of electronic filing, payment gateways, and revenue recording. Through a SB, the SMP supported operationalization and roll-out of the Kontaktu system (see IMF Country Report No.22/42). The ECF-supported program benefited significantly from the Kontaktu system, which transformed day-to-day operations of the DGCI and ensured the availability of quality and timely revenue data.

Annex I. Figure 3. CD Spending 2023-26 (USD million)



- **The ECF-supported program has made significant progress in wage bill control and the SOE oversight, building on the initial diagnostic made by CD.** In response to significant irregular hiring of public workers in late 2022, the Fund CD mission undertook an in-depth diagnosis and made a series of recommendations to improve the wage bill management (see IMF Country Report No. 22/87). Building on these recommendations, through SBs and prior actions, the ECF-supported program pushed for the implementation of several measures, which achieved a reduction of the wage bill by 2.3 percent of GDP since the beginning of the program. When the ECF-supported program began, the EAGB was incurring over 1 percent of GDP of operating losses per year, due to extremely expensive electricity purchased from Karpower. In late 2022, a Fund CD mission undertook an in-depth diagnosis of the SOE sector (see IMF Country Report No. 22/196). Based on this diagnosis, through SBs and prior actions, the ECF-supported program implemented CD recommendations and achieved far-reaching reforms, including the installation of 70,000 pre-paid meters, the diversification of sources of electricity, and the construction of critical infrastructure. With this, the EAGB achieved a break-even point in 2025, including through higher revenue of around 30 percent relative to the beginning of the ECF-supported program.

4. Supported by CD, the program has made progress in reforms that require sequenced approaches. This includes improvements to taxpayer compliance and the implementation of TSA reforms.

- **Taxpayer compliance.** As shown in Selected Issues Paper of the 2025 Article IV Consultation (see IMF Country Report No. 25/168), in Guinea-Bissau, significant tax gaps arise from the inland revenue, which is facing chronic challenges from very low compliance by large taxpayers. With CD support, as an SB under the SMP, the new VAT Law was approved in 2022, although VAT collection has been struggling to keep up with GDP growth (see MEFP ¶18). To tackle low compliance issues, CD and the program have successfully revamped tax audits of the DGCI, which

have identified a significant amount of arrears, collection of which has been an important revenue measure under the ECF-supported program.

- **TSA.** The TSA implementation is a reform area where CD has been very valuable. Both the SMP and the ECF-supported program pushed for closure of unnecessary bank accounts, which is the crucial first step recommended by CD but has been proven difficult given low cooperation by commercial banks. Nonetheless, through a prior action of the combined ninth and tenth reviews, a significant number of pending accounts have been closed, paving the way for the next step. Following this progress, the current (eleventh) ECF review includes a prior action to repay overdraft of a large commercial bank, which has been another obstacle highlighted by a number of CD missions. Completion of this measure is expected to improve the consolidation of liquidity in the BCEAO on a daily basis, another key step towards the TSA implementation recommended by CD.

5. Engagement through a resident CD advisor would be needed for other priorities, including reforms for the government accounting functions. In Guinea-Bissau, the government accounting functions ceased to exist in 2017 together with systemic reconciliation of spending data and bank accounts. This created an environment where unrecorded expenditure (DNT) could stay undetected. The ECF-supported program has been strongly pushing for the revival of the government accounting functions, beginning with the introduction of bank reconciliation at the combined ninth and tenth reviews, and moving to revive the State General Account. The Fund CD activities have been relatively limited in this area. The authorities have requested a resident CD advisor to be placed in the Treasury, because reviving the accounting functions requires a long-term engagement going beyond regular CD missions from the HQ or AFRITAC West.

Annex I. Table 1. Guinea-Bissau: Integration of CD Recommendations in ECF-Supported Program

Area	CD recommendations and progress	Integration with the program
Strengthening of DGCI	Significant progress has been made in the digitalization of DGCI. The CD missions developed the Kontaktu system, which is a full-fledged revenue administration system, replaced the old system which had several functionality problems. Another progress includes the approval of the VAT Law, which was prepared with support from CD missions. The VAT Law replaces the General Sales Taxes Law, which had some, albeit incomplete, features of VAT.	The program benefited significantly from operationalization of the Kontaktu system, which improved the quality and timeliness of tax collection data. The Kontaktu system also introduced electronic filing, which improved substantially efficiency in DGCI's revenue administration. The implementation of the VAT Law is facing challenges from very low compliance of large taxpayers and widespread informality. The eleventh ECF review includes prior actions to strengthen enforcements against large taxpayers and undertake a census of taxpayers, the latter of which was recommended by a CD mission.
Strengthening of DGA	The CD missions made recommendations on streamlining of the customs administration process, which includes several redundant, manual-based steps, and strengthening of customs controls at land borders, which are vulnerable to smuggling and under-declarations.	Through structural benchmarks and prior actions of various reviews, the program supported the operationalization of the new Sydonia World system, which will have strong positive effects on the customs controls.
Development of TSA	The CD missions made recommendations on streamlining of bank account structure, consolidation of cash balances, and repayment of overdrafts of commercial bank accounts.	The eleventh ECF review includes a prior action to repay Treasury overdrafts at a large bank and requests it to send revenue to the BCEAO on a daily basis. The existence of large overdraft balances has prevented banks from sending revenue to the BCEAO and thus created a bottleneck to the TSA implementation. This prior action will help implement a long-standing CD recommendation.

Annex I. Table 1. Guinea-Bissau: Integration of CD Recommendations in ECF-Supported Program

Area	CD recommendations and progress	Integration with the program
Mitigation of fiscal risks from SOEs	The CD mission recommended the creation of the SOE Unit and the publication of SOE reports.	Mitigation of fiscal risks from SOEs, especially the public utility company (EAGB), have been one of the centerpieces of the program. Through structural benchmarks and prior actions of various reviews, (i) the critical infrastructure (ring transmission line) was built, (ii) the source of electricity was diversified from Karpower to the regional hydropower plants, and (iii) around 70,000 pre-paid electricity meters were installed since the beginning of the program. With these measures supported under the program, EAGB, which used to incur around CFAF 1.0 billion of operating losses per month, restored its break-even. Two SOE reports were also published as part of a structural benchmark of the program.
Revival of government accounting functions	There have been limited Fund CD missions in this area.	The government accounting functions ceased to exist in 2017. Since then, no government account was produced, and no systemic reconciliation of budget execution data with bank account data was undertaken. This helped unrecorded expenditure (DNT) undetected and weakened expenditure controls. At the combined ninth and tenth reviews, the program introduced the bank reconciliation exercise, which restored one of the basic accounting functions and achieved significant effects to deter DNT and strengthen expenditure controls. Building on this success, the eleventh ECF review is supporting the Treasury to produce a Quarterly State Account, with the ultimate goal of reviving the annual General State Account. The government accounting functions require continuous CD engagement through a resident advisor. The government is exploring donors who can finance such resident CD advisors.

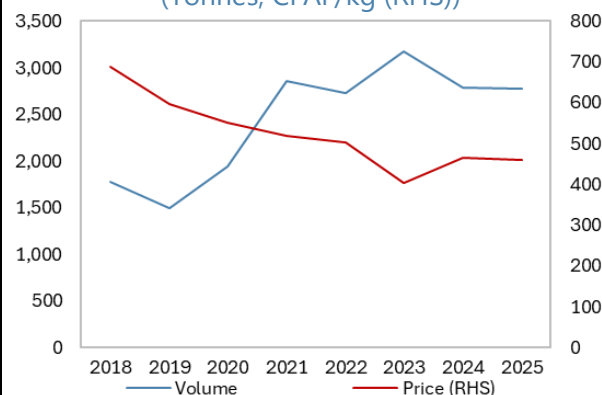
Annex II. Informality in Guinea-Bissau

1. There are number of different methods to estimate informal economic activities, including a model based on the tax gap. The two broad classes of methods include the Multiple Indicators Multiple Causes (MIMIC) model and the Dynamic General Equilibrium (DGE) model, both of which offer broad cross-country coverage, while show limited time variation. To overcome this limitation, Pappada et. al. (2023) proposes another model based on the gap between expected VAT revenues, derived from household consumption data, and actual revenue collected, using tax non-compliance as a proxy for unreported domestic value added.

2. Based on the study of tax gap, Guinea-Bissau's informal economy appears to be larger than other countries with similar income levels. Bouzouita (2025) estimated Guinea-Bissau's tax potential using a stochastic frontier model, which benchmarks observed revenues against the performance of comparable low-income countries at the same level of development. Critically, the frontier already incorporates the fact that low-income countries structurally collect less revenue than higher-income economies. The tax gap, defined as the difference between this frontier-implied potential and actual revenues collected, therefore does not measure total informality in absolute terms. Rather, it measures the extent to which Guinea-Bissau's revenue performance falls short of what comparable low-income countries achieve at a similar stage of development, capturing excess informality relative to the peer group. The aggregate tax gap averaged 3.0 percent of GDP over 2022 to 2024 in Guinea-Bissau. To isolate the component of this gap most directly attributable to informal economic activity, attributing roughly one half of the aggregate tax gap to VAT non-compliance yields a VAT gap of 1.5 percent of GDP. Dividing by the statutory VAT rate of 19 percent implies that the Guinea-Bissau's volume of economic activity evading VAT is approximately 7.9 percent of GDP larger than the low-income country norm.

3. Guinea-Bissau's informal economy appears to be expanding. Since 2018, the import volume of used clothes, which are goods common in the informal markets, have almost doubled from around 1500 ton to 3000 tonnes per year (Annex II Figure 1). An increase in the import volume is especially prominent at land borders, which have weaker controls than the Bissau port. During the same period, the import price of used clothes has dropped by a third, indicating the high likelihood of under-valuations. These suggest that when measured by imports of used clothes, informal trade flows that typically take advantages of weak controls at land borders and feed informal markets have expanded significantly for the last decade in Guinea-Bissau.

Annex II. Figure 1. Imports of Used Clothes
(Tonnes, CFAF/kg (RHS))



Source: IMF staff calculations.

4. The authorities have been stepping up efforts to tackle informality. Based on the recommendations of the recent FAD CD mission, as a prior action of the eleventh review, the authorities have been implementing a pilot of a census of taxpayers, which is the first of its kind in the country and expected to provide insight on what drives decisions to stay informal and how to facilitate formalization. Simultaneously, since the beginning of 2026, the authorities resumed collection of flat-rate fees from VAT non-declarers at the land borders. This could have positive impact of discouraging widespread practices of transportation agents, who disguise themselves as importers at the border and help true importers stay informal and avoid taxes to the inland revenue authority.

References

Bouzouita, Nour, 2025, "Domestic Revenue Mobilization in Guinea-Bissau", IMF Country Report No. 25/168 Selected Issue Paper

Pappada, Francesco and Kenneth S. Rogoff, 2023, "Rethinking the Informal Economy and the Hugo Effect", NBER Working Paper No. 31963

Appendix I. Letter of Intent

Bissau, May 29, 2026

Ms. Kristalina Georgieva
Managing Director
International Monetary Fund
Washington, D.C. 20431
U.S.A.

Dear Ms. Georgieva,

In the name of the Transitional Government of Guinea-Bissau, I would like to express my sincere appreciation for the continued support received from the IMF during one of the most difficult times of our country's recent history. After the elections in November 2025, the military took control of the government. Although this event took place in a peaceful manner, the country has been going through a difficult transition since then. The Transitional Government led by myself has been given the mandate to address the complex challenges that the country is facing, while preparing for elections scheduled for December 6, 2026. To that end, the transitional government took determined corrective steps to address the fiscal slippages that occurred in the run up to the November 2025 elections, and I am thankful to the Fund staff for the continued close engagement and to the IMF Board for supporting the conclusion of the combined ninth and tenth reviews under the Extended Credit Facility (ECF) arrangement, which have helped preserve economic stability and maintain investor confidence.

I am pleased to inform you that the country has successfully restored strong program performance. We have met all ten Quantitative Performance Criteria (QPC) and two Indicative Targets (ITs) for March 2026 and have also met all four continuous Structural Benchmarks (SBs). I would like to reiterate my government's strong commitment to meet all quantitative targets and SBs for the rest of the program period, which ends on December 29, 2026.

The country's economy is facing significant challenges, especially from the recent conflict in the Middle East that has increased significantly fuel import prices, and the risks are tilted towards the downside. In response to high fuel prices, we avoided reducing taxes from the pre-war level, while cutting other margins and fees to mitigate impact on the cost of living without creating a fiscal shortfall. In this volatile external environment, the success of the cashew export campaign is crucial to support farmers' incomes and maintain growth. The government has strengthened its controls to protect producer prices and prevent smuggling. However, cashew production is experiencing delays, which could entail an additional shock to the economy.

To cushion the economy from the impact of exogenous shocks and help maintain social stability, it is important for us to stay on track with the IMF-supported program, which provides a strong policy anchor and has been a catalyst for highly concessional funding. We are firmly committed to mobilizing revenue and maintaining very tight expenditure controls so that the program targets can

be achieved despite the adverse impact of shock. Against this background, we request the completion of the eleventh review under the ECF arrangement and the disbursement of SDR 1.18 million. We also request a modification of the QPCs on tax revenue and a domestic primary balance to introduce adjustors for higher fuel prices and completion of the financial assurances review.

The government believes that the policies outlined in the attached Memorandum of Economic and Financial Policy (MEFP) are adequate to achieve program objectives. We stand ready to take additional measures as necessary. The government will consult with the IMF before making any revision to the policies contained in the MEFP. We will provide timely information for monitoring economic development and policy implementation, as agreed under the attached Technical Memorandum of Understanding, or upon the IMF's request. We agree to the publication of this letter and its attachments, as well as the related staff report, on the IMF's website.

Yours sincerely,

/s/

Ilídio VIEIRA TÉ

Prime Minister and Minister of Finance
Guinea-Bissau

Attached: - Memorandum of Economic and Financial Policies.
- Technical Memorandum of Understanding.

Attachment I. Memorandum of Economic and Financial Policies

Recent Development and Program Performance

A. Introduction

1. Policies and reforms under the Extended Credit Facility (ECF) supported program have been promoting inclusive growth and poverty reduction. Our strategies and policies for growth and poverty reduction are described in the National Development Plan (PND). After extensive diagnostic exercises and stakeholder consultations, the new PND for 2026-35, which replaces the previous PND prepared in 2020, was recently approved by the government. Policies and reforms under the ECF-supported program are consistent with the objectives of the PND. Engagement through the ECF-supported program has been essential to build a reform momentum and catalyze highly concessional financing for meeting our development needs and fostering macroeconomic stability and sustainable growth.

B. Economic Development and Outlook

2. Economic growth in 2025 was strong. We revised upward economic growth for 2025 to 5.8 percent based on updated data on agricultural production and the external sector. Production of cashew nuts and subsistence agriculture increased strongly given good weather conditions. Positive changes in terms of trade from higher cashew export prices and lower import prices supported strong increases in the export volume and improved the external balance while lowering average inflation to 0.9 percent. Private sector investment was also strong, especially in the energy, transportation, and telecommunication sectors.

3. Growth for 2026 is likely to moderate and faces significant downside risks. If high fuel prices continue for a prolonged period, it poses downside risks for economic outlook. On the cashew export campaign, the export contract prices currently remain stable at a level similar to the average export price in 2025 (USD1,236/ton). Producer prices remain at the level set by the government (CFAF 410/kg), supporting income and consumption of rural population. However, cashew production is facing challenges because of significant delay in fruit maturation observed in various regions. As a result, the logistical process is somewhat delayed, and the first cashew nuts arrived in Bissau only on April 15. If this delay is not solved, there will be risks of not meeting the export volume target of 210,000 tons included in the budget.

4. In the medium-term, growth is likely to be at around 5-6 percent. However, this outlook is also subject to downside risks. The main risks arise from negative terms-of-trade shocks, adverse weather conditions, and tight regional financial conditions. Materialization of contingent liabilities in state-owned enterprises and the banking system would also increase fiscal costs.

C. Program Performance

5. We have restored strong program performance. We met all ten Quantitative Performance Criteria (QPC) and two Indicative Targets (IT) for March 2026. We have also met all four continuous Structural Benchmarks (SB).

Economic and Financial Policies

D. Fiscal Policy and Reforms

Budget Execution

6. The government is fully committed to achieving the domestic primary surplus target in 2026. The 2026 budget includes a domestic primary surplus target of CFAF 12.5 billion. The government has been doing all we can to meet this target. We have limited spending mostly to mandatory expenditure, except for already committed large capital expenditure, and kept the zero ceiling on “other common expenditure”. In April, when fuel prices increased, we kept tax reference prices of fuels unchanged, while forgoing additional revenue and reducing margins and fees.

However, while we met all QPCs for March, the level of current revenue (i.e., revenue excluding cashew revenue) was barely sufficient to meet mandatory expenditure (MEFP Text Table 1). To achieve the balanced budget target, we will bolster our efforts to mobilize current revenue, which should cover at least mandatory expenditure, while sharply prioritizing discretionary spending to turn a deficit into a surplus through cashew revenue.

MEFP Text Table 1. Budget Execution for 2026 Q1 (CFAF billion)

	2026 Q1
	Prel.
Domestic revenue	32.4
Tax revenue	27.1
Nontax revenue	5.3
Domestic expenditure	37.1
Current expenditure	29.3
Quinhamel-Biombo road	7.8
Domestic primary deficit	-4.7

Prior Actions

7. To achieve the balanced budget target, we will implement the following measures as prior actions.

DGCI

- **(Prior Action #1) For DGCI to collect CFAF 7.6 billion of revenue that excludes cashew revenue and is registered in the SIGEF and Kontaktu after April 2026.**
- **(Prior Action #2) For DGCI to collect CFAF 3.1 billion of revenue from telecom operators after April 2026.**
- **(Prior Action #3) For DGCI to collect CFAF 1.2 billion of revenue from banks after April 2026.**

8. These prior actions aim to increase revenue of the Directorate General of Duties and Taxes (DGCI). While total revenue of the DGCI for 2026 Q1 increased by 17 percent from 2025 Q1, this includes increases in revenue of other institutions (for example, deductions by Treasury, flat-rate fees of Directorate-General of Customs (DGA), and fishing stamp duties). Revenue registered in the DGCI's systems (Kontaktu and "SIGEF"), which shows the true performance of the DGCI, was CFAF 10.6 billion for 2026 Q1, staying flat from 2025 Q1 (CFAF 10.4 billion). In particular, VAT collection during 2026 Q1 dropped by 30 percent from 2025 Q1 because of very small collection from telecom operators and banks. The DGCI will step up its efforts to intensify follow-up on large taxpayers to accelerate revenue mobilization.

- **(Prior Action #4) To (i) undertake a pilot of a census of taxpayers, (ii) place DGCI's four revenue collectors at line ministries, and (iii) send tax bills for second part of VAT on fuels between November 2025 and March 2026.**

9. The above prior action will tackle informality and low compliance issues and improve nontax revenue and arrears collection. The census will update the register of taxpayers in Bissau by filling out missing contacts and other information of existing taxpayers and newly registering informal business and persons. The census will also investigate warehouses and create their register, which should help identify and curtail under-declarations. The DGCI has already developed software for census questionnaires, which communicates automatically with Kontaktu and records GPS information of taxpayers' locations. The DGCI will pilot the census methodology at a market around Bissau as a prior action and subsequently embark on a full scale-census in Bissau and of the whole nation later in the year. In order to strengthen further collection of nontax fees, which declined significantly in 2025, the DGCI will place its four revenue collectors who will control the collection process, possibly at the Ministries of Energy, Natural Resources, Agriculture and Public Works. The DGCI will collect arrears from the second part of VAT on fuels, collection of which stopped in late 2025.

