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CONTAINS CONFIDENTIAL
INFORMATION

September 21, 1988

To: Members of the Executive Board

From: The Acting Secretary

Subject: Guinea - Staff Report for the 1988 Article IV Consultation

Attached for consideration by the Executive Directors is the staff report for the 1988 Article IV consultation with Guinea, which is tentatively scheduled for discussion on Friday, October 14, 1988. A draft decision appears on page 13.

Mr. Dhonte (ext. 4540) or Mr. Duran (ext. 8655) is available to answer technical or factual questions relating to this paper prior to the Board discussion.

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CONTAINS CONFIDENTIAL INFORMATION

INTERNATIONAL MONETARY FUND

GUINEA

Staff Report for the 1988 Article IV Consultation

Prepared by the Staff Representatives for the 1988 Article IV Consultation with Guinea

(In consultation with the Fiscal Affairs, Legal, and Treasurer's Departments)

Approved by A. D. Ouattara and H. B. Junz

September 20, 1988

I. Introduction

A staff team consisting of Messrs. P. Dhonte (head-AFR), J.P. Briffaux (AFR), P. Duran (AFR), P. Fontana (ETR), with Ms. T. Manuelyan-Atinc from the World Bank, and Mrs. M. Dowsett (AFR-secretary), visited Conakry during the period June 17-July 3, 1988 to conduct the Article IV consultation discussions. Meetings were held with Minister of Finance Bolivogui; Central Bank Governor Yansané; and the Committee for Economic and Financial Coordination (CCEF). Mr. Mawakani, Executive Director for Guinea, attended the meetings.

On July 29, 1987, the Executive Board concluded the 1987 Article IV consultation and approved a three- and the first-year annual arrangements under the structural adjustment facility (SAF), as well as a supporting 13-month stand-by arrangement. The summing up of the Board discussion noted that the initial phase of the reform program that was adopted in 1985 had in general been carried out successfully, but that there had been slippages in policy implementation, particularly in the areas of exchange and interest rate policies and public sector reform. Directors observed that Guinea's track record in the implementation of wide-ranging policy measures needed to improve significantly.

Frequent contact has been maintained with the Guinean authorities since the last consultation discussions, in particular through the Fund's resident advisor in Conakry, Mr. J. Daniel. Review missions visited Conakry in November 1987 and in March 1988, and a high-level Guinean delegation visited Washington in April 1988. Owing to slippages in the financial aggregates, and to deficiencies in monitoring the program, it was not possible to conclude the review under the stand-by arrangement. No purchases were made under this arrangement. While the mission that visited Conakry in June was authorized to negotiate an update of the policy framework paper (PFP) and a second-year program under the SAF, understandings on a comprehensive program could not be reached, so that an arrangement is not proposed to the Board at this time.

Guinea continues to avail itself of the transitional arrangements of Article XIV.

II. Background

The Guinean economy has achieved uneven progress since the last consultation. While economic activity has been buoyant, and the rate of inflation has moderated, underlying financial imbalances have been allowed to develop, and structural reforms have slowed owing to implementation difficulties.

1. Economic trends

Economic activity in 1987 and the first half of 1988 has been buoyant. Preliminary estimates suggest that real GDP rose by 5.9 percent in 1987, implying an increase of over 3.0 percent in per capita income. A sizable supply response to relative price changes in the agricultural zones has been documented, with a rehabilitation and renewal of coffee plantations and a significant expansion in areas of rice cultivation in the last two years. The small-scale enterprises and services sectors--principally construction, agro-industry, transport and trade--have also exhibited significant increases in their activities. Preliminary results from a small-scale business sector survey point to a 50 percent increase in the creation of small-scale enterprises since early 1984, with the creation of as many as 21,000 jobs in Conakry alone. It is estimated that real GDP growth will remain strong in 1988, owing notably to an unexpectedly high level of activity in the bauxite sector.

There was a trend decline in the rate of consumer price inflation in 1987 and 1988, with marked seasonal fluctuations. On a December-to-December basis, the rate of inflation dropped from 72 percent in 1986 to 34 percent in 1987; the latest year-on-year rate of inflation, for June 1988, is 20.2 percent.

