

**FOR
AGENDA**

SM/07/385

December 7, 2007

To: Members of the Executive Board

From: The Secretary

Subject: **Guinea—Selected Issues and Statistical Appendix**

This paper provides background information to the staff report on the 2007 Article IV consultation discussions with Guinea (EBS/07/140, 12/6/07), which is tentatively scheduled for discussion on **Friday, December 21, 2007**. At the time of circulation of this paper to the Board, the Secretary's Department has not received a communication from the authorities of Guinea indicating whether or not they consent to the Fund's publication of this paper; such communication may be received after the authorities have had an opportunity to read the paper.

Questions may be referred to Mr. Le Dem (ext. 39716), Mr. Geiregat (ext. 37887), and Mr. Gorbanyov (ext. 34980) in AFR.

Unless the Documents Section (ext. 36760) is otherwise notified, the document will be transmitted, in accordance with the procedures approved by the Executive Board and with the appropriate deletions, to the WTO Secretariat on Monday, December 17, 2007; and to the Economic Community of West African States, the European Commission, the European Investment Bank, the Food and Agriculture Organization, the Islamic Development Bank, and the United Nations Development Programme, following its consideration by the Executive Board.

This document will shortly be posted on the extranet, a secure website for Executive Directors and member country authorities.

Att: (1)

Other Distribution:
Department Heads

INTERNATIONAL MONETARY FUND

GUINEA

Selected Issues and Statistical Appendix

Prepared by Jean Le Dem, Chris Geiregat, Michael Gorbanyov, and Mahvash Qureshi (all AFR)

Approved by the African Department

December 6, 2007

Contents	Page
The Bauxite and Alumina Industry: A Macroeconomic Perspective	3
I. Introduction	3
II. The Bauxite and Alumina Industry in Guinea: Background and Trends.....	4
A. Performance, Structure, and Medium-term Prospects	4
B. Trends in Bauxite and Alumina Prices and Export Revenues	7
III. Taxation of the Bauxite and Alumina Industry in Guinea.....	10
A. Background and Present Scenario.....	10
B. Reform of Mining Sector Taxation	11
IV. Transparency and Governance Issues.....	12
V. Conclusions.....	13
References.....	15
Box	
1. Composition of the Bauxite and Alumina Industry in Guinea	7
Appendices	
I. Large Projects in Guinea	17
II. Econometric Analysis of the Relationship Between the World Aluminum Price and Prices for Guinea's Export of Bauxite and Alumina	18
III. Key Characteristics of the Mining (non-oil) Fiscal Regime in Guinea and Selected Developing Countries.....	21
IV. IMF's Principles on Good Fiscal Transparency Practices for Resource Revenue Management.....	22

Statistical Tables

1. Selected Social and Demographic Indicators	23
2. Selected Economic and Financial Indicators, 2000-06.....	24
3. GDP at Current Prices by Demand Component, 2000-06	25
4. GDP at Constant 1996 Prices by Sector, 2000-06	26
5. Consumer Price Index, 2000-06.....	27
6. Consumer Price Index, 2000-06.....	28
7. Financial Operations of the Central Government, 2000-06	29
8. Central Government Revenue, 2000-06.....	30
9. Central Government Expenditure, 2000-06	31
10. Monetary Survey, 2000-06.....	32
11. Summary Accounts of the Central Bank, 2000-06	33
12. Summary Accounts of Deposit Money Banks, 2000-06	34
13. Distribution of Banking Sector Credit by Sector and Maturity, 2000-06.....	35
14. Structure of Interest Rates, 2000-06	36
15. Balance of Payments, 2000-06.....	37
16. Composition of Merchandise Exports, 2000-06	38
17. Composition of Merchandise Imports, 2000-06	39
18. Direction of Trade-Exports, 2000-06	40
19. Direction of Trade-Imports, 2000-06	41
20. External Public Debt, 2000-06	42
21. Financial Soundness Indicators of the Banking Sector, 2001-06.....	43
22. Structure of Credit Portfolio of the Commercial Banks, 2001-06	44
23. Debt-Service Liabilities on Medium- and Long-Term External Public Debt, 2000-06....	45
24. Nominal Exchange Rates and Effective Exchange Rate Indices, 2000:Q1- 2006:Q4.....	46

THE BAUXITE AND ALUMINA INDUSTRY: A MACROECONOMIC PERSPECTIVE¹

I. INTRODUCTION

1. **Guinea is endowed with the world's largest deposits of bauxite; it accounts for more than one-third of the world's known reserves.** Its production of bauxite, sourced from three mines located at Sangarédi, Kindia and Fria, is among the largest in the world. At present, crude bauxite and alumina constitute about 60 percent of Guinea's exports and generate a quarter of its tax revenues.²
2. **However, Guinea has not realized the full potential of its mineral resources.** Annual production of bauxite is very low considering the proven reserves. Production of alumina relative to bauxite is also low compared to other bauxite producing countries. The contribution of the sector to GDP declined from 13 percent in the early 1990s to 10 percent in recent years. The country has one alumina plant and no aluminum refinery. Hence, only about 4 percent of total bauxite production is locally transformed into alumina whereas the rest is exported as unrefined ore.
3. **The contribution of the bauxite and alumina industry to government revenue has been falling over the years.** Its share in government revenue was 60 percent in 1993, but only 20 percent in 2005. One possible reason for this decline is the persistent fall in Guinea's bauxite export price since the early 1990s, which appears to be the outcome of price renegotiations in the late 1980s that were conducted at the request of the mining companies. The share of bauxite and alumina in total exports has also fallen, from over 70 percent in 1990 to about 60 percent in 2005. However, the latter trend is expected to reverse in the next few years as several planned large-scale mining projects begin operations.
4. **This paper reviews the main reasons for the lackluster performance of Guinea's bauxite and alumina sector, paying particular attention to taxation and transparency issues.** It also examines the structure of the sector and discusses current investment and reform initiatives. The analysis reveals that growth of the sector has been constrained by such factors as inconsistency in mining taxation; lack of transparency in negotiations between the government and mining companies on pricing and taxation issues; and a generally weak investment climate.
5. Section B reviews the performance and structure of the bauxite and alumina industry in Guinea and looks at its medium-term prospects. Section C discusses the current mining tax system and reviews efforts to reform it. Section D highlights the transparency and governance concerns in the sector. Section E draws conclusions.

¹ Prepared by Mahvash Saeed Qureshi and Konstantin Fedorov.

² Bauxite is the most common aluminum ore. To produce aluminum, it is first refined into alumina (aluminum oxide trihydrate), which is further processed into metallic aluminum.

II. THE BAUXITE AND ALUMINA INDUSTRY IN GUINEA: BACKGROUND AND TRENDS

A. Performance, Structure, and Medium-term Prospects

6. **The bauxite and alumina sector generates more than 60 percent of Guinea's exports and at least 20 percent of its tax revenues.** The country is a major supplier of bauxite to alumina plants in the United States, Canada, and Europe. However, the relative importance of the sector has been decreasing since the early 1990s and its contribution to the mining sector, domestic output, exports, and revenues has declined noticeably (see Text Table 1).

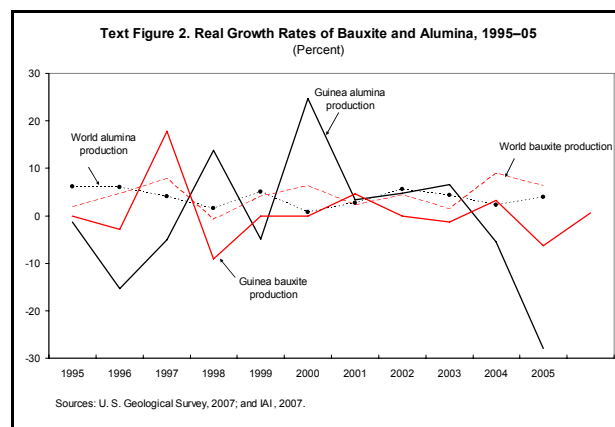
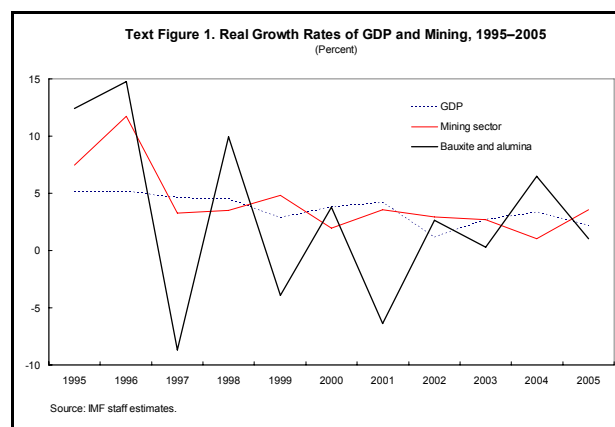
Text Table 1. Guinea: Contribution of the Bauxite and Alumina Industry to Guinea's Economy, 1990–05¹

	1990–93	1994–97	1998–2001	2002–05
Value-added (percent of mining)	85	83.5	73.8	66.9
Value-added (percent of GDP)	12.9	10.6	11.1	10.2
Exports (percent of total exports)	71.6	63.4	62.6	61.5
Tax revenue (percent of total tax revenue)	40.4	27.5	27.6	20.5
Tax revenue (percent of industry's exports)	32.2	27.1	24	18.1

Sources: Guinean authorities and IMF staff estimates.

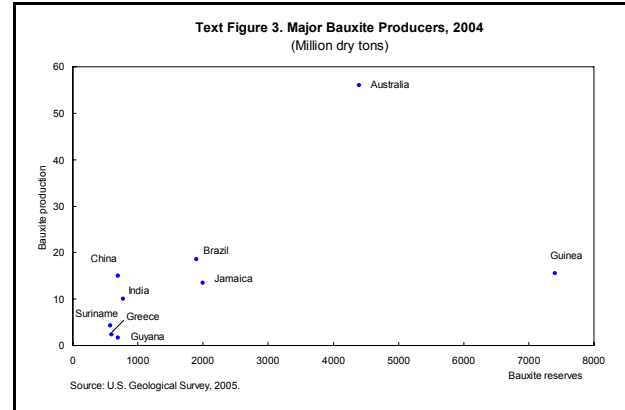
¹ Reported statistics are period averages.

7. **The performance of Guinea's bauxite and alumina sector has been very volatile for years** (Text Figure 1). While the average annual growth rate of real GDP was 3.4 percent and of the mining sector was 3.7 percent, the bauxite and alumina sector grew on average at 2.5 percent only during 1995–2005. Meanwhile, world production was growing at a fairly stable annual rate of 4 percent (Text Figure 2). Since the sector constitutes over 60 percent of total exports, its volatile performance dampened the overall export growth, and real exports grew on average at 1.2 percent annually in 1995–2005.³

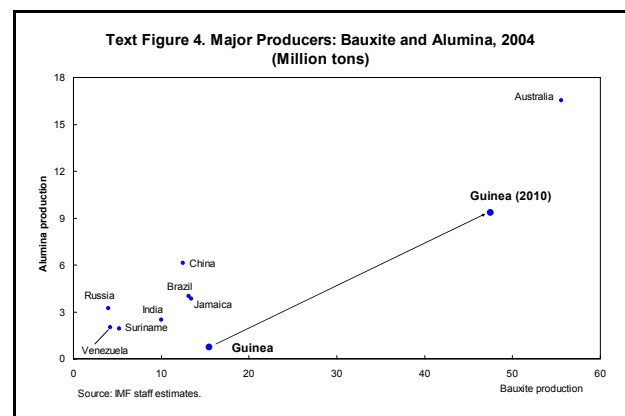


³ Source: World Bank (2007).

8. **Guinea is estimated to have about one-third of the world's bauxite deposits, most of which are high grade and remain unexploited.** A comparison of Guinea's bauxite reserves and production pattern with other major world producers shows that whereas Guinea has the largest known bauxite reserves in the world, its production is at par with countries like China and India that have only one-tenth of its reserves (see Text Figure 3).



9. **Guinea has the lowest alumina to bauxite production ratio of all the major bauxite and alumina producing countries** (Text Figure 4).⁴ The country has only one alumina refinery plant which has a production capacity of about 0.6 million tons, hence, more than 95 percent of the bauxite is exported raw.



10. **An important reason for the poor performance of the sector is insufficient emphasis on local transformation.** Campbell and Clapp (1995) observe that although the Guinean government had encouraged local transformation in the 1960s and 1970s, the emphasis weakened in the 1980s. This may have been because the international aluminum industry was restructured. Multinational companies diversified their bauxite sources and preferred to build alumina plants in locations that had favorable policy conditions, lower production costs (especially for energy), and proximity to large markets. As a result, bauxite-exporting developing countries like Guinea lost their bargaining power, and had to renegotiate pricing and fiscal arrangements with foreign companies at their request.

11. **Power supply constraints and a generally weak investment climate are other possible reasons for low growth in the sector.** Power supply, which is vital to production of alumina and aluminum, is a major constraint in Guinea.⁵ Poor transport infrastructure and lack of human capital and organizational capacity are also serious concerns. The adult literacy rate is only 29 percent; a majority of those employed by mining companies are illiterate. Firms find it

⁴ Only Guyana, which currently does not produce any alumina, has a lower alumina-to-bauxite ratio than Guinea.

⁵ Annual electricity production in Guinea is 320 mw, 40 percent of which is privately generated and consumed by mining companies. The state-owned electric company, *Energie de Guinée*, faces a range of financial and technical problems, among them payment arrears by large customers such as the state; a shortage of skilled staff; a poorly maintained distribution network; and electricity theft (EIU, 2006). Guinea, known as the "Water Tower of West Africa", has a tremendous hydroelectric potential (estimated to be about 1000mw).

difficult to obtain reliable engineering and subcontracting services locally. Political uncertainty and security challenges have also hemmed in the bauxite and alumina sector. For example, one large international bauxite-producing firm complained that it regularly faces problems in securing shipments because the rails are blocked by ordinary citizens who demand compensation to release goods.⁶

12. **Guinea's bauxite and alumina industry is dominated by three producers: Alumina Compagnie de Guinée (ACG), Compagnie des Bauxites de Guinée (CBG), and Compagnie des Bauxites de Kindia (CBK).** CBK and ACG are controlled by the Russian aluminum giant RUSAL; they export primarily to Russia and Ukraine. CBG is a joint venture between the American aluminum firm Alcoa Inc., the Canadian aluminum firm Alcan Inc., and the government of Guinea.⁷ Its main export markets are North America and Europe (see Box 1 for details).

13. **In recent years, a number of large investment initiatives have been proposed to increase bauxite and alumina production in Guinea.** These include construction of six new alumina refineries and extension of ACG's existing alumina refinery. The total investment generated by these projects is estimated at about US\$20 billion (see Appendix I for details). Rough estimates show that by 2010 the output of bauxite and alumina would increase almost five-fold for bauxite and ten-fold for alumina if these projects are implemented on time (see Text Figure 4).⁸ As a result, exports and the tax revenue generated by this sector are expected to rise significantly.

14. **The surge in global demand for aluminum is the main reason for the renewed interest of multinational companies in Guinea.** World alumina and aluminum demand is expected to increase by at least 4 percent annually in the medium term, driven mainly by the boom in construction, transportation, and manufacturing in China.⁹ Guinea is expected to play a critical role in meeting this demand because of its unexploited bauxite reserves. International mining companies seem keen to invest heavily in Guinea and enhance its refining capacity. All planned alumina refineries will be built near bauxite reserves to avoid the high costs of transporting bauxite to alumina refineries elsewhere. Investing firms plan to overcome the infrastructural and energy constraints by investing locally in power generation, rail transport, and shipment and storage facilities.

⁶ Strikes and social unrest in the second half of 2006 temporarily interrupted production at the Compagnie des Bauxites de Guinée (CBG). Production stopped again in early 2007 due to country-wide labor strikes. CBG lost 631,000 tons of output during the strike; producing at only 25 percent of capacity, Compagnie des Bauxites de Kindia (CBK) lost 210,000 tons and Alumina Compagnie de Guinée (ACG) lost 36,000 tons, of output. Their rail network and locomotives were also damaged.

⁷ The multinational mining group Rio Tinto recently bought Alcan Inc. for US\$38.1 billion. The take over has created the world's largest aluminum company, Rio Tinto Alcan, with its headquarters based in Montréal, Canada. It remains to be seen if the new arrangement will affect the ownership of CBG in some way.