DGA

- **(Prior Action #5) To operationalize the value module of the Sydonia World.**

10. The above prior action will facilitate implementation of Sydonia World, which is a priority for the DGA. The value module provides the important functionality to identify under-valuations and frauds for all products based on machine-learning.

Ministry of Transport

- **(Prior Action #6) To launch negotiations with Telecel through an inter-ministerial working group on how to settle its tax arrears and single license fees.**

11. The above prior action aims to solve Telecel's significant arrears owed to the government. Telecel continues to face financial difficulty. While there has been some progress in the collection of current tax payments, Telecel has accumulated significant tax arrears. In addition, because some of Telecel's licenses have already expired, the company should urgently obtain the

single license and pay the fee of CFAF 3.5 billion. The government will establish an inter-ministerial working group and launch negotiations with the company to find solutions to these outstanding obligations. Possible options include capital injections by the shareholders and transfers of some of the company's real estate to the government.

DGO

- **(Prior Action #7) To execute domestic spending for April and May 2026 within the spending limits in MEFP Text Table 2.**
- **(Prior Action #8) To issue ministerial orders to (i) program use of cashew revenue for 2026 in accordance with parameters in MEFP Text Table 3 and (ii) apply the 80-20 percent revenue sharing rule to fees for the cashew value chain.**

MEFP Text Table 2. Spending Limits for April-May 2026 (CFAF billion)		MEFP Text Table 3. Programming of Cashew Revenue, 2026 (CFAF billion)	
	Limits		Amount
Goods and service and transfer ¹	11.0	Cashew revenue in budget	22.2
Other common expenditure ²	0.0	Amount contingent on the campaign result	4.2
Domestic PIP and election costs	1.3	Cashew revenue to be programmed	18.0
1/ Exclude deductions from BCEAO dividends		Spending	10.3
2/ Exclude election costs		Tax collection incentives	1.6
		Election costs	6.0
		Other priority spending	2.7
		Repayment of debt¹	7.7
		1/Include unpaid commitments	

12. The above two prior actions aim to program priority spending within available revenue during the cashew campaign. To avoid enlarging the deficit given the high likelihood of lower cashew production this year, out of CFAF 22.2 billion of budget estimates, CFAF 18.0 billion will be programmed at this stage, and spending of the remainder should be contingent on the realization of revenue. Out of CFAF 18.0 billion, spending should be limited to CFAF 10.3 billion, and the rest should be used for repayment of debt. In accordance with this programming, the spending limits for April and May 2026 include the election costs and domestic Public Investment Program (PIP) financed by cashew revenue. From exports of cashew nuts, there are around CFAF 0.6 billion non-budget fees usually channeled to various institutions. In accordance with the budget law, 80 percent of these fees should be shared with the Treasury to increase non-tax revenue.

- **(Prior Action #9) To (i) issue a ministerial order that determines a structure of salaries and subsidies of seasonal education workers for the school year 2026-27 and (ii) block in a payroll the inactive workers identified by the census of the Ministry of Interior.**

13. The above prior action aims to reduce the wage bill of the education and security sectors. In the education sector, measures are needed to reduce costs of seasonal workers for the school year 2026-27. Possible measures include introduction of salaries and subsidies of seasonal workers based on number of hours worked. To determine such measures, the Ministry of National Education will also develop a database of teaching hours based on the census of workers undertaken at the beginning of the school year 2025-26, the results of which are kept in a paper

form and yet to be digitalized and analyzed. The wage bill of the Ministry of Interior is facing upward pressures due to new recruits. In early 2026, the Ministry of Interior undertook the census of its workers, which identified a few hundreds of inactive and ghost workers. We will speed up the finalization of the census result and block the identified inactive workers in the payroll.

- **(Prior Action #10) For the Council of Ministers to approve a decree that prohibits the Treasury from paying non-regularized expenditure (DNT).**

14. The above prior action aims to institutionalize the prevention of DNT. While no DNT has occurred since September 2025, there is a need to strengthen the legal framework, which currently permits ex-post regularization of DNT with few limitations.

DGTCP

- **(Prior Action #11) To (i) extend the measure to safeguard proceeds of Treasury securities until end-December 2026; (ii) repay overdraft of a bank and request the bank to send the current account balance to the BCEAO on a daily basis; and (iii) issue a ministerial order to allow use of a balance of the sequestered account at the BCEAO for cash management purposes up to CFAF 4.6 billion of outstanding amount.**

15. The above prior action aims to maintain investor confidence in the regional markets while facilitating implementation of the Treasury Single Account (TSA). For February-March 2026, the government introduced the measure to safeguard proceeds of Treasury securities in the BCEAO's sequestered account until they are used for debt service payments. This measure had significant positive effects to improve investor confidence and reduce 3-year interest rates by around 2 percent from the beginning of the year. Extension of the measure until the end-December 2026 will sustain investor confidence and help reduce further interest rates. In addition, we will revise the measure to allow use of a temporary surplus in the sequestered account for short-term cash management purposes, under the clear rules of replenishment and monitoring. To solve a long-standing bottleneck to the TSA implementation, we will repay overdraft of a commercial bank and request it to send revenue to the BCEAO on a daily basis.

Other Fiscal Measures

16. We will continue to strengthen revenue mobilization efforts. The DGCI has created a working group to undertake data-matching of declarations of large taxpayers and identify under-declarations, which are likely to be one of the causes of the drop of VAT collection in 2026 Q1. This working group plans to complete data-matching by end-May 2026. The DGCI will also collect arrears identified through tax audits and those from VAT on port fees of the Port Administration of Guinea-Bissau (APGB), based on the invoice data gathered at the combined ninth and tenth reviews. In addition, the DGA will strengthen controls at the land border through the installation of a scale at São Domingos, which is expected to be operationalized in June 2026, and implement flat-rate fees on VAT non-declarers, which resumed in early 2026 and will help collection from large importers who do not pay VAT to the DGCI.

17. We will implement expenditure measures to support the fiscal targets. They include the following measures:

- **Fuel spending:** We are strengthening controls of fuel spending to avoid overruns given increased fuel prices. As per the prior action of the combined ninth and tenth reviews, the National Secretary of State Property (SNPE) undertook the monitoring of MoF's vehicles through the GPS system, which identified several vehicles that traveled for an excessive distance and outside the work hours. In addition, the monitoring results suggest a significant discrepancy between the MoF's actual fuel consumption and payments to Petromar (gas station company). The SNPE will undertake a reconciliation exercise of data on fuel consumption and payments by the MoF, while we will hold accountable those responsible for any irregular use of government vehicles identified. We will also expand the SNPE's monitoring through the GPS system to ministries other than the MoF.
- **Lease and service contracts:** We will undertake the review of all lease and other service contracts of the government to identify those with a possibility of renegotiations and saving. For example, most lease contracts currently require payments of a whole annual rent at the beginning of the year, which are adding pressures on the deficit and cash management.

18. We will further strengthen Treasury management. The key measures include the following

- **Reconciliation of revenue data.** The bank reconciliation exercise introduced at the combined ninth and tenth reviews has significantly reduced the stock-flow discrepancy. The remaining discrepancy, which was around 0.2 percent of GDP in 2025, is likely to arise from the revenue side. To address this residual discrepancy and improve the cash planning process, we will compare and resolve the difference in revenue data registered by the DGCI and DGA and those registered by the Treasury and appearing in bank statements for 2026 Q1.
- **Preparation of the Quarterly State Account.** It has been a long-pending reform to revive preparation of the annual General State Account, which was last produced by the Treasury in 2016. Based on the success of the bank reconciliation exercise as well as the result of the above-mentioned reconciliation of revenue data, we will prepare the Quarterly State Account for 2026 Q1, which will be an important reform milestone.
- **Reconciliation of debt service data of commercial bank loans.** It is important to improve the quality of debt services data of commercial banks loans, which are paid through direct debt but difficult to identify in bank statements without sufficient disaggregation. We will request commercial banks to disaggregate debt service payments that appear in bank statements to amortization, interest, fees, and taxes.

Debt Management

19. We will continue to strengthen the control over disbursements of project loans. We will maintain compliance with the continuous SB on controls of project loan disbursements by the Director-General of Debt, which does not validate a disbursement request if it exceeds the budget allocation and/or is not accompanied by invoices and delivery notes. This validation process has been implemented with the Islamic Development Bank (IsDB) and the World Bank as well as with the

International Fund for Agricultural Development (IFAD) through the Treasury. In order to support this validation process, we will also strengthen the reporting process of PIP execution, including reporting of outstanding spending commitments. As the first step, we will pilot the PIP reporting software which was developed with the IMF support to implement Ministerial Order No. 6 of 2023 of the Ministry of Economy.

20. We continue to improve debt management procedures by maintaining compliance with the continuous SB. We will continue to send to the Central Bank a single batch of payment instructions for all external debt services, ten days before the beginning of each month, which has been the key measure to prevent recurrence of technical debt service arrears. We will also continue to submit to the Treasury Committee a monthly Net Treasury Position (PNT) report that includes breakdowns to each loan contract and bank account and calculates discrepancies of the fiscal balance between above-and below-the-line flows. To strengthen the control of government guarantees, we are committed to not issuing a new guarantee, except for those on EAGB and APGB.

21. The government will reduce debt vulnerabilities through sustained fiscal consolidation and prudent borrowing. In 2025, public and external debt of Guinea-Bissau was 75.1 percent (including 0.7 percent of GDP of overdraft) and 28.3 percent of GDP, respectively. The share of credits from the IMF, World Bank, and African Development Bank in total external debt is estimated at 46.1 percent in 2025. While the share of all multilateral creditors in total external debt is relatively high (84.2 percent in 2025), the World Bank increased its share, with reduction of non-concessional borrowing from the BOAD. Through our commitments to the fiscal consolidation path, the zero ceiling on new non-concessional borrowing, and the ceiling on new concessional borrowing, public and external debt will decline steadily to 69.7 percent and 25.1 percent of GDP, respectively, by 2028. We will address ongoing issues as follows:

- **The government is committed to clearing outstanding domestic arrears.** The government plans to clear the stock of domestic legacy arrears (CFAF 12.2 billion) in the medium-term.
- **The government remains committed to solving all legacy external arrears.** The outstanding legacy external arrears (US\$4.1 million) include those to Brazil and Pakistan. The settlement of arrears with Brazil (US\$1.9 million) is pending final approval from the Brazilian parliament. Since November 2021, we have sent to Pakistan several requests to resolve our arrears (US\$2.2 million) to them.
- **The government will contract external debt only on highly concessional terms within the ceiling.** To ensure that the risk of debt distress remains manageable, the government is committed to not contracting non-concessional external loans. We will also adhere to the QPC of the ceiling on new concessional borrowing. The government will consult with the IMF on evaluation of the financial terms of new proposed loans.
- **The government will improve debt transparency.** We will expand the coverage of the published annual debt bulletin to cover debt from the two largest state-owned enterprises that pose the largest fiscal risks (EAGB and APGB) and publish quarterly debt bulletins that include central government debt and guarantees.

Energy Sector Reforms

22. We will continue to push for revenue mobilization of EAGB. Since the cancellation of the Karpower contract in December 2024, EAGB has eliminated its operating losses. However, its financial situation remains precarious, and mobilization of revenue is critical. Since January 2026, EAGB has installed 11,603 pre-paid meters and will continue to install around 2,000 pre-paid meters per month. These pre-paid meters have significant positive effects of capturing new clients and improving tariff collection from existing clients. Recently, EAGB has begun to supply electricity to around 1,000 clients in the rural area connected to the OMVG project, achieving the critical first step to develop a national power grid beyond Bissau. With these, monthly sales of electricity increased by CFAF 0.3 billion in March 2026 and total monthly revenue (CFAF 1.9 billion) became very close to the long-awaited objective of CFAF 2.0 billion. In addition, the connection is completed to the first industrial client (Bissau Sabão), which will provide another source of additional revenue.

23. We will continue to develop energy infrastructure. The priority project includes the 15MW project, which constructs the backup powerplant with 15MW of capacity. The loan to finance the costs increase was signed in August 2025 and the work is expected to resume shortly. The World Bank solar project is also preparing construction of the remaining section of the ring transmission line, which is needed to achieve redundancy in critical infrastructure.

E. Governance Reforms

24. We will continue to strengthen public procurement transparency and external audits. The Directorate-General of Public Tenders (DGCP) has been publishing beneficial ownership information of all public contracts on its website. For COVID-19 spending, the report of the independent third-party audit of the High Commissioner for COVID-19 (AC) was published on the MoF's website in December 2022, and the audit reports by the Audit Court of the AC and broader COVID-spending were published on the website in November 2023 and October 2025, respectively.

25. We will enhance AML/CFT effectiveness. In the 2022 Mutual Evaluation Report (MER), the Inter-Governmental Action Group against Money Laundering in West Africa (GIABA) gave Guinea-Bissau low effectiveness ratings in all eleven criteria. To coordinate implementation of recommendations of MER and the 2020 National Risk Assessment (NRA), we have established the Inter-ministerial Committee. In the medium-term, we will: (i) update the NRA based on MER recommendations; (ii) publish the national AML/CFT policy and finalize the action plan to address findings of MER and NAR; and (iii) prepare the legal framework for designating CENTIF as the AML/CFT supervisor for designated non-financial businesses and professions (DNFBPs).

26. The government will strengthen the anti-corruption framework. The priority reforms include the following:

- **Expand of beneficial ownership information in the company's register:** The Center of Formalization of Enterprises (CFE) will develop the new electronic register which will expand data on shareholding and beneficial ownership and digitize older companies' information dating back

to the CFE's establishment, many of which is kept in a paper-form.

- **Medium-term reforms** include (i) strengthening of the legal framework for the judicial sector, asset recovery and cooperation in economic crime investigations, (ii) development of the new asset declaration regime law, which was submitted to Parliament in October 2023 but not approved when Parliament was dissolved in December 2023, (iii) revival of the Office of the Asset Recovery, which will take important roles in recovery and sales of confiscated assets but is yet to be operationalized in absence of a physical office space, and (iv) conversion of 90 new agents of the Judiciary Police who have completed two years of training with support of Portugal but are still kept in an intern status and could leave for other jobs without expectation for the conversion.

27. We will continue to improve the rule of law. The government has established the Center for Access to Justice (CAJ), which has programs for supporting public access to the judicial system. The government is planning to construct or buy buildings for the CAJ in Bubaque and Catio, the two remaining provinces that do not have the CAJ. We will also continue to provide financial resources to meet operational costs without delay. To improve access to CAJ, we will develop a mobile app that includes basic information on legal awareness and functionality to request services from CAJ. The justice sector in Guinea-Bissau is in dire financial conditions. Several regional courts have closed because of lack of rent payments or magistrates. To develop minimum infrastructure, we will construct three Houses of Justice which accommodate regional courts, Identity Services, and all other justice-related services.

28. We will accelerate reforms of State property management. The SNPE developed the GPS system to keep track of movement of government vehicles on a real time basis. This system has been playing significant roles in controlling use of government vehicles and saving fuel expenditure (see above). We will continue to make investments to support activities of the SNPE, including development of a parking lot for confiscated vehicles and an accounting system for government property. To meet the WAEMU Directive's requirements for accounting of non-financial assets, 30 accountants of the Ministry of Finance have completed training and will be stationed at other ministries to work as accountants of the SNPE and record new acquisitions. To solve the problem of *casas/viaturas avaliadas sem pagamentos*, which are government houses/cars sold to public servants and others who however did not pay the value, we have been recovering payments by withholding their salaries and pensions. To accelerate reforms further, we will update the legal framework for State property management, which is currently based on the outdated 1960 regulation made in the colonial time.

F. Financial Sector Reforms

29. The recapitalization of the undercapitalized bank is underway. After the approval by the regional banking commission in February 2025, the contract to transfer the government shares was signed in October 2025. The investor injected CFAF 7.0 billion of capital in November and an additional CFAF 3.0 billion in May 2026. With this, the bank is expected to bring the regulatory capital adequacy ratio back to positive and restore compliance with the regulatory requirement by

end-2026 in line with the approved recapitalization plan.

G. Statistics Reforms

30. We will continue statistical reforms. With support from AFRITAC West, the National Institute of Statistics (INE) is expected to compile the 2024 national accounts by May 2026, while should publish the national accounts for 2019 and onward shortly. The INE is also preparing for population census and household budget survey. We implemented the Enhanced General Data Dissemination System (e-GDDS) by launching the National Summary Data Page in June 2024.

H. Program Monitoring

31. The program will be monitored through PCs and ITs (Table 1) and SBs (Table 2).

Assessment will use periodical and continuous performance criteria (PC) throughout the program period as presented in Table 1. The twelfth and last review will take place on or after October 17, 2026 on the basis of PCs for August 31, 2026. The TMU defines the scope and frequency of data to be reported for program monitoring purposes and presents the detailed definitions that form a basis for the performance assessments. The government will:

- Adhere to the QPCs on the floors on domestic tax revenues, the domestic primary balance and social and priority spending; the ceilings on wages and salaries and new concessional external debt contracted or guaranteed by the central government; and the zero ceilings on new non-concessional external debt contracted or guaranteed by the central government, new external payments arrears, new domestic payments arrears, and non-regularized expenditures.
- Prepare an external borrowing plan to facilitate assessment of the QPCs on external debt.
- Refrain from entering into or guaranteeing new external borrowing contracts at non-concessional rates.
- Agree not to: (1) impose or intensify restrictions on payments and transfers for current international transactions; (2) introduce or modify multiple currency practices; (3) enter into bilateral payment agreements that are inconsistent with Article VIII of the IMF Articles of Agreement; and (4) impose or intensify import restrictions for balance of payments purposes (standard continuous PC); and
- Adopt any new financial or structural measures that may be necessary for the success of its policies, in consultation with the IMF.

Table 1. Guinea-Bissau: Quantitative Performance Criteria (QPC) and Indicative Targets (IT) under the ECF, 2026
(Cumulative from beginning of a calendar year to end of month indicated, CFAF billion, unless otherwise indicated)

	2026				
	End-Mar QPC			End-Jun IT	End-Aug QPC
	Target	Prel.	Status	Target	Target
Quantitative Performance Criteria					
Total domestic tax revenue (floor)	21.0	27.1	Met	53.0	85.0
Wages and salaries (ceiling)	16.5	14.4	Met	33.0	44.0
Ceiling on new non-concessional external debt contracted or guaranteed by the central government (US\$ millions) ¹	0.0	0.0	Met	0.0	0.0
Ceiling on new concessional external debt contracted or guaranteed by the central government (US\$ millions) ^{1,2,6}	0.0	0.0	Met	0.0	0.0
New external payment arrears (US\$ millions, ceiling) ¹	0.0	0.0	Met	0.0	0.0
New domestic arrears (ceiling)	0.0	0.0	Met	0.0	0.0
Social and priority spending (floor) ³	7.4	8.2	Met	15.4	20.5
Domestic primary balance (commitment basis, floor) ^{4,5}	-5.0	-4.7	Met	-5.0	-5.0
Other common expenditure (ceiling)	0.0	0.0	Met	2.0	4.0
DNT and DSAP (ceiling)	0.0	0.0	Met	0.0	0.0
Indicative Targets					
Ceiling on disbursements of external project loans	11.0	0.6	Met	18.0	20.0
Spending for targeted projects and activities (CFAF millions, floor)	90	223	Met	180	240

¹ These apply on a continuous basis.