The operation of the exchange system has remained relatively free of restrictions. Supply in the market originates from mining sector remittances and other exports, which are subject to a surrender requirement, and receipts from program loans; uses comprise debt service payments, foreign exchange payments by the public sector and sales of foreign exchange to the private sector. Apart from some limitations on travel allowances and unrequited transfers, all current international payments in Guinea are handled freely in the official exchange market. Most private capital outflows take place through the parallel market. While access to the official market for current transactions is free, requests for foreign exchange are monitored to ensure compliance with exchange regulations; this monitoring has at times resulted in delays in processing applications.

Despite the strong adverse inflation differential, the exchange rate remained virtually stable at GF 440 = US$1 between August 1987 and

April 1988, as the authorities stepped up the volume of sales to the private sector. This policy entailed a significant real appreciation, but it helped stabilize inflation expectations and, together with a further liberalization of the exchange system, it was consistent with a stability of the differential with the parallel market at approximately 10 percent. Since then, the exchange rate has moved, reaching GF 495 per U.S. dollar by the end of August.

An accumulation of external arrears occurred both in 1987 and in early 1988. In 1987, delays in the disbursement of program aid were offset by delays in remitting external debt amortization payments, with the result that net external arrears, which had been expected to decline by US$48.9 million, rose by US$16.5 million. In early 1988, by contrast, the source of the imbalance was domestic: the higher-than-anticipated budget deficit, together with the gradual real appreciation of the exchange rate, led to a rise in private sector use of foreign exchange from an average of US$28.8 million per quarter in 1987 to US$37.1 million in the first quarter of 1988, and US$57.3 million in the second quarter (Table 1 and Chart 1). In order to meet this increase

Table 1. Guinea: Supply and Demand in the Exchange Market, 1987-88

(In millions of U.S. dollars)

	Program			Actual		
	1987 1/	1988		1987 1/	1988	
		Q1	Q2		Q1	Q2
Sources	79.4	77.5	71.9	72.8	84.3	96.4
Mining sector remittances	47.0	43.6	38.6	45.0	32.6	67.2
Program loans received	21.7	14.1	12.8	15.2	28.3	9.6
Other exports	10.8	19.8	20.5	10.5	22.9	23.3
Uses	78.7	91.4	82.3	71.2	78.6	106.4
Of which:						
Debt service	36.6	44.3	35.2	21.4	17.6	27.0
Public sector	14.8	14.0	14.0	20.2	20.7	20.9
Sales to private sector	25.8	29.6	29.6	28.8	37.1	57.3
Changes in foreign exchange holdings	0.7	-13.9	-10.4	1.6	5.7	-10.0

Source: Data provided by the Guinean authorities.

1/ At quarterly rates.

in demand, the authorities delayed some payments for government debt service, and a net increase of US$27.8 million in external payments arrears was recorded in the first half of 1988.

Data regarding budgetary developments are rather uncertain, and estimates are only available on an annual basis. Government outlays in 1987 significantly exceeded expectations, with the overrun being concentrated on expenditures other than for wages and interest payments (Table 2). Both revenues and outlays in 1988 appeared to expand much faster than anticipated. On the revenue side, the major factor was a large increase in excise taxes on gasoline to finance an increase in civil service wages. On the expenditure side, all categories of expenditure were rising well above initial expectations and at midyear, the deficit was estimated at GF 62 billion, versus a stand-by program projection of GF 29 billion.

In 1987 and early 1988, the money supply was in line with expectations; credit to the private sector, however, expanded less than anticipated, especially in early 1988, while there was a considerable improvement in the position of public enterprises with the banking system, allowing a buildup of net foreign assets. The Central Bank's discount rate was raised by 2 points to 17 percent in February 1988, remaining strongly negative in real terms, however. Similarly, the maximum lending rate for ordinary operations was raised to 25 percent and the minimum rate for 6-month time deposits to 17 percent.