⁸ The estimates are based on the planned output of Global Alumina, 3PL, Dian-Dian, the first stage of the Alcoa/Alcan project, and the planned expansion of the ACG refinery. The ACG input-output ratio is used to derive the estimates and calculate the amount of bauxite that must be produced by each new plant for internal consumption.

⁹ Source: Roskill (2005).

Box 1. Composition of the Bauxite and Alumina Industry in Guinea

The Compagnie des Bauxites de Guinée (CBG), based at Sangaredi, was established in 1963 as a joint venture between the government, which owns 49 percent of the shares, and an international consortium, Halco Mining, which owns the rest. Presently, Halco Mining is owned by Alcoa World Alumina LLC (45 percent), Alcan Inc. (45 percent), and Dadco Investments Ltd. (10 percent). CBG began mining in 1973 and has exclusive rights to bauxite reserves in the Sangaredi Plateau. It also operates a port in Kamsar for drying and shipping bauxite and exports 11 to 14 million metric tons of high-grade bauxite annually to alumina refineries in North America and Europe.

The Compagnie des Bauxites de Kindia (CBK) began its mining operations as Office des Bauxites de Kindia (OBK) in 1974. OBK was created as a wholly state-owned enterprise but was transformed into a limited liability company, Société des Bauxites de Kindia (SBK), in 1992 after it ran into serious financial difficulties. In 2001 SBK was transferred to a Russian conglomerate, RUSAL, for a 25-year term and it has since been operating as CBK. CBK has annual production capacity of 3.1 million tons of bauxite. It supplies over 65 percent of its total bauxite output to the Nikolaev alumina refinery in Ukraine whereas the rest is exported to other locations.

The Alumina Compagnie de Guinée (ACG), also known as Friguia Alumina Refinery, has a long history of mining operations at Fria. It is a vertically integrated company that refines the bauxite it produces into alumina for export. Its mining operations began in 1957 and were controlled by a French firm, Pechiney Ugine, and then by an international consortium, Fria Company (Frialco), in which Pechiney Ugine had a 26.5 percent share. In 1973, Frialco signed an agreement with the government to create a joint venture, Friguia, in which the government stake was 49 percent. When Friguia faced serious financial difficulties, Frialco sold its share to the Government for a symbolic US\$1 in 1998. The government formed ACG as a management company in 2000 to operate Friguia with assistance from Reynolds Metals. The government retained full rights to the refinery and had a 15 percent stake in ACG. However, Reynolds Metals sold its share to RUSAL in December 2002, and in April 2006, RUSAL and the government reached an agreement in which both the Friguia refinery and the government's 15 percent share in ACG were sold to RUSAL. The current estimated annual capacity of the refinery is 640,000 tons of alumina and 1.9 million tons of bauxite.

Sources: Campbell and Clapp (1995), Bermudez-Lugo (2005), and Africa Research Bulletin (2007).

B. Trends in Bauxite and Alumina Prices and Export Revenues

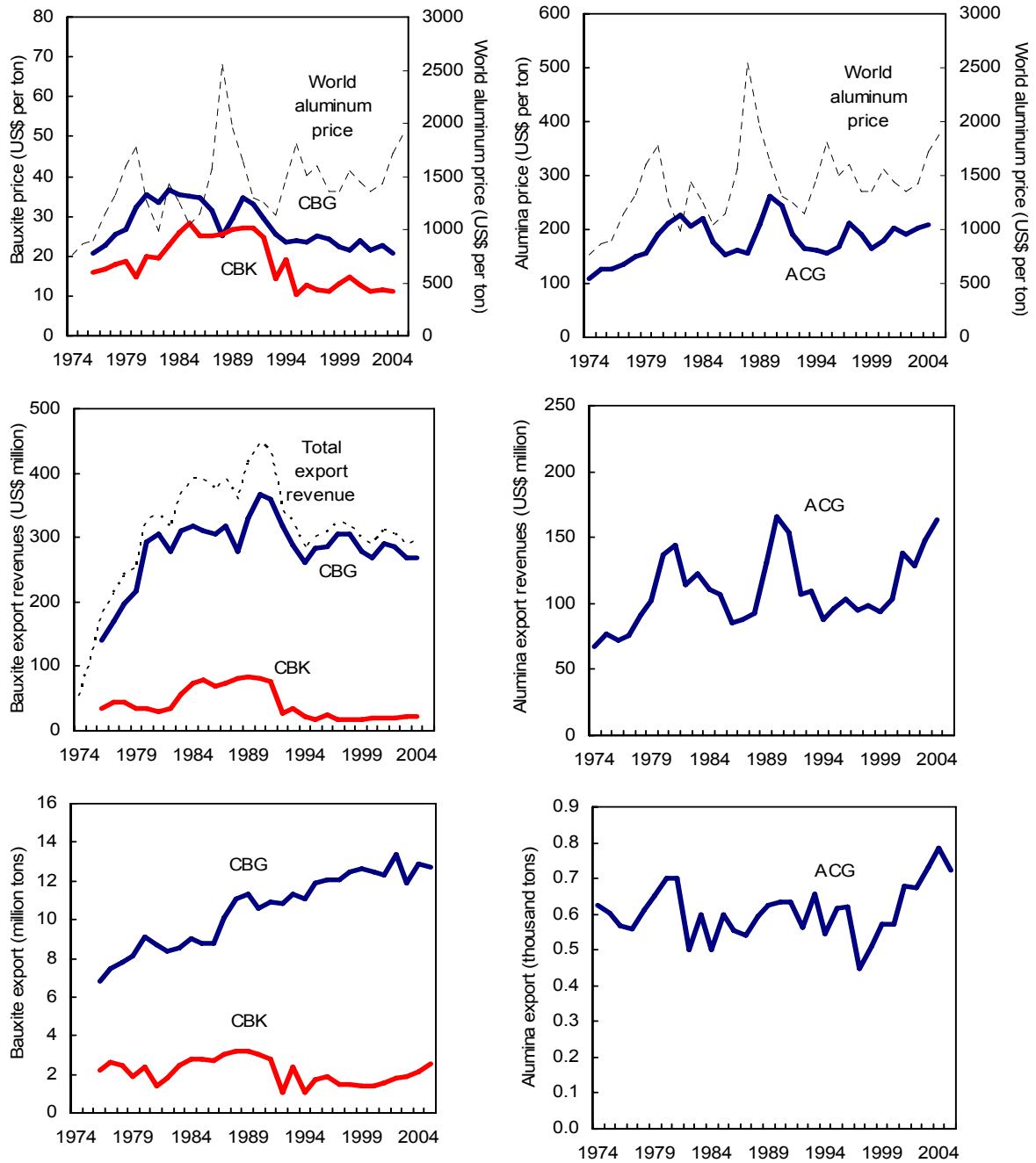
15. **Bauxite prices are only weakly correlated with world aluminum prices** (Text Figure 5).¹⁰ This is an outcome of the way bauxite prices are determined in Guinea. As is the norm worldwide, Guinea's bauxite and alumina producers are vertically integrated in aluminum production chains and sell their output abroad on prenegotiated prices to firms endorsed by their owners. Prices negotiated between mining companies and the government are based on long-term contracts, which typically imply a smaller and slower pass-through of world aluminum price changes.¹¹ Hence, the government does not immediately and fully benefit from

¹⁰ The world aluminum price is a natural benchmark to assess Guinea's bauxite export prices. This is because the prices of bauxite and alumina are not determined in international markets but are contract determined. Hence, no reference price exists for bauxite. In principle, contracts should take into account the world aluminum price and any movement in world aluminum prices should be reflected in Guinea's export prices of bauxite and alumina.

¹¹ The negotiated prices tend to be complex formulas that may take into account variations in the prices of aluminum and alumina and changes in production costs. Detailed information on individual pricing arrangements in Guinea is not publicly available.

any increase in world aluminum prices. This observation is supported by our formal econometric analysis shows that the world aluminum price has no immediate effect on bauxite prices in Guinea (see Appendix II). However, there is a long-run relationship between CBG and world aluminum prices: a 1 percent increase in the latter eventually translates into about an 0.4 percent increase in CBG's prices.

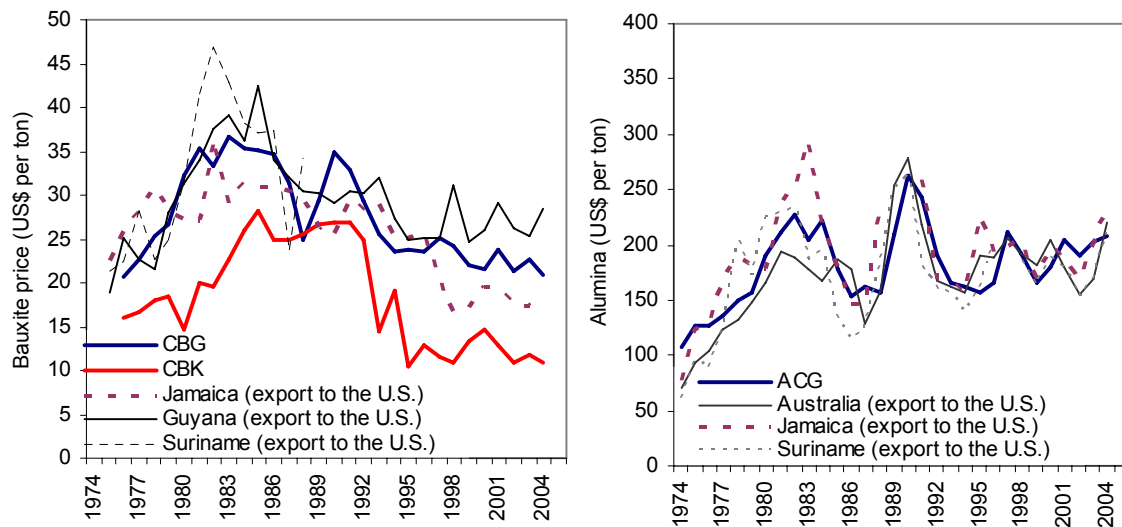
Text Figure 5. Guinea: Prices and Export Revenues for Bauxite and Alumina, 1974–2004



Sources: Guinean authorities, IMF (2006).

16. **Bauxite prices have been declining since the early 1990s.** The sharp fall in the price of bauxite may be the outcome of the negotiations in the late 1980s to restructure the pricing and taxation formulas for crude bauxite. The renegotiations, conducted with CBG and Friguia, favored the mining companies and were aimed at significantly reducing bauxite's export price. The restructuring of the international aluminum industry in the 1980s when major international companies diversified their bauxite sources resulted in a general decline in the bargaining power of bauxite exporters, especially developing countries, and affected bauxite prices throughout the world. This observation is supported by a comparison of Guinea's bauxite export prices with those of other major exporters to the United States. Bauxite prices in Guyana, Jamaica, and Suriname—three countries that supply over 50 percent of all the bauxite the U.S. imports—have also been declining since the early 1990s (see Text Figure 6).

Text Figure 6. Guinea and Major Bauxite and Alumina Exporters to the US: Export Prices, 1974–2004



Source: Guinean authorities, U.S. Geological Survey.

17. **The nominal export revenues earned by the bauxite sector were fairly stable in the 1990s** because although bauxite prices declined, the exports of CBG increased on average at about 1 percent a year, which somewhat stabilized the earnings of the sector. Recovering since 2000, CBK's export earnings have increased by about 10 percent. However, in terms of value and volume, they are still below the pre-1990 level.

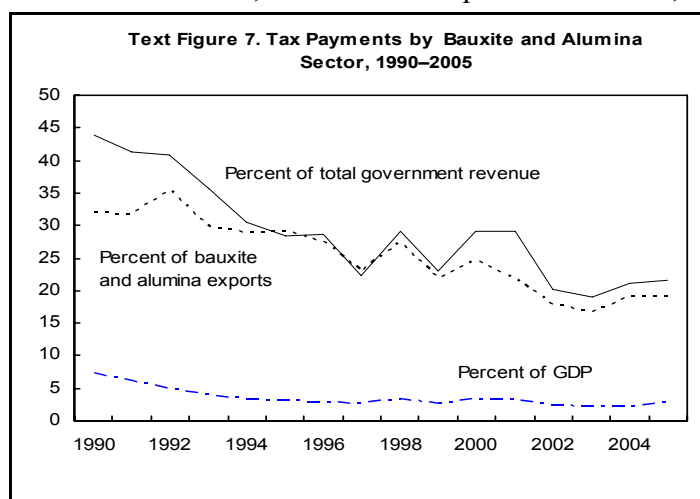
18. **The price of alumina follows the world aluminum price more closely than the bauxite price.** The econometric analysis supports this observation and shows that although there is no contemporaneous effect of world aluminum prices on Guinea's alumina prices, the long-run effect is almost twice that on bauxite prices. Further, the adjustment of prices

toward the world aluminum price is also faster for alumina than for bauxite.¹² Text Figure 6 shows that Guinea's export price of alumina is in line with those of other alumina producers, such as Australia, Jamaica, and Suriname.

III. TAXATION OF THE BAUXITE AND ALUMINA INDUSTRY IN GUINEA

A. Background and Present Scenario

19. **Tax payments made by the bauxite and alumina sector relative to total tax revenues and to total exports of the sector have declined since the early 1990s** (Text Figure 7). This may be the result of three factors. First, as noted in the previous section, export revenues of bauxite producers have remained fairly constant as export prices decreased. This, combined with a reported increase in their production costs, has reduced corporate taxable income, which has translated into lower revenues for the government. Second, the tax payments of ACG and CBK declined in the 1990s when they experienced significant financial problems. Third, the renegotiation of individual pricing and taxation arrangements with the major bauxite producers in early 1990s, at their request, reduced their tax payments (Campbell and Clapp, 1995).¹³



20. **The taxation of mining companies is not uniform.** Excise and export duties, and corporate income tax rates differ for the three firms (Table 2). This is because the taxation of companies is regulated by conventions specific to each firm and not by the Mining Code of 1995. The individual conventions were passed at different times and were negotiated on an ad hoc basis, giving different fiscal incentives to each firm. Thus, for example, CBG seems to be taxed more heavily because its payments include the government's profit share.

¹² The half life of deviation is two years for CBG prices and 1 year for ACG prices.

¹³ At CBG's request, its prices were again renegotiated in 2000. The company had argued that the high production costs of its aluminum plants in North America necessitated a renegotiation.

Text Table 2. Current Tax Rates in Bauxite and Alumina Industry
(Percent)

	Excise and Export Duties	Income Tax	Dividend Withholding Tax	Import Duties
CBG	-	65	15	5.6
CBK	0.6 US\$/ton of bauxite	35 ¹	-	-
ACG	0.5 US\$/ton of bauxite	30	15	5.6

Sources: Guinean authorities and IMF staff estimates.

¹ CBK is exempt from income tax until 2010.

21. **The Guinean Mining Code issued in 1995 is largely irrelevant in the present fiscal environment.** The code is not particularly unfavorable for investment compared to the fiscal regimes of other mineral-rich developing countries, but it has been only partially implemented because individual conventions remained in force.¹⁴ For example, provisions relating to the reduced government share of equity were implemented when the ownership of CBK and Friguia changed, but other provisions, such as a universal tax rate of 35 percent on mining firms, were not. Similarly, conventions ratified in 2005 with a few new investors grant them tax holidays for 15 years, although the code permits only tax holidays of up to eight years.

B. Reform of Mining Sector Taxation

22. **The Government of Guinea has embarked upon mining taxation reform in recent years.** It is seeking assistance from the World Bank to pursue the reforms, which aim to streamline the current regime and align it with best international practices.¹⁵ The government plans to introduce a standard Mining Convention and a new Mining Code (CM) as part of the reforms, which are expected to modernize and unify mining taxation.¹⁶

23. **The authorities plan to adopt the standard convention before the new CM to proceed with the planned large-scale mining projects.** However, the convention will not be a substitute for the CM; it will apply only to projects with a minimum investment of US\$50 million. The draft convention is currently being reviewed by the Ministry of Mines and Geology in order to clarify certain elements, such as methods of granting, renewing, or

¹⁴ See Appendix III for a comparison of Guinea's Mining Code with the mining taxation regime in other mineral-rich developing countries.