² Adjusted upward by the amount of budget support loans not included in the baseline.

³ Defined as spending by the Ministries of Health, Education and the Ministry of Women, Family and Social Assistance.

⁴ Excludes grants, foreign and BOAD financed capital spending, and interest.

⁵ Adjusted downward by the amount of budget support that is not included in the baseline.

⁶ Excludes IMF disbursements.

Table 2. Guinea-Bissau: Prior Actions and Structural Benchmarks

Prior Actions			
DGCI should collect CFAF 7.6 billion of revenue that excludes cashew revenue and is registered in Kontaktu and SIGEF after April 2026	Revenue mobilization		Prior Action
DGCI should collect CFAF 3.1 billion of revenue from telecom operators after April 2026	Revenue mobilization		Prior Action
DGCI should collect CFAF 1.2 billion of revenue from banks after April 2026	Revenue mobilization		Prior Action
(i) Undertake a pilot of a census of taxpayers, (ii) place DGCI's four revenue collectors at line ministries, and (iii) send tax bills for second part of VAT on fuels between November 2025 and March 2026	Revenue mobilization		Prior Action
Operationalize the value module of the Sydonia World	Revenue mobilization		Prior Action
Launch negotiations with Telecel through an inter-ministerial working group on how to settle its tax arrears and single license fees	Revenue mobilization		Prior Action
Execute domestic spending for April-May 2026 within spending limits in MEFP Text Table 2	Expenditure controls		Prior Action
Issue ministerial orders to (i) program use of cashew revenue for 2026 in accordance with parameters in MEFP Text Table 3 and (ii) apply the 80-20 percent revenue sharing rule to fees for the cashew value chain	Expenditure controls		Prior Action
(i) Issue a ministerial order that determines a structure of salaries and subsidies of seasonal education workers for the school year 2026-27 and (ii) block in a payroll the inactive workers identified by the census of the Ministry of Interior.	Expenditure controls		Prior Action
The Council of Ministers should approve a decree that prohibits the Treasury from paying DNT	Expenditure controls	Met	Prior Action
(i) Extend the measure to safeguard proceeds of Treasury securities until the end December 2026; (ii) repay overdraft of a bank and request the bank to send the current account balance to the BCEAO on a daily basis; and (iii) issue a ministerial order to allow use of a balance of the sequestered account at the BCEAO for cash management purposes up to CFAF 4.6 billion of outstanding amount	Debt management		Prior Action

Table 2. Guinea-Bissau: Prior Actions and Structural Benchmarks
(Concluded)

Measures	Rationale	Status	Date
Continuous Structural Benchmarks			
Commitments of all expenditure, except for the wage and debt service, should be approved by the COTADO	Expenditure control	Met	Continuous
Undertake bank reconciliation of all active Treasury accounts	Cash management	Met	Continuous
(i) Issue to BCEAO, 10 days before the beginning of a month, a single batch of payment instructions for all external debt services that become due during the month and send their copies to the Treasury Committee, (ii) submit to the Treasury Committee a monthly PNT report that includes breakdowns to each loan contract and bank account and calculates discrepancies of the fiscal balance between above and below the line, and (iii) issue government guarantees only to state-owned enterprises and ongoing infrastructure projects and send copies of all guarantee contracts to the Treasury Committee.	Debt management	Met	Continuous
Director-General of Debt should validate all disbursement requests of project loans of donors that participate in the process	Debt management	Met	Continuous

Attachment II. Technical Memorandum of Understanding

Introduction

1. **This memorandum sets out the understandings between the Bissau-Guinean authorities and the International Monetary Fund (IMF)**, regarding the definitions of the Quantitative Performance Criteria (QPCs) and Indicative Targets (ITs) supported by the Extended Credit Facility (ECF) arrangement, as well as the related reporting requirements. Unless otherwise specified, all quantitative targets will be evaluated in terms of cumulative flows from the beginning of the period, as specified in Table 1 of the Memorandum of Economic and Financial Policies (MEFP).
2. **Program exchange rates**¹. For the purpose of the program, foreign currency denominated values will be converted into local currency (CFAF) using program exchange rates of CFAF 600/US\$ for 2026.

Quantitative Performance Criteria/Indicative Target

A. Total Domestic Tax Revenue

3. **Definition.** Tax revenue is defined to include direct and indirect taxes as presented in the central government financial operations table.
4. **Adjustor.** The floor of domestic tax revenue will be adjusted downward by the amount of tax revenue loss due to a decline in the fuel import volume from the baseline, up to CFAF 2.8 billion. The tax revenue loss is computed by fuel taxes per liter set out in the applicable ministerial order multiplied by the difference between the actual import volume of gasoline and diesel recorded in the customs data cumulative from the beginning of 2026 and the following baseline; 32,000 kilo liter by June 2026 and 43,000 kilo liter by August 2026.

B. Wage Bill

5. **Definition.** For the purpose of program monitoring, the wage bill is defined to include (i) personnel expenditure ("despesas de pessoal"), such as staff salaries and benefits, subsidies, and gratuities, and (ii) 50 percent of transfers to embassies. These definitions are as presented in the central government financial operations table.

¹ The source of the cross-exchange rates is International Financial Statistics.

C. Non-Concessional External Debt Contracted or Guaranteed by the Central Government

6. Definition of Central Government. Central government is defined for the purposes of this memorandum to comprise the central administration of the Republic of Guinea-Bissau and does not include any local administration, the central bank nor any other public or government-owned entity with autonomous legal personality not included in the government flow-of-funds table (TOFE).

7. Definition of debt. Those are defined as all forms and maturities of new non-CFAF denominated debt contracted or guaranteed by the central government and CFAF denominated debt contracted with BOAD. For program purposes, a debt is considered to be contracted when all conditions for its entry into effect have been met, including approval by the Minister of Finance.² For this purpose, new non-concessional external debt will exclude normal trade credit for imports and other debt denominated in CFAF, but will include domestically held foreign exchange (non-CFAF) debts. This QPC applies not only to debt as defined in the Guidelines on Public Debt Conditionality in Fund Arrangements attached to Decision No. 16919-(20/103), adopted October 28, 2020, point 8, but also to commitments contracted or guaranteed for which value has not been received. Excluded from this QPC are disbursements from the IMF and those debts subject to rescheduling or for which verbal agreement has been reached. This QPC will apply on a continuous basis. For program purposes, a 'guaranteed debt' is an explicit promise by the public sector to pay or service a third-party obligation (involving payments in cash or in kind).

8. Concessional. For program purposes, a debt is concessional if it includes a grant element of at least 35 percent, calculated as follows: the grant element of a debt is the difference between the present value (PV) of debt and its nominal value, expressed as a percentage of the nominal value of the debt. The PV of debt at the time of its contracting is calculated by discounting the future stream of payments of debt service due on this debt. For debts with a grant element equal or below zero, the PV will be set equal to the nominal value of the debt. The discount rate used for this purpose is the unified discount rate of 5 percent set forth in Executive Board Decision No. 15248-(13/97). For debts carrying a variable interest rate in the form of a benchmark interest rate plus a fixed spread, the PV of the debt would be calculated using a program reference rate plus the fixed spread (in basis points) specified in the debt contract. The program reference rate for the six-month USD Secured Overnight Financing Rate (SOFR) and the six-month Euro Interbank Offered Rate (EURIBOR) are, respectively, 2.73 percent and 2.00 percent and will remain fixed for the duration of the program. Where the variable rate is linked to a benchmark interest rate other than the six-month USD SOFR and the six-month EURIBOR, a spread reflecting the difference between the benchmark rate and the six-month USD SOFR will be added.

9. Reporting requirement. The government will report any new external borrowing and its terms to Fund staff before external debt is contracted or guaranteed by the government.

² Contracting of credit lines (which can be drawn at any time and entered into effect) with no predetermined disbursement schedules or with multiple disbursements will be also considered as contracting of debt.

D. New Concessional External Debt Contracted or Guaranteed by the Central Government

10. Definition. This QPC applies to the nominal value in US dollars of new external debt contracted or guaranteed by the central government which is not considered non-concessional as defined in 15, 6 and 7 of TMU. Excluded from this QPC are disbursements from the IMF and those debts subject to rescheduling.

11. Adjustor. The ceiling on new concessional external debt contracted or guaranteed by the central government will be adjusted upward by the amount by which budget support loans exceed the projected amount.

E. Ceiling on Disbursement of External Project Loans

12. Definition. This IT applies to disbursements of external loans allocated to finance investment projects, including those contracted before the program approval date.

F. New External Payment Arrears of the Central Government

13. Definition. For the purposes of this quantitative target, external payment arrears, based on the currency test, are debt service payments that have not been paid on due dates (taking into account the contractual grace periods, if any) and that have remained unpaid 30 days after the due dates. Arrears not to be considered arrears for the quantitative target, or “non-program” arrears, are defined as: (i) arrears accumulated on the service of legacy HIPC external debt for which there is a pre-existing request for rescheduling or restructuring; and/or (ii) the amounts subject to litigation. For the purposes of this QPC, central government is as defined in paragraph 5 above. This QPC will apply on a continuous basis effective on the date of approval of the ECF arrangement.

14. Reporting. The government will provide copies of a batch of payment instructions to the BCEAO for external debt services to be issued 10 days before the beginning of a month as required under the continuous SB as well as any other payment instructions for external debt services, within one week after the issuance.

G. New Domestic Arrears of Central Government

15. Definition. Domestic arrears are defined as CFAF-denominated accounts payable (*resto-a-pagar*) accumulated during the year, and still unpaid by three months after the end of the month for wages and salaries (including pensions), and three months after the due dates for goods, services and transfers. Domestic arrears also include CFAF-denominated debt service payments that have not been paid on due dates (taking into account the contractual grace periods, if any) and that have remained unpaid 30 days after the due dates and non-CFAF denominated accounts payable that remains unpaid three months after the due dates. For the purposes of this QPC, central government is as defined in paragraph 5 above.

H. Social and Priority Spending

16. Definition. Social and Priority spending is defined to include spending in the Ministries of Health, Education and the Ministry of Women, Family and Social Assistance but exclude externally financed spending of these ministries.

I. Domestic Primary Balance (Commitment Basis)

17. The domestic primary fiscal deficit on a commitment basis is calculated as the difference between government revenue and domestic primary expenditure on commitment basis. Government revenue includes all tax and nontax receipts and excludes external grants. Domestic primary expenditure consists of current expenditure plus domestically financed capital expenditure, excluding all interest payments and capital expenditure financed by project loans or grants. Government commitments include all expenditure for which commitments have been approved by the Ministry of Finance; automatic expenditure (such as wages and salaries, pensions, utilities, and other expenditure for which payment is centralized); and expenditure by means of offsetting operations.

18. Adjustor. The floor for the domestic primary balance will be adjusted downward by the amount of disbursements of budget support that is not included in the baseline estimate. The floor will be also adjusted downward by the amount of tax revenue loss due to a decline of the fuel import volume from the baseline, up to CFAF 2.8 billion. The tax revenue loss is computed by fuel taxes per liter set out in the applicable ministerial order multiplied by the difference between the actual import volume of gasoline and diesel recorded in the customs data cumulative from the beginning of 2026 and the following baseline; 32,000 kilo liter by June 2026 and 43,000 kilo liter by August 2026. The floor will be further adjusted downward by the actual import volume of gasoline and diesel multiplied by increases in CIF costs of diesel and gasoline from CFAF 601.68 and 580.01 per liter, respectively, for up to CFAF 0.5 billion by end-June 2026 and CFAF 1.0 billion by end-August 2026.

J. Other Common Expenditure

19. Definition. Other common expenditure includes spending made under the budget item 6691 "outras despesas comuns". The ceiling excludes spending for the election census and logistics.

20. Reporting requirement. The government will report a list of individual payments for other common expenditure on a monthly basis.

K. DNT and DSAP

21. Definition. DNT (despesa não titulada) includes (i) “expenditure to be regularized”, which means expenditure paid but unrecorded, (ii) “regularized expenditure”, which means unrecorded expenditure that is ex-post regularized, and (iii) any treasury outlay not properly accounted for by the National Budget Directorate and/or not included in the budget. DSAP (despesa sem aprovação do primeiro-ministro) includes purchase of a vehicle, large construction works, and other spending that did not obtain the prior approval of the Prime Minister required under Article 34(1) of the 2022 Budget Law.

22. Reporting requirement. The government will report any DNT and DSAP on a continuous basis.

L. Floor on Spending for Targeted Projects and Activities

23. Definition. Targeted project and activities spending is defined as total of expenditure measured on a commitment basis for projects and activities described as follows:

- a. Purchase of Medicines for the National Hospital of Simão Mendes, the Raul Follerau Hospital, and other hospitals (Chapter 621211501: Item 6219)
- b. Transfers to Social Protection under the Ministry of Women, Family, and Social Assistance (Chapter 661210101: Item 6439)
- c. Transfers to the National Institute of Agricultural Research (INPA) (Chapter 843420101: Item 6312)
- d. Project to Expand the INPA (Project ID 865940101)
- e. Projects to Acquire School Furniture and Repair School Buildings (Project ID 411920501 and 411920601)
- f. Transfers to the Office of Judicial Information and Consultation (GICJU) (Chapter 192292201: Item 6312)
- g. Project to Purchase Medicines and Vaccines (Project ID 611126303)

24. Reporting requirement. The government will report spending of each project and activity monthly.

25. The authorities will transmit promptly to the IMF staff any data revisions.

Table 1. Guinea-Bissau: Summary of Reporting Requirements

Information	Frequency	Reporting Deadline	Responsible
<i>Fiscal Sector</i>			
Central Government budget and execution	Monthly	30 days after the end of the month	DGPPE ¹ /MF ²
Budgetary grants	Quarterly	30 days after the end of the quarter	DGPPE/MF
Project grants	Quarterly	30 days after the end of the quarter	DGPPE/MF
Change in the stock of domestic arrears	Monthly	30 days after the end of the month	DGPPE/MF
Unpaid claims	Monthly	30 days after the end of the month	DGPPE/MF
Arrears on interest and principal	Monthly	30 days after the end of the month	DGPPE/MF
Proceeds from bonds issued in the regional WAEMU market	Monthly	30 days after the end of the month	DGPPE/MF
Social and priority spending	Quarterly	30 days after the end of the quarter	DGPPE/MF
DNT and DSAP	As occurring		DGPPE/MF
Extrabudgetary expenditure for force majeure	As occurring		DGPPE/MF
All decisions to change tax reference prices and tax exemptions	As occurring		DGPPE/MF
All bank instructions for external debt service	Weekly	7 days after the payments	DGPPE/MF
<i>Real and External Sector</i>			
Updates on annual National Accounts by sector	Annually	30 days after approval	DGPPE/MF
Balance of Payments data	Annually	30 days after approval	BCEAO ³
Balance of Payments data	Quarterly	45 days after the end of the quarter	BCEAO
Commercial data	Monthly	45 days after the end of the month	DGPPE/MF
CPI Monthly	Monthly	45 days after the end of the month	DGPPE/MF
<i>Debt sector</i>			
External and domestic debt and guaranteed debt by creditor	Monthly	30 days after the end of the month	DGPPE/MF
Disbursements	Monthly	30 days after the end of the month	DGPPE/MF
Amortization	Monthly	30 days after the end of the month	DGPPE/MF
Interest payments	Monthly	30 days after the end of the month	DGPPE/MF
Stock of external debt	Monthly	30 days after the end of the month	DGPPE/MF
Stock of domestic debt	Monthly	30 days after the end of the month	DGPPE/MF
Exceptional domestic financing	Monthly	30 days after the end of the month	DGPPE/MF
Copies of any new agreements of domestic and external loans	As occurring		DGPPE/MF
Copies of any new agreements of government guarantees	As occurring		DGPPE/MF
<i>Monetary/Financial sector</i>			
Detailed consolidated balance sheet of commercial banks	Monthly	45 days after the end of the month	BCEAO
The monetary survey	Monthly	45 days after the end of the month	BCEAO
Detailed net position of central government (PNG/PNT)	Monthly	45 days after the end of the month	BCEAO
Financial soundness indicators	Semi-annually	90 days after the end of the half year	BCEAO
Interest rates	Monthly	45 days after the end of the month	BCEAO
Deposit rates on all types of deposits at commercial banks	Monthly	45 days after the end of the month	BCEAO
Short- and long-term lending rates of commercial banks	Monthly	45 days after the end of the month	BCEAO
¹ Directorate General for Projections and Economic Studies ² Ministry of Finance ³ Central Bank of West African States			



GUINEA-BISSAU

May 29, 2026

ELEVENTH REVIEW UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT, REQUESTS FOR MODIFICATION OF PERFORMANCE CRITERIA AND FINANCING ASSURANCES REVIEW—DEBT SUSTAINABILITY ANALYSIS

Approved By
**Montfort Mlachila and
Jacques Miniane (IMF)
and Seynabou Sakho and
Manuela Francisco (IDA)**

Prepared jointly by staff of the International Monetary Fund and the International Development Association¹

Guinea-Bissau: Joint Bank-Fund Staff Debt Sustainability Analysis	
Risk of external debt distress	<i>High</i>
Overall risk of debt distress	<i>High</i>
Granularity in the risk rating	<i>Sustainable</i>
Application of judgment	<i>Yes</i>

Guinea-Bissau remains at high risk of external and overall debt distress, unchanged from the previous DSA (June 2025). A recent upgrading of Guinea-Bissau's assessed debt carrying capacity results in mechanical signals of moderate risk of external debt distress.² However, judgement is applied to maintain the risk of external debt distress at high because there are strong indications that non-residents hold a large share of Guinea-Bissau's public debt denominated in local currency and standard export shocks lead to multi-year breaches, indicating limited buffers. That said, the stock of external debt has been steadily reduced through the prudent borrowing policy under the ECF-supported program and the International Development Association's (IDA) Sustainable Development Finance Policy (SDFP).

¹ This DSA follows the [Guidance Note of the Joint Bank-Fund Debt Sustainability Framework for Low Income Countries](#) of February 2018 and its [Supplement](#) of August 2024. The last DSA was on June 30, 2025 (Country Report No. 25/167).

² The debt carrying capacity (DCC) for Guinea-Bissau has been upgraded to 'medium' in April 2026. The upgrade to medium DCC is driven by an increase in the Composite Indicator above the relevant threshold for two consecutive vintages. This reflects higher global growth and stronger regional reserve buffers.

The PV of public debt to GDP ratio breaches the benchmark for a prolonged period. However, public debt is assessed as sustainable based on the authorities' commitments to fiscal consolidation. Public debt declined from 82.4 percent of GDP in 2024 to 75.1 percent in 2025, supported by larger nominal GDP growth, favorable FX movement, and smaller stock-flow discrepancy and overall deficit. Public debt as a share of GDP is projected to decline below the WAEMU criteria (70 percent of GDP) in 2028.

The authorities remain committed to a prudent borrowing policy and fiscal consolidation, which are the key drivers to reduce external and public debt. Despite spending overruns through August 2025, the authorities renewed their program commitments and have complied with very tight spending limits in recent months. The authorities also implemented a measure to safeguard liquidity for debt service, which has proven effective to boost investor confidence and mitigate roll-over risks. The authorities' policy commitments are underpinned by the ECF-supported program, extended through December 29, 2026.