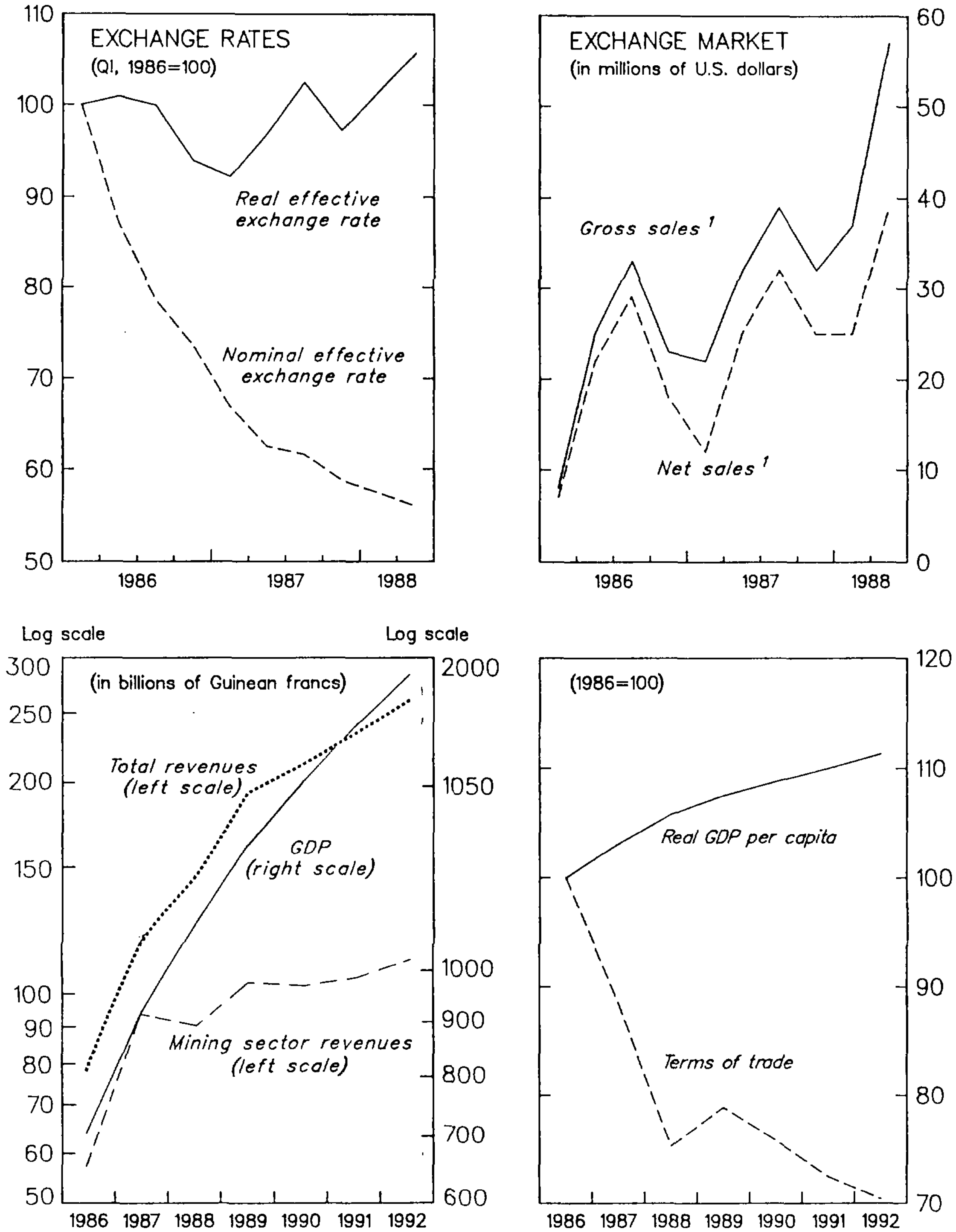
Table 2. Guinea: Public Finance Summary, 1987-88

(In billions of Guinean francs)

	1987	1988	1987	1988
	Program		Estimates	
Revenue and grants	146.4	148.7	157.5	180.5
Mining	97.6	84.4	94.1	89.5
Non-mining	21.7	36.8	28.6	56.2
Grants	27.1	27.5	34.8	34.8
Expenditure	168.0	178.1	194.6	242.6
Wages	21.0	23.2	21.3	40.8
Interest and subsidies	36.4	31.0	34.5	44.1
Other current expenditure	32.4	31.0	51.8	42.2
Capital	78.8	92.9	87.0	115.5
Deficit (commitments)	-21.6	-29.4	-37.1	-62.1

Sources: EBS/87/143 (7/2/87); and staff adjustments and estimates.

CHART 1
GUINEA
SELECTED ECONOMIC INDICATORS



Sources: Data provided by the Guinean authorities; and staff estimates.
[1] To the private sector.

2. Structural developments

After the bold steps of the previous two years, the program of structural reforms has slowed since the last consultation.

