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GRAY/20/2453

June 18, 2020

**Statement by Mr. Sigurgeirsson and Mr. Damgaard on Guinea
(Preliminary)
Executive Board Meeting 20/71
June 19, 2020**

We thank staff for the well-written reports and Mr. Raghani, Mr. Sylla, and Mr. N'Sonde for their informative Buff statement. We note that the economic outlook has deteriorated since the fourth ECF review due to strong containment measures and weakening external demand. Based on staff's assessment that Guinea meets all eligibility criteria, **we support the request for disbursement in an amount equivalent to SDR 107.1 million (50 percent of quota) under the RCF.**

We welcome the swift fiscal response to scale up health spending and offer relief to those affected by the economic downturn, while taking note of the unavoidable adverse impact on public finances. Importantly, staff assesses debt to remain sustainable with a moderate risk of distress, although public debt is expected to rise in the medium term. It is vital that the authorities deliver on the commitments to strengthen the country's fiscal and debt positions once the crisis abates.

We are concerned about debt transparency in relation to the authority's omission to report the signing of a private partnership to finance infrastructure development. Debt transparency is especially important under the current circumstances. We strongly agree with staff about the importance of moving ahead with reforms to strengthen debt management in general.

Fund emergency support should play an important catalytic role. Therefore, we support the calibration of access to 50 percent of quota and welcome the authorities' engagement with other development partners to close the remaining financing gap. We would find it preferable if additional Fund support were to be disbursed under the ECF arrangement but

recognize that further RCF access may be the only feasible solution, should downside risks materialize.

We welcome the commitments in the Letter of Intent to ensure the appropriate use and monitoring of resources to respond to the COVID-19 emergency. We note that the authorities plan to involve the civil society in the ex-post control of high-risk expenditures. *Could staff provide a definition of high-risk expenditures and more details on the role of the civil society in the ex-post control of these expenditures, including how it will be ensured that the civil society gets access to all necessary information?* We also note that the Court of Accounts will conduct a full audit of COVID-19 spending (including ex-post validation of goods and services procured), while other countries in the region have committed to independent third-party audits. *Could staff comment on the capacity of the Court of Accounts to carry out a comprehensive and rigorous independent audit?*

We wish the authorities every success in these challenging times.