¹⁵ Best international practices refer to standard and recognized good fiscal practices for receiving and managing natural resource revenues. Details of fiscal regimes may vary by country but in general they should satisfy certain criteria for transparency, administration, and management. See Appendix IV for IMF recommendations to resource-rich countries for improving their share of revenues from natural resources.

¹⁶ An assessment by Otto (2005) of Guinea's taxation regime shows the system to be complex and internationally uncompetitive compared to those of the other major mineral producers.

removing permits for exploration; the surface area of a mining concession; the business income tax rate; social development conventions; and the role of the Ministry of Mines and Geology. The authorities plan to amend the draft in light of the review before it is adopted by the Council of Ministers.

24. **The government has also initiated a review of current mining contracts, focusing on taxation obligations.** An interministerial committee, *Comité Interministériel de Renégociation des Conventions et Accords Miniers* (CIRCAM), was established for this purpose in June 2007. The CIRCAM draws its members from the government (ministries of Mines and Geology, Finance, and Justice), the Central Bank, unions, and civil society. Its mandate is to identify shortcomings in individual mining contracts and renegotiate with the companies involved. CIRCAM plans to review and renegotiate 13 conventions and contracts, including the agreement for CBK.

IV. TRANSPARENCY AND GOVERNANCE ISSUES

25. **As in other mineral-rich countries, transparency and good governance in the management of mineral wealth are crucial for Guinea.**¹⁷ An important concern for Guinea is transparency in negotiations conducted with individual mining companies. The principles guiding previous negotiations were kept confidential; nor were revenue-sharing and tax arrangements made public. This lack of transparency created a complicated and fragmented mining taxation system in the country. Another concern relates to the principles governing the award of exploration permits and the determination of fees for exclusive rights to explore, which are not clear and potentially undermine government revenue.

26. **The government is undertaking efforts to improve transparency and governance in the mining sector.** In April 2005 it joined the Extractive Industries Transparency Initiative (EITI). Under the EITI, the government pledged to regularly publish payments made by companies and revenues received by the government; reconcile and audit the two sets of statistics; initiate a participative process in which all stakeholders are actively involved in defining, organizing, and supervising EITI responsibilities; and prepare an action plan to move the initiative forward.¹⁸

¹⁷ This is because mineral wealth may contribute to corruption, political instability and conflict in the country, adversely affecting economic growth (Auty, 1997; Sachs and Warner, 2000).

¹⁸ The authorities have created a 24-member Permanent EITI Implementation Committee with representatives from the government, mining companies, and civil society. It has three subcommittees—the Statistics Committee, the Audit and Communication Committee, and the Capacity Building Committee—which perform the main EITI tasks. A Supervision Committee (presided over by the Prime Minister) and an Executive Committee (presided over by the Ministry of Finance) have also been established to ensure that the initiative is implemented.

27. **Collection and reconciliation of 2005 payment and revenue data for the EITI were completed in October 2006.**¹⁹ A team of independent local and international consultants was recruited for this purpose and a report of the unaudited data was published. The reconciled data shows that the tax payment statistics reported by the companies and the authorities correspond. The payments and revenues were then audited by an independent international consulting firm. Its findings were presented on October 15, 2007, at a press conference in Conakry chaired by the Prime Minister.

28. **The process of collecting, reconciling, and auditing the data from 2006 began in April 2007.** The authorities have expanded the scope of the audits: the auditors will now also establish if the payments mining companies made in 2006 fulfill their contractual obligations.

V. CONCLUSIONS

29. **Guinea's bauxite and alumina industry is underdeveloped and producing significantly below potential.** Insufficient emphasis on local processing of bauxite into alumina, power supply constraints, and a generally weak investment climate may have constrained development of the sector. These factors have discouraged foreign investment in the country and adversely affected expansion, productivity, and development of the sector.

30. **The export of raw bauxite has made Guinea vulnerable to the persistent decline in its bauxite export prices, which are only weakly correlated with world aluminum prices.** This has reduced government revenue substantially. State agreements with individual mining companies on prices, revenue sharing, and taxation arrangements that appear to be unfavorable for the government are another reason for lower government revenue from this sector.

31. **However, considering the rising global demand for alumina and aluminum and the potentially high profitability of the sector, its medium-term prospects are encouraging.** Several international mining companies plan to invest about US\$20 billion in bauxite exploration and alumina refining in Guinea. This will help increase output and exports and improve Guinea's fiscal situation. The proposed projects could also pave the way for the much-needed industrialization of the economy.

32. **To reap the full benefits of the expected increase in revenues, it is imperative for Guinea to accelerate fiscal reforms and adopt a standardized Convention and Mining Code that embodies best international practices.** This will unify and streamline fiscal arrangements in the mining sector and improve the efficiency of the taxation regime. Current conventions may then be renegotiated to align them with the new convention and code.

¹⁹ Data was collected and reconciled for ACG, CBG, CBK, Société Anglo Gold Ashanti de Guinée (SAG), Société Minière de Dinguiraye (SMD), and Société Semafo.

33. **The efforts of the Guinean authorities to improve transparency and governance in the mining sector are commendable.** Joining the EITI is a step in the right direction and the government should continue to make all necessary efforts to comply with the EITI obligations. It is recommended that the government publicly disclose all future negotiations and agreements with the mining companies. Improved openness will raise public awareness and make both the public and private sectors more accountable on pricing and taxation arrangements.

REFERENCES

- Africa Research Bulletin, 2007, "Bauxite: Guinea," *Africa Research Bulletin: Economic, Financial and Technical Series*, Vol. 43 (11), pp. 17198C–99A.
- Auty, R.M., 1997. "Natural Resource Endowment, the State and Development Strategy," *Journal of International Development*, Vol. 9, No. 4, pp. 651–63.
- Baunsgaard, T., 2001, "A Primer on Mineral Taxation," Working Paper 01/139 (Washington: International Monetary Fund).
- Bermudez-Lugo, O. 2004, "The Mineral Industry of Guinea," *U.S. Geological Survey Minerals Yearbook* (Washington: U.S. Geological Survey).
- Campbell, B., 1991, "Negotiating the Bauxite/aluminum Sector Under Narrow Constraints," *Review of African Political Economy*, Vol. 18, No. 51, pp. 27-49.
- Campbell, B., and J. Clapp, 1995, "Guinea's Economic Performance Under Structural Adjustment: Importance of Mining and Agriculture," *Journal of Modern African Studies*, Vol. 33, No. 3, pp. 425–49.
- EIU (Economist Intelligence Unit), 2006, *Country Profile: Guinea* London: EIU)
- International Aluminum Institute, 2007, *Historical IAI Statistics* (London: IAI).
- International Monetary Fund, 1970 through 1999. *Guinea: Recent Economic Developments, 1970, 1972, 1974, 1976, 1979, 1981, 1986, 1987, 1999* (Washington: IMF).
- _____, 1993, "Appendix II," *Guinea: Recent Economic Developments, 1993* (Washington: IMF).
- _____, 2006, *International Financial Statistics* (Washington: IMF).
- _____, 2007, *Guide on Resource Revenue Transparency (2007)* (Washington: IMF).
- Izon, D., 1995, "The Mineral Industry of Guinea," *U.S. Geological Survey Minerals Yearbook, 1995* (Washington: U.S. Geological Survey).
- Katz, M., A. Bessaha, G. Devaux, T. Ehrbeck, and J. Ntamantungiro, 1995, *Guinea: Background Paper* (Washington: IMF).
- Metal Bulletin, Aluminium Supplement*, September 2004, "Alumina Booms..
- Otto, J.M., 2005, "Guinean Mining Taxation System: Analysis and Recommendations for Reform," Unpublished report.

Roskill, 2005, *The Economics of Bauxite & Alumina*, 6th Edition (London: Roskill Information Services, Ltd.)

Sachs, J.D., and A.M. Warner, 2000. "Natural Resource Abundance and Economic Growth," *Leading Issues in Economic Development* (7th ed.), ed. by G.M. Meier and J.E. Rauch (New York: Oxford University Press).

U.S. Geological Survey, 2005, *Minerals Yearbook, 2005* (Washington: U.S. Geological Survey).

_____, 2007, *Mineral Commodity Summaries* (Washington: U.S. Geological Survey).

World Bank, 1990, "Republic of Guinea: Country Economic Memorandum," Vol. 2, Rep. No. 8774 (Washington: World Bank).

_____, 1996, "Republic of Guinea. Mining Sector Investment Promotion Project. Staff Appraisal Report," Rep. No. 15291 (Washington: World Bank).

_____, 2007, *World Development Indicators 2007* (Washington: World Bank).

Appendix I. Large Projects in Guinea

PROJECT	TYPE	DATE		CAPACITY		INVESTMENT		INVESTORS	EMPLOYMENT CREATION	
		Start	Finish	Years	At start	Extension	To date		Construction	Exploitation
Alumina plant at Sangarédi	Alumina refinery	2006	2009	4	3.0 mt/yr.	5.4 mt/yr.	US\$300 mln.	2007–10 bln. US\$2.9 bln.	US\$3.2 bln.	7,000–10,000 1,200–1,500
Alumina plant at Kamsar	Alumina refinery	2008	2011	4	1.5 mt./yr.	3.0 mt/yr.	US\$10 mln.	US\$1.49 bln.	US\$1.5 bln.	4,000–5,000 1,000–1,200
ACG Friguia	Extension	2008	2010	2	1.2 mt/yr.	1.5 mt/yr.	US\$70 mln.	US\$230 mln.	US\$300 mln.	— —
Dian-Dian Project	Bauxite mining	2008	2009	1			US\$18 mln.	US\$3.98 bln.	US\$4.0 bln.	7,000–10,000 2,000–3,000
SBDT	Alumina refinery	—	2011	1	1.2 mt/yr.	2.8 mt/yr.	US\$30 mln.	US\$2.47 bln.	US\$2.5 bln.	5,000 1,000–2,000
	Bauxite mining	—	2008	1	4.0 mt/yr.	4.0 mt/yr.				
3PL Trade	Alumina refinery	—	2010	3	1.0 mt/yr.	—	—	US\$1.5 bln.	US\$1.5 bln.	— —
	Bauxite mining	2010	-	3	1.5 mt/yr.	—	—	bln.	bln.	—
Simandou (SIMFER)	Alumina refinery	2010	2013	4	70.0 mt/yr.	100.0 mt/yr.	US\$30 mln.	US\$5.94 bln.	US\$6.0 bln.	10,000–15,000 7,500
Transguinée	Iron ore production	2010	2013	4	100.0 mt/yr.	—	US\$30 mln.	US\$30 mln.	US\$30 mln.	25,000 2,000–3,000
	Transport of iron ore	2010	2013	4	100.0 mt/yr.	—	US\$30 mln.	US\$30 mln.	US\$30 mln.	25,000 2,000–3,000
Nimba		2010	2013	4	20.0 mt/yr.	30.0 mt/yr.	US\$20 mln.	US\$1.28 bln.	US\$1.3 bln.	7,000 3,000
SMD Extension	Gold production	2006	2007	1		300,000 ounces	US\$220 mln.	—	US\$220 mln.	— —
Konkouré Project	Bauxite mining	2008	2015	7	1.4 mt/yr.	5.0 mt/yr.	US\$20 mln.	US\$6.27 bln.	US\$6.3 bln.	15,000–20,000 5,000–7,000
	Alumina refinery									
	Energy production				725 MW	1,025 MW				
Hydroelectric dam in Cogon	Alumina foundry	2009	2011	3	240,000 t/yr. 50 MW	— 80 MW	US\$1.05 mln.	US\$177 mln.	US\$178 mln.	5,100 20–30
	Electricity supply to Boké mining complex									
Total							US\$749.05 mln.	US\$23.3 bln.	US\$27.00 bln.	60,100–102,100 22,720–28,220

Source: Ministry of Mines and Geology, Government of Guinea.

Appendix II. Econometric Analysis of the relationship Between the World Aluminum Price and Prices for Guinea's Exports of Bauxite and Alumina

1. An error correction model (ECM) is used to analyze the short- and long-run dynamics of the relationship between the world aluminum price and the prices of bauxite and alumina exports from Guinea. The ECM is estimated in two steps. First, unit root and cointegration tests are conducted on the relevant variables (logs of price of CBG (pr^{CBG}), price of CBK (pr^{CBK}), price of ACG (pr^{ACG}), and world price of alumina (pr^{ALM})) to determine their integration order and to test for the existence of long-run relationships between world aluminum price and Guinea's bauxite and alumina prices. The results suggest that all prices are nonstationary and integrated of order 1 (Table II.1).

Appendix Table II.1. Augmented Dickey Fuller Regression Results of Stationarity Tests, 1974–2007

Null Hypothesis	$\text{Log}(pr^{CBG})$	$\text{Log}(pr^{CBK})$	$\text{Log}(pr^{ACG})$	$\text{Log}(pr^{ALM})$
Unit root in levels	-2.43	-2.09	-2.9	-2.77
Unit root in first differences	-4.39**	-8.99**	-3.84**	-4.76**

Notes: Values correspond to the estimated t-statistic on the coefficient of the lagged dependent variable in the Augmented Dickey Fuller (ADF) regression; lag length is based on the Akaike Information Criterion (AIC); trend and constant included in all regressions; * and ** represent significance at the 5 and 1 percent levels, respectively.

2. To test for cointegration between the variables, Johansen's VAR approach is used and the structural break in the CBG and CBK series that occurred in 1990 is accounted for by including a dummy variable in the equation. The optimal lag length in each case is determined by using the standard Akaike Information Criterion. The cointegration results show that the hypothesis of no cointegration can be rejected in each case (Table A.2).

Appendix Table II.2. Cointegration Results for World Aluminum Price and Guinea's Export Prices, 1974–07

	$\text{Log}(pr^{CBG})$ and $\text{Log}(pr^{ALM})$		$\text{Log}(pr^{CBK})$ and $\text{Log}(pr^{ALM})$		$\text{Log}(pr^{ACG})$ and $\text{Log}(pr^{ALM})$	
	Rank = 0	Rank \leq 1	Rank = 0	Rank \leq 1	Rank = 0	Rank \leq 1
Trace-statistic	25.80**	7.98**	23.43**	9.82**	34.04**	11.97
Max-statistic	17.82**	7.98**	13.61	9.82**	22.07*	11.97
Log likelihood	30.87	39.79	14.75	21.55	22.35	35.35
Lag-length	1		2		1	
Observations	31		30		31	
Weak exogeneity of $\text{Log}(pr^{ALM})$: χ^2 statistic	0		0.19		0	

Notes: Time series for pr^{CBG} and pr^{CBK} begins from 1976; results are based on Johansen's Vector Autoregressive (VAR) analysis; a dummy variable for 1990 onwards included in the VAR for $\text{Log}(pr^{CBG})$ and $\text{Log}(pr^{CBK})$; trend included in the VAR for $\text{Log}(pr^{ACG})$; lag-length selected on the basis of AIC; * and ** indicate significance at the 5 and 1 percent levels, respectively.

3. The long-run equilibrium conditions or cointegrating vectors that are obtained from the cointegration analysis are given in equations A.1–A.3. A 1 percent increase in the level of world aluminum prices causes the level of CBG export prices to increase by 0.45 percent (equation A.1).²⁰ The dummy variable for the years 1990 and onwards is negative, indicating that on average CBG export prices are 35 percent lower than before 1990. Equation A.2 indicates a negligible long-run causal effect of world aluminum prices on CBL export prices. The dummy variable for 1990 onwards is negative and the estimated coefficient suggests that CBK prices are 96 percent lower than before 1990. Equation A.3 shows that a 1 percent increase in world aluminum prices increases ACG prices by about 0.80 percent. This indicates a higher pass-through in the long run of an increase in world aluminum prices to alumina prices than to bauxite prices and supports the observation made in Section II of a low correlation between world aluminum and bauxite prices.

$$\text{Log}(pr_t^{CBG}) = 0.27 + 0.45 \text{Log}(pr_t^{ALM}) - 0.35 D_{1990}; S.E. = 0.25, \chi^2 = 11.19^{**} \quad (\text{A.1})$$

(1.85) (0.26) (0.11)

$$\text{Log}(pr_t^{CBK}) = 3.41 - 0.01 \text{Log}(pr_t^{ALM}) - 0.96 D_{1990}; S.E. = 0.56, \chi^2 = 9.75^{**} \quad (\text{A.2})$$

(4.72) (0.65) (0.32)

$$\text{Log}(pr_t^{ACG}) = -0.43 + 0.79 \text{Log}(pr_t^{ALM}) - 0.01 \text{Trend}; S.E. = 0.24, \chi^2 = 13.52^{**} \quad (\text{A.3})$$

(1.92) (0.28) (0.00)

4. Since the existence of cointegration between variables implies an ECM, in the second step, a single-equation ECM is estimated to examine the short-run dynamics of the relationship between (i) pr^{ALM} and pr^{CBG} , (ii) pr^{ALM} and pr^{CBK} and (iii) pr^{ALM} and pr^{ACG} .²¹ The estimation results for the ECMs show that any change in the world price of aluminum has no contemporaneous effect on CBG, CBK, or ACG export prices (see Table A.3).²² However, the estimated coefficients of the error correction terms implied by the cointegrating vectors are negative and significant. This indicates that the long-run equilibrium conditions hold and Guinea's bauxite and alumina prices respond to any deviations from equilibrium in a stable manner. For CBG, on average, about 0.35 percent of the deviation is eliminated every year. This implies that if there are no further changes in the world aluminum price, about half of the gap would be closed in two years. For CBK, about 0.29 percent of the deviation is eliminated every year, implying that the half life of deviation is 2.5 years. However, for ACG

²⁰ The estimated effect of world aluminum prices should be interpreted with caution; it may be capturing the effect of other variables, such as alumina prices, on CBG's bauxite export prices.