The authorities continued during this period to establish a more coherent legal and institutional framework to support private sector growth. Following the earlier adoption of investment, mining, and petroleum codes, the law pertaining to the regulation of commercial activity was enacted. In addition, the authorities have completed the preparation of the public procurement code and the Guinean general accounting law, which are now ready for adoption, and work is well advanced on the revised tax and customs code, with technical assistance from the Fund's Legal and Fiscal Departments.

Prices for all goods other than rice received under food aid and petroleum products remained decontrolled in 1987 and 1988, and the private sector continued to engage freely in all levels of internal and external marketing. Tariffs for utilities and public services continued to be set administratively. While urban transportation rates in Conakry were greatly increased in April 1988, allowing the transportation company to cover its variable costs, tariff rates for water and electricity do not yet cover variable costs.

Limited progress was achieved in the Government's effort to develop an efficient and motivated civil service by reducing the number of redundant employees and upgrading the employment conditions of remaining staff. Since 1986, 1,500 civil servants have taken advantage of a voluntary departure scheme, while the retirement and early retirement rules have been more strictly enforced. A program has been put in place to test existing staff against personnel requirements identified in revised organizational structures, with termination of redundant and unqualified staff. On January 1, 1988, civil service base salaries were increased by 80 percent, and the transport allowance was doubled. In addition, a decision was made to grant a premium to those employees who have been tested and are included in the revised organizational structure. Tests have been conducted in a number of ministries, but the publication of the results and the implementation of the new organizational structure have often been delayed.

III. Medium-Term Outlook

Medium-term developments in the Guinean economy will be largely influenced by trends in the bauxite sector and by the authorities' efforts to coordinate financial policies in order to stabilize the exchange rate at a realistic level.

The Guinean economy remains vulnerable to adverse trends in the international bauxite and aluminum markets. Export earnings from that sector, 82.1 percent of total export earnings, are projected to drop by about 10.1 percent in 1988 over 1987, and government tax income from the mining sector, which amounted to 76.7 percent of total revenue in 1987, is expected to fall by 5 percent in 1988. Although world prices for aluminum have been trending upward in recent months, government revenues are projected to stabilize at these lower levels for the period 1989-93, as a result of the renegotiation of the mining contract between the major producer and the Government in 1987, including a lowering of contract prices of bauxite for delivery to the foreign partners in the major mining company. Prospects for rapid growth of other earnings are limited. New growth areas include the development of commercial fishing, the expansion of mining activities (gold, diamond, and granite) outside the bauxite subsector, while improvements in capacity utilization are expected in the manufacturing sector. However, significant increases in exports of agricultural commod-ities can be expected only after improvements in the country's infrastructure and institutional arrangements favoring exports have been achieved.

In order to stabilize the exchange rate at a realistic level, the Guinean authorities need to regulate demand for foreign exchange by a suitable combination of adjustments in the budget deficit and of attractive interest rates. This is presently made difficult by administrative constraints; notably, public finance management remains weak both in expenditure control and in revenue-generation measures. Major efforts will be needed to enhance Guinea's nonmining revenues through stricter recovery of existing taxes and duties.

For the 1988-92 period, the Government's basic objectives are to achieve an annual average rate of growth of about 4 percent, predicated on a strong private sector supply response to improvements in infrastructure and a favorable policy environment; to curb the rate of inflation; to affect a steady rise in the rate of national savings; and to hold the current account deficit to less than 4 percent of GDP starting in 1989, despite the drop in bauxite earnings and a projected increase in gross domestic investment (Table 3). On the basis of these objectives, the staff has developed balance of payments projections consistent with a stabilization of the ratio of debt to GDP (Appendix I, Table IV). In discussing these projections with the authorities and the World Bank, it became evident that additional efforts would be required to achieve the stabilization of the ratio of debt to GDP.

Table 3. Guinea: Medium-Term Indicators, 1987-92

	1987	1992
GDP growth rate	5.9	4.3 1/
CPI growth rate	33.7	5.0
	(In percent of GDP)	
Government revenues	13.0	13.7
Of which: nonmining	(2.7)	(7.1)
Government expenditures	20.0	18.1
Exports (NIA basis)	28.2	20.7
Imports (NIA basis)	30.0	23.8

Source: Data provided by the Guinean authorities.