DEBT COVERAGE

1. Public debt covers debt of the central government and the central bank and government-guaranteed debt (Text Table 1). Debt classification follows a hybrid approach. Debt to the BOAD (8.5 percent of GDP in 2025) is in CFA francs but classified as external, while other debt follows a currency-based classification.³ Accordingly, Treasury securities issued in the regional market (32.6 percent of GDP in 2025) are in CFAF and classified as domestic.

Text Table 1. Guinea-Bissau: Public Debt Coverage

Subsectors of the public sector	Sub-sectors covered
Central government	X
State and local government	
Other elements in the general government	
o/w: Social security fund	
o/w: Extra budgetary funds (EBFs)	
Guarantees (to other entities in the public and private sector, including to SOEs)	X
Central bank (borrowed on behalf of the government)	X
Non-guaranteed SOE debt	

2. The debt coverage is relatively comprehensive, although other units of general government and state-owned enterprises (SOEs) are not covered due to data limitations. At this moment, there is no known debt of local governments. Guaranteed debt, which is included in public debt and the DSA baseline, was 0.3 percent of GDP in 2025 arising from two SOEs (*Eletricidade e Águas da Guiné-Bissau* (EAGB) and the airport company). Non-guaranteed debt of SOEs is estimated at around 1.3 percent of GDP in 2025 and is included in the contingent liabilities shock.⁴ Non-debt liabilities of SOEs are estimated at around 2.4 percent of GDP, which is mainly composed of tax arrears and other claims owed to the government, which will be consolidated out for the DSA purpose.

3. The authorities continue efforts to strengthen capacity to record and monitor public debt and contingent liabilities. The government utilizes the Debt Management and Financial Analysis System (DMFAS) for external debt recording and is working to integrate domestic debt into the system. The World Bank carried out a Debt Management Performance Assessment (DeMPA) in 2021, which has formed the basis for important technical assistance. For example, debt oversight has been strengthened by the decrees in July 2021, which established a Public Debt National Committee (CNDP) and formalized the organization and operations of the Debt Directorate. Through the Performance and Policy Actions (PPAs) under the International Development Association's (IDA) Sustainable Development Finance Policy (SDFP), the World Bank has supported the authorities with

³ Debt owed to the BOAD is classified as external debt, following the harmonized treatment in the WAEMU region. Treasury security issuance in the regional market is classified as domestic as with the case of other WAEMU countries.

⁴ Non-guaranteed SOE debt includes non-guaranteed borrowing (at roughly 0.4 percent of GDP) and unpaid bills to suppliers (at roughly 0.9 percent of GDP). They are not included in the baseline because of limited information, in absence of the audited and timely financial statements of SOEs. In an effort to comprehensively monitor their financial situation, the authorities have created an SOE unit and published SOE reports for 2023 and 2024, but information gaps remain and information from SOEs is not available in a timely manner.

preparation and publication of the debt bulletin, which includes EAGB's debt. More recently, support has focused on the operationalization of the CNPD, as well as a technical assistance mission to strengthen the CY2026 Annual Borrowing Plan and to update the Medium-Term Debt Strategy. Progress has also been made in reporting to the Debtor Reporting System (DRS)⁵, though challenges persist in institutional coordination and data collection across entities.

4. The contingent liability shocks are augmented from the standard values to account for potential sources of fiscal risks (Text Table 2). Contingent liabilities from non-guaranteed debt of SOEs are increased from the standard 2 percent of GDP risk to 3.2 percent of GDP, which is more than double the estimated non-guaranteed debt of SOEs in 2025. Furthermore, additional 2 percent of GDP of contingent liabilities is included to capture a possible discovery of domestic legacy arrears that are not included in the debt stock through future audits. Contingent liabilities from the financial sector use the standard 5 percent of GDP risk, which is larger than the possible recapitalization needs of the undercapitalized bank (estimated at 1.2 percent of GDP).⁶

Text Table 2. Guinea-Bissau: Combined Contingent Liabilities Shock			
1 The country's coverage of public debt	The central government, central bank, government-guaranteed debt		
	Default	Used for the analysis	Reasons for deviations from the default settings
2 Other elements of the general government not captured in 1.	0 percent of GDP	2	Domestic arrears (2 percent)
3 SoE's debt (guaranteed and not guaranteed by the government) 1/	2 percent of GDP	3.2	Increased from 2 to 3.2 to reflect potential liabilities linked to EAGB/Increased public guarantees (1.2 percent).
4 PPP	35 percent of PPP stock	0	
5 Financial market (the default value of 5 percent of GDP is the minimum value)	5 percent of GDP	5	
Total (2+3+4+5) (in percent of GDP)		10.2	

1/ The default shock of 2% of GDP will be triggered for countries whose government-guaranteed debt is not fully captured under the country's public debt definition (1.). If it is already included in the government debt (1.) and risks associated with SoE's debt not guaranteed by the government is assessed to be negligible, a country team may reduce this to 0%.

BACKGROUND

5. Guinea-Bissau's debt to GDP ratio is estimated to have declined to 75.1 percent in 2025, from 82.4 percent in 2024 (Text Table 3). Since its peak at 41.0 percent of GDP in 2020, external debt has been steadily reduced to 28.3 percent of GDP in 2025 (Text Figure 1). This was achieved primarily due to prudent borrowing policy under the ECF-supported program, which sets out a zero ceiling on new non-concessional borrowing and has tightened controls of concessional borrowing.⁷ While the share of external debt has fallen and become more concessional, domestic debt has increased from 36.6 percent of GDP in 2020 to 46.8 percent of GDP in 2025. Despite this shift in the composition, overall public debt declined by 7.3 percent of GDP in 2025 reflecting the smaller overall deficit and stock-flow discrepancy, favorable FX movement, and higher growth of nominal GDP.

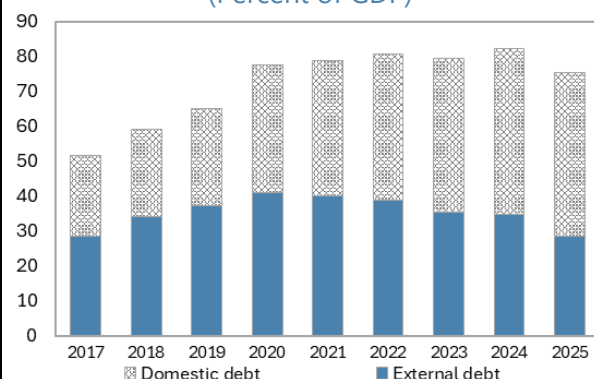
⁵ The World Bank, in collaboration with the IMF and UNCTAD, conducted a five-day technical assistance mission to strengthen Guinea-Bissau's capacity to compile and report debt data under DRS requirements. This is part of a broader effort to reconcile debt data, which has led to a significant reduction in discrepancies across databases.

⁶ These recapitalization needs are for contingent liability shocks only. The recapitalization plan of the undercapitalized bank does not require capital injection by the government.

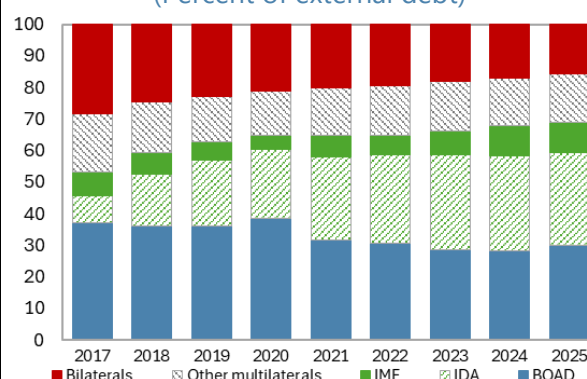
⁷ Given the country's high risk of external debt distress, this ceiling is also supported under IDA's SDFP.

Text Table 3. Guinea-Bissau: Total Public Debt

	2023	2024	2025	2026	2023	2024	2025	2026
			Prel.	Proj.			Prel.	Proj.
	<i>(Billions of CFAF)</i>				<i>(Percent of GDP)</i>			
Public Sector Debt	965.4	1,092.5	1,158.5	1,221.9	79.4	82.4	75.1	73.5
Central Government Debt	965.4	1,092.5	1,158.5	1,221.9	79.4	82.4	75.1	73.5
External	430.0	460.2	436.3	447.3	35.4	34.7	28.3	26.9
Multilateral	352.2	382.0	367.8	380.5	29.0	28.8	23.8	22.9
IMF	32.1	43.4	41.5	41.6	2.6	3.3	2.7	2.5
IDA	129.9	138.9	128.4	123.7	10.7	10.5	8.3	7.4
BOAD	123.0	130.2	130.8	130.1	10.1	9.8	8.5	7.8
AfDB	34.5	34.1	32.2	36.3	2.8	2.6	2.1	2.2
Others (IDB, BADEA, IFAD, etc.)	32.7	35.4	34.9	48.7	2.7	2.7	2.3	2.9
Bilateral	77.8	78.2	68.5	66.8	6.4	5.9	4.4	4.0
of which Legacy Arrears	3.4	2.6	2.3	2.2	0.3	0.2	0.2	0.1
Paris Club	5.6	4.5	3.7	3.0	0.5	0.3	0.2	0.2
Non-Paris Club	72.2	73.7	64.8	63.9	5.9	5.6	4.2	3.8
Domestic	535.4	632.3	722.2	774.6	44.0	47.7	46.8	46.6
Local Banking System	209.3	239.1	238.7	235.9	17.2	18.0	15.5	14.2
BCEAO	129.4	128.9	126.1	123.3	10.6	9.7	8.2	7.4
Loans local commercial banks	52.6	73.8	76.4	76.4	4.3	5.6	5.0	4.6
Treasury Securities held by local banks	27.3	36.4	36.2	36.2	2.2	2.7	2.3	2.2
Treasury Securities held by regional banks	294.0	370.3	466.0	521.2	24.2	27.9	30.2	31.3
Payment Arrears	13.3	12.9	12.3	12.3	1.1	1.0	0.8	0.7
Guarantees	18.8	10.0	5.1	5.1	1.5	0.8	0.3	0.3

Text Figure 1. Evolution of Public Debt
(Percent of GDP)

Source: IMF staff calculations.

Text Figure 2. Composition of External Debt
(Percent of external debt)

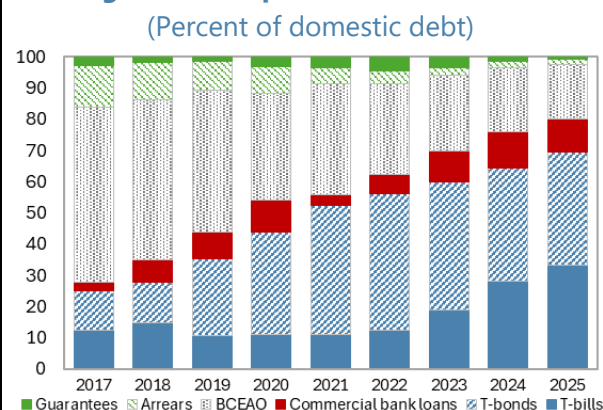
Source: IMF staff calculations.

6. The composition of external debt has shifted away from expensive loans to highly concessional loans. Before the pandemic, two-thirds of external debt were comprised of loans from the BOAD and bilateral creditors, which are relatively expensive and include several non-concessional loans (Text Figure 2). Since then, the shares of expensive borrowing from the BOAD and bilateral creditors have been on a declining trend, replaced with highly concessional loans from

the IMF, IDA,⁸ and AfDB.⁹ Following the catalytic effects of the ECF-supported program, since 2023, all new loans proposed by the BOAD have also been made concessional. The authorities have made significant progress in resolving legacy external arrears.¹⁰

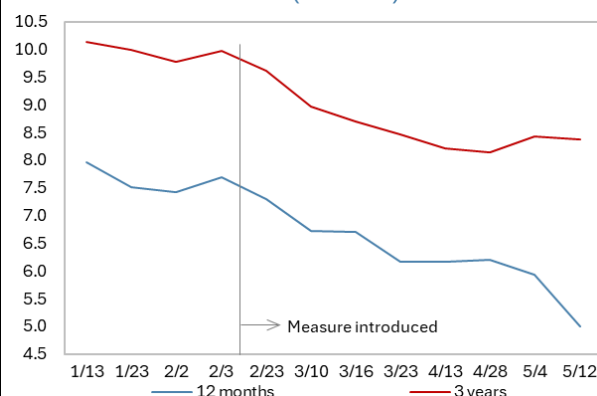
7. The domestic debt is composed primarily of Treasury securities and local commercial bank loans. Before the pandemic, domestic debt was composed mostly of legacy borrowing from the central bank (Text Figure 3). Since the pandemic, the share of Treasury securities as well as local commercial bank loans has increased significantly. This has created roll over risks (see below) as well as elevated financing costs. Because local commercial bank loans tend to be especially expensive when including fees and commissions, the authorities plan to reduce their amount gradually.

Text Figure 3. Composition of Domestic Debt



8. Roll over risks have been significantly mitigated after the introduction of the measure to ring-fence liquidity for debt service. The tightening of regional financial conditions since 2023 has caused a surge in interest rates and heavy reliance on short-term Treasury securities (BAT). In addition, the country experienced shocks to the demand for its Treasury securities in the regional markets in December 2025 after the government transition. To boost investor confidence, in February 2026, the authorities introduced a measure where proceeds of Treasury securities issuance are deposited into the sequestered account of the BCEAO and can only be used for debt service payments. Since the introduction of

Text Figure 4. Yields of Treasury Securities, 2026 (Percent)



⁸ Financing approved prior to the change in the country's risk rating (from moderate to high) was provided on loan terms, which explains the stock of outstanding debt to the institution.

⁹ In addition, the recently signed Safim-Mpak road project uses a blended financing package of EU grant and EIB loan, which, as a package, is assessed as concessional. In the DSA, the EIB loan is assumed to be disbursed in equal amounts over a five-year period, between 2026 and 2030. IDA financing projections are in line with the latest project available information, with grant-only financing assumed until 2030.

¹⁰ Guinea-Bissau has legacy external arrears, totaling US\$4.1 million (0.1 percent of GDP) at end-2025, to Brazil and Pakistan. Negotiations with Brazil (US\$1.9 million) are pending final approval from the Brazilian Parliament. For Pakistan (US\$2.2 million), the working group between the two countries was recently created to verify and resolve such arrears. In addition, the bilateral agreement with Portugal covering the pre-HIPC arrears is being finalized. The Portuguese legacy arrears are not included in the DSA analysis.

this measure, the demand for Guinea-Bissau Treasury securities has been stabilized and interest rates have declined by around 2 to 3pp (from 7.96 percent to 4.99 percent for 12-month securities and from 10.13 percent to 8.37 percent for 3-year securities), narrowing spreads from other WAEMU countries (Text Figure 4). To sustain investor confidence and reduce further interest rates, the authorities have extended the measure until end-December 2026.

MACROECONOMIC ASSUMPTIONS

9. The assumptions in the baseline scenario are consistent with the macroeconomic framework of the eleventh ECF review. Real GDP growth for 2025 was revised upward to 5.8 percent to reflect updated data from the agriculture, energy, and commerce sectors. However, near-term growth projections are lowered and the current account deficit widened relative to the previous DSA in June 2025 (Text Table 4), largely reflecting the impact of the conflict in the Middle East. The baseline includes the impact of climate change under a no-adaptation scenario, in line with the World Bank's Country Climate Diagnostic Report (CCDR) in 2024. The overall fiscal deficit for 2026 and 2027 is slightly higher compared to the previous DSA, given higher interest expenses. The fiscal consolidation path will be supported by expenditure controls, which are tighter than under the previous DSA, and by domestic revenue mobilization, which is more gradual than in the previous DSA given carry-over effects of low revenue in 2025 and continued absence of Parliament in 2026.

10. GDP growth is projected to moderate in 2026, reflecting the conflict in the Middle East. In the baseline, which is based on the April 2026 global assumptions (US\$82/barrel), growth is projected at around 4.7 percent driven primarily by a good cashew campaign (as cashew producer and export prices remain relatively stable or on an increasing trend). The government has kept fuel taxes rates per liter unchanged from the pre-war level, forgoing additional revenue while avoiding a reduction in revenue. With this, pump prices have increased by around 15 percent from the pre-war level. This price increase is likely to cause some but limited decline of the fuel import volume, which helps narrow the current account deficit but also has some downward effects on growth. In the medium-term, growth is projected to remain close to potential. An upside to the baseline could arise from the completion of ongoing infrastructure development projects, including the Safim-Mpak road project, which will rehabilitate the trunk road connecting Bissau to Senegal. The baseline accounts for the impacts of climate change on growth modelled under the World Bank's CCDR – and more specifically, the low-growth no-adaptation scenario.¹¹

¹¹ The CCDR's low-growth scenario assumes growth to average 4.6 percent over the medium-term. In the absence of adaptation, climate change is expected to have cumulative effect of reducing real GDP growth by at least 5.17 percent by the end of the DSA projection period (i.e., 2045).

Text Table 4. Guinea-Bissau: Baseline Macroeconomic Assumptions
(Percent of GDP, unless otherwise indicated)

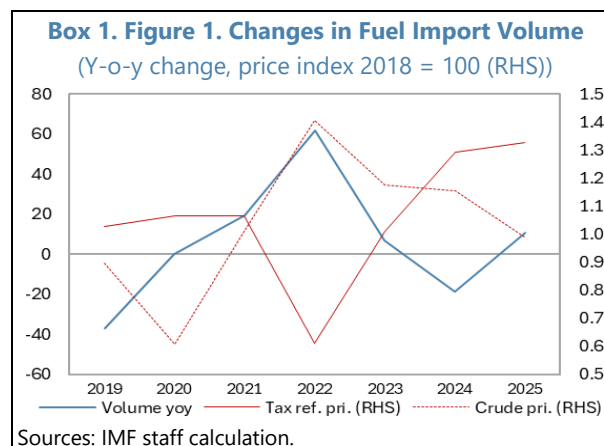
	2023	2024	2025	2026	2027	2028	2029	2030	Long Term
			Prel.	Proj.	Proj.	Proj.	Proj.	Proj.	
Real GDP growth (percent)									
Previous DSA	5.2	4.8	5.1	5.0	5.0	4.5	4.5	4.2	3.8
Current DSA	5.2	4.8	5.8	4.7	4.9	4.5	4.5	4.2	3.8
CPI inflation (percent)									
Previous DSA	7.2	3.7	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Current DSA	7.2	3.7	0.9	2.5	2.1	2.0	2.0	2.0	2.0
Primary fiscal balance									
Previous DSA	-5.5	-3.9	-0.2	-0.2	-0.1	-0.1	-0.3	-0.4	-0.4
Current DSA	-5.5	-3.9	-2.9	-0.3	-0.1	0.3	0.1	-0.2	-0.3
Overall fiscal balance (commitment)									
Previous DSA	-8.2	-7.3	-3.4	-3.5	-3.3	-3.1	-3.0	-3.0	-3.1
Current DSA	-8.2	-7.3	-6.7	-4.0	-3.5	-3.0	-3.0	-3.0	-3.0
Tax revenues									
Previous DSA	9.2	8.2	9.3	10.3	10.5	10.7	10.7	10.8	11.4
Current DSA	9.2	8.2	8.0	8.5	9.5	9.9	10.0	10.1	10.6
Domestic primary expenditures									
Previous DSA	15.0	12.7	12.1	11.2	11.3	11.6	11.5	11.6	12.4
Current DSA	15.0	12.7	12.4	10.0	10.3	10.3	10.4	10.7	11.5
Non-interest current account balance									
Previous DSA	-7.3	-6.8	-4.3	-3.4	-3.1	-2.8	-2.7	-2.7	-2.6
Current DSA	-7.3	-6.0	-4.5	-4.5	-3.5	-3.1	-3.0	-2.9	-2.6
External debt									
Previous DSA	35.4	34.7	32.0	30.9	29.7	28.5	27.6	26.5	22.6
Current DSA	35.4	34.7	28.3	26.9	26.0	25.1	24.5	23.6	20.3
Domestic debt									
Previous DSA	44.0	47.5	46.6	45.4	44.3	43.4	42.4	41.7	40.5
Current DSA	44.0	47.7	46.8	46.6	45.7	44.6	43.4	42.6	40.4

Source: IMF staff calculations.