²¹ The chi-square statistic reported in the last row of Table A.2 indicates that the hypothesis of weak exogeneity is accepted for $\text{Log}(pr^{ALM})$ in each case. Hence, a single-equation ECM may be estimated to assess the short- and long-run dynamics of export prices.

²² In the case of CBK, both short- and long-run effects of the world aluminum price are negligible. However, the past period's price appears to have a significant effect on the current price. This suggests that the dynamics of CBK prices are different from those of CBG prices.

the long-run effect occurs at a faster rate of 0.52 percent, which reduces the half-life of deviation to 1.3 years.

Appendix Table II.3. Results of the ECM for Guinea's Bauxite and Alumina Export Prices, 1974–2007

Variables	$\Delta \text{Log}(pr_t^{\text{CBG}})$	$\Delta \text{Log}(pr_t^{\text{CBK}})$	$\Delta \text{Log}(pr_t^{\text{ACG}})$
$\Delta \text{Log}(pr_{t-1}^{\text{CBK}})$		-0.470***	
		-0.16	
$\Delta \text{Log}(pr_t^{\text{ALM}})$	-0.052	-0.136	0.038
	-0.086	-0.172	-0.13
$\Delta \text{Log}(pr_{t-1}^{\text{ALM}})$		-0.203	
		-0.185	
Error correction term	-0.349***	-0.287***	-0.518***
	-0.099	-0.114	-0.13
Dummy ₁₉₉₀	-0.122***	-0.276***	
	-0.036	-0.078	
Constant	0.093	0.976	-0.225
	-0.66	-1.456	-0.959
Half-life of deviation	2	2.5	1.3
Observations	31	30	33
Log-likelihood	34.64	16.15	24.75
F-statistic	5.16**	3.98**	6.69**
Durbin-Watson Statistic	1.92	2.2	2.27
R-squared	0.44	0.51	0.49

Notes: Values in parentheses are reported standard errors; a dummy variable was included both regressions to capture the effect of persistently declining bauxite prices since 1990 but was found to be insignificant in all cases; *, ** and *** indicate significance at 10, 5 and 1 percent levels, respectively.

Appendix III. Key Characteristics of the Mining (non-oil) Fiscal Regime in Guinea and Selected Developing Countries

	Royalties	Income Tax Rate	Resource Rent Tax ¹	Dividend Withholding Tax	Export Duties	Investment Incentives ²	State Equity ^{3/}
Angola	2-5%	35%	...	...		None	...
Botswana	Yes	25%		15%		Yes (E,U)	None
Côte d'Ivoire	2.5-3%	35%	Excess Pr.	12%		Yes (A,I,H)	10% (C)
Ethiopia	None	35%	None	10%		...	...
Ghana	3-12%	35%	25%	10%		Yes (A,U,I)	10-30%
Guinea (before 1995)	None	65% ⁴	None	None	Yes	...	49%
Guinea (Mining Code, 1995)	5-10%	35%	50% ⁵	15%	None	Yes (H, I) ⁶	15%
Namibia	...	Formula	25-45%	10%		Yes (E,U,I)	None
South Africa	None	Formula	Progress.	12.50%		Yes (E,U,I)	None
Tanzania	3-5%	30%	None	10%		Yes (E,U,I)	None
Zambia	2%	35%	None	15%		Yes (E,U,I)	None
Zimbabwe	None	37.5%	None	20%		Yes (E,O)	None
Cambodia	5-12.5%	30%	None	None		Yes (E)	None
Indonesia	Yes	30%	None	20%		Yes (I,E)	None
P.N.G.	2%	30%	20-25%	10%		Yes (I,Cr)	30%
Philippines	3%	32%	Excess	15 - 32%		Yes (I,H,A,E)	None
Solomon Isl.	Yes	35%	Yes	None		Yes (Cr)	None
Argentina	<3%	35%	None	35%		Yes (E,H,A,I)	None
Bolivia	1-7%	25%	25%	12.50%		Yes (U)	None
Chile	None	15%	None	35%		Yes (A,U)	None
Guatemala	5%	27.5%	None	10%		Yes (E)	None
Peru	None	20%	None	None		Yes (E,A)	None
Kazakhstan	Negotiable	30%	4-30%	15%		Yes (E,O,U)	7.5 - 20%
Uzbekistan	1-24%	33%	None	15%		Yes (H,I)	Negotiable

Source: Baunsgaard (2001), Guinean authorities.

¹ Resource rent tax is based on the rate of return. See Baunsgaard (2001) for discussion.

² Investment incentives include tax holidays (H), accelerated depreciation (A), tax credit (Cr), current expensing of exploration and development cost (E), exemption of imports of equipment and capital goods (I), unlimited loss-carry forward (U), and other (O).

³ The maximum equity share that the state can select to take, often on a carried basis (C).

⁴ For CBK and Friguia.

⁵ This is known as the Additional Benefits Tax in Guinea.

⁶ Tax holidays of 3–8 years.

Appendix IV. IMF's Principles on Good Fiscal Transparency Practices for Resource Revenue Management

Realizing the distinct issues and challenges faced by the natural-resource-rich countries, the IMF's *Guide on Resource Revenue Transparency* puts forward principles of good fiscal transparency practices for these countries. These practices are based on the experience of individual countries and include elements that are critical for resource-revenue transparency and fiscal management design.

The practices are grouped into four categories:

1- Clarity of Roles and Responsibilities

- Define government's ownership of resources and its legal power to grant exploration, production and selling rights
- Disclose the policy and legal frameworks for taxation or production-sharing agreements with resource companies and government's equity stake in the companies
- Specify fiscal authority and disclosure of resource revenue and borrowings in the law
- Clearly define the ownership structure of national resource companies, their fiscal and commercial roles, and their quasi-fiscal activities
- Clearly define how resource revenues are shared between the central and subnational governments

2- Open Budget Process

- Specify the rate of exploitation of resources and the management of resource revenues in the budget
- Specify mechanisms for coordinating the operations of any resource-revenue management funds with other fiscal activities; operational rules applied to resource-related funds; and investment policies for assets accumulated through resource-revenue savings
- Report government resource revenue receipts in the government accounting system

3- Public Availability of Information

- Report all resource-revenue-related transactions
- Disclose government receipts of company resource-revenue payments
- Present the (primary) nonresource fiscal balance in budget documents
- Publish direct and indirect collateralization of future resource production in debt reports
- Disclose government's domestic and foreign financial assets and estimates of resource asset worth
- Report government contingent liabilities and the cost of resource company quasi-fiscal activities arising from resource-related contracts
- Account for the risks associated with resource revenue in annual budget documents

4- Assurances of Integrity

- Disclose internal control and audit procedures for resource-revenue receipts
- Ensure that resource companies understand their obligations and rights
- Ensure that resource companies comply with international accounting and auditing standards and publish accounts
- Ensure that a national audit office or an independent organization reports revenue flows regularly

Source: IMF (2007).

Statistical Appendix

Table 1. Guinea: Selected Social and Demographic Indicators

Land area (square km)	245,720			
Population				
Population (millions; 2006)	9.2			
Annual rate of growth (in percent; average 1995-2004)	2.0			
Density (per square km; 2006)	37.4			
	1990		2006	
	Guinea	Sub-Saharan Africa	Guinea	Sub-Saharan Africa
Population characteristics				
Life expectancy at birth (years)	47.0	50.0	54.0	47.2 ¹
Infant mortality rate (per 1,000 live births)	139.0	109.8	96.0	96.4 ¹
Population under age 15 (% of total)	43.3	45.6	43.6	43.3
Income				
GNI per capita, Atlas method (current US\$)	430	582	410	842
Education				
Primary school completion rate (% of school-aged children)				
Male	28.1	54.6 ⁵	63.8 ¹	66.0 ¹
Female	8.7	45.5 ⁵	44.7 ¹	55.6 ¹
Secondary school enrollment rate (% of school-aged children)				
Male	13.9 ⁵	26.3 ⁴	39.4 ¹	35.2 ¹
Female	8.7 ⁵	21.6 ⁴	21.0 ¹	28.2 ¹
Health				
Immunization against measles (% of children ages 12-23 months)	35.0	57.1	59.0 ¹	63.6 ¹
Access to improved water source (% of population)	44.0	54.5 ³	50.0 ²	56.2 ²

Source: World Bank, *World Development Indicators*, September 2007.¹ Data refer to 2005.² Data refer to 2004.³ Data refer to 2000.⁴ Data refer to 1999.⁵ Data refer to 1991.

Table 2. Guinea: Selected Economic and Financial Indicators, 2000–06

	2000	2001	2002	2003	2004	2005	2006
(Annual percentage change, unless otherwise indicated)							
Income							
GDP at constant prices	2.9	3.8	4.2	1.2	2.7	3.3	2.2
GDP at current prices	13.2	8.9	7.1	13.4	24.3	32.9	37.6
GDP deflator	10.0	4.9	2.8	12.1	21.0	28.6	34.7
Consumer prices							
Average	6.8	5.4	3.0	12.9	17.5	31.4	34.7
End of period	7.2	1.1	6.1	14.8	27.6	29.7	39.1
External sector							
Exports, f.o.b. (US\$ terms)	4.9	8.4	-2.0	3.3	2.3	12.4	20.2
Imports, f.o.b. (US\$ terms)	4.3	-3.7	-2.6	5.7	24.6	4.7	24.8
Terms of trade							
Percentage change	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Average effective exchange rates (depreciation –)							
Nominal index	-13.8	-5.8	-3.3	-11.2	-16.6	-38.0	-31.4
Real index	-10.1	-3.0	-2.3	-4.2	-5.8	-21.3	-10.1
Money and credit							
Net foreign assets ¹	-4.8	12.6	-11.9	-23.0	8.5	5.2	10.4
Net domestic assets ¹	28.2	2.1	31.2	58.2	28.5	32.0	49.0
Net claims on government ¹	21.5	3.7	34.2	34.0	22.2	7.9	42.7
Credit to nongovernment sector ¹	5.0	4.3	3.5	13.6	3.2	15.2	12.8
Broad money	23.4	14.8	19.2	35.3	37.0	37.2	59.4
Reserve money	17.0	11.0	18.3	27.4	33.0	25.0	84.1
Treasury bill rate (end of period)	7.5	13.4	13.3	14.1	14.7	23.4	22.0
(Percent of GDP)							
Central government finances							
Total revenue and grants	13.2	14.7	13.8	13.3	11.5	13.7	14.7
Revenue	10.9	11.2	12.0	10.5	10.5	13.1	13.3
Of which: nonmining revenue	8.2	8.4	9.8	9.0	8.6	9.9	9.2
Grants ²	2.3	3.4	1.8	2.8	1.0	0.6	1.4
Current expenditure	9.3	11.6	12.2	13.1	11.4	11.0	13.4
Of which: interest payments	1.7	1.5	1.7	2.1	2.5	2.8	3.3
Capital expenditure and net lending ²	7.2	7.3	6.1	6.4	5.1	4.3	4.2
Overall budget balance							
Including grants (commitment)	-3.2	-4.1	-4.4	-6.2	-4.9	-1.5	-2.9
Excluding grants (commitment)	-5.5	-7.6	-6.2	-8.9	-5.9	-2.1	-4.3
Basic primary fiscal balance	2.5	0.5	0.0	-2.7	-0.5	3.2	1.3
Gross investment	19.7	15.4	13.5	10.2	11.4	14.1	13.7
Government (fixed capital formation)	4.9	4.9	4.1	4.4	4.0	3.4	3.3
Nongovernment	14.8	10.5	9.3	5.8	7.4	10.7	10.4
Domestic savings	15.4	14.1	11.3	7.8	7.1	10.9	9.1
Government	2.3	0.2	1.0	-1.0	1.2	4.7	3.4
Nongovernment	13.1	13.9	10.3	8.8	5.9	6.2	5.7
External current account balance							
Including official transfers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Excluding official transfers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance of payments	-7.1	-4.6	-3.7	-3.9	-6.0	-4.9	-6.5
(millions of U.S. dollar, unless otherwise indicated)							
External public debt (percent of GNFS exports)	443.9	396.8	387.9	419.6	393.1	346.1	290.6
Memorandum items:							
Exports f.o.b.	666.6	722.8	708.5	731.7	748.3	841.4	1,011.1
Imports f.o.b.	583.3	561.9	547.2	578.5	721.0	754.9	942.0
External current account (including official transfers)	-200.2	-81.4	-79.0	-123.2	-227.3	-146.6	-184.7
Overall balance of payments	235.2	-25.9	-75.8	-150.0	-12.9	56.6	47.7
Net foreign assets (central bank) ³	28.5	60.7	26.4	-64.7	-60.8	-38.0	-31.4
Gross official reserves (months of imports) ⁴	2.4	3.3	2.5	0.9	0.5	0.5	0.6
Nominal GDP (GNF billions)	5,437	5,920	6,340	7,188	8,932	11,869	16,330

Sources: Guinean authorities and IMF staff estimates and projections.

¹ Percent of broad money stock at the beginning of the period.² Includes expenditure for restructuring.³ Gross foreign assets of the central bank less its foreign liabilities.⁴ Excluding imports for large mining projects and those financed by project loans from donors.

Table 3. Guinea: GDP at Current Prices by Demand Component, 2000–06

	2000	2001	2002	2003	2004	2005	2006
(Billions of Guinean francs)							
GDP at market prices ¹	5,436.9	5,919.7	6,340.3	7,188.2	8,931.8	11,868.7	16,330.4
Consumption	4,597.7	5,085.9	5,624.2	6,625.8	8,301.4	10,570.9	14,845.9
Public	370.7	406.5	479.1	559.8	568.9	750.0	1,227.2
Private	4,227.0	4,679.4	5,145.1	6,066.0	7,732.5	9,820.9	13,618.7
Investment	1,071.2	912.8	853.4	732.5	1,015.6	1,669.3	2,242.9
Fixed capital formation	1,025.2	858.8	839.5	728.7	1,014.5	1,668.4	2,242.3
Government	264.1	291.8	260.8	318.8	358.1	402.7	540.2
Other sectors	761.2	567.0	578.6	409.8	656.4	1,265.7	1,702.0
Change in stocks	46.0	54.0	13.9	3.8	1.2	0.9	0.6
Foreign balance	-232.0	-79.0	-137.2	-170.2	-385.2	-371.5	-758.4
Exports of goods and nonfactor services	1,283.2	1,575.4	1,550.9	1,601.7	1,880.1	3,363.9	5,705.1
Imports of goods and nonfactor services	1,515.2	1,654.4	1,688.2	1,771.8	2,265.4	3,735.5	6,463.5
(Percent of GDP)							
GDP at market prices	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Consumption	84.6	85.9	88.7	92.2	92.9	89.1	90.9
Public	6.8	6.9	7.6	7.8	6.4	6.3	7.5
Private	77.7	79.0	81.1	84.4	86.6	82.7	83.4
Investment	19.7	15.4	13.5	10.2	11.4	14.1	13.7
Fixed capital formation	18.9	14.5	13.2	10.1	11.4	14.1	13.7
Government	4.9	4.9	4.1	4.4	4.0	3.4	3.3
Other sectors	14.0	9.6	9.1	5.7	7.3	10.7	10.4
Change in stocks	1.9	0.8	0.2	0.1	0.0	0.0	0.0
Foreign balance	-4.3	-1.3	-2.2	-2.4	-4.3	-3.1	-4.6
Exports of goods and nonfactor services	23.6	26.6	24.5	22.3	21.0	28.3	34.9
Imports of goods and nonfactor services	27.9	27.9	26.6	24.6	25.4	31.5	39.6
Domestic savings	15.4	14.1	11.3	7.8	7.1	10.9	9.1
Gross national savings	13.3	12.7	11.0	6.8	5.6	9.6	7.8
External current account balance (including official transfers)	-6.4	-2.7	-2.5	-3.4	-5.8	-4.5	-5.9

Sources: Guinean authorities; and IMF staff estimates.