1/ Average annual growth rate, 1987-92.

In the coming months, economic activity is expected to remain lively. Underlying trends of the past two years warrant the expectation of a continuing decline in the inflation rate to 25 percent in 1988. The outlook for 1988 may also be influenced by the outcome of ongoing wage negotiations in the banking sector. It is expected that, in the absence of a major increase in the gasoline excise tax, the government deficit will reach GF 62 billion or 5.3 percent of GDP in 1988. Based on the assumption of a moderate level of sales of foreign exchange to the private sector in the second half of 1988, the balance of payments projections suggest an overall deficit of US$134 million for the year as a whole. Since part of the originally expected balance of payments support is conditioned by an arrangement from the Fund and the second annual arrangement under the SAF is likely to be postponed to 1989, a financing gap is now expected in the second half of 1988, which could result in a further accumulation of external arrears. To help prevent the emergence of overdue financial obligations to the Fund, Guinea is maintaining arrangements to build up its SDR holdings with the Fund so as to cover obligations falling due.

IV. Policy Discussions

The functioning of the exchange system and the pressing need for improved monitoring of public finances were at the center of the policy discussions. The staff argued that, given suitable budgetary and monetary policies, it would be possible to stabilize the exchange rate at a realistic level while keeping sales of foreign exchange to the private sector at a level consistent with a stable ratio of debt to GDP, a first-order criterion of the stability of policies. The authorities did not disagree with this analysis but observed that there were compelling social constraints that limited their freedom of action.

1. Exchange rate policies

The authorities explained that access to the official exchange market had remained liberal. Foreign exchange could be freely obtained, provided that certification was provided that the purchase was intended for a current account transaction; the verification process entailed checks by the Central Bank that were usually completed within one to two working days, and that could not be conveniently delegated to commercial banks. The authorities further indicated that they had taken steps to liberalize access to the official market; for that purpose, in order to channel to the official market a growing part of total foreign exchange transactions, they had increased the ceilings on travel allowances and unrequited transfers, authorized the opening of "convertible" Guinea franc deposits that could be freely debited against foreign exchange, and instructed that hotel and home rental contracts should henceforth be set in Guinean francs. The operation of the foreign exchange market was no longer that of a genuine auction system, but rather a managed float in which the Central Bank sold foreign exchange to the private sector in the amount necessary to balance demand at the rate that it had chosen.

The staff commended the authorities for maintaining free access to the official exchange market in difficult circumstances, but noted that this approach would be jeopardized unless underlying conditions improved. The staff calculated that the sustainable level of sales of foreign exchange to the private sector was in the order of US$30 million per quarter; this figure was derived by setting the principle that Guinea's external debt should not rise faster than GDP. While this calculation was obviously open to question, it was equally clear that the rate of sales of foreign exchange to the private sector of US$57.3 million in the second quarter of 1988 was unsustainable.

The staff further argued that corrective action had become urgently necessary. The authorities had allowed some delays in servicing government external debt, rather than rationing demand in the foreign exchange market. However, a protracted buildup of arrears would eventually jeopardize Guinea's presently sizable access to international financial support. Moreover, independently of financial constraints, the realism of the exchange rate was being undermined by the inflation differential. Corrective action could obtain from a combination of exchange rate adjustment, fiscal restraint, and interest rate measures.

The authorities did not disagree with this analysis but felt a need to qualify its policy implications. They reaffirmed their determination to service Guinea's external debt fully and promptly. In the short run, however, they had faced a situation in which the exchange rate could not be allowed to slip for fear of initiating an inflation-devaluation spiral, while the room for maneuver on the fiscal side, as explained below, had been preempted by the reform of the civil service. The buildup of arrears had been an unfortunate short-term consequence; a posteriori, however, they felt that it had been warranted to some extent by the recent debt forgiveness extended by the French and German governments. The authorities further agreed that corrective action was necessary; they had to take into account various social constraints, however, and were therefore not presently in a position to commit themselves on the magnitude or the timing of that action.

The staff drew the authorities' attention in particular to the need to improve the monitoring of debt transactions. This raised a problem of coordination between the Ministry of Finance and the Central Bank, and the staff advised that the Ministry should take a larger role in monitoring developments. The authorities indicated that a technical assistance project was under way to cover this sector.

