



GUINEA

STAFF REPORT FOR THE 2021 ARTICLE IV CONSULTATION—INFORMATIONAL ANNEX

June 3, 2021

Prepared By

African Department
(In Consultation with other departments)

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RELATIONS WITH THE FUND

(As of April 30, 2021)

Membership Status: Joined: September 28, 1963

Article VIII

General Resources Account:

	SDR Million	%Quota
Quota	214.20	100.00
Fund holdings of currency	187.35	87.47
Reserve Tranche Position	26.85	12.54

SDR Department:

	SDR Million	%Allocation
Net cumulative allocation	102.47	100.00
Holdings	59.55	58.11

Outstanding Purchases and Loans:

	SDR Million	%Quota
RCF Loans	123.17	57.50
ECF Arrangements	220.01	102.71

Latest Financial Arrangements:

Type	Date of Arrangement	Expiration Date	Amount Approved (SDR Million)	Amount Drawn (SDR Million)
ECF	Dec 11, 2017	Dec 10, 2020	120.49	120.49
ECF	Feb 24, 2012	Nov 07, 2016	173.66	173.66
ECF ¹	Dec 21, 2007	Dec 20, 2010	69.62	24.48

Outright Loans:

Type	Date of Commitment	Date Drawn	Amount Approved (SDR Million)	Amount Drawn (SDR Million)
RCF	Jun 19, 2020	Jun 23, 2020	107.10	107.10
RCF	Sep 26, 2014	Oct 02, 2014	26.78	26.78

Projected Payments to Fund²

(SDR Million; based on existing use of resources and present holdings of SDRs):

	Forthcoming				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Principal	1.84	38.25	34.35	37.56	38.06

¹ Formerly PRGF.

² When a member has overdue financial obligations outstanding for more than three months, the amount of such arrears will be shown in this section.

Charges/Interest	0.02	0.02	0.02	0.02	0.02
Total	1.85	38.27	34.37	37.58	38.08

Implementation of HIPC Initiative:

	Enhanced Framework
I. Commitment of HIPC assistance	
Decision point date	Dec 2000
Assistance committed by all creditors (US\$ Million) ³	639.00
Of which: IMF assistance (US\$ million) (SDR equivalent in millions)	36.01
Completion point date	27.80
	Sep 2012
II. Disbursement of IMF assistance (SDR Million)	
Assistance disbursed to the member	27.80
Interim assistance	11.30
Completion point balance	16.49
Additional disbursement of interest income ⁴	7.45
Total disbursements	35.25

Implementation of Multilateral Debt Relief Initiative (MDRI): Not Applicable**Implementation of Catastrophe Containment and Relief (CCR):**

<u>Date of Catastrophe</u>	<u>Board Decision Date</u>	<u>Amount Committed</u> <u>(SDR million)</u>	<u>Amount Disbursed</u> <u>(SDR million)</u>
N/A	Mar 18, 2015	21.42	21.42
N/A	Apr 13, 2020	16.37	16.37
N/A	Oct 02, 2020	16.37	16.37
N/A	Apr 01, 2021	18.21	18.21

As of February 4, 2015, the Post-Catastrophe Debt Relief Trust has been transformed to the Catastrophe Containment and Relief (CCR) Trust.

Decision point: Point at which the IMF and the World Bank determine whether a country qualifies for assistance under the HIPC Initiative and decide on the amount of assistance to be committed.

Interim assistance: Amount disbursed to a country during the period between decision and completion points, up to 20 percent annually and 60 percent in total of the assistance committed at the decision point (or 25 percent and 75 percent, respectively, in exceptional circumstances).

³ Assistance committed under the original framework is expressed in net present value (NPV) terms at the completion point, and assistance committed under the enhanced framework is expressed in NPV terms at the decision point. Hence these two amounts cannot be added.

⁴ Under the enhanced framework, an additional disbursement is made at the completion point corresponding to interest income earned on the amount committed at the decision point but not disbursed during the interim period.

Completion point: Point at which a country receives the remaining balance of its assistance committed at the decision point, together with an additional disbursement of interest income as defined in footnote 2 above. The timing of the completion point is linked to the implementation of pre-agreed key structural reforms (i.e., floating completion point).