¹ The GDP data for 2003-05 may be subject to revision in line with the recommendations of the West AFRITAC technical assistance on compilation of the national accounts.

Table 4. Guinea: GDP at Constant 1996 Prices by Sector, 2000–06

	2000	2001	2002	2003	2004	2005	2006
(Billions of Guinean francs)							
GDP at factor cost ¹	4,432.6	4,601.1	4,758.4	4,822.0	4,959.6	5,087.8	5,203.2
Primary sector	844.9	897.6	916.9	946.1	987.2	1,017.3	1,057.5
Agriculture	550.9	587.6	596.2	616.3	648.0	671.7	702.6
Livestock	161.3	166.9	173.2	180.1	184.9	187.9	193.1
Fisheries	32.6	35.8	37.1	38.2	39.1	39.7	40.7
Forestry	100.0	107.3	110.5	111.6	115.2	118.1	121.0
Secondary sector	1,394.5	1,464.8	1,536.9	1,543.9	1,589.0	1,653.6	1,689.0
Mining	751.7	778.6	801.2	822.9	831.6	861.1	846.3
Manufacturing	179.7	189.6	200.8	192.8	198.6	201.6	206.6
Water and electricity	27.5	28.3	29.1	27.5	27.8	28.1	28.2
Construction	435.7	468.4	505.8	500.8	531.0	562.9	607.9
Tertiary sector	2,193.3	2,238.7	2,304.5	2,332.0	2,383.4	2,416.9	2,456.7
Trade	1,201.7	1,227.0	1,269.9	1,283.2	1,315.3	1,331.1	1,351.1
Transport	270.3	275.3	282.4	285.3	289.7	293.5	297.6
Administration	249.3	250.8	257.0	260.9	267.5	270.2	272.9
Other	472.0	485.7	495.1	502.6	510.9	522.1	535.2
Indirect taxes	161.5	166.2	207.5	201.8	200.2	243.6	243.8
GDP at constant prices	4,594.1	4,767.3	4,965.9	5,023.8	5,159.8	5,331.4	5,447.0
(Percentage change)							
GDP at factor cost	3.1	3.8	3.4	1.3	2.9	2.6	2.3
Primary sector	4.5	6.2	2.2	3.2	4.3	3.0	4.0
Agriculture	2.8	6.7	1.4	3.4	5.2	3.7	4.6
Livestock	7.8	3.5	3.8	4.0	2.7	1.6	2.8
Fisheries	8.9	9.7	3.6	3.0	2.4	1.6	2.6
Forestry	7.3	7.3	3.0	1.0	3.2	2.5	2.5
Secondary sector	4.1	5.0	4.9	0.5	2.9	4.1	2.1
Mining	1.9	3.6	2.9	2.7	1.1	3.5	-1.7
Manufacturing	7.0	5.5	5.9	-4.0	3.0	1.5	2.5
Water and electricity	3.5	3.0	3.0	-5.5	0.9	1.0	0.5
Construction	7.0	7.5	8.0	-1.0	6.0	6.0	8.0
Tertiary sector	2.0	2.1	2.9	1.2	2.2	1.4	1.6
Trade	1.9	2.1	3.5	1.1	2.5	1.2	1.5
Transport	1.5	1.9	2.6	1.0	1.6	1.3	1.4
Administration	1.4	0.6	2.5	1.5	2.5	1.0	1.0
Other	2.7	2.9	2.0	1.5	1.7	2.2	2.5
Indirect taxes	-2.9	2.9	24.9	-2.8	-0.8	21.7	0.1
GDP at constant prices	2.9	3.8	4.2	1.2	2.7	3.3	2.2

Sources: Guinean authorities; and IMF staff estimates.

¹ The GDP data for 2003–05 may be subject to revision in line with the recommendations of the West AFRITAC technical assistance on compilation of the national accounts.

Table 5. Guinea: Consumer Price Index, 2000–06

(Period average)

	2000	2001	2002	2003	2004	2005	2006
(Index, Dec. 1991=100)							
Aggregate index ¹	160.6	169.2	174.2	196.6	232.7		
Food	169.6	177.2	188.1	223.6	285.4		
Nonfood	154.0	163.4	164.2	177.2	197.2		
Clothing	129.8	136.2	139.3	145.5	145.1		
Health	165.4	170.7	175.5	185.2	218.2		
Housing	138.9	146.1	147.4	155.9	...		
Electricity and water	143.1	149.2	153.0	165.0	...		
Transportation	175.2	189.4	170.9	199.0	239.4		
Leisure and culture	170.7	190.2	208.3	218.8	233.1		
(Annual percentage change)							
Aggregate index	6.8	5.4	3.0	12.9	18.3		
Food	4.0	4.5	6.1	18.9	27.6		
Nonfood	9.1	6.1	0.5	7.9	11.3		
Clothing	4.2	4.9	2.3	4.5	-0.3		
Health	4.5	3.2	2.8	5.5	17.8		
Housing	3.7	5.2	0.9	5.7	n.a.		
Electricity and water	9.0	4.3	2.5	7.8	n.a.		
Transportation	25.6	8.1	-9.8	16.4	20.3		
Leisure and culture	3.5	11.4	9.5	5.0	6.5		
(Index, 2002=100)							
Aggregate index ¹				110.8	130.1	170.9	230.2
Foods, beverages, and tobacco				116.1	147.1	201.6	287.3
Nonfood				107.6	119.9	152.5	195.9
Clothes and shoes				108.0	109.8	121.9	151.6
Housing, water, electricity, and gas				104.5	114.0	142.7	174.7
Furniture and equipment				108.5	120.2	138.6	175.9
Health				104.6	121.2	156.1	186.0
Transport				114.6	137.8	211.8	309.1
Entertainment and culture				102.6	109.0	127.7	156.2
Education				102.3	104.0	121.0	141.0
Hotels, cafés, and restaurants				101.8	123.1	158.9	212.8
Other goods and services				109.1	115.0	129.6	154.8
(Annual perce							
Aggregate index					17.5	31.4	34.7
Foods, beverages, and tobacco					26.7	37.0	42.5
Nonfood					11.5	27.2	28.5
Clothes and shoes					1.7	11.0	24.3
Housing, water, electricity, and gas					9.1	25.2	22.5
Furniture and equipment					10.8	15.3	26.9
Health					15.9	28.8	19.2
Transport					20.3	53.7	45.9
Entertainment and culture					6.2	17.1	22.4
Education					1.6	16.4	16.5
Hotels, cafés, and restaurants					20.9	29.1	34.0
Other goods and services					5.4	12.8	19.4

Sources: Guinean authorities; and IMF staff estimates.

¹ Change in CPI methodology in 2003 resulted in break in the data series.

Table 6. Guinea: Consumer Price Index, 2000–06

(End of period)

	2000	2001	2002	2003	2004	2005	2006
(Index, Dec.1991=100)							
Aggregate index ¹	168.1	170.0	180.4	207.1	264.4		
Food	173.2	181.4	199.4	243.3	323.0		
Nonfood	164.4	161.8	166.6	181.0	224.7		
Clothing	134.2	137.1	144.8	147.0	150.8		
Health	168.9	171.1	178.3	195.1	262.1		
Housing	143.3	145.6	148.8	158.0	...		
Electricity and water	148.2	151.2	155.5	165.2	...		
Transportation	210.4	168.1	173.6	202.5	299.4		
Leisure and culture	172.6	208.2	210.3	224.3	253.6		
(Annual percentage change)							
Aggregate index	7.2	1.1	6.1	14.8	27.6		
Food	1.8	4.7	9.9	22.0	32.8		
Nonfood	11.7	-1.6	3.0	8.6	24.1		
Clothing	4.9	2.2	5.6	1.5	2.6		
Health	5.4	1.3	4.2	9.4	34.3		
Housing	5.8	1.6	2.2	6.2	n.a.		
Electricity and water	5.6	2.0	2.8	6.2	n.a.		
Transportation	33.7	-20.1	3.3	16.6	47.9		
Leisure and culture	5.6	20.6	1.0	6.7	13.1		
(Index, 2002=100)							
Aggregate index ¹				115.8	147.8	191.7	266.7
Foods, beverages, and tobacco				125.4	166.5	232.4	342.0
Nonfood				110.0	136.6	167.2	221.4
Clothes and shoes				111.2	114.1	132.9	172.9
Housing, water, electricity, and gas				105.0	128.0	152.6	212.6
Furniture and equipment				111.8	130.0	150.0	200.4
Health				108.4	145.6	166.0	203.7
Transport				116.6	172.4	238.5	343.3
Entertainment and culture				104.9	118.6	139.6	176.6
Education				104.1	111.8	134.5	156.6
Hotels, cafés, and restaurants				103.2	140.1	179.8	247.7
Other goods and services				112.3	120.4	147.6	165.1
(Annual percentage change)							
Aggregate index					27.6	29.7	39.1
Foods, beverages, and tobacco					32.8	39.6	47.2
Nonfood					24.1	22.4	32.4
Clothes and shoes					2.6	16.5	30.1
Housing, water, electricity, and gas					21.9	19.2	39.3
Furniture and equipment					16.3	15.4	33.6
Health					34.3	14.0	22.7
Transport					47.9	38.3	43.9
Entertainment and culture					13.1	17.7	26.5
Education					7.4	20.3	16.4
Hotels, cafés, and restaurants					35.8	28.3	37.8
Other goods and services					7.2	22.6	11.9

Sources: Guinean authorities; and IMF staff estimates.

¹ Change in CPI methodology in 2003 resulted in break in the data series.

Table 7. Guinea: Financial Operations of the Central Government, 2000–06

	2000	2001	2002	2003	2004	2005	2006
(Billions of Guinean francs)							
Revenue and grants	719.8	868.2	876.9	952.7	1,027.4	1,631.5	2,397.8
Revenue	594.5	665.4	763.9	754.1	936.0	1,556.6	2,172.3
Mining sector	146.4	166.6	145.4	105.9	171.0	380.6	675.0
Nonmining sector	448.1	498.8	618.5	648.2	765.0	1,176.0	1,497.3
Direct taxes	58.3	78.1	94.9	102.4	117.6	180.6	280.0
Indirect taxes	335.9	362.5	452.4	497.0	584.7	872.1	1,056.8
Goods and services	216.8	248.5	313.2	347.9	402.8	554.4	620.3
International trade	119.1	114.0	139.1	149.1	181.9	317.7	436.5
Nontax revenue	53.9	58.3	71.3	48.9	62.6	123.3	160.5
Grants	125.3	202.8	113.0	198.6	91.4	74.9	225.5
Total expenditures and net lending	893.0	1,113.8	1,157.4	1,395.3	1,464.2	1,807.9	2,871.4
Current expenditures	504.0	684.7	776.1	939.0	1,015.9	1,304.4	2,188.0
Primary current expenditures	414.2	595.0	670.8	786.4	791.0	975.3	1,651.5
Salary and wage	206.2	215.1	236.9	258.6	274.8	332.5	444.4
Goods and services	110.4	133.9	209.9	264.5	255.7	396.1	809.6
Transfers and subsidies	97.6	246.1	224.0	263.2	260.4	246.7	397.5
Interest on debt	89.8	89.6	105.3	152.7	224.9	329.2	536.5
Domestic debt	15.9	27.5	31.2	69.2	104.3	161.3	262.7
External debt	73.9	62.1	74.1	83.4	120.6	167.9	273.8
Capital expenditures	386.6	423.4	368.9	453.4	444.0	500.4	672.3
Domestically financed	41.6	34.7	78.4	155.9	181.1	199.5	295.2
Externally financed	345.0	388.7	290.5	297.5	262.9	300.9	377.1
Net lending	2.4	5.8	12.3	2.9	4.3	3.1	11.1
Basic primary fiscal balance ¹	136.3	29.9	2.3	-191.0	-40.3	378.8	214.4
Overall balance, commitments basis							
Excluding grants	-298.5	-448.4	-393.4	-641.2	-528.1	-251.3	-699.1
Including grants	-173.2	-245.6	-280.4	-442.6	-436.8	-176.4	-473.7
Financing	173.3	240.8	259.7	537.7	433.8	176.4	473.7
Domestic financing	57.5	-3.8	158.0	470.4	285.5	134.0	585.7
Bank financing	116.4	5.9	176.8	311.2	163.4	134.8	616.6
Central bank	129.5	-18.6	110.6	150.7	120.3	-21.1	916.2
Commercial banks	-13.1	24.6	66.2	160.6	43.1	155.9	-299.6
Nonbank financing	-58.9	-9.7	-18.7	159.2	122.1	-0.8	-30.9
Privatization revenue	...	2.0	2.5	3.2	3.7	87.6	284.8
Amortization of domestic debt	...	-13.5	32.4	98.8	42.4	-83.0	-240.9
Change in arrears	-43.3	-4.1	-49.5	45.8	21.4	0.0	0.0
Change in float ²	...	...	...	11.4	18.6	-34.8	-91.7
Other	...	5.9	-4.1	0.0	36.0	29.4	16.9
External financing	115.8	244.5	101.7	67.3	148.3	42.4	-112.0
Drawings	224.3	346.5	215.8	165.2	204.9	273.4	247.7
Amortization due ²	-140.0	-235.7	-192.8	-253.6	-289.7	-432.8	-830.7
Debt rescheduling and HIPC assistance ³	0.0	133.5	83.1	119.7	76.9	143.4	103.2
Change in arrears (= reduction)	31.5	0.2	-4.5	36.0	156.2	58.4	367.7
Errors and omissions ²	0.0	4.8	20.7	-95.1	3.0	0.0	0.0
(Percent of GDP)							
Revenue and grants	13.2	14.7	13.8	13.3	11.5	13.7	14.7
Expenditure	16.4	18.8	18.3	19.4	16.4	15.2	17.6
Basic primary fiscal balance	2.5	0.5	0.0	-2.7	-0.5	3.2	1.3
Overall balance, commitment basis							
Excluding grants	-5.5	-7.6	-6.2	-8.9	-5.9	-2.1	-4.3
Including grants	-3.2	-4.1	-4.4	-6.2	-4.9	-1.5	-2.9

Sources: Guinean authorities; and IMF staff estimates.

¹ Revenue minus noninterest expenditure and foreign-financed expenditures.² For 2005–06, errors and omissions are included in the change in float.³ Committed debt relief.