2. Fiscal policy

The staff discussed the slippage in budgetary expenditure, arguing that beyond its short-term financial implications, it was reflective of worrisome structural weaknesses. In the first place, as with the accumulation of government debt arrears, the slippage was partly the result of insufficient monitoring of expenditure. It had been stressed in past Executive Board discussions, the staff recalled, that monitoring needed to be improved, and this theme had featured prominently in previous staff missions to Conakry. In the second place, the slippage was also indicative of a failure to effectively capture to the benefit of the budget a sufficient part of the increment in GDP. In view of the stagnation of bauxite earnings, this failure threatened to curtail the Government's expenditure capacity, precisely when the desired improvements in the civil service and the need to rebuild the economy's infrastructure were pushing expenditure.

The authorities acknowledged these problems and indicated that they had taken steps to address them. A major step had been the compilation, for the first time in many years, of a comprehensive budget document, the key to expenditure control. While that document had been finalized only in June for the present fiscal year, it was the authorities' firm intention that the budget for 1989 should be prepared on time. More immediately, the authorities had begun to establish informal working-level relationships between the Central Bank, the Ministry of Finance, and the Ministry of Planning, with the result that when a high-level delegation had visited Washington in April, it had presented a consistent and integrated set of financial statistics. Although it had not been possible to repeat this exercise in preparation for the current mission, the authorities stated that they would be able and willing to establish monthly statistics on debt and on the execution of the budget, and to supply them to the Fund staff.

As regards the execution of the 1988 budget, the authorities agreed that corrective action involving an increase in the excise tax on gasoline would be needed and indicated that they would take this action at an appropriate time. They recalled in this context that they had acted boldly in December 1987 in raising the excise tax from GF 25 per liter to GF 135 per liter in order to finance the increase in civil service wages, and they believed that this record established the credibility of their commitment.

3. Monetary policy

An important undertaking of the 1987 stand-by arrangement program, the staff recalled, had been to establish positive real interest rates. The purpose of this policy was to promote financial deepening, so that domestic resources could increasingly be mobilized to finance domestic activity and thus relieve pressures on the foreign exchange market.

The authorities explained that this course of action had not proved applicable. The strong seasonality of the consumer price index had been one obstacle, as it would have taken exceedingly high nominal interest rates to offset the large annualized inflation rate in the first half of the year. Moreover, in their view, the very limited network of financial intermediaries in Guinea made such a policy rather irrelevant.

The authorities had therefore undertaken to promote financial deepening through institutional development. Five foreign-affiliated banks were now operating in Guinea, and the branch network was beginning to extend to the interior of the country. As was apparent in the monetary survey, the commercial banks were experiencing difficulties in extending credit to the private sector while maintaining a satisfactory rate of loan recovery. The monetary authorities fully supported the commercial banks' cautious approach in applying strictly sound banking principles. However, changing attitudes and developing loan guarantees was a slow process. Regarding trends in the demand for money, the authorities indicated that they had taken steps in February 1988 to stimulate financial savings. To this effect, they had encouraged banks to open term deposits; however, the expansion in term deposits had been essentially limited to the public sector, with only a very small increase in deposits by the private sector, reflecting the minimal savings capacity of that sector. Although banks had not put obstacles in the development of this form of savings, they had not eagerly promoted them as they did not have sufficient outlets for the collected funds. The Guinean representatives also felt that private sector savings were highly project oriented--for example, for the financing of a house or a ceremony--and would respond little to interest rate incentives. The staff, agreeing that the development of a sound banking structure was an important objective, also put considerable emphasis on the effective availability of passbook type savings instruments. If necessary, the banks should be given alternative outlets to provide them with suitable incentives for marketing interest bearing instruments.

4. Structural policies

The Government's trade policy continued to be liberal. The process of divestiture of public enterprises was well advanced and the newly privatized businesses were gradually starting operations. However, no direct evidence on the profitability of the new enterprises was available. Except in some specific cases, these new ventures did not enjoy any special monopoly or protection privileges; by exception, because of economies of scale, production monopolies had been granted to the tobacco, soft drinks, and to the paint factories and, because of disorderly market conditions, tariff protection had been given to the cement plant. Trading in all commodities including commercial rice was free, the authorities explained; official producer prices were set only for coffee and palm kernels, but these were indicative prices. Free trading and gradually improving communications resulted in better supply to the city markets.