11. The near-term growth is subject to significant downside risks. In particular, if global fuel prices stay at high levels for much longer, it would create a departure from the baseline scenario and weigh further on the economy and the budget. Under an adverse scenario, growth would be lower (at around 4 percent) and the fiscal deficit would be higher (by 0.4 percent of GDP) relative to the baseline for 2026, while afterwards converge to the baseline (Box 1). Another source of risks includes potential shocks to cashew production. For 2026, there has been a significant delay in fruit maturation in several regions. If this delay is not resolved, this could have a dampening effect of growth as lower cashew production would decrease the cashew export volume and associated revenue (as was the case in 2024).

Box 1. Outlook Under an Adverse Scenario

The adverse scenario assumes oil prices being 41 percent higher than the baseline in 2026. In Guinea-Bissau, the fuel import volume tends to have a negative relation with pump prices. When the government eliminated tax cuts of fuels in 2024, pump prices increased by around 10 percent, and import volume declined by 20 percent (Box 1 Figure 1). Given the government's commitments to not lowering fuel taxes from the budget, higher oil prices would translate into higher pump prices and likely decrease the fuel import volume by a projected 35 percent relative to 2025 (consistent with past experience that shows a high elasticity of demand for fuel volumes to changes in imported fuel prices). Further rationalization of fees and margin would also require additional spending to meet operating costs of energy sector entities, which would be around CFAF 200 million per month. In addition, the cashew exports would be affected through shipping disruptions, which would lower the export volume by around 11 percent from the baseline. Under these assumptions, for 2026, growth would slow further to 4.0 percent, inflation would increase to 4.8 percent, and the current account deficit would widen to 8.0 percent of GDP. While the possible revenue loss from lower economic growth should be offset by measures, revenue loss from exogenous shocks to the fuel import volume and the cashew export volume and additional spending for operating costs of energy sector entities would widen the overall fiscal deficit by an estimated 0.4 percent of GDP for 2026.



12. Inflation is expected to stay around the WAEMU criteria of 2 percent in the medium-term. In 2025, average inflation was 0.9 percent, down from 3.7 percent in 2024 and converged to the WAEMU average (0.8 percent). Inflation in Guinea-Bissau largely driven by international rice prices given the weight of this product in the CPI basket. The deceleration in inflation in 2025 reflects both temporary factors (e.g. strong decline of international rice prices in 2024/2025) and structural factors (i.e. the tapering of the impact of the reversal of tax exemptions on rice introduced in 2023 and removed in 2024), and monthly inflation has been negative between June 2025 and March 2026. Despite this, given the increase in pump prices resulting from the conflict in the Middle East (see above), the direct impact of high fuel prices on inflation is estimated to be around 1 percent. Together with possible indirect effects, in the baseline, average inflation for 2026 is expected to increase to around +2.5 percent from the current negative levels.

13. The current account deficit is expected to narrow gradually in the medium term. In 2025, the current account deficit is estimated to have narrowed to 6.2 percent of GDP from 7.4 percent in 2024, because of positive changes in terms of trade and increased cashew exports. In 2026, the current account deficit is expected to remain at a level similar to 2025. In the medium-term, gradual growth of exports and stable terms of trade are expected to narrow the current account deficit to the norm of around 4-5 percent of GDP suggested by the External Sector Assessment in June 2025.

14. In 2025, the overall fiscal deficit was 6.7 percent of GDP, down from 7.3 percent in 2024, although 3.3 percentage points higher than the eighth review target. The higher-than-expected deficit was due to lower domestic revenue, lower budget support after the government transition in November 2025, and higher interest expenses. While there was 0.9 percent of GDP of spending overrun through August 2025, the authorities significantly tightened expenditure controls since September, which helped keep primary spending unchanged from the eighth ECF review. On the revenue side, in 2025, revenue of the Directorate-General of Customs (DGA) and that from cashew nuts grew strongly, supported by measures introduced in the past ECF reviews, but revenue of the Directorate-General of Duties and Taxes (DGCI) fell significantly short of program targets due mainly to disappointing collection from large taxpayers.

15. The 2026 budget targets a domestic primary surplus through revenue mobilization and spending discipline. The overall deficit is expected to decline to 4.0 percent of GDP in 2026, primarily through expenditure controls, which are embedded in the prior actions of the past and current ECF reviews on tight spending limits. As part of such spending limits, since October 2025, the authorities have been complying with the zero ceiling on “other common expenditure”, which used to be the main source of overrun. Furthermore, to build buffer for downside risks to cashew production, as part of the prior action of the eleventh review, the authorities are planning to spend only less than a half of cashew revenue included in the budget at this stage and utilize the rest only after realization of revenue is confirmed at the end of the campaign. The revenue target for 2026 is supported by a series of measures completed at the combined ninth and tenth reviews and additional measures introduced at the eleventh review to tackle issues in low compliance by large taxpayers, stagnated collection of nontax revenue, and widespread informality (Text Table 5). Performance in the first quarter of 2026 shows revenue of both the Directorate-General of Customs (DGA) and the Directorate-General of Duties and Taxes (DGCI) grew strongly from 2025 and, with tight controls on spending, the domestic primary balance has remained within the program limits. In the medium-term, the overall deficit is expected to decline further to 3 percent of GDP, with revenue mobilization efforts, which could be enhanced by legislative reforms after Parliament reopens, and continued controls on current spending. With the near-term expenditure adjustment primarily focused on discretionary recurrent spending, the growth-impact of fiscal consolidation are expected to be marginal as priority public investment remains safeguarded.

Text Table 5. Guinea-Bissau: Revenue and Expenditure Measures for 2026 (CFAF billion)

Measures	Impact	Measures	Impact
Revenue measures		(Continued from the left)	
Collection of second part of VAT of fuels	1.6	Audits of nontax fee collection by other ministries	0.4
Revocation of tax exemptions for gas, IPT, raw materials	2.2	Update of tax reference prices of non-food items	1.2
Update of tax reference prices of tires, refrigerators, foams, clinck	0.9	Controls of products for informal markets	0.2
Increases in cashew taxes	1.2	Installment of a scale at São Domingos	0.5
Collection of VAT on port fees of APGB at the port	1.2	Implementation of Sydonia World	0.5
Collection of ongoing tax payments of Telecel	1.8	Broadening of taxpayer base through taxpayers census	0.5
Collection of arrears of BAO	0.7	Collection of arrears of Santy Group	0.4
Purchase of receipt books	0.3	Expenditure measures	
Issuance of license plates at borders	0.3	Prohibition of mixing goods and service with tax collection incentiv	2.7
Collection of single telecom license fees	3.5	Reduction of fishing expenditure	0.8
Audits of large importers that do not pay to DGCI	1.0	Operationalization of cofre geral of education and health	0.6
Collection of arrears of fish-powder ships	0.4	Fuels spending based on actual consumption	0.5
Enforcements of missing declarations of Santy Group	0.2	Fixing a calendar of football games with limits to transfer	0.5
Eliminate exemptions of ASECNA from PIT	0.2	Census of workers of Ministries of Interior and Defense	1.4
(Continue to right)		Pay-by-hours-worked for seasonal workers	1.0

16. External debt is projected to decline steadily through a prudent borrowing policy. The authorities remain committed to the zero-ceiling on new non-concessional borrowing and tight limits to contracting new concessional loans and disbursements of existing loans. Given a large undisbursed amount of existing loan contracts,¹² which are adding pressure on the fiscal deficit, the authorities' borrowing plan, which is consistent with this DSA, includes no new borrowing in 2026 and 2027 (Text Table 6). Instead, focus is on ensuring completion of the existing high-impact investments (like in road and energy infrastructure) and the ability for government to finance additional growth friendly projects through domestic resources by making more progress in the rationalization of the wage bill and current expenditure, while enhancing revenue collection. This is particularly important because delays in implementing projects financed by previously contracted non-concessional borrowing can reduce the expected growth and fiscal returns from these investments, while debt service obligations remain. Such delays would weaken debt-servicing capacity over the medium to long term and therefore represent an additional source of risk to the baseline debt trajectory.

Text Table 6. Guinea-Bissau: 2026-27 Borrowing Plan
(USD million)

PPG external debt contracted or guaranteed	Volume of new debt ¹		PV of new debt ¹	
	2026	2027	2026	2027
Sources of debt financing	3.0	3.0	2.0	2.0
Concessional debt ²	3.0	3.0	2.0	2.0
Multilateral debt	3.0	3.0	2.0	2.0
Uses of debt financing	3.0	3.0	2.0	2.0
Energy	-	-	-	-
Transportation	3.0	3.0	2.0	2.0

Source: Guinea-Bissau authorities and IMF staff estimates.

1/ Contracting and guaranteeing of new debt excluding IMF. The present value of debt is calculated using the terms of individual loans and applying the 5 percent program discount rate.

2/ Debt with a grant element of at least 35 percent.

17. Public debt is projected to decline over the medium to long term as a result of prudent borrowing policies and commitments to fiscal consolidation. Public debt stock is projected to meet the WAEMU convergence criteria of 70 percent of GDP in 2028 and decline further to below 60 percent of GDP in the long run.

18. Debt service is also projected to decline in the medium-term. Because external debt will be used only for concessional financing of priority projects, the fiscal deficit will be primarily financed through issuance of Treasury securities in the regional market. The DSA maintains the same conservative assumption as the previous DSA on the share of short-term T-bills (80 percent for the next five years) and the interest rates (10.0 percent for 2026 and 8.0 percent for 2027), although the recent issuance has been at much lower interest rates and longer maturities (see above). Even under this assumption, gross debt service (including roll-over) will peak in 2028 and drop until 2030, catching up a path of domestic debt stock, which is expected to drop by 4.1 percent of GDP from 2025 to 2030.

¹² The undisbursed amount stands at around 10.3 percent of GDP in 2026. Out of this, 4.6 percent of GDP emanates from the ongoing projects of BADEA, BID, BOAD, followed by 4.1 percent of GDP from the Safim-Mpak project and 1.6 percent of GDP from IDA, AfDB, and FIDA. Prior to the ECF program, the government signed several non-concessional loans with BADEA, BID, BOAD, which tend to face the project implementation delay.

19. The macroeconomic framework is broadly realistic though risks remain. On debt dynamics (Figure 3), external debt will follow a declining path similar to that observed in the past, given the prudent borrowing policy. The residual component is due to BOP statistics including Treasury securities issued in the regional market in external capital flows. The downward trajectory of public debt will be primarily driven by the reduction of the primary deficit through fiscal consolidation. The sizable past residual component will no longer contribute to public debt, because the bank reconciliation measure introduced at the combined ninth and tenth reviews has significantly reduced the stock-flow discrepancy in 2025 and 2026. On fiscal adjustments (Figure 4), the three-year primary adjustment falls within the top quartile of past-adjustments in LICs with IMF-supported programs, but is considered realistic given the authorities' strengthened expenditure controls as well as revenue-enhancing measures committed under the ECF-supported program. The impact of fiscal consolidation on growth is likely to be limited, because consolidation focuses on current spending that has a low multiplier effect. Public and private investment rates and growth contributions of public investments are similar to the previous DSA.

COUNTRY CLASSIFICATION AND DETERMINATION OF STRESS TEST SCENARIOS

20. The debt carrying capacity is assessed as medium. The Composite Indicator (CI) based on the April 2026 WEO data is 2.80, increased from the previous DSA (2.65) reflecting increases in global growth and the regional reserves (Text Table 7). Because the CI has been above the 2.69 threshold for two consecutive vintages, the debt carrying capacity is upgraded to medium from weak at the previous DSA.

21. In addition to the standard six stress tests, a tailored test on commodity prices has been applied to capture better price volatility of cashew nuts. This is to capture the impact of a sudden drop of cashew prices by 15 percent from the baseline in 2026,¹³ which is assumed to recover only gradually relative to the baseline. Simultaneously, setting of export shocks is changed from the standard value (1.0 standard deviation) to 0.5 standard deviation from the baseline. These stress test settings remain unchanged from the previous DSA.

¹³ This is equivalent of one standard deviation of annual changes in export volumes between 2001-19.

Text Table 7. Guinea-Bissau: Calculation of the CI Index

Country	Guinea-Bissau
Country Code	654

Debt Carrying Capacity	Medium
------------------------	--------

Final	Classification based on current vintage	Classification based on the previous vintage	Classification based on the two previous vintages
Medium	Medium 2.80	Medium 2.71	Weak 2.68

Calculation of the CI Index

Components	Coefficients (A)	10-year average values (B)	CI Score components (A*B) = (C)	Contribution of components
CPIA	0.385	2.579	0.99	35%
Real growth rate (in percent)	2.719	4.930	0.13	5%
Import coverage of reserves (in percent)	4.052	41.315	1.67	60%
Import coverage of reserves^2 (in percent)	-3.990	17.069	-0.68	-24%
Remittances (in percent)	2.022	9.206	0.19	7%
World economic growth (in percent)	13.520	3.637	0.49	18%
CI Score			2.80	100%
CI rating			Medium	

EXTERNAL debt burden thresholds	Medium
PV of debt in % of Exports	180
GDP	40
Debt service in % of Exports	15
Revenue	18

TOTAL public debt benchmark	Medium
PV of total public debt in percent of GDP	55

DEBT SUSTAINABILITY

A. External Debt Sustainability Analysis

22. Guinea-Bissau's risk of external debt distress remains high, unchanged from the previous DSA. With the upgraded debt carrying capacity, all external debt burden indicators are below the thresholds under the baseline, although the PV of debt-to-exports ratio and the debt service-to-exports ratio breach the thresholds under the stress tests. This mechanically results in the signal of moderate risk of external debt distress. In addition, the PV of external debt in 2025 was 18.2 percent of GDP (or 138 percent of exports), an improvement of 2.3 percent of GDP (or 32.3 percent of exports) from the previous DSA's projection. This improvement was because the actual 2025 growth of exports and nominal GDP was much higher than projected under the previous DSA. However, as per the LIC DSF guidance (section VIII), judgement is applied to assess the risk of

external debt distress remains high. This judgement is driven by two factors: First, although regional Treasury securities are classified as domestic, about 90 percent are held by non-residents, implying external debt is underestimated on a residency basis.¹⁴ Second, standard stress tests—particularly the export shock—lead to multi-year breaches of the PV of debt-to-exports and debt service-to-exports ratios, indicating limited buffers and high vulnerability to shocks.

23. A shock to exports would have a significant negative impact on Guinea-Bissau's external debt sustainability. A shock to exports generates the most extreme results of the stress scenarios and causes the PV of debt to export ratio and the debt service to export ratio to breach the thresholds for multiple years. These stress test results highlight the importance of continuing the prudent borrowing policy to reduce steadily the stock of external debt.

B. Public Debt Sustainability Analysis

24. Guinea-Bissau's overall risk of public debt distress remains also high. The PV of public debt to GDP ratio breaches the benchmark for a prolonged period. However, the PV of public debt to GDP in 2025 was 63.5 percent, an improvement by 2.5 percentage points of GDP from the previous DSA's projection. It is projected to decline steadily to 56.7 percent of GDP in 2031 and 50.2 percent of GDP in 2046. The debt service-to-revenue and grant ratio increased from 129.9 percent in 2024 to 163.2 percent in 2025, reflecting higher-than-planned issuance of Treasury securities to finance the larger deficit. This ratio will decline steadily to 95.9 percent in 2031, although the current DSA maintains the conservative assumptions of maturity composition and interest rates, unchanged from the previous DSA (see above). While rollover risks have been mitigated by the recent liquidity-safeguarding measure introduced at the combined ninth and tenth reviews - which has been extended until the end 2026 as per a prior action of the eleventh ECF review - and improved market conditions, these risks remain sensitive to fiscal slippages, tighter regional financing conditions, or a weakening in investor confidence. This reinforces the assessment that overall public debt risks remain high, despite the projected medium-term decline in debt ratios.

25. Risks to fiscal consolidation and contingent liabilities would have a significant negative impact on public debt sustainability. A shock to the primary balance generates the most extreme results for the PV of debt to GDP ratio and causes the ratio to be elevated by 11 percent of GDP in 2036 from the baseline. A contingent liability shock also generates the most extreme results for other indicators. The authorities have made significant progress in mitigating contingent liability risks from SOEs and the financial sector. EAGB has maintained a break-even point since cancellation of the Karpower contract in December 2024. The government shares in the undercapitalized bank were transferred in November 2025 and the new investor injected CFAF 7 billion of capital in the same month and another CFAF 3 billion in May 2026.

¹⁴ This figure does not include all secondary market transactions.

C. Climate Change Risks

26. Guinea-Bissau's susceptibility to climate change and variability is significant, and the country's capacity to prepare, respond, and adapt is limited. The 2018–19 Harmonized Survey on Households Living Standards indicated that climate shocks are already directly affecting around 20 percent of households. The situation is projected to deteriorate by 2030, further compounding existing challenges and increasing the population's vulnerability, particularly in rural areas where education levels are lower and marginalization more pronounced.

27. Economic exposure to climate change is mostly due to the important role of the agriculture sector, fisheries and infrastructure. Climate change poses a significant threat to agriculture, especially the cashew sector, with the country's reliance on rainfed agriculture and smallholder subsistence farming making it particularly susceptible to the impacts of climate variability. Similarly, sea level rise continues to affect Guinea-Bissau's coastal region and is a serious threat to 70 percent of the population who reside along the coast. The marine fisheries sector is at risk, with projections suggesting a decrease in maximum catch potential of 14 to 21 percent by 2050 due to rising sea temperatures, affecting jobs and economic growth. Water resources are equally at risk as rising temperatures and decreasing precipitation are adversely affecting groundwater reserves, which are a primary source of drinking water, and are reducing river flows. Additionally, rising sea levels are causing increased coastal salinization. Infrastructure is also vulnerable to impacts as the electricity sector is acutely susceptible to the repercussions of climate change and increased flood events could lead to increased damage and disruptions within Guinea-Bissau's road network.

28. Guinea-Bissau's Nationally Determined Contribution (NDC) suggests significant costs to address exposure to climate change. While a low emitter, Guinea-Bissau has high mitigation ambitions, targeting a 30 percent reduction in greenhouse gas emissions by 2030. The NDC outlines significant climate actions, with initiatives focused on forest conservation, sustainable agriculture, and community development. However, the country's political instability, institutional weaknesses, and limited financial resources pose challenges to implementing these climate commitments, which depend heavily on external funding. The financial sector's underdevelopment and vulnerability to external shocks limit its ability to support green investments, though reforms could enhance resilience. Guinea-Bissau thus faces the challenge of securing financing that exceeds its own financial resources and the current level of climate financing, which was estimated at US\$18.0 million annually in 2019. The country has estimated the cost for enacting the mitigation component of its NDC at approximately US\$694 million over the period 2021–30.