Table 8. Guinea: Central Government Revenue, 2000–06

	2000	2001	2002	2003	2004	2005	2006
(Billions of Guinean francs)							
Total revenue	594.5	665.4	763.9	754.1	936.0	1,556.6	2,172.3
Mining sector	146.4	166.6	145.4	105.9	171.0	380.6	675.0
Profit taxes and dividends	6.0	8.2	8.7	9.1	33.6	32.6	79.1
Special tax on mining products	140.0	154.1	131.2	94.9	134.7	347.0	594.8
Other	0.5	4.3	5.5	1.9	2.8	1.1	1.1
Nonmining sector	448.1	498.8	618.5	648.2	764.96	1,176.0	1,497.3
Income and profit taxes	58.3	78.1	94.9	102.4	117.61	180.6	280.0
Taxes on domestic production and trade	216.8	248.5	313.2	347.9	402.80	554.4	620.3
Value-added tax (VAT)	115.1	156.2	184.8	217.1	268.83	...	...
Excise surcharge	7.2	10.8	10.6	15.1	14.85	...	...
Petroleum excise tax	47.2	72.8	77.4	84.3	88.81	125.6	136.2
Other	47.3	8.7	40.5	31.5	30.31	...	...
Taxes on international trade	119.1	114.0	139.1	149.1	181.93	317.7	436.5
Import duties	84.3	88.0	108.4	112.7	144.19	...	...
Taxes on exports	4.0	5.2	5.8	9.9	0.64	...	...
Other ¹	30.8	20.8	24.9	26.6	37.10	...	...
Nontax revenue and miscellaneous	53.9	58.3	71.3	48.9	62.62	123.3	160.5
(Percent of GDP)							
Total revenue	10.9	11.2	12.0	10.5	10.5	13.1	13.3
Mining sector	2.7	2.8	2.3	1.5	1.9	3.2	4.1
Nonmining sector	8.2	8.4	9.8	9.0	8.6	9.9	9.2
Income and profit taxes	1.1	1.3	1.5	1.4	1.3	1.5	1.7
Taxes on domestic production and trade	4.0	4.2	4.9	4.8	4.5	4.7	3.8
Taxes on international trade	2.2	1.9	2.2	2.1	2.0	2.7	2.7
Nontax revenue and miscellaneous	1.0	1.0	1.1	0.7	0.7	1.0	1.0
(Annual percentage change)							
Total revenue	14.9	11.9	14.8	-1.3	24.1	66.3	39.6
Mining sector	24.8	13.8	-12.7	-27.2	61.6	122.5	77.3
Nonmining sector	12.1	11.3	24.0	4.8	18.0	53.7	27.3
Income and profit taxes	1.0	33.9	21.6	7.9	14.9	53.5	55.1
Taxes on domestic production and trade	-5.2	14.6	26.1	11.1	15.8	37.6	11.9
Taxes on international trade	47.4	-4.3	22.0	7.2	22.0	74.6	37.4
Nontax revenue and miscellaneous	64.2	8.2	22.3	-31.4	28.1	96.9	30.2

Sources: Guinean authorities; and IMF staff estimates.

¹Including recovery of tax arrears.

Table 9. Guinea: Central Government Expenditure, 2000–06

	2000	2001	2002	2003	2004	2005	2006
(Billions of Guinean francs)							
Total expenditures	893.0	1,113.8	1,157.4	1,395.3	1,464.2	1,807.9	2,871.4
Current expenditures	504.0	684.7	776.1	939.0	1,015.9	1,304.4	2,188.0
Primary current expenditures	414.2	595.0	670.8	786.4	791.0	975.3	1,651.5
Salary and Wage	206.2	215.1	236.9	258.6	274.8	332.5	444.4
Goods and services	110.4	133.9	209.9	264.5	255.7	396.1	809.6
Transfers and subsidies	97.6	246.1	224.0	263.2	260.4	246.7	397.5
Interest on debt	89.8	89.6	105.3	152.7	224.9	329.2	536.5
Domestic debt	15.9	27.5	31.2	69.2	104.3	161.3	262.7
External debt	73.9	62.1	74.1	83.4	120.6	167.9	273.8
Capital expenditures	386.6	423.4	368.9	453.4	444.0	500.4	672.3
Domestically financed	41.6	34.7	78.4	155.9	181.1	199.5	295.2
Investment	0.0	33.6	77.6	154.0	178.0	183.8	289.0
Capital transfer	0.0	1.1	0.9	1.9	3.1	15.7	6.2
Externally financed	345.0	388.7	290.5	297.5	262.9	300.9	377.1
Net lending	2.4	1.3	4.4	1.4	0.7	0.1	8.1
Restructuring expenditures	0.0	4.5	7.9	1.5	3.6	3.0	3.0
(Percent of GDP)							
Total expenditures	16.4	18.8	18.3	19.4	16.4	15.2	17.6
Current expenditures	9.3	11.6	12.2	13.1	11.4	11.0	13.4
Primary current expenditures	7.6	10.1	10.6	10.9	8.9	8.2	10.1
Salary and Wage	3.8	3.6	3.7	3.6	3.1	2.8	2.7
Goods and services	2.0	2.3	3.3	3.7	2.9	3.3	5.0
Transfers and subsidies	1.8	4.2	3.5	3.7	2.9	2.1	2.4
Interest on debt	1.7	1.5	1.7	2.1	2.5	2.8	3.3
Domestic debt	0.3	0.5	0.5	1.0	1.2	1.4	1.6
External debt	1.4	1.0	1.2	1.2	1.4	1.4	1.7
Capital expenditures	7.1	7.2	5.8	6.3	5.0	4.2	4.1
Domestically financed	0.8	0.6	1.2	2.2	2.0	1.7	1.8
Investment	0.0	0.6	1.2	2.1	2.0	1.5	1.8
Capital transfer	0.0	0.0	0.0	0.0	0.0	0.1	0.0
Externally financed	6.3	6.6	4.6	4.1	2.9	2.5	2.3
Net lending	0.0	0.0	0.1	0.0	0.0	0.0	0.0
Restructuring expenditures	0.0	0.1	0.1	0.0	0.0	0.0	0.0
(Billions of Guinean francs)							
<i>Memorandum items:</i>							
Defense expenditure	80.3	171.1	193.8	167.0	181.8	...	...
Priority sector spending, of which:	160.5	193.2	259.8	242.0	263.9	416.3	585.9
Education (excluding higher education)	74.1	79.5	111.0	110.6	150.4	...	...
Health	21.7	48.8	47.6	37.3	35.2	...	...
(Percent of GDP)							
Defense expenditure	1.5	2.9	3.1	2.3	2.0	...	...
Priority sector spending, of which:	3.0	3.3	4.1	3.4	3.0	3.5	3.6
Education (excluding higher education)	1.4	1.3	1.8	1.5	1.7	...	...
Health	0.4	0.8	0.8	0.5	0.4	...	...

Sources: Guinean authorities; and IMF staff estimates.

Table 10. Guinea: Monetary Survey, 2000–06
(Billions of Guinean francs, unless otherwise indicated)

	2000	2001	2002	2003	2004	2005	2006
Central bank							
Net foreign assets ¹	53.6	119.9	52.1	-129.3	-155.0	-171.0	-177.2
(Millions of U.S. dollars)	27.9	60.7	26.4	-64.7	-60.8	-38.0	-31.4
Net domestic assets	289.7	261.1	398.4	703.3	918.3	1,125.3	1,934.2
Domestic credit	241.8	227.5	392.7	575.4	737.4	812.7	1,764.1
Government (net)	252.5	249.7	414.2	525.7	723.1	685.1	1,854.0
Of which: gold revaluation claims	17.7	17.6	17.6	55.4	55.4	55.4	55.4
Public enterprises	5.8	6.0	2.7	2.7	2.7	4.8	1.1
Private sector ¹	5.4	12.9	26.6	79.9	92.1	131.3	167.9
Claims on deposit money banks	-22.0	-41.2	-50.7	-32.9	-80.5	-8.5	-258.9
Of which: sterilization bills (-)	-30.0	-44.3	-60.8	-34.5	-82.5	-23.0	-273.0
Other items, net (assets +)	48.0	33.6	5.7	127.9	180.9	312.6	170.1
Reserve money	343.3	381.0	450.5	573.9	763.3	954.3	1,757.0
Currency outside banks	285.2	310.1	349.8	478.1	604.1	786.3	1,306.6
Bank reserves	36.5	64.3	97.2	93.1	154.1	159.6	443.6
Deposits	30.2	50.0	78.4	77.4	125.5	130.9	404.8
Required reserves	15.3	19.5	24.6	33.1	48.1	39.7	94.1
Excess reserves	14.9	30.5	53.8	44.2	77.4	91.2	310.7
Cash in vaults	6.3	14.3	18.8	15.8	28.6	28.7	38.8
Private sector deposits	21.7	6.6	3.6	2.7	5.1	8.4	6.8
Deposit money banks							
Net foreign assets	74.2	81.8	69.5	66.8	185.0	277.5	495.5
Bank reserves	36.5	64.3	97.2	93.1	154.1	159.6	443.6
Deposits at the central bank	30.2	50.0	78.4	77.4	125.5	130.9	404.8
Cash in till	6.3	14.3	18.9	15.8	28.6	28.7	38.8
Liabilities to central bank (-)	22.0	41.2	50.7	32.9	80.5	8.5	258.9
Of which: sterilization bills	30.0	44.3	60.8	34.5	82.5	23.0	273.0
Domestic credit	269.3	311.5	389.9	606.2	672.1	1,012.8	940.6
Credit to the government	-5.1	19.5	84.9	245.4	288.5	444.4	144.8
Claims	18.0	47.0	115.0	285.9	386.2	532.5	325.4
Deposits	23.1	27.5	30.1	40.5	97.7	88.1	180.6
Claims on public enterprises	0.2	0.1	10.0	3.9	0.0	0.1	2.8
Claims on the private sector	274.2	292.0	295.1	356.9	383.6	568.3	793.0
Other items, net (assets +)	-123.4	-143.7	-159.8	-196.6	-216.3	-216.3	-204.8
Liabilities to the private sector	278.6	355.1	447.6	602.5	875.4	1,242.0	1,933.9
Other items, net (assets +)	-75.4	-110.1	-154.1	-68.7	-35.4	96.3	-34.7
Broad money (M2)							
Currency	285.2	310.1	349.8	478.1	604.1	786.3	1,306.6
Deposits	300.3	361.7	451.2	605.2	880.5	1,250.4	1,940.7
Of which: foreign currency deposits	85.6	106.5	120.3	157.9	271.0	557.0	1,044.8
Memorandum items:							
Gross reserves (in months of imports)	2.4	3.3	2.5	0.9	0.5	0.5	0.6
Broad money (12-month change in percent)	23.4	14.8	19.2	35.3	37.0	37.2	59.4
Reserve money (12-month change in percent)	17.0	11.0	18.3	27.4	33.0	25.0	84.1
Velocity (GDP/average M2)	10.3	9.4	8.6	7.6	7.0	6.7	6.2

Sources: Central Bank of the Republic of Guinea (BCRG); and IMF staff estimates.

¹ For 2003 and 2004, net foreign assets and credit to private sector of the central bank have been adjusted to take account of operations with a private company. The data for 2005-06 reflect revisions in line with external audit findings.

Table 11. Guinea: Summary Accounts of the Central Bank, 2000-06

(Billions of Guinean francs)

	2000	2001	2002	2003	2004	2005	2006
Net foreign assets ¹	53.6	119.9	52.1	-129.3	-155.0	-171.0	-177.2
Gold	25.4	16.6	183.7	3.1	9.4	8.1	65.8
IMF	-215.4	-248.0	-268.7	-271.7	-277.4	-389.1	-407.0
SDR holdings	1.3	1.6	2.5	2.9	4.7	9.7	0.6
Foreign exchange holdings	256.2	393.3	149.6	154.4	136.4	223.9	221.8
Short-term liabilities	-13.9	-43.6	-15.1	-18.1	-28.0	-23.5	-58.4
Net domestic assets	289.7	261.1	398.4	703.3	918.3	1,125.3	1,934.2
Net domestic credit	241.8	227.5	392.7	575.4	737.4	812.7	1,764.1
Public sector (net)	258.3	255.8	416.9	528.4	725.8	689.9	1,855.1
Government (net)	252.5	249.7	414.2	525.7	723.1	685.1	1,854.0
Public enterprises	5.8	6.0	2.7	2.7	2.7	4.8	1.1
Private sector ¹	5.4	12.9	26.6	79.9	92.1	131.3	167.9
Refinancing	8.0	3.0	10.0	1.6	2.0	14.5	14.1
Sterilization bills (-)	-30.0	-44.3	-60.8	-34.5	-82.5	-23.0	-273.0
Other items, net (assets +)	48.0	33.6	5.7	127.9	180.9	312.6	170.1
Revaluation accounts	4.1	8.1	9.7	53.0	54.3	95.8	226.4
Adjustment IMF accounts	4.9	3.0	0.1	-9.6	0.2	0.1	0.1
Capital, reserves, and provisions	-20.2	-25.1	-20.4	-18.7	-26.0	-45.5	-25.4
SDR allocations	-5.8	-5.8	-5.8	-5.8	-5.8	-5.8	-5.8
Other (net)	63.0	51.4	20.1	106.9	156.1	266.0	-27.2
Other (central bank)	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Reserve money	343.3	381.0	450.5	573.9	763.3	954.3	1,757.0
Currency outside banks	285.2	310.1	349.8	478.1	604.1	786.3	1,306.6
Bank reserves	36.5	64.3	97.2	93.1	154.1	159.6	443.6
Cash in vaults	6.3	14.3	18.8	15.8	28.6	28.7	38.8
Deposits	30.2	50.0	78.4	77.4	125.5	130.9	404.8
Of which : required reserves	0.0	26.1	24.6	33.1	48.1	39.7	94.1
Private sector deposits	21.7	6.6	3.6	2.7	5.1	8.4	6.8
Of which: in foreign currency	4.7	3.3	0.2	0.1	3.1	5.4	0.4

Sources: Central Bank of the Republic of Guinea (BCRG); and IMF staff estimates.

¹ For 2003 and 2004, net foreign assets and credit to private sector of the central bank have been adjusted to take account of operations with a private company. The data for 2005-06 reflect revisions in line with external audit findings.

Table 12. Guinea: Summary Accounts of Deposit Money Banks, 2000-06
(Billions of Guinean francs)

	2000	2001	2002	2003	2004	2005	2006
Net foreign assets	74.2	81.8	69.5	66.8	185.0	277.5	495.5
Assets	151.2	136.1	145.9	136.2	282.0	401.8	661.8
Liabilities	76.9	54.3	76.4	69.5	97.0	124.3	166.3
Claims on central bank	57.5	96.4	141.7	110.7	234.6	168.0	702.6
Refinancing (-)	-9.0	-4.8	-15.5	-6.4	-2.0	-14.5	-14.1
Sterilization bills	30.0	44.3	60.8	34.5	82.5	23.0	273.0
Banks' reserves	36.5	56.9	96.4	82.6	154.1	159.6	443.6
Deposits	30.2	42.6	77.5	66.8	125.5	130.9	404.8
Cash in vaults	6.3	14.3	18.9	15.8	28.6	28.7	38.8
Domestic credit	269.3	311.5	389.9	606.2	672.1	1,012.8	940.6
Claims on public sector	-4.9	19.5	94.8	249.3	288.5	444.5	147.6
Government (net)	-5.1	19.5	84.9	245.4	288.5	444.4	144.8
Claims	18.0	47.0	115.0	285.9	386.2	532.5	325.4
Liabilities	23.1	27.5	30.1	40.5	97.7	88.1	180.6
Public enterprises (PEs)	0.2	0.1	10.0	3.9	0.0	0.1	2.8
Claims on private sector	274.2	292.0	295.1	356.9	383.6	568.3	793.0
Healthy	203.4	210.1	215.2	255.7	276.9	470.4	710.3
Nonperforming	70.8	81.9	79.9	101.3	106.7	97.9	82.7
Other items, net	-122.4	-134.6	-153.5	-181.1	-216.3	-216.3	-204.8
Other assets	60.5	62.1	81.6	89.0	134.1	155.3	298.4
Correspondents	0.0	0.1	0.3	2.2	1.3	23.6	59.5
Immobilizations	24.6	25.5	27.1	30.6	42.2	85.4	121.4
Other	35.8	36.5	54.1	56.2	90.6	46.4	117.4
Other liabilities	-182.9	-196.6	-235.1	-270.1	-350.4	-371.6	-503.1
Correspondents	-3.0	-11.9	-15.8	-16.8	-13.4	-10.7	-12.4
Own funds	-124.8	-134.9	-161.5	-194.0	-229.8	-200.9	-356.2
Other	-55.2	-49.9	-57.7	-59.3	-107.2	-160.0	-134.5
Liabilities to private sector and PEs	278.6	355.1	447.6	602.5	875.4	1,242.0	1,933.9
Deposits in Guinean francs	197.7	251.8	327.5	444.7	607.4	690.4	889.5
Demand deposits	177.1	223.0	298.8	382.5	513.4	592.7	796.2
Saving and time deposits	20.6	28.8	28.7	62.2	94.0	97.7	93.3
Deposits in foreign currency	80.9	103.3	120.1	157.8	268.0	551.6	1,044.4

Sources: Central Bank of the Republic of Guinea (BCRG); and IMF staff estimates.

