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June 18, 2020

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

We thank staff for the well-focused report and Mr. Raghani, Mr. Sylla, and Mr. N'Sonde for their helpful Buff statement. We are in broad agreement with the staff appraisal and would limit our remarks to a few issues.

1. **We support the authorities' request for disbursement under the RCF to address the urgent balance of payments and fiscal financing needs.** Guinea's near-term economic outlook has deteriorated substantially since the completion of the fourth ECF review on account of worsened global conditions and the local outbreak of the COVID-19 pandemic. Against this background, we are encouraged by the adoption of the COVID-19 response plan, which is appropriately focused on ramping up health spending, protecting the most vulnerable, and supporting the private sector. Also, we support the temporary widening of fiscal deficit and the containment of non-priority spending, which should help support the authorities' efforts to mitigate the socioeconomic impact of the crisis. Further, the monetary and financial sector measures aimed at preserving liquidity in the banking sector and containing inflation, including by limiting the central bank budget financing, are appropriate. Here, maintaining strong supervision remains important to safeguard financial stability considering the high uncertainty in the current context.

2. **We welcome the authorities' commitment to fiscal sustainability over the medium-term.** Here, we take note of the authorities' request for debt service suspension under the G-20 and the Paris Club DSSI and are encouraged by their commitment to adhere to the DSSI requirements, including keeping non-concessional borrowing within the limit envisaged under the ECF program. Along with further improving debt management, this would be important to prevent future deterioration in the risk of debt distress, which is currently assessed as moderate. We positively note the staff's assessment that Guinea's capacity to repay the Fund remains adequate.

3. **We welcome the authorities' targeted measures to ensure transparency, and effective use of emergency resources**, including the establishment of a dedicated account to receive and disburse COVID-19 resources, as part of the single treasury account at the central bank, and the publication of monthly reports along with the planned full audit of COVID-19 spending transactions. Also, we positively note the steps taken to enhance PFM and anti-corruption framework, underpinned by Fund TA, which should continue to advance going forward.

With these remarks, we wish the authorities further success.