29. Given the country's vulnerability to natural disasters and climate change, the DSA's baseline has been adjusted to incorporate its long-term growth impacts. The impacts are based on modelling that underpins the Country Climate Diagnostic Report, completed in 2024. Assuming no additional adaptation investments, the macroeconomic impacts of climate shocks will be determined by climate outcomes, the growth pathways, and associated structures of the economy. Under the chosen low growth scenario, cumulative real GDP losses are estimated to reach 5.17 percent. Under this assumption, which remains unchanged from the previous DSA, the baseline growth projection is reduced from 4.1 percent to 3.8 percent in the long run (Text Table 4).

RISK RATING AND VULNERABILITIES

30. Guinea-Bissau remains at a high risk of external debt distress, but external debt is assessed as sustainable based on continuation of the prudent borrowing policy. While all the debt burden indicators are below the thresholds under the baseline, judgement is applied to maintain the risk of external debt distress at high because there are strong indications that non-residents hold a large share of Guinea-Bissau's public debt denominated in local currency and standard export shocks lead to multi-year breaches, indicating limited buffers. However, under the ECF-supported program, the stock of external debt has been steadily reduced. To continue reducing external debt, it is critical to maintain the prudent borrowing policy, including strict adherence to the zero-ceiling on non-concessional borrowing and the borrowing plan, which sets out very tight limits to new concessional borrowing for the next few years.

31. The overall risk of public debt distress remains also high, but debt is assessed as sustainable based on the authorities' commitment to fiscal consolidation. The PV of debt-to-GDP ratio breaches the benchmark for a prolonged period. Nonetheless, public debt declined from 82.4 percent of GDP in 2024 to 75.1 percent of GDP in 2025, supported by larger nominal GDP growth, favorable FX movement, and smaller stock-flow discrepancy and overall deficit. It is projected to decline below the WAEMU criteria of 70 percent of GDP in 2028, based on the fiscal consolidation path to reduce an overall deficit to 3 percent of GDP. The debt service to revenue ratio is also projected to decline steadily in the medium-term. This said, the composition of domestic debt—characterized by sizable refinancing needs, short maturities, and elevated interest costs—creates important near-term risks to the debt outlook. These vulnerabilities increase the sensitivity of the debt profile to shifts in regional market conditions, tighter financing terms, or policy slippages that could delay fiscal consolidation. Although the recent safeguarding measure has helped contain rollover risks and the baseline projects debt ratios to decline below the WAEMU threshold over the medium term, domestic debt dynamics remain a key factor underpinning the assessment of high overall debt distress risk.

32. Risks to the debt sustainability assessment are significant. Growth, especially from exports, faces significant downside risks from further increases in fuel prices, unexpected drop of cashew prices and weather shocks to cashew and agricultural production. For external debt, the stress test results show that a shock to exports would cause the PV of debt to export ratio and the debt service to export ratio to breach the thresholds for multiple years. For public debt, the downward debt trajectory projected in the DSA hinges on the fiscal consolidation, although there remain risks of another spending overrun in the runup to the elections scheduled for December 2026. Contingent liabilities shocks remain another source of risks, although the authorities have made significant progress in mitigating risks from SOEs and the financial sector. In addition, delays in the implementation of projects financed by previously contracted non-concessional borrowing could weaken the expected contribution of public investment to growth and fiscal revenues, thereby reducing debt-servicing capacity over the medium to long term.

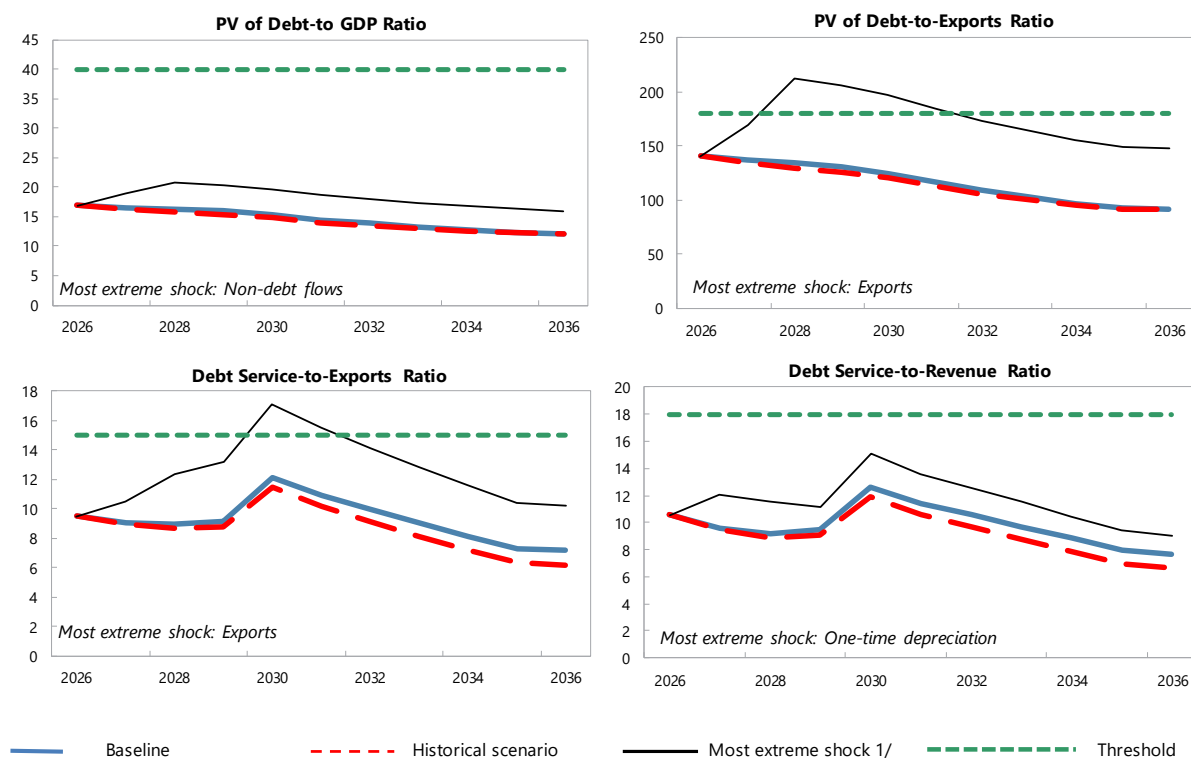
33. Policy actions should be taken to mitigate significant downward risks to the baseline.

Building resilience to external shocks requires steadfast reduction of external debt through strict compliance with tight ceilings on new concessional borrowing and the zero-ceiling on non-concessional borrowing. Risks to fiscal consolidation will be mitigated by the authorities' renewed commitments to the program implementation. The authorities have successfully complied with extremely tight spending limits, including the zero-ceiling on "other common expenditure". They are further committed to conservative use of cashew revenue to build buffer as part of a prior action for the eleventh review. The authorities also implemented 16 prior actions for revenue mobilization at the combined ninth and tenth reviews and have been implementing more revenue measures at the eleventh review. These authorities' policy commitments are underpinned by the ECF supported program, which was extended for five months until December 29, 2026.

AUTHORITIES' VIEWS

34. The authorities agreed with staff's assessment that Guinea-Bissau is at high risk of debt distress. They also broadly agree with the assumptions underlying the DSA. The authorities are aware of the importance of meeting the fiscal consolidation target in 2026 in order to maintain public debt on a downward trajectory. They have restored the strong program performance and are firmly committed to meeting all targets agreed under the ECF program, which has been extended until end-December 2026. Especially, the authorities are committed to maintaining tight expenditure control, which is key to achieve the domestic primary surplus target and build buffer for significant downside risks, and facilitating revenue mobilization through implementation of measures agreed under the program. For external debt, the authorities remain strongly committed to the prudent borrowing policy and the tight ceiling on new concessional borrowing.

Figure 1. Guinea-Bissau: Indicators of Public and Publicly Guaranteed External Debt Under Alternatives Scenarios, 2026–36



Customization of Default Settings		
	Size	Interactions
Standardized Tests	Yes	
Tailored Stress		
Combined CL	Yes	
Natural disaster	n.a.	n.a.
Commodity price	Yes	No
Market financing	n.a.	n.a.

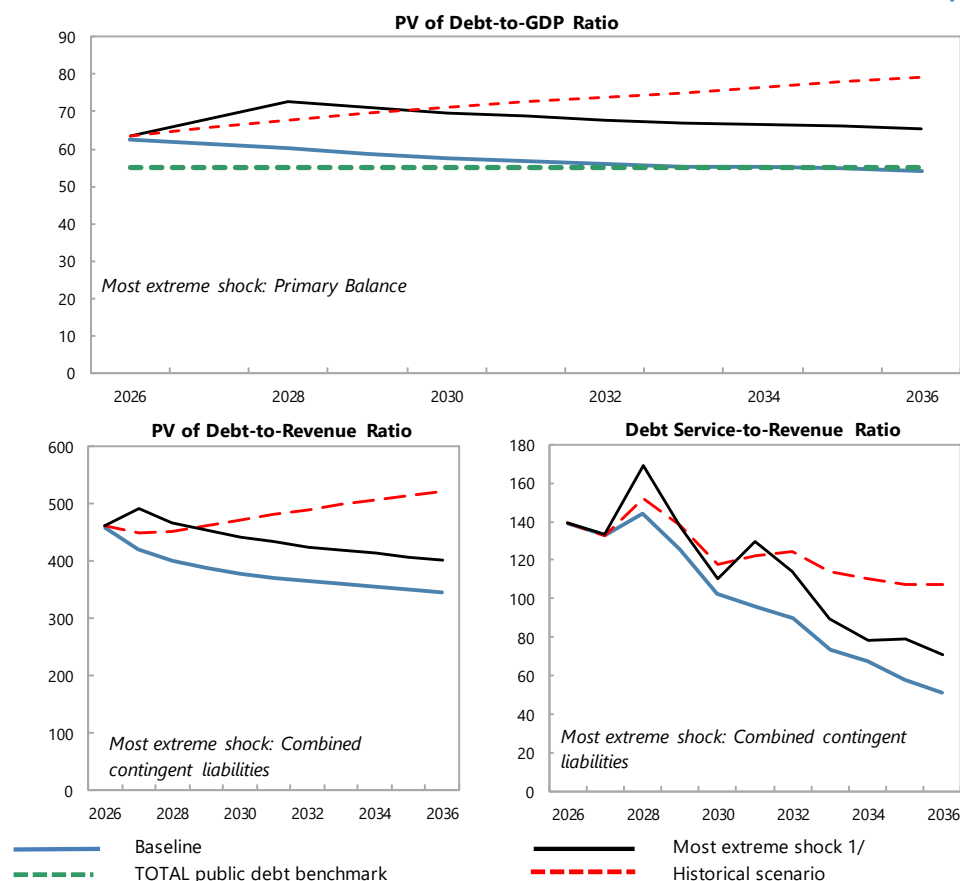
Note: "Yes" indicates any change to the size or interactions of the default settings for the stress tests. "n.a." indicates that the stress test does not apply.

Borrowing assumptions on additional financing needs resulting from the stress tests*		
	Default	User defined
Shares of marginal debt		
External PPG MLT debt	100%	
Terms of marginal debt		
Avg. nominal interest rate on new borrowing in USD	1.8%	1.8%
USD Discount rate	5.0%	5.0%
Avg. maturity (incl. grace period)	31	30
Avg. grace period	8	10

* Note: All the additional financing needs generated by the shocks under the stress tests are assumed to be covered by PPG external MLT debt in the external DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2036. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most extreme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

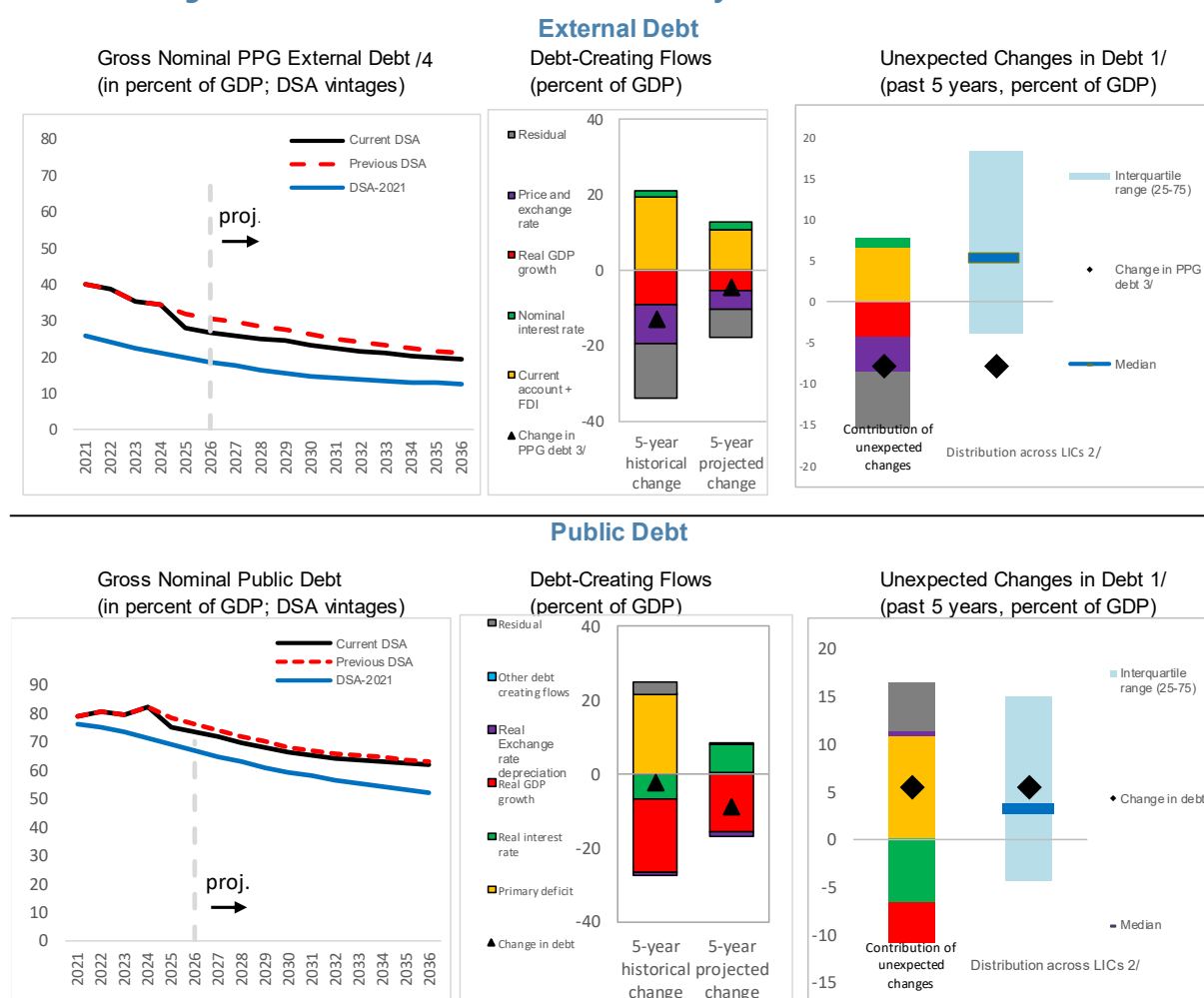
Figure 2. Guinea-Bissau: Indicators of Public Debt Under Alternative Scenarios, 2026–36

Borrowing assumptions on additional financing needs resulting from the stress tests*	Default	User defined
Shares of marginal debt		
External PPG medium and long-term	11%	11%
Domestic medium and long-term	56%	56%
Domestic short-term	34%	34%
Terms of marginal debt		
External MLT debt		
Avg. nominal interest rate on new borrowing in USD	1.8%	1.8%
Avg. maturity (incl. grace period)	31	30
Avg. grace period	8	10
Domestic MLT debt		
Avg. real interest rate on new borrowing	4.3%	4.3%
Avg. maturity (incl. grace period)	4	4
Avg. grace period	3	3
Domestic short-term debt		
Avg. real interest rate	4.0%	4.0%

* Note: The public DSA allows for domestic financing to cover the additional financing needs generated by the shocks under the stress tests in the public DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2036. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most extreme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

Figure 3. Guinea-Bissau: Drivers of Debt Dynamics - Baseline Scenario

1/ Difference between anticipated and actual contributions on debt ratios.

2/ Distribution across LICs for which LIC DSAs were produced.

3/ Given the relatively low private external debt for average low-income countries, a ppt change in PPG external debt should be largely explained by the drivers of the external debt dynamics equation.

4/ Difference between current and previous DSA due to the reclassification of debt to BOAD as external.