Safeguards Assessment

An update of the 2018 safeguards assessment was completed in April 2021. The assessment found that the BCRG had taken some steps to strengthen its safeguards framework, but that weaknesses remained. Main areas for improvement included Board oversight, monetary financing, timeliness of financial statements, management of dormant accounts, and compliance with the investment policy. The BCRG has started implementing recommendations from this assessment by blocking all accounts considered dormant and establishing an ad hoc committee to review their closure, and initiating the preparation of the IFRS financial statements for 2020. The BCRG needs to maintain this momentum to move ahead with the remaining recommendations, notably improving Audit Committee oversight and strengthening the internal audit, reserves management, and currency functions.

Exchange Rate Arrangement

Guinea's *de jure* exchange rate arrangement is managed floating, and its *de facto* exchange rate arrangement is classified as a crawl-like arrangement. The foreign exchange system gives rise to an MCP because the reference rate can potentially deviate by more than 2% from the commercial banks' purchase and sales rates on a given day. The BCRG intervenes twice a week through a multi-price foreign exchange auction market with active commercial banks. The BCRG regularly publishes information regarding foreign exchange market interventions.

Article IV Consultation

The last Article IV consultation was concluded by the Executive Board on July 22, 2016.

Technical Assistance

See Staff Report, Annex XI.

Mission Chief and Resident Representative

Ms. Clara Mira has been the IMF's Mission Chief since August 2020. Mr. Salifou Issoufou has been the IMF's Resident Representative since June 2019.

STATISTICAL ISSUES

(As of May 21, 2021)

I. Assessment of Data Adequacy for Surveillance
<p>General: Data provision is broadly adequate for surveillance with some key data shortcomings in national accounts and fiscal statistics.</p>
<p>National Accounts: Real sector statistics are incomplete and published with insufficient timeliness to fully support economic policymaking. Statistics on economic activities are published less frequently and less regularly; the monthly and quarterly bulletins of the Guinean economy include limited available macroeconomic variables. Monthly surveys of mining, industrial and agricultural production are produced with some delays. With technical assistance from AFRITAC West, the National Institute of Statistics plans to implement the 2008 SNA with 2018 as new benchmark year. However, more work is needed to reconcile artisanal gold production with gold export statistics. Employment and population statistics are published on an annual frequency. The 2018-19 National Household Living Standards Survey was recently concluded.</p>
<p>Price Statistics: The monthly consumer price index (CPI), which only covers Conakry, is published in a timely manner with 2002 as the weight reference period. Work on updating CPI weights is ongoing, with assistance from AFRISTAT.</p>
<p>Government Finance Statistics: The Ministry of Economy and Finance compiles comprehensive monthly budgetary central government data on a cash basis for revenue, and on commitment and cash basis for expenditure based on a national presentation not comparable to international standards. A recent Government Finance Statistics (GFS) technical assistance (TA) mission (February 2021) provided support in compiling the TOFE of the budgetary central government, reviewing and refining GFSM 2014 consistent series, and improving the compilation processes to use going forward based on the template developed with IMF technical assistance in 2020. The current compilation methodology of the government operations tables (TOFE) needs to be modernized, which is currently reconciled with budgetary execution and financing data. The production of the TOFE based on GFSM 2014 will require the use of the data outside the general accounting system, as it lacks comprehensiveness and timeliness. Data on extra-budgetary units, local government and central government investments in public and private corporations is available but will need to be assessed from a GFS perspective.</p>
<p>Monetary and Financial Statistics: Monetary data are compiled and shared with the African Department on a monthly basis. Monetary data used to assess the 2017-2020 ECF-supported program performance are certified by an independent external auditor on a regular basis. In November-December 2020, STA provided TA to the BCRG to finalize the reporting of monetary data using the recommended standardized report forms (SRFs). Subsequently, the SRFs were compiled and will be disseminated in IMF's, International Financial Statistics publication (May 2021). The BCRG reports data and indicators of the Financial Access Survey (FAS), including the two indicators adopted by the UN to monitor Target 8.10 of the Sustainable Development Goals (SDGs).</p>
<p>Financial Sector Surveillance: Financial Soundness Indicators (FSI) are consolidated on a quarterly basis by the BCRG and are reported to the Fund. They are published on the IMF's FSI website. The reported FSIs comprise all the core FSIs, 8 encouraged FSIs for deposit takers and 2 encouraged FSI for real estate market. In November-December 2020, STA provided TA to the BCRG to review the compilation of FSIs. In April 2021 new datasets were disseminated with some revisions in the capital adequacy and profitability ratios.</p>
<p>External Sector Statistics: The Central Bank compiles annual Balance of Payments statistics in line with the sixth edition of the <i>Balance of Payments Manual (BPM6)</i>. Although the quality of external sector statistics (ESS) has improved consistently, the central bank still lacks information from some important data sources to compile the ESS. A balance of payments survey has been implemented with a response rate of over 75 percent. The Central Bank is encouraged to improve the quality of BOP statistics, particularly on imports, the financial account, and the artisanal gold sector. A March 15–26, 2021 TA mission assisted in addressing the consistency of imports of</p>