Table 13. Guinea: Distribution of Banking Sector Credit by Sector and Maturity, 2000-06

(Percent, unless otherwise indicated)

	2000	2001	2002	2003	2004	2005	2006
Trade	60.7	59.7	59.9	53.9	62.9	72.9	76.1
Construction, public works	7.7	8.1	8.8	10.0	9.1	5.3	5.3
Agriculture and textiles	7.3	6.9	5.8	5.1	5.7	4.4	3.9
Business services	7.7	9.2	10.0	8.5	6.2	5.4	5.6
Other manufacturing industries	5.6	7.2	7.1	14.7	10.4	7.0	4.3
Transport	2.6	2.8	3.2	3.2	3.5	3.5	2.8
Other sectors ¹	8.5	6.1	5.3	4.7	2.2	1.6	2.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Maturity							
Total credit utilized	68.1	68.1	64.7	72.1	66.4	63.4	63.5
Short term	57.5	59.5	57.3	60.1	59.2	55.0	51.9
Medium term	10.2	8.5	7.1	11.8	7.0	8.4	11.6
Long term	0.4	0.1	0.3	0.1	0.1	0.0	0.1
Guarantees and liabilities	31.9	31.9	35.3	27.9	33.6	36.6	36.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total (Billions of Guinean francs)	397.3	411.3	436.2	477.3	537.7	863.8	1254.4

Source: Central Bank of the Republic of Guinea (BCRG).

¹ Includes exploitation of natural resources; extraction and production of minerals; energy and water production; and nonbusiness services.

Table 14. Guinea: Structure of Interest Rates, 2000-06

(Percent per annum; end of period)

	2000	2001	2002	2003	2004	2005	2006
Central bank and government rates							
Central bank refinancing rate ¹	11.5	16.3	16.3	16.3	16.3	22.3	22.3
Treasury bills (BDT)	14.7	13.4	13.3	13.2	14.7	23.9	22.3
Central bank notes (TRM)	13.0	12.6	12.5	11.3	12.3	20.3	20.1
Commercial banks' rates							
Minimum savings deposit rate ²	7.5	8.2	6.5	6.5	8.4	14.7	14.7

Source: Central Bank of the Republic of Guinea (BCRG).

¹ The central bank discontinued refinancing operations since 1993, except for a limited number of on-lent donor lines of credit.

² Rate set by the central bank.

Table 15. Guinea: Balance of Payments, 2000–06

(Millions of U.S. dollars, unless otherwise indicated)

	2000	2001	2002	2003	2004	2005	2006
Merchandise trade balance	83.3	160.9	161.3	153.2	27.3	86.4	69.2
Exports, f.o.b.	666.6	722.8	708.5	731.7	748.3	841.4	1,011.1
<i>Of which</i> : Mining products	570.6	636.5	619.9	627.3	674.8	760.6	908.7
Agricultural and maritime products	44.9	40.3	75.0	91.1	67.2	67.2	96.0
Imports, f.o.b.	-583.3	-561.9	-547.2	-578.5	-721.0	-754.9	-942.0
Food products	-106.2	-89.1	-98.5	-101.8	-148.7	-130.8	-146.9
Other consumption goods	-87.4	-79.5	-93.9	-88.2	-123.9	-106.1	-110.9
Petroleum goods	-81.5	-87.0	-88.5	-79.2	-115.1	-161.8	-199.1
Intermediate and capital goods	-308.3	-306.3	-266.2	-256.7	-333.3	-356.2	-485.1
Services trade balance	-242.5	-201.5	-230.8	-238.9	-197.2	-188.5	-215.0
Services exports	68.0	86.0	76.7	74.8	80.7	82.8	86.0
<i>Of which</i> : transport	15.6	31.7	8.9	6.7	5.2	5.8	6.9
Services imports	-310.5	-287.4	-307.5	-313.7	-277.9	-271.3	-301.0
<i>Of which</i> : transport	-137.7	-112.5	-98.6	-93.7	-92.5	-96.8	-120.8
Income balance	-77.6	-87.2	-32.6	-33.8	-59.8	-39.9	-41.7
<i>Of which</i> : interest on public debt ¹	-55.0	-31.9	-37.5	-42.0	-53.2	-46.1	-52.7
Transfers:	10.5	46.3	23.1	-3.7	2.3	-4.7	2.9
<i>Of which</i> : Net private transfers	-15.0	-12.9	-15.3	-23.1	-7.6	-17.7	-15.6
Official transfers	25.5	38.6	20.2	-0.6	-4.8	1.0	2.0
HIPC Initiative interim assistance (multilateral)	0.0	20.6	18.3	20.0	14.7	12.0	16.5
Current account	-226.4	-81.4	-79.0	-123.2	-227.3	-146.6	-184.7
Including official transfers	-226.4	-81.4	-79.0	-123.2	-227.3	-146.6	-184.7
Excluding official transfers	-251.9	-140.6	-117.4	-142.6	-237.3	-159.6	-203.2
Capital account	71.7	81.9	38.8	77.7	25.6	7.6	24.9
Public transfers (project grants)	71.7	81.9	38.8	77.7	25.6	7.6	24.9
Financial account	-1.2	0.2	41.9	26.1	114.9	52.2	26.6
Public (medium and long term)	48.3	58.3	10.7	-19.5	-28.8	-43.4	-111.0
Project-related loans	126.6	117.6	108.3	72.1	90.3	75.1	47.6
Program financing	1.8	60.3	1.0	11.1	0.0	0.0	0.0
Amortization due ¹	-80.1	-119.6	-98.6	-102.7	-119.1	-118.5	-158.6
Public (short term)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Direct and other private investment (net)	-47.2	-58.0	31.2	55.9	97.9	73.7	160.1
Private short term	-2.3	0.0	0.0	-10.3	45.8	21.9	-22.5
Errors and omissions	94.6	-25.9	-75.8	-150.0	-12.9	56.6	47.7
Overall balance	-61.3	-25.1	-74.2	-169.4	-99.8	-30.2	-85.6
Financing	61.3	25.1	74.2	169.4	99.8	30.2	85.6
Change in net foreign assets	43.3	-43.6	34.4	91.0	-3.9	-22.8	-6.6
<i>Of which</i> : Fund repayments	-8.0	14.6	5.4	-14.7	-19.5	-25.7	-19.4
Change in gross official reserves	51.4	-58.1	38.5	89.8	21.2	5.3	2.7
Changes in arrears	18.0	0.1	-2.3	18.1	68.9	16.0	70.7
Committed debt relief and rescheduling	0.0	68.6	42.1	60.3	34.8	37.0	21.5
Memorandum items:							
Current account-GDP ratio (percent)							
Including official transfers	-6.4	-2.7	-2.5	-3.4	-5.8	-4.5	-5.9
Excluding official transfers	-7.1	-4.6	-3.7	-3.9	-6.0	-4.9	-6.5
Overall balance (percent of GDP)	-2.0	-0.8	-2.3	-4.7	-2.5	-0.9	-2.7
Exports-GDP ratio (percent)	24.0	26.6	24.5	22.3	21.0	28.3	34.9
Imports-GDP ratio (percent)	-29.2	-27.9	-26.6	-24.6	-25.4	-31.5	-39.6
Debt-service ratio, before interim debt relief	4.6	20.2	18.9	19.9	23.2	20.7	21.1
Gross reserves	150.3	208.4	170.0	80.2	59.0	53.7	51.0
Months of imports of the following year ²	2.0	3.3	2.5	0.9	0.5	0.5	0.6
Nominal GDP (million of U.S. dollar)	3,112	3,039	3,210	3,619	3,938	3,261	3,140

Sources: Guinean authorities and IMF staff estimates and projections.

¹ Debt service payments on public and publicly guaranteed debt.² Percent of exports of goods and nonfactor services, excluding imports for large mining projects and those financed by project loans from donors.

Table 16. Guinea: Composition of Merchandise Exports, 2000-06

(Millions of U.S. dollars, unless otherwise indicated)

	2000	2001	2002	2003	2004	2005	2006
Total exports, f.o.b.	666.6	722.8	708.5	726.1	748.3	841.4	1011.1
<i>Of which</i> : Mining products ¹	570.6	636.5	619.9	627.3	674.8	760.6	908.7
Agricultural and maritime products	96.0	86.4	88.6	98.8	73.5	80.8	102.5
Bauxite	299.4	319.6	305.2	255.3	292.4	356.7	404.7
CBG ²	269.1	290.0	285.6	235.6	269.7	329.6	379.8
Volume (million tons)	12.5	12.3	13.4	11.9	12.9	12.8	12.9
Price (U.S. dollars per ton)	21.5	23.7	21.3	19.9	20.8	25.8	29.5
CBK ³	20.8	20.4	19.7	19.6	22.7	27.1	24.9
Volume (million tons)	1.4	1.6	1.8	1.9	2.1	2.3	2.8
Price (U.S. dollars per ton)	14.6	12.8	11.0	10.4	11.0	11.8	8.9
Alumina (Friguia)	102.8	138.5	128.4	143.6	163.0	116.7	141.8
Volume (thousand tons)	570.9	679.7	674.6	731.2	785.8	710.0	510.0
Price (U.S. dollars per ton)	180.0	203.8	190.3	196.4	207.4	164.3	278.0
Diamonds	51.3	28.1	34.5	52.2	48.2	35.2	42.9
Arédor, Hymex, and Quatro	18.6	4.5	6.4	5.8	3.0	0.0	0.0
Volume (thousand carats)	41.4	25.5	22.2	28.5	40.1	0.0	0.0
Price (U.S. dollars per carat)	450.2	175.1	286.7	203.6	75.9	166.3	167.9
Others	32.7	23.7	28.2	46.4	45.1	35.2	42.9
Gold	117.1	150.2	151.8	176.2	171.3	252.0	319.3
SMD ⁴	24.6	29.5	31.9	33.7	35.8	51.3	59.9
Volume (tons)	2.7	3.3	3.4	2.9	2.9	4.4	3.6
Price (U.S. dollars per ounce)	283.0	280.0	293.6	364.0	389.0	360.8	511.8
SAG ⁵	78.6	77.0	83.8	91.8	82.4	133.5	188.8
Volume (tons)	8.7	8.9	8.4	7.9	6.3	9.3	10.2
Price (U.S. dollars per ounce)	281.0	270.1	311.0	363.0	410.0	445.0	578.0
Other	13.9	43.7	36.1	50.8	53.1	67.2	70.6
Volume (tons)	2.9	4.3	4.7	4.7	3.8	4.9	4.9
Price (U.S. dollars per ounce)	220.4	248.8	240.6	333.1	333.1	333.1	452.5
Coffee	21.4	15.2	17.6	20.7	15.8	23.3	31.8
Volume (thousand tons)	19.6	21.2	21.8	20.6	22.3	23.0	23.8
Price (thousand U.S. dollars per ton)	1.1	0.7	0.8	1.0	0.7	1.0	1.3
Fish	23.5	25.2	28.3	30.1	33.2	30.1	42.1
Cotton	...	...	29.1	40.3	18.2	20.9	22.0
Other exports	51.1	46.1	13.6	7.7	6.3	6.4	6.5

Sources: Guinean authorities; and staff estimates.

¹ Exports of bauxite, alumina, diamonds, and gold.² Compagnie Bauxite de Guinée.³ Compagnie Bauxite de Kindia.⁴ Société Minière de Dinguirayo.⁵ Société Aurifère de Guinée.

Table 17. Guinea: Composition of Merchandise Imports, 2000–06

(Millions of U.S. dollars, unless otherwise indicated)

	2000	2001	2002	2003	2004	2005	2006
Total imports, f.o.b.	583.3	561.9	547.2	525.8	721.0	754.9	942.0
Adjustment for freight, insurance, diplomatic and transit trade	111.1	107.0	108.1	45.2	56.7	93.3	116.4
Imports, c.i.f.	694.4	668.9	655.3	571.1	777.7	848.2	1058.4
Food products	126.4	124.6	118.0	110.5	160.4	147.0	165.0
In constant 1996 prices	192.8	184.5	156.5	139.4	177.1	162.8	166.3
Price index, 1990 = 100	83.7	86.2	81.8	86.0	98.3	97.9	107.6
Other consumption goods	104.0	98.8	112.5	95.8	133.6	119.2	124.7
In constant 1996 prices	132.8	133.4	144.0	114.7	135.1	109.3	89.0
Price index, 1990 = 100	91.4	86.4	76.8	82.1	97.3	107.3	137.8
Petroleum products	97.0	104.6	106.0	86.0	124.1	181.8	223.7
In constant 1996 prices	70.1	87.8	86.6	60.6	67.0	69.4	70.9
Price index, 1990 = 100	28.2	24.3	25.0	28.9	37.8	53.4	64.3
Intermediate goods	122.6	112.6	130.4	110.9	142.3	167.6	227.7
In constant 1996 prices	156.5	152.1	166.9	132.8	143.9	153.6	162.5
Price index, 1990 = 100	91.4	86.4	76.8	82.1	97.3	107.3	137.8
Capital goods	244.4	228.3	188.4	167.9	217.2	232.7	317.4
In constant 1996 prices	312.0	308.2	241.1	201.1	219.6	213.3	226.5
Price index, 1990 = 100	91.4	86.4	76.8	82.1	97.3	107.3	137.8
Memorandum items:							
Imports, c.i.f., 1996 prices	814.4	833.7	697.7	570.9	698.2	693.6	768.5
Percentage change	-3.5	2.4	-16.3	-18.2	22.3	-0.7	10.8
Import prices (1996=100)	85.3	80.2	93.9	100.0	111.4	122.3	137.7
Percentage change	8.1	-5.9	17.1	6.5	11.4	9.8	12.6
Import-GDP ratio (in percent)	27.9	27.9	2.3	4.7	2.5	0.9	2.7
Merchandise imports, f.o.b.	18.7	18.5	17.0	14.5	18.3	23.2	30.0
Services imports	9.1	9.5	-14.7	-9.8	-15.8	-22.2	-27.3
Terms of trade (1996=100)	106.3	115.0	107.7	103.5	88.8	82.8	86.9
Percentage change	-7.8	8.1	2.4	-3.8	-14.2	-6.8	5.0

Sources: Guinean authorities; and IMF staff estimates.

Table 18. Guinea: Direction of Trade—Exports, 2000–06

	2000	2001	2002	2003	2004	2005	2006
	(Percent of total)						
Industrial countries	78.55	84.35	57.56	76.47	65.93	43.32	42.12
<i>Of which:</i>							
Spain	7.61	10.29	10.13	1.13	0.83	10.16	8.98
United States	11.48	17.66	9.28	9.51	1.06	6.13	7.69
France	18.55	21.19	7.13	14.47	17.72	5.74	7.70
Ireland	17.23	11.15	8.62	1.04	0.93	6.00	5.08
Belgium	13.10	2.20	9.70	11.50	14.71	4.50	3.22
Germany	5.25	6.89	5.02	0.23	0.10	5.04	5.38
Canada	3.81	2.84	3.13	0.01	0.01	1.80	2.19
Netherlands	0.05	1.32	0.59	0.24	1.01	0.47	0.35
United Kingdom	1.38	8.07	0.47	24.01	14.70	0.57	0.21
Switzerland	0.05	2.34	0.01	13.31	12.83	0.12	0.01
Developing countries	21.45	15.65	42.44	13.23	6.10	43.22	41.66
Africa	7.56	14.78	3.81	10.85	1.52	1.90	2.14
<i>Of which:</i>							
Cameroon	5.58	13.69	1.50	1.45	0.00	0.00	0.00
Côte d'Ivoire	0.04	0.01	0.36	8.46	0.02	0.65	0.68
Liberia	0.02	0.35	0.25	0.04	0.13	0.06	0.07
Nigeria	0.01	0.03	0.62	0.01	0.01	0.00	0.01
Asia	0.11	0.06	21.29	0.21	0.29	13.53	12.07
<i>Of which:</i>							
Korea	0.04	0.02	17.86	0.06	0.06	11.29	8.81
People's Republic of China	0.01	0.00	1.27	0.00	0.02	0.21	0.81
Europe	13.78	0.79	17.33	1.60	4.27	27.77	27.36
<i>Of which:</i>							
Russia	0.00	0.00	6.80	0.00	0.00	14.63	11.55
Ukraine	11.20	0.29	6.69	0.25	4.21	7.93	9.55
Romania	0.28	0.00	2.53	0.01	0.00	2.79	1.77
Middle East	0.01	0.01	0.00	0.00	0.01	0.02	0.05
Western Hemisphere	0.00	0.00	0.01	0.58	0.00	0.00	0.03
Memorandum items:							
European Union	65.46	61.50	47.82	54.91	50.95	38.13	34.13
Oil-exporting countries	0.01	0.05	0.70	0.07	0.02	0.02	0.03
Non-oil developing countries	21.44	15.61	41.74	13.16	6.08	43.19	41.63
	(Millions of U.S. dollar, unless otherwise specified)						
Exports according to <i>DOTS</i>	617.4	542.7	828.1	628.7	559.6	1,327.9	1,363.1
Exports according to <i>BOP</i>	666.6	722.8	708.5	726.1	748.3	841.4	1,011.1
Exports according to dots as share of according to BOP	92.6	75.1	116.9	86.6	74.8	157.8	134.8

Source: IMF, *Direction of Trade Statistics (DOTS)*, various years.