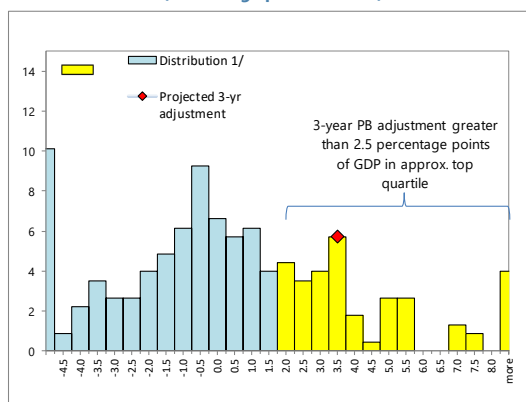
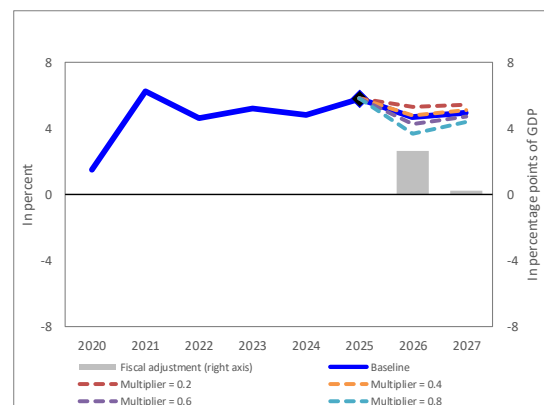
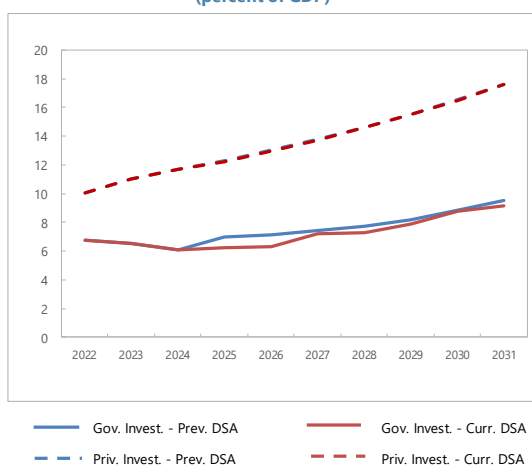
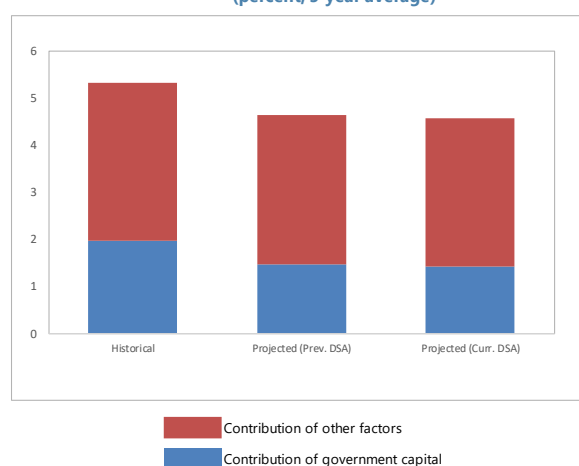
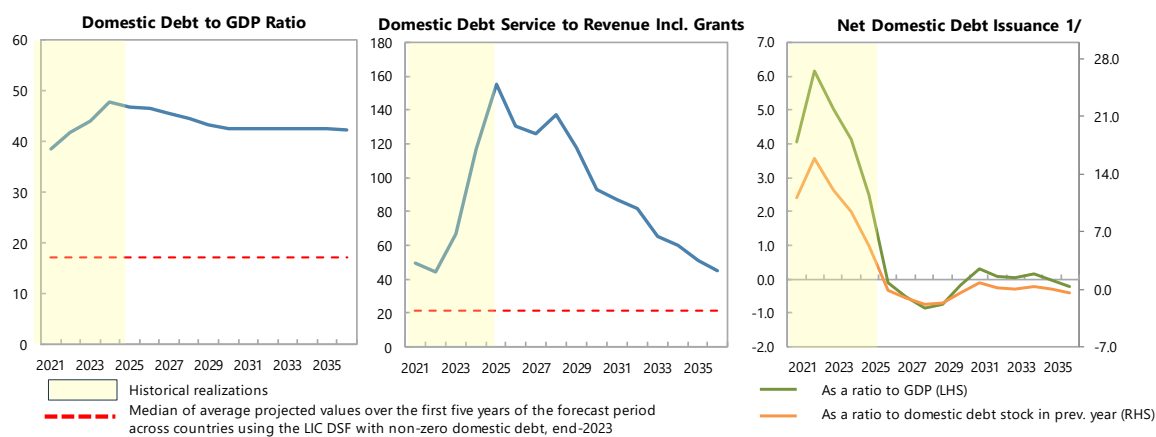
Figure 4. Guinea-Bissau: Realism Tools**3-Year Adjustment in Primary Balance
(Percentage points of GDP)****Fiscal Adjustment and Possible Growth Paths 1/****Public and Private Investment Rates
(percent of GDP)****Contribution to Real GDP growth
(percent, 5-year average)**

Figure 5. Guinea-Bissau: Indicators of Domestic Public Debt, 2021–35
(in Percent)



Borrowing Assumptions (average over 10-year projection)	Value
Shares in new domestic debt issuance	
Medium and long-term	28%
Short-term	73%
Borrowing terms	
Domestic MLT debt	
Avg. real interest rate on new borrowing	4.3%
Avg. maturity (incl. grace period)	4
Avg. grace period	3
Domestic short-term debt	
Avg. real interest rate	4.0%

Sources: Country authorities; and staff estimates and projections.

1/ Net domestic debt issuance is an estimate based on the calculated public gross financing need net of gross external financing, drawdown of assets, other adjustments and domestic debt amortization. It excludes short-term debt that was issued and matured within the calendar year.

Table 1. Guinea-Bissau: External Debt Sustainability Framework, Baseline Scenario, 2023–46
(In percent of GDP, unless otherwise indicated)

	Actual			Projections								Average 8/ Historical Projections	
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2036	2046	Historical	Projections
External debt (nominal) 1/	35.4	34.7	28.3	26.9	26.0	25.1	24.5	23.6	22.4	19.3	20.3	35.4	22.8
of which: public and publicly guaranteed (PPG)	35.4	34.7	28.3	26.9	26.0	25.1	24.5	23.6	22.4	19.3	20.3	35.4	22.8
Change in external debt	-3.6	-0.6	-6.4	-1.4	-0.9	-0.9	-0.7	-0.9	-1.1	-0.4	0.0		
Identified net debt-creating flows	0.9	2.0	-2.5	2.6	1.5	1.2	1.1	1.1	0.9	1.0	1.0	-0.4	1.2
Non-interest current account deficit	7.3	6.0	4.5	4.5	3.5	3.1	3.0	2.9	2.7	2.6	2.7	3.6	3.0
Deficit in balance of goods and services	15.3	15.2	13.2	13.0	12.1	11.3	11.1	10.8	10.3	9.7	8.0	11.4	10.7
Exports	14.2	12.7	13.1	12.0	12.0	12.1	12.2	12.2	12.4	13.1	11.6		
Imports	29.5	27.8	26.3	25.0	24.1	23.4	23.2	23.1	22.7	22.8	19.7		
Net current transfers (negative = inflow)	-6.8	-7.2	-7.4	-7.0	-7.1	-6.8	-6.7	-6.6	-6.3	-5.8	-4.3	-6.4	-6.4
of which: official	-1.4	-1.7	-2.1	-1.9	-2.2	-2.2	-2.3	-2.3	-2.3	-2.3	-1.5		
Other current account flows (negative = net inflow)	-1.3	-2.0	-1.3	-1.5	-1.4	-1.4	-1.4	-1.3	-1.3	-1.2	-1.0	-1.4	-1.3
Net FDI (negative = inflow)	-1.2	-1.2	-1.2	-1.2	-1.2	-1.2	-1.2	-1.2	-1.2	-1.2	-1.2	-1.6	-1.2
Endogenous debt dynamics 2/	-5.1	-2.8	-5.8	-0.8	-0.9	-0.7	-0.7	-0.6	-0.6	-0.4	-0.4		
Contribution from nominal interest rate	0.4	0.2	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.3		
Contribution from real GDP growth	-1.7	-1.6	-1.7	-1.2	-1.2	-1.1	-1.1	-1.0	-0.9	-0.7	-0.7		
Contribution from price and exchange rate changes	-3.8	-1.4	-4.5	...	...	...	...	...	...	...	...		
Residual 3/	-4.5	-2.7	-3.9	-3.9	-2.4	-2.0	-1.8	-2.0	-2.0	-1.4	-1.0	0.0	-2.0
of which: exceptional financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Sustainability indicators													
PV of PPG external debt-to-GDP ratio	...	...	18.2	16.9	16.5	16.2	15.9	15.3	14.4	12.1	12.9		
PV of PPG external debt-to-exports ratio	...	...	138.4	140.9	137.7	134.3	131.0	125.0	116.7	92.2	111.1		
PPG debt service-to-exports ratio	12.3	13.0	7.6	9.5	9.1	8.9	9.2	12.1	10.9	7.2	7.8		
PPG debt service-to-revenue ratio	15.0	15.9	10.2	10.5	9.6	9.2	9.5	12.6	11.4	7.7	7.1		
Gross external financing need (Million of U.S. dollars)	156.9	140.5	113.2	133.1	110.2	101.6	107.2	125.1	119.5	134.7	243.5		
Key macroeconomic assumptions													
Real GDP growth (in percent)	5.2	4.8	5.8	4.7	4.9	4.5	4.5	4.2	4.2	3.8	3.8	4.6	4.2
GDP deflator in US dollar terms (change in percent)	10.7	4.0	14.8	7.5	2.7	2.5	2.7	3.1	2.3	2.2	2.2	4.1	2.9
Effective interest rate (percent) 4/	1.1	0.5	1.3	1.7	1.5	1.5	1.6	1.7	1.7	1.6	1.5	1.2	1.6
Growth of exports of G&S (US dollar terms, in percent)	1.5	-2.6	25.9	2.4	8.0	7.9	8.1	8.1	7.9	4.8	4.3	3.9	7.2
Growth of imports of G&S (US dollar terms, in percent)	2.2	2.8	14.7	6.9	4.0	3.9	6.6	6.7	4.9	4.9	4.4	7.9	5.9
Grant element of new public sector borrowing (in percent)	...	...	...	33.6	31.6	30.3	35.2	36.3	43.9	42.5	38.6	...	39.1
Government revenues (excluding grants, in percent of GDP)	11.6	10.4	9.8	10.8	11.3	11.7	11.8	11.8	11.9	12.3	12.8	11.4	11.8
Aid flows (in Million of US dollars) 5/	87.9	102.9	107.1	99.9	119.3	123.5	146.1	160.0	173.5	241.6	402.0		
Grant-equivalent financing (in percent of GDP) 6/	...	...	...	3.5	3.9	3.8	4.0	4.1	4.0	4.0	3.9	...	3.9
Grant-equivalent financing (in percent of external financing) 6/	...	...	...	77.3	76.7	77.4	77.4	77.2	84.3	83.4	78.0	...	80.9
Nominal GDP (Million of US dollars)	2,005	2,186	2,656	2,989	3,219	3,449	3,703	3,977	4,238	5,721	10,322		
Nominal dollar GDP growth	16.5	9.0	21.5	12.5	7.7	7.1	7.4	7.4	6.6	6.1	6.1	9.0	7.2
Memorandum items:													
PV of external debt 7/	...	...	18.2	16.9	16.5	16.2	15.9	15.3	14.4	12.1	12.9		
in percent of exports	...	...	138.4	140.9	137.7	134.3	131.0	125.0	116.7	92.2	111.1		
Total external debt service-to-exports ratio	12.3	13.0	7.6	9.5	9.1	8.9	9.2	12.1	10.9	7.2	7.8		
PV of PPG external debt (in Million of US dollars)	...	...	483.0	503.8	531.7	559.4	589.7	608.2	612.4	692.6	1334.9		
(Pvt-Pvt-1)/GDPt-1 (in percent)	...	...	...	0.8	0.9	0.9	0.9	0.5	0.1	0.5	0.8		
Non-interest current account deficit that stabilizes debt ratio	10.9	6.6	10.9	5.9	4.4	3.9	3.6	3.8	3.8	3.0	2.7		

Sources: Country authorities; and staff estimates and projections.

1/ Public sector external debt only. With respect to DSA 2018, coverage expanded to include legacy arrears.

2/ Derived as $[r - g - p(1+g)] / (1+g+p+gp)$ times previous period debt ratio, with r = nominal interest rate; g = real GDP growth rate, and p = growth rate of GDP deflator in U.S. dollar terms.

3/ Includes exceptional financing (i.e., changes in arrears and debt relief, including IMF CCRT 2020-2022); changes in gross foreign assets; and valuation adjustments. For projections also includes contribution from price and exchange rate changes. The residual is also affected by grants and the financing from treasury securities in the regional market, which are considered domestic debt in the DSA.

4/ Current-year interest payments divided by previous period debt stock.

5/ Defined as grants, concessional loans, and debt relief.

6/ Grant-equivalent financing includes grants provided directly to the government and through new borrowing (difference between the face value and the PV of new debt).

7/ Assumes that PV of private sector debt is equivalent to its face value.

8/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

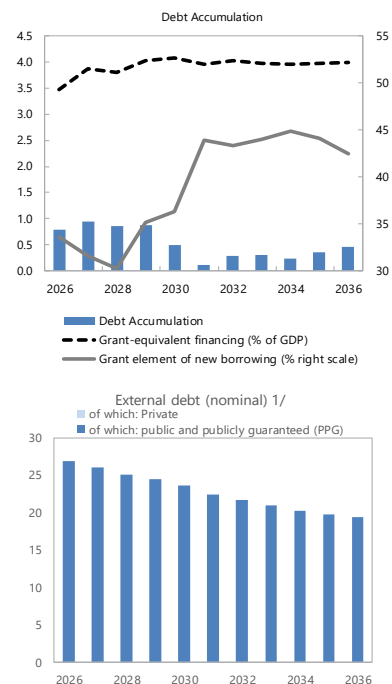


Table 2. Guinea-Bissau: Public Sector Debt Sustainability Framework, Baseline Scenario, 2023–46
(In percent of GDP, unless otherwise indicated)

	Actual			Projections								Average 6/	
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2036	2046	Historical	Projections
Public sector debt 1/ of which: external debt	79.4 35.4	82.4 34.7	75.1 28.3	73.5 26.9	71.7 26.0	69.7 25.1	67.9 24.5	66.2 23.6	65.1 22.4	61.7 19.3	57.5 20.3	70.9 35.4	66.2 22.8
Change in public sector debt	-1.3	3.0	-7.3	-1.6	-1.8	-2.0	-1.8	-1.7	-1.1	-0.6	-0.3		
Identified debt-creating flows	-2.5	1.6	-8.4	-1.6	-1.8	-2.0	-1.8	-1.7	-1.1	-0.6	-0.3	0.0	-1.2
Primary deficit	5.5	3.9	2.9	0.3	0.1	-0.3	-0.1	0.2	0.3	0.2	0.4	4.2	0.2
Revenue and grants	13.7	13.1	12.8	13.7	14.7	15.0	15.1	15.2	15.3	15.7	16.0	15.1	15.1
of which: grants	2.1	2.7	3.0	3.0	3.3	3.3	3.4	3.4	3.4	3.4	3.2		
Primary (noninterest) expenditure	19.3	17.0	15.7	14.0	14.8	14.7	15.1	15.4	15.6	15.9	16.4	19.3	15.3
Automatic debt dynamics	-8.0	-1.9	-11.0	-1.9	-1.9	-1.6	-1.8	-1.9	-1.4	-0.8	-0.7		
Contribution from interest rate/growth differential	-5.6	-2.7	-5.7	-1.6	-1.8	-1.4	-1.5	-1.6	-1.3	-0.4	-0.3		
of which: contribution from average real interest rate	-1.6	0.9	-1.2	1.8	1.7	1.7	1.5	1.1	1.4	1.9	1.8		
of which: contribution from real GDP growth	-4.0	-3.6	-4.5	-3.4	-3.4	-3.1	-3.0	-2.7	-2.7	-2.3	-2.1		
Contribution from real exchange rate depreciation	-2.4	0.8	-5.3	...	...	...	...	...	...	...	...		
Other identified debt-creating flows	-0.1	-0.5	-0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.2	0.0
Privatization receipts (negative)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Recognition of contingent liabilities (e.g., bank recapitalization)	-0.1	-0.7	-0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Debt relief (HIPC and other)	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Other debt creating or reducing flow (please specify)	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Residual	1.2	1.5	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.9	-0.2
Sustainability indicators													
PV of public debt-to-GDP ratio 2/	...	...	63.5	62.7	61.5	60.2	58.8	57.4	56.7	54.3	50.2		
PV of public debt-to-revenue and grants ratio	...	...	497.3	457.1	419.9	400.0	388.2	378.1	370.9	346.0	313.8		
Debt service-to-revenue and grants ratio 3/	79.7	129.9	163.2	139.1	133.1	144.1	125.3	102.5	95.9	50.8	24.1		
Gross financing need 4/	16.4	20.5	23.5	19.4	19.6	21.3	18.9	15.8	14.9	8.2	4.3		
Key macroeconomic and fiscal assumptions													
Real GDP growth (in percent)	5.2	4.8	5.8	4.7	4.9	4.5	4.5	4.2	4.2	3.8	3.8	4.6	4.2
Average nominal interest rate on external debt (in percent)	1.1	0.5	1.4	1.6	1.5	1.5	1.6	1.7	1.7	1.6	1.5	1.2	1.6
Average real interest rate on domestic debt (in percent)	-1.6	3.7	-1.6	4.4	4.0	4.0	3.5	2.8	3.5	3.9	4.2	0.2	3.7
Real exchange rate depreciation (in percent, + indicates depreciation)	-6.7	2.5	-16.3	...	...	...	...	...	...	...	...	-1.0	...
Inflation rate (GDP deflator, in percent)	7.9	4.0	10.0	2.9	2.9	2.8	2.8	3.1	2.3	2.2	2.2	3.8	2.6
Growth of real primary spending (deflated by GDP deflator, in percent)	1.8	-7.3	-2.4	-6.6	10.5	4.1	7.2	6.5	5.2	4.0	3.9	2.4	4.4
Primary deficit that stabilizes the debt-to-GDP ratio 5/	6.8	0.9	10.3	1.9	1.9	1.6	1.8	1.9	1.4	0.8	0.7	6.0	1.4
PV of contingent liabilities (not included in public sector debt)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		

Sources: Country authorities; and staff estimates and projections.

1/ Coverage of debt: The central government, central bank, government-guaranteed debt. Definition of external debt is Currency-based. Includes external legacy arrears.

2/ The underlying PV of external debt-to-GDP ratio under the public DSA differs from the external DSA with the size of differences depending on exchange rates projections.

3/ Debt service is defined as the sum of interest and amortization of medium and long-term, and short-term debt.

4/ Gross financing need is defined as the primary deficit plus debt service plus the stock of short-term debt at the end of the last period and other debt creating/reducing flows.

5/ Defined as a primary deficit minus a change in the public debt-to-GDP ratio (i.e.: a primary surplus), which would stabilize the debt ratio only in the year in question.

6/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

Definition of external/domestic debt	Currency-based
Is there a material difference between the two criteria?	Yes

Public sector debt 1/

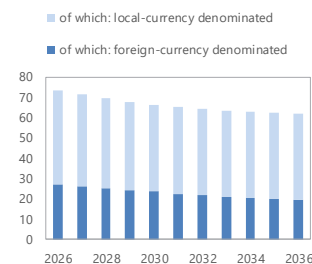


Table 3. Guinea-Bissau: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2026–36 (In percent)

	Projections 1/										
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
PV of debt-to-GDP ratio											
Baseline	17	17	16	16	15	14	14	13	13	12	12
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2026-2036 2/	17	16	16	15	15	14	13	13	13	12	12
B. Bound Tests											
B1. Real GDP growth	17	17	17	17	16	15	14	14	13	13	13
B2. Primary balance	17	17	17	17	17	16	16	15	15	15	14
B3. Exports	17	18	19	19	18	17	17	16	15	15	15
B4. Other flows 3/	17	19	21	20	20	19	18	17	17	16	16
B5. Depreciation	17	21	17	17	16	15	14	14	13	13	12
B6. Combination of B1-B5	17	20	20	20	19	18	17	17	16	15	15
C. Tailored Tests											
C1. Combined contingent liabilities	17	17	17	17	16	16	15	15	14	14	14
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	17	17	16	16	15	14	14	13	13	12	12
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	40	40	40	40	40	40	40	40	40	40	40
PV of debt-to-exports ratio											
Baseline	141	138	134	131	125	117	109	103	97	93	92
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2026-2036 2/	141	135	130	126	121	113	106	101	95	92	92
B. Bound Tests											
B1. Real GDP growth	141	138	134	131	125	117	109	103	97	93	92
B2. Primary balance	141	141	142	140	135	128	123	118	113	110	110
B3. Exports	141	170	212	207	197	185	174	164	155	149	148
B4. Other flows 3/	141	158	173	168	160	151	142	134	127	122	121
B5. Depreciation	141	138	112	109	104	97	90	85	79	76	75
B6. Combination of B1-B5	141	172	155	181	173	162	152	143	136	130	129
C. Tailored Tests											
C1. Combined contingent liabilities	141	143	142	139	133	127	121	115	110	107	107
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	141	138	134	131	125	117	109	103	97	93	92
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	180	180	180	180	180	180	180	180	180	180	180
Debt service-to-exports ratio											
Baseline	9	9	9	9	12	11	10	9	8	7	7
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2026-2036 2/	9	9	9	9	11	10	9	8	7	6	6
B. Bound Tests											
B1. Real GDP growth	9	9	9	9	12	11	10	9	8	7	7
B2. Primary balance	9	9	9	9	12	11	10	9	9	8	8
B3. Exports	9	11	12	13	17	15	14	13	12	10	10
B4. Other flows 3/	9	9	9	10	13	12	11	10	9	8	8
B5. Depreciation	9	9	9	9	12	10	9	9	8	7	7
B6. Combination of B1-B5	9	10	11	12	15	14	13	11	10	9	9
C. Tailored Tests											
C1. Combined contingent liabilities	9	9	9	9	12	11	10	9	8	8	8
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	9	9	9	9	12	11	10	9	8	7	7
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	15	15	15	15	15	15	15	15	15	15	15
Debt service-to-revenue ratio											
Baseline	11	10	9	9	13	11	11	10	9	8	8
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2026-2036 2/	11	9	9	9	12	11	10	9	8	7	7
B. Bound Tests											
B1. Real GDP growth	11	10	10	10	13	12	11	10	9	8	8
B2. Primary balance	11	10	9	10	13	12	11	10	9	8	8
B3. Exports	11	10	10	10	13	12	11	10	9	9	8
B4. Other flows 3/	11	10	10	11	14	12	11	11	10	9	8
B5. Depreciation	11	12	12	11	15	14	13	12	10	9	9
B6. Combination of B1-B5	11	10	10	11	14	13	12	11	10	9	9
C. Tailored Tests											
C1. Combined contingent liabilities	11	10	9	10	13	12	11	10	9	8	8
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	11	10	9	9	13	11	11	10	9	8	8
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	18	18	18	18	18	18	18	18	18	18	18

Sources: Country authorities; and staff estimates and projections.