goods data provided to the IMF's African Department with the data published by the authorities, as well as the recent increase in gold exports. It also assessed the incorporation of direct investment data in the BOP and the sources of these data, in connection with the complex transactions involved in the construction of the Souapiti hydroelectric plant by a Chinese company. Customs data on exports of gold are reliable, although the origin of the gold exported should be ascertained. Further, the INS should launch a survey of artisanal gold to better evaluate the volume of the domestic production. Gold operators should also provide information on the use of the proceeds of gold exports. The chronology and details of all transactions, and positions deriving from the implementation of the loan agreement for the construction of the Souapiti dam must be made available to the BOP/IIP compilers by the Ministry of Economy and Finance.

II. Data Standards and Quality

Guinea participates in the enhanced General Data Dissemination System (e-GDDS) and its National Summary Data Page regularly disseminates data to the public since November 2019.

No data ROSC is available.

Table of Common Indicators Required for Surveillance
(As of May 21, 2021)

	Date of Latest Information	Date Received	Frequency of Data ⁶	Frequency of Reporting ⁶	Frequency of Publication ⁶
Exchange Rates	05/20/2021	05/21/2021	D	D	D
International Reserve Assets and Reserve Liabilities of the Monetary Authorities ¹	04/30/2021	05/05/2021	M	M	M
Reserve/Base money	04/30/2021	05/05/2021	M	M	M
Broad Money	04/30/2021	05/05/2021	M	M	M
Central Bank Balance Sheet	04/30/2021	05/05/2021	M	M	M
Consolidated Balance Sheet of the Banking System	04/30/2021	05/05/2021	M	M	M
Interest Rates ²	03/31/2021	04/13/2021	M	M	M
Consumer Price Index	04/30/2021	05/20/2021	M	M	M
Revenue, Expenditure, Balance and Composition of Financing ³ - General Government ⁴	NA	NA	NA	NA	NA
Revenue, Expenditure, Balance and Composition of Financing ³ - Central Government	02/28/2021	05/01/2021	M	M	M
Stocks of Central Government and Central Government - Guaranteed Debt ⁵	12/31/2020	04/20/2021	A	A	A
External Current Account Balance	12/31/2020	04/20/2021	Q	Q	A
Exports and Imports of Goods and Services	12/31/2020	04/20/2021	Q	Q	A
GDP/GNP	12/31/2019	04/20/2021	A	A	A
Gross External Debt	12/31/2020	04/20/2021	A	A	A
International Investment Position	12/31/2019	8/13/2020	A	A	A

¹ Includes reserve assets pledged or otherwise encumbered as well as net derivative positions.

² Both market-based and officially-determined, including discount rates, money market rates, rates on treasury bills, notes and bonds.

³ Foreign, and domestic bank and non-bank financing.

⁴ The general government consists of the central government (budgetary and extra-budgetary funds, and social security funds) and state and local governments.

⁵ Including currency and maturity composition.

⁶ Daily (D), Weekly (W), Monthly (M), Quarterly (Q), Annually (A), Not Available (NA).

RELATIONS WITH OTHER INTERNATIONAL FINANCIAL INSTITUTIONS

World Bank:

<https://www.worldbank.org/en/country/guinea>

African Development Bank

<https://www.afdb.org/en/countries/west-africa/guinea>