Table 19. Guinea: Direction of Trade—Imports, 2000–06

	2000	2001	2002	2003	2004	2005	2006
	(Percent of total)						
Industrial countries	0.56	0.59	0.65	0.55	0.32	0.36	0.33
<i>Of which:</i>							
France	20.62	19.30	18.06	14.95	8.74	7.20	8.04
Belgium	8.14	8.70	7.30	6.74	5.94	4.12	4.38
Italy	3.01	2.94	8.58	3.39	1.71	4.71	1.59
Netherlands							
United Kingdom	1.87	1.93	5.02	5.58	0.91	2.38	2.94
United States	5.58	7.13	7.89	3.75	3.35	7.34	3.17
Germany	3.21	2.52	3.28	3.72	1.70	1.23	1.29
Spain	2.14	2.65	2.05	1.89	1.16	1.57	1.01
Japan	5.17	5.26	2.53	4.04	2.22	0.80	2.33
Switzerland	0.99	1.61	1.64	3.93	0.90	0.45	0.29
Developing countries	43.44	41.32	34.94	44.43	65.09	62.14	64.76
Africa	24.96	22.02	11.78	13.46	22.44	11.91	9.40
<i>Of which:</i>							
Côte d'Ivoire	17.92	17.29	5.07	7.04	15.11	5.17	3.49
Senegal	0.65	0.86	2.07	0.65	0.46	2.35	1.81
South Africa	2.19	1.86	1.40	2.71	4.64	2.19	1.84
Developing countries in Asia	13.14	14.52	17.62	21.71	13.16	16.95	16.07
<i>Of which:</i>							
People's Republic of China	4.92	6.27	5.44	11.51	5.90	8.48	8.58
Hong Kong	0.99	1.12	2.30	1.08	0.49	0.82	0.64
India	2.02	1.91	4.01	3.34	2.29	3.14	3.22
Indonesia	1.02	1.31	2.39	2.21	0.58	0.97	1.01
Korea	0.29	0.27	1.17	0.49	0.23	1.08	0.30
Europe	3.15	1.93	2.24	2.75	3.23	2.93	2.14
Middle East	1.40	2.13	1.28	2.22	1.72	1.36	1.42
Western Hemisphere	0.79	0.72	2.03	4.28	24.53	28.99	35.72
Memorandum items:							
European Union	44.52	42.44	52.31	41.02	24.77	27.15	26.54
Oil-exporting countries	2.41	3.14	4.48	3.95	1.91	2.07	2.17
Non-oil developing countries	41.03	38.18	30.47	40.47	63.17	60.07	62.59
	(Millions of U.S. dollar, unless otherwise specified)						
Imports according to DOTS, c.i.f.	532.8	498.8	876.9	694.0	1,140.5	1,871.9	2,251.0
Imports according to BOP, c.i.f.	694.5	668.9	655.3	571.1	777.7	848.2	1,058.4
Imports according to BOP, f.o.b.	583.3	561.9	547.2	525.8	721.0	754.9	942.0

Sources: Guinean authorities; staff estimates; and IMF, *Direction of Trade Statistics* (DOTS), various years.

Table 20. Guinea: External Public Debt, 2000–06 ¹

	2000	2001	2002	2003	2004	2005	2006
	(Millions of U.S. dollars)						
Total medium- and long-term debt outstanding	3258.9	3204.6	3069.2	3172.2	3242.2	3198.8	3187.9
Medium- and long-term debt, excluding IMF	3146.0	3081.3	2930.2	3035.9	3120.2	3111.5	3115.6
Multilateral institutions, excluding IMF	1553.6	1657.3	1764.0	1852.1	1889.9	1958.5	1943.2
Organizations of Arab countries	146.8	126.6	115.7	112.9	120.5	138.0	136.7
Bilateral creditors ¹	1435.6	1289.4	1042.5	1062.9	1071.9	976.9	1000.8
Paris Club	1167.6	1074.4	827.5	847.9	857.3	819.3	887.9
Postcutoff	297.3	276.5	279.0	307.3	326.6	302.2	335.2
Resched. in 1986 and not previously resched.	74.1	63.7	54.4	41.5	29.9	29.1	29.2
Rescheduled in 1989	61.8	45.0	34.4	22.1	22.3	21.6	20.7
Rescheduled in 1992	111.3	101.4	104.7	117.5	120.2	114.6	121.4
Rescheduled in 1995	98.2	92.2	96.0	109.1	110.6	104.4	111.1
Rescheduled in 1997	83.9	76.7	79.4	87.6	88.7	95.2	118.1
Russian Federation	441.0	418.9	179.6	162.8	159.0	152.2	152.2
Other bilateral creditors	268.0	215.0	215.0	215.0	214.6	157.5	112.9
Commercial creditors	10.0	8.0	8.0	8.0	37.9	38.1	34.9
Outstanding IMF credit	112.9	123.3	139.0	136.3	121.9	87.3	72.2
Memorandum items:	(Percent of GDP)						
Total debt	104.7	105.4	95.6	87.6	82.3	98.1	101.5
Medium- and long-term debt, excluding IMF	101.1	101.4	91.3	83.9	79.2	95.4	99.2
IMF credit	3.6	4.1	4.3	3.8	3.1	2.7	2.3

Sources: Guinean authorities; and IMF staff estimates.

¹ Guinean debt to some bilateral and multilateral creditors is not fully reconciled. A data reconciliation exercise will be conducted in the context of the Heavily Indebted Poor Countries (HIPC) Initiative completion point review.

Table 21. Guinea: Financial Soundness Indicators of the Banking Sector, 2001–06
(Percent, unless otherwise indicated)

	Prudential Limits	2001	2002	2003	2004	2005	2006
Net capital (billions of Guinean francs) ¹		4.8	9.2	8.7	10.8	14.7	23.0
Regulatory capital to risk-weighted assets ¹	5 billion ² 10% ³	11.6	18.4	15.8	12.2	11.1	13.8
Loans larger than 15 percent of capital to regulatory capital (ratio) ¹	Eight times capital	4.3	1.4	1.8	1.7	2.7	3.2
Number of loans larger than 25 percent of capital ¹	0	3.4	2.1	2.6	1.3	1.4	1.3
Loans to managers and insiders to regulatory capital ¹	10%	...	11.3	9.3	7.7	6.3	6.5
Number of loans to managers and insiders larger than 5 percent of capital ¹	0	...	0.6	0.6	0.3	0.3	0.0
Liquid assets to short-term liabilities ¹	100% ⁴	164.5	363.6	172.8	214.8	185.4	136.0
Open foreign exchange position to regulatory capital ¹	35%	...	7.7	11.0	17.2	23.9	14.3
(Number of banks respecting the prudential limits, out of a total of seven banks for 2001-05 and eight banks for end-2006)							
Net capital (billions of Guinean francs)	5 billion ²	5	5	6	6	7	8
Regulatory capital to risk-weighted assets	10% ³	4	7	7	7	4	8
Loans larger than 15 percent of capital to regulatory capital (ratio)	Eight times capital	5	7	7	7	7	8
Number of loans larger than 25 percent of capital	0	2	3	5	2	3	4
Loans to managers and insiders to regulatory capital	10%	...	4	4	5	2	0
Number of loans to managers and insiders larger than 5 percent of capital	0	...	4	4	6	3	0
Liquid assets to short-term liabilities	100% ⁴	7	7	7	7	7	8
Open foreign exchange position to regulatory capital	35%	...	7	7	6	4	1

Source: Central Bank of Guinea (BCRG).

¹ Included in the prudential regulation of the BCRG. Presented as average of seven banks (eight from end-2006).

² The limit was 2 billion Guinean francs before March 2002 and was raised to 10 billion from January 2007.

³ The ratio was 8 percent before June 2003.

⁴ The ratio was 70 percent before June 2003.

Table 22. Guinea: Structure of Credit Portfolio of the Commercial Banks, 2001–06

	2001	2002	2003	2004	2005	2006
(Billions of Guinean francs)						
1. Total credit outstanding	302.7	310.7	368.7	381.3	572.3	799.6
2. Performing credits	213.3	225.5	259.7	276.8	473.9	715.1
<i>Of which:</i> nonimputed values (NIVs)	5.2	6.3	7.0	0.2	0.5	0.3
3. Frozen credits	4.9	5.3	5.8	4.5	0.5	0.8
4. Doubtful and contentious loans net	10.4	9.2	16.9	2.0	3.3	3.7
5. Provisions	73.5	70.7	86.4	98.0	94.7	79.8
6. Nonperforming loans (NPLs) (4+5)	83.9	79.9	103.2	100.0	97.9	83.6
7. Unpaid loans (NIVs+3+4+5)	94	91.5	116.0	104.7	98.9	84.7
(Percent)						
Unpaid loans to total loans (1/7)	31.1	29.4	31.5	27.5	17.3	10.6
NPLs to total loans (1/6)	27.7	25.7	28.0	26.2	17.1	10.5
Coverage of NPLs (5/6)	87.6	88.5	83.7	98.0	96.7	95.5

Source: Central Bank of Guinea.

Table 23. Guinea: Debt-Service Liabilities on Medium- and Long-Term External Public Debt, 2000-06

	(Millions of U.S. dollars)					
	2000	2001	2002	2003	2004	2005
Total debt service due (excluding IMF)	152.3	158.6	149.5	140.6	166.9	171.3
Interest due on medium- and long-term public debt	38.8	39.0	50.9	37.9	47.8	45.0
International organizations ¹	13.7	17.9	21.5	18.9	25.3	21.1
Organizations of Arab countries	1.4	2.2	2.2	2.6	2.3	2.4
Paris Club, post-cutoff date	5.8	5.2	4.8	4.3	4.6	5.7
Paris Club, 1986 and previously rescheduled debt (PRD)	1.1	0.9	0.9	0.8	1.1	0.6
Paris Club, 1989	4.1	2.8	1.9	1.0	0.9	0.9
Paris Club, 1992	4.1	3.8	3.6	3.2	4.7	4.5
Paris Club, 1995	3.3	2.9	2.8	2.6	3.3	3.8
Paris Club, 1997	3.3	1.2	3.1	2.7	3.7	3.9
Russian Federation ²	2.0	1.9	10.0	1.8	1.8	2.2
Non-Paris Club bilaterals	0.0	0.1	0.1	0.0	0.0	0.0
Principal due on medium- and long-term public debt (excl. IMF)	113.5	119.6	98.6	102.7	119.1	126.3
Of which : International organizations ¹	43.1	37.6	44.6	45.0	53.2	60.1
Paris Club, post-cutoff-date	13.6	16.6	15.7	16.9	23.5	22.6
Russian Federation ²	22.1	22.1	3.6	10.1	4.2	4.8
Non-Paris Club bilaterals ²	4.9	8.5	7.6	8.2	8.3	1.4
Memorandum items:						
Change in debt-service payments arrears	18.0	0.1	-2.3	18.1	68.9	16.0
						70.7

Sources: Guinean authorities; and IMF staff estimates.

¹ Excluding organizations of Arab countries.² Debt to some bilateral creditors is not fully reconciled; the table follows the Guinean position.

Table 24. Guinea: Nominal Exchange Rates and Effective Exchange Rate Indices, 2000:Q1–2006:Q4
(Index, 2000=100, unless otherwise indicated)

	Guinean Francs ¹ per U.S. Dollar		Guinean Francs per SDR		Nonadjusted Consumer Prices		Adjusted Consumer Prices		Relative Price Index		Effective Exchange Rate	
	Period average	End of period	Period average	End of period	Period average	End of period	Period average	End of period	Period average	End of period	Nominal	Real
2000												
Q1	1,747	1,680	2,364	2,262	97.7	239.4	97.5	97.9	99.0	99.1	94.6	100.6
Q2	1,610	1,626	2,136	2,174	97.8	265.0	98.5	98.9	99.2	99.0	106.3	104.3
Q3	1,738	1,826	2,275	2,370	100.3	281.2	100.3	103.3	99.8	102.3	101.2	101.5
Q4	1,892	1,882	2,436	2,452	104.2	104.7	103.6	104.1	102.1	102.2	97.9	95.2
2001												
Q1	1,923	1,975	2,485	2,489	104.3	104.1	104.4	104.5	101.8	101.7	94.1	93.3
Q2	1,945	1,952	2,451	2,431	104.3	104.7	105.2	105.7	101.6	101.6	96.5	96.1
Q3	1,962	1,952	2,493	2,516	106.5	107.3	106.3	106.5	102.1	102.2	95.1	91.6
Q4	1,972	1,988	2,505	2,499	106.3	105.9	105.7	105.5	101.1	100.7	93.9	93.2
2002												
Q1	1,977	1,975	2,469	2,455	106.2	106.5	106.3	107.1	100.9	101.4	95.1	94.3
Q2	1,975	1,976	2,523	2,549	106.9	107.4	108.0	108.5	101.8	102.2	91.4	89.2
Q3	1,976	1,976	2,614	2,631	109.4	109.9	109.0	108.8	102.3	102.0	87.9	90.0
Q4	1,976	1,976	2,627	2,620	111.5	112.4	110.7	112.1	103.1	104.0	87.6	86.5
2003												
Q1	1,975	1,977	2,703	2,720	115.1	117.7	115.5	118.9	106.2	109.0	83.7	83.3
Q2	1,980	1,980	2,765	2,805	119.1	120.4	120.4	121.6	110.4	111.4	80.4	88.8
Q3	1,986	1,995	2,761	2,768	122.4	123.9	121.6	122.2	111.0	111.3	80.1	79.8
Q4	1,999	2,000	2,878	2,964	125.3	125.9	124.3	125.7	112.6	113.6	86.2	75.0
2004												
Q1	1,992	2,000	2,968	2,969	129.6	129.8	130.4	131.8	117.2	118.2	86.7	74.8
Q2	2,000	2,000	2,922	2,942	131.0	132.3	132.7	133.5	118.2	118.6	89.7	75.6
Q3	2,358	2,550	3,457	2,932	145.7	157.6	144.2	155.0	127.6	136.9	77.2	58.1
Q4	2,550	2,550	3,853	3,516	159.7	160.8	158.2	160.3	138.8	140.2	79.1	55.3
2005												
Q1	2,796	3,228	4,257	3,517	164.5	165.5	166.1	169.1	144.5	146.5	74.0	46.9
Q2	3,543	3,827	5,284	5,600	176.2	186.0	178.6	187.3	154.1	161.3	63.9	39.8
Q3	3,931	4,133	5,743	5,988	197.1	201.3	194.5	197.7	166.5	168.7	63.2	36.6
Q4	4,307	4,500	6,179	6,443	205.8	208.5	203.9	207.6	173.2	176.0	60.8	34.0
2006												
Q1	4,570	4,717	6,583	6,795	216.0	219.9	218.5	225.4	184.1	189.7	59.9	32.4
Q2	4,908	5,089	7,227	7,481	239.4	252.1	242.7	253.4	203.0	211.5	60.4	28.9
Q3	5,484	5,596	8,127	8,283	265.0	270.1	260.9	265.4	216.9	220.5	57.2	25.9
Q4	5,735	5,977	8,547	8,992	281.2	290.0	278.9	288.5	230.9	237.9	57.9	23.7

Sources: Guinean authorities; IMF, *International Financial Statistics and Information Notice System*; and IMF staff estimates.

¹ Official exchange rate.