1/ A bold value indicates a breach of the threshold.

2/ Variables include real GDP growth, GDP deflator (in U.S. dollar terms), non-interest current account in percent of GDP, and non-debt creating flows.

3/ Includes official and private transfers and FDI.

Table 4. Guinea-Bissau: Sensitivity Analysis for Key Indicators of Public Debt, 2026–36
(In percent)

	Projections 1/										
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
PV of Debt-to-GDP Ratio											
Baseline	63	62	60	59	57	57	56	55	55	55	54
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2026-2036 2/	63	66	68	70	71	73	74	75	77	78	79
B. Bound Tests											
B1. Real GDP growth	63	64	64	63	62	62	61	61	61	61	61
B2. Primary balance	63	68	73	71	70	69	68	67	67	66	65
B3. Exports	63	63	63	62	60	59	58	58	57	57	57
B4. Other flows 3/	63	64	65	63	62	61	60	59	59	59	58
B5. Depreciation	63	63	60	58	56	54	53	51	50	49	48
B6. Combination of B1-B5	63	65	66	64	62	60	59	58	57	56	56
C. Tailored Tests											
C1. Combined contingent liabilities	63	72	70	69	67	66	65	65	64	64	63
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	63	63	62	61	60	60	60	60	60	60	60
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
TOTAL public debt benchmark	55	55	55	55	55	55	55	55	55	55	55
PV of Debt-to-Revenue Ratio											
Baseline	457	420	400	388	378	371	364	360	355	351	346
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2026-2036 2/	463	449	453	463	472	481	489	499	507	515	523
B. Bound Tests											
B1. Real GDP growth	463	434	422	413	405	400	396	394	391	389	387
B2. Primary balance	463	464	483	470	459	450	441	436	429	423	417
B3. Exports	457	427	419	406	396	388	381	376	371	366	361
B4. Other flows 3/	457	437	431	418	407	398	391	387	380	375	370
B5. Depreciation	463	438	409	392	374	361	350	340	331	322	313
B6. Combination of B1-B5	463	448	441	422	409	398	389	380	371	364	357
C. Tailored Tests											
C1. Combined contingent liabilities	463	491	468	454	443	433	425	420	414	408	402
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	463	427	410	402	395	391	388	388	386	385	384
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Debt Service-to-Revenue Ratio											
Baseline	139	133	144	125	103	96	90	73	67	58	51
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2026-2036 2/	139	132	152	138	118	122	125	114	110	107	107
B. Bound Tests											
B1. Real GDP growth	139	136	150	131	108	102	97	81	76	67	61
B2. Primary balance	139	133	159	149	116	122	127	99	85	78	77
B3. Exports	139	133	144	126	103	96	90	74	68	58	51
B4. Other flows 3/	139	133	145	126	103	97	90	74	68	58	51
B5. Depreciation	139	126	138	119	100	92	85	71	64	56	49
B6. Combination of B1-B5	139	130	145	138	107	102	109	85	73	62	60
C. Tailored Tests											
C1. Combined contingent liabilities	139	133	169	137	110	130	114	89	79	79	71
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	139	133	145	127	105	100	95	80	75	67	61
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Sources: Country authorities; and staff estimates and projections.

1/ A bold value indicates a breach of the benchmark.

2/ Variables include real GDP growth, GDP deflator and primary deficit in percent of GDP.

3/ Includes official and private transfers and FDI.

Annex I. Debt Holder Profile Table

Annex I. Table 1. Guinea-Bissau: Public Debt Holder Profile, 2025–27¹

	Debt Stock (end of period)			Debt Service					
	2025			2025	2026	2027	2025	2026	2027
	(In US\$ million)	(Percent of total debt)	(Percent of GDP) ⁵	(In US\$ million)			(Percent of GDP)		
Total	2,067.9	100.0	75.1	535.8	684.3	763.9	20.2	22.9	23.7
External	778.8	37.7	28.3	26.0	33.9	34.0	1.0	1.1	1.1
Multilateral creditors ²	656.6	31.8	23.8	22.6	30.0	27.8	0.8	1.0	0.9
IMF	74.1	3.6	2.7						
World Bank	229.2	11.1	8.3						
AfDB	57.5	2.8	2.1						
BOAD	233.4	11.3	8.5						
Other Multilaterals	62.4	3.0	2.3						
o/w: Islamic Development Bank	28.1	1.4	1.0						
BADEA	8.7	0.4	0.3						
Bilateral Creditors	122.3	5.9	4.4	3.5	3.9	6.2	0.1	0.1	0.2
Paris Club	6.5	0.3	0.2	0.7	1.2	1.4	0.0	0.0	0.0
o/w: Brazil	1.9	0.1	0.1						
Non-Paris Club	115.7	5.6	4.2	2.8	2.7	4.8	0.1	0.1	0.2
o/w: Angola	49.1	2.4	1.8						
Kuwait	28.9	1.4	1.0						
EximBank India	19.3	0.9	0.7						
Saudi Fund	13.1	0.6	0.5						
Libya	3.1	0.2	0.1						
Pakistan	2.2	0.1	0.1						
Domestic	1,289.1	62.3	46.8	509.8	650.5	729.9	19.2	21.8	22.7
Held by residents, total	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Held by non-residents, total	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Regional T-bills	896.4	43.4	32.6	362.5	495.1	573.9	13.6	16.6	17.8
BCEAO	225.1	10.9	8.2	4.9	5.1	5.3	0.2	0.2	0.2
Loans local commercial banks ³	145.5	7.0	5.3	141.5	150.2	150.7	5.3	5.0	4.7
Payment Arrears	22.0	1.1	0.8	1.0	-	-	0.0	-	-
Memo items:									
Collateralized debt ⁴	0	0.0	0.0						
Contingent liabilities	9.2	0.4	0.3						
Public guarantees	9.2	0.4	0.3						
Nominal GDP	2,655.7			2,655.7	2,988.9	3,218.8			

1/ As reported by the country authorities according to their classification of creditors, including by official and commercial. Debt coverage is the same as the DSA.

2/ "Multilateral creditors" are simply institutions with more than one official shareholder and may not necessarily align with creditor classification under other IMF policies (e.g. Lending Into Arrears).

3/ Including public guarantees.

4/ Debt is collateralized when the creditor has rights over an asset or revenue stream that would allow it, if the borrower defaults on its payment obligations, to rely on the asset or revenue stream to secure repayment of the debt. Collateralization entails a borrower granting liens over specific existing assets or future receivables to a lender as security against repayment of the loan. Collateral is "unrelated" when it has no relationship to a project financed by the loan. An example would be borrowing to finance the budget deficit, collateralized by oil revenue receipts. See the joint IMF-World Bank note for the G20 "Collateralized Transactions: Key Considerations for Public Lenders and Borrowers" for a discussion of issues raised by collateral.

5/ Calculated based on the amounts in CFA francs.

Statement by the IMF Staff Representative
June 12, 2026

This staff statement provides an update on information since the Staff Report was issued. This information does not change the thrust of the staff appraisal.

All prior actions for completion of the eleventh review have been met. The following provides details of their implementation.

(Prior Action #1) The Directorate-General of Duties and Taxes (DGCI) collected CFAF 10.4 billion of revenue that excludes cashew revenue and is registered in the SIGEF and Kontaktu after April 2026.

(Prior Action #2) The DGCI collected CFAF 4.7 billion of revenue from telecom operators after April 2026.

(Prior Action #3) The DGCI collected CFAF 1.7 billion of revenue from banks after April 2026.

(Prior Action #4) The DGCI has: (i) undertaken a pilot of a census of taxpayers at a market in Bissau; (ii) placed eight revenue collectors in the Ministries of Energy, Fisheries, Local Administration, Natural Resources, Agriculture, and Public Works; and (iii) sent CFAF 0.8 billion of tax bills for the second part of VAT on fuels between March 2025 and April 2026.

(Prior Action #5) The Directorate General of Customs (DGA) has operationalized the value module of the Sydonia World effective May 2026.

(Prior Action #6) The inter-ministerial working group composed by the Ministry of Finance, Ministry of Transport and Communication, and the National Regulatory Authority (ARN) has launched negotiations with Telecel on settlement of tax arrears and single license fees.

(Prior Action #7) The spending limits for April and May 2026 have been complied with, as follows: (i) execution of goods and service and transfer expenditure excluding deductions from BCEAO dividends was CFAF 10.9 billion against the limit of CFAF 11.0 billion; (ii) execution of other common expenditure excluding election costs was zero against the zero limit; and (iii) execution of domestic Public Investment Program and election costs was CFAF 0.9 billion against the limit of CFAF 1.3 billion.

(Prior Action #8) The Minister of Finance has issued ministerial orders to program the use of cashew revenue for 2026 in accordance with parameters in MEFP Text Table 3 and to apply the 80-20 percent revenue sharing rule to fees for the cashew value chain.

(Prior Action #9) The Minister of Finance and the Minister of Education have issued a joint ministerial order to determine the structure of salaries and subsidies of seasonal education

workers for the school year 2026-27, based on actual hours worked. The 127 inactive workers identified by the census of the Ministry of Interior have been blocked in the payroll.

(Prior Action #10) The Council of Ministers has approved a decree that prohibits the Treasury from paying non-regularized expenditure (DNT).

(Prior Action #11) The Minister of Finance has issued ministerial orders to extend the measure to safeguard proceeds of Treasury securities until the end-December 2026 and to allow the use of the balance of the sequestered account at the BCEAO for cash management purposes up to the outstanding amount of CFAF 4.6 billion. The Treasury has repaid overdrafts from two banks and requested these banks to send the current account balances to the BCEAO daily.

Statement by Ouattara Wautabouna, Executive Director for Guinea-Bissau, Afolabi Olowookere, Alternate Executive Director, and Romao Lopes Varela, Advisor to the Executive Director
June 12, 2026

INTRODUCTION

On behalf of our Bissau-Guinean authorities, we thank staff for the candid and constructive engagement underpinning this review. The authorities broadly concur with staff's assessment of recent developments, risks, and policy priorities and reaffirm their strong commitment to the Extended Credit Facility (ECF) as a key anchor for macroeconomic stability and reform implementation during the ongoing political transition and elections.

The authorities consider the restoration of program performance as a turning point, reflecting strengthened ownership, improved policy discipline and institutional accountability. Following the fiscal slippages earlier in 2025, they undertook a comprehensive reassessment of policy practices and governance weaknesses. This process led to a front-loaded corrective policy response aimed at restoring compliance with program objectives while embedding lasting improvements in the underlying policy and governance framework. The strong program performance observed since then reflects this shift in mindset rather than one-off measures. The authorities are committed to preserving this momentum, safeguarding policy credibility and maintaining a strong track record of implementation under the program.

RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK

Recent developments confirm the resilience of Guinea-Bissau's economy despite a more challenging external environment. Economic activity remained strong in 2025, with growth estimated at about 5.8 percent, supported by a favorable cashew harvest and improved terms of trade. Inflation declined to below 1.0 percent, reflecting lower import prices and subdued domestic price pressures. In 2026, growth is projected to moderate to around 4.7 percent, largely owing to higher global fuel prices and less favorable external conditions. Inflation is expected to increase moderately but remains contained. Over the medium term, growth is projected to remain close to potential, at about 4.5–5.0 percent, with inflation converging toward the WAEMU target of around 2.0 percent.

The authorities are fully cognizant of the heightened risks facing the economy and have adopted a prudent, forward-looking policy stance. Persistently high fuel prices, potential disruptions to cashew production and exports, and financial pressures in the energy sector represent important downside risks to growth, fiscal performance, and inflation. These risks are particularly salient in the context of the political transition ahead of the December 2026 elections. In response, the authorities are prioritizing macroeconomic stability and buffer-building over short-term expansion, underpinned by their firm commitment to maintaining fuel taxes in line with the budget, which safeguards fiscal balances and supports debt sustainability.

In a context of limited buffers and heightened exposure to external shocks, such cautious approach is essential to preserving confidence and safeguarding recent gains.

PROGRAM PERFORMANCE

Program performance has been decisively restored, reflecting renewed ownership and strengthened fiscal discipline. All quantitative performance criteria, indicative targets, and structural benchmarks for March 2026 were met. This outcome reflects concrete improvements in budget execution, including strict expenditure controls, enforcement of a zero ceiling on nonpriority spending, strengthened ex-ante commitment controls, and the elimination of new unrecorded expenditures through systematic bank reconciliation. More importantly, these achievements reflect institutional improvements that have strengthened expenditure control, transparency and accountability, marking a clear break from past practices. The authorities are firmly committed to sustaining this track record throughout the remainder of the arrangement.

POLICIES AND REFORMS FOR 2026 AND THE MEDIUM-TERM

Fiscal Policy and Reform Priorities

Fiscal policy in 2026 is firmly anchored on prudence, realism, and the rebuilding of buffers in a highly uncertain environment. The authorities are strongly committed to achieving the program's fiscal objectives while avoiding overly optimistic assumptions. Budget execution is being guided by conservative revenue projections and binding expenditure limits to ensure that priority spending can be protected if shocks materialize. The authorities attach special importance to delivering a domestic primary surplus as a signal of discipline during the election period. In the current environment of heightened uncertainty, they view rebuilding fiscal buffers as more appropriate than pursuing near-term fiscal expansion. This cautious stance reflects hard-earned lessons from past volatility and underpins confidence in the medium-term consolidation path.

Measures that have permanently closed avenues for unrecorded expenditures stand out as a cornerstone of the authorities' efforts to strengthen fiscal discipline. The authorities view the institutionalization of bank reconciliation and the legal prohibition of Treasury payments for unrecorded expenditures as major structural breaks from past practices. These reforms are not treated as temporary safeguards but as permanent constraints embedded in the budget execution framework. By closing channels that previously allowed ex-post regularization, the authorities have strengthened accountability across spending units.

Progress in cash management and the Treasury Single Account reinforces this discipline. Together, these reforms materially reduce fiscal risks, and the authorities intend to protect these gains irrespective of political cycles.

Revenue mobilization efforts prioritize durable gains in compliance and basebroadening over short-term yield. The authorities recognize that Guinea-Bissau's revenue challenge is structural and cannot be resolved through isolated measures. Their strategy therefore emphasizes strengthening compliance among large taxpayers, improving information systems, and broadening the tax base over time. Administrative reforms are designed to reduce

informality and improve enforcement in a sustainable manner. While these efforts will take time to fully bear fruit, early results reinforce the authorities' confidence in the chosen approach. Several of these reforms were adopted as prior actions and together represent a durable strengthening of revenue administration.

Public financial management reforms are advancing steadily and are being institutionalized. The authorities attach particular importance to reforms that permanently strengthen transparency and control. Bank reconciliation across Treasury accounts has been institutionalized, cash management and fiscal reporting have been strengthened, and progress toward full implementation of the Treasury Single Account continues, including consolidation of liquidity at the central bank. These reforms are intended to deliver lasting improvements and structural safeguards in fiscal management. The authorities are determined to sustain this momentum beyond the current arrangement, recognizing that improved PFM is central to reducing fiscal risks and improving the effectiveness of public spending

Debt policy remains appropriately cautious considering elevated risks, despite an improving debt outlook. The authorities acknowledge staff's assessment that debt remains sustainable but subject to significant downside risks. This assessment reinforces their determination to adhere strictly to program borrowing limits and further strengthen debt management capacity. Measures to safeguard the proceeds of Treasury securities are viewed as essential tools for preserving investor confidence and containing refinancing risks. While declining borrowing costs provide encouraging evidence of improved market confidence, the authorities remain mindful that financing conditions can change rapidly. In this context, they view sustained fiscal discipline as indispensable to reducing public debt below the WAEMU threshold of 70 percent of GDP by 2028.

Efforts to reduce fiscal risks, particularly in the energy sector, are progressing. The authorities' priority is to restore financial viability while limiting fiscal exposure and improving service delivery and operational efficiency. To this end, progress toward restoring the financial balance of the public utility is intended to reduce contingent liabilities over time, through the rapid rollout of prepaid meters, targeted investments, improved billing, expanded access, and reduced reliance on costly emergency power solutions.

Financial Sector Developments

Developments in the financial sector remain broadly aligned with the agreed reform strategy. The recapitalization process of the undercapitalized bank is advancing in line with the approved plan and the regional regulatory framework. Capital injections have been fully completed as scheduled, and remaining steps are proceeding within the agreed timeline. The authorities note that legacy banks have until 2027 to comply with the higher minimum capital requirement adopted in December 2023. They underscore the importance of a gradual, rules-based approach that is consistent with regional supervisory practices. Overall, the banking system remains broadly stable, while the authorities continue to monitor potential vulnerabilities closely.

Structural Reforms and Governance

Governance reforms are advancing with a focus on transparency, accountability, and institutional continuity. The authorities attach high importance to measures that strengthen public trust and improve oversight of public resources. Continued publication of beneficial ownership information and audits of public spending remain key pillars of the governance agenda. Efforts to modernize registries and formalize institutions aim to realize gains beyond the current program period. While challenges remain, the authorities consider that meaningful progress has been made. Anti-corruption institutions remain active, and the authorities intend to build on this momentum. They are committed to deepening these reforms over time and view governance improvements as integral to macroeconomic stability.

CONCLUSION

The authorities' decisive corrective actions have restored program credibility and strengthened the policy framework. Strong program performance, disciplined fiscal management, and continued progress on structural reforms provide a solid basis for maintaining stability during a challenging period. Looking ahead, the authorities remain firmly committed to fiscal consolidation, prudent risk management, and continued reform implementation aimed at strengthening resilience to external shocks and supporting durable growth. In view of the restored track record implementation and continued commitment to program objectives, the authorities request Executive Directors' support for the completion of the eleventh review under the ECF arrangement and the associated requests.