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**Statement by Mr. Bevilaqua, Mr. Velloso, and Ms. Cruz on Guinea  
(Preliminary)  
Executive Board Meeting  
June 21, 2021**

We thank staff for the report and Mr. Andrianarivelo, Mr. Sylla and Mrs. Boukpepsi for their helpful statement.

**Despite a challenging socio-political environment and two health emergencies that are still unfolding, Guinea's economy grew last year thanks to strong mining production.** However, the non-mining sector, particularly services, were adversely affected by the COVID-19 pandemic and the new Ebola outbreak. In addition, longstanding fragilities that require steadfast implementation of reforms to promote economic diversification and strengthen governance continue hinder long-term inclusive growth prospects. Also, social indicators worsened due to the health crises, requiring stronger and broad-based social protection schemes going forward.

**Steadfast implementation of fiscal reforms will be crucial to enhancing revenue mobilization and creating fiscal space for additional public investment and social protection outlays.** We take positive note of the authorities' commitment to strengthening revenue mobilization, particularly from the mining sector, which represents 90 percent of Guinea's total exports and one-quarter of its economy. In this regard, we congratulate the authorities on concluding the General Tax Code update, with IMF technical assistance. The adoption of the new Code will be critical to help ensure that the country's natural resource wealth is shared more broadly, as pointed in the staff report. We encourage the authorities to move ahead, as planned, with auditing the mining companies, applying effectively the Mining Code to new contracts, and keeping tax exemptions and exonerations to the minimum required. These steps will not only boost tax revenue collections but also contribute to enhancing governance and promote a more transparent and attractive business environment in Guinea.

**We encourage the authorities to continue improving PFM systems and debt management.** Enhancing the efficiency of budget execution and public investment

management will create additional room for priority spending in health and education, which is important considering the urgent needs to strengthen human capital in Guinea. Also, we encourage the authorities to take the necessary steps to improve data reconciliation between the Central Bank and the Treasury, Budget, and Debt Departments. This would help strengthen cash management and prevent the accumulation of arrears.

**Finally, implementing a prudent monetary policy stance will be instrumental in bringing inflation to single digits.** Also, keeping the flexibility of the exchange rate and gradually increasing the international reserve cover, to at least 3 months of imports, will leave the economy better prepared to absorb future external shocks.

With these remarks we wish the Guinean authorities success in their future endeavors.