The main enterprise still to be restructured was the national oil distributing company (ONAH), which had a very important function as a collector of the excise tax on gasoline. The staff urged the authorities to proceed quickly with the implementation of plans to privatize this enterprise, which had not functioned very efficiently in the past. Progress in advancing the civil service reform had been limited, the authorities acknowledged, because of reluctance in publishing the results of the tests in the various ministries. Of particular importance, the results of tests conducted in the Ministry of Finance had not yet been published. This was delaying the reorganization of the Ministry, and was an obstacle in securing needed technical assistance that was a major aspect of structural policies under the second IDA Structural Adjustment Loan. In view of the critical importance of improving the administrative capabilities of this Ministry, both for revenue collection and for expenditure control, the staff invited the authorities with particular urgency to publish the test results and to introduce the new organizational structure of the Ministry.

V. Staff Appraisal

The buoyancy of economic activity in Guinea is an encouraging response to the bold structural changes introduced by the authorities since 1985. The high level of activity, moreover, has been consistent with a gradual dampening of price increases.

Despite these achievements, the medium-term outlook is a difficult one that requires the sustained implementation of tight and coordinated financial policies. The medium-term problem arises from the contrast between the large and growing needs of the economy and the limited scope for expanding the country's traditional export and tax base, namely, the bauxite sector. The solution to this difficulty depends on a strong and dynamic private sector to develop exports and expand production. This requires not only that the exchange system remain free of restrictions, but also that domestic activities be competitive at the prevailing exchange rate.

In this context, the authorities are to be congratulated for consolidating the liberalization of the economy and for maintaining an exchange system that is relatively free of restrictions. The staff also welcomes that a policy dialogue has continued between the authorities and the Fund and that a number of essential structural improvements have been achieved, among which is the promulgation in 1988, for the first time, of a budget law.

The staff is nevertheless concerned by the fiscal slippage that became evident in the first half of 1988, with the result that equilibrium in the foreign exchange market was achieved at the cost of a buildup of external government arrears. The staff's concern is heightened by the view that this slippage was in part the result of deficiencies in the monitoring of economic and financial developments. Wide discrepancies between the data supplied by the various economic administrations indicate that monitoring procedures are still far from what is necessary for effective control.

To cope with these problems, it is essential to re-establish equilibrium in the foreign exchange market at an acceptable level of sales of foreign exchange to the private sector. In the staff's opinion, this level must be calculated in such a way as to not further raise the already high ratio of debt to GDP. For any given adjustment in the exchange rate, this constraint requires a consistent target for the budget deficit and continued efforts to promote financial savings. As an important measure, the staff believes that an increase in gasoline excise taxes is urgently needed. While concurring with the authorities' view that the gradual development of a sound financial network is basic to the promotion of financial savings in Guinea, the staff holds the view that in the current circumstances a further increase in interest rates is necessary to attract a larger share of savings into Guinea francs.

Additional measures are also required to strengthen Guinea's administrative capabilities. In this connection, the staff would refer notably to the urgency of publishing the results of the evaluation tests of civil servants in the Ministry of Finance, an essential condition for the implementation of technical assistance in this Ministry. Furthermore, the restructuring of the national oil distribution company, with a view to enhancing its efficiency, is also urgently needed because of the importance of gasoline excise taxes as a source of revenue for the Government.

The staff welcomes the authorities' reaffirmation of their intention to establish a realistic exchange rate level, consistent with a prompt settlement of government external debt service payments, as well as their agreement on the need for corrective action consistent with these objectives. Accordingly, the staff hopes that such action can be introduced at an early stage, and with sufficient determination to consolidate Guinea's progress toward the reconciliation of financial stability and economic growth.

It is recommended that the next Article IV consultation with Guinea be held on a standard 12-month cycle.

VI. Proposed Decision

The following draft decision is proposed for adoption by the Executive Board:

1. The Fund takes this decision in concluding the 1988 Article XIV consultations with Guinea, in the light of the 1988 Article IV consultation with Guinea conducted under Decision No. 5392 - (77/63), adopted April 29, 1977, as amended ("Surveillance over Exchange Rate Policies").

2. Guinea maintains exchange restrictions in the form of limits on travel allowances and unrequited transfers, in accordance with Article XIV, Section 2. The Fund encourages Guinea to abandon these restrictions as soon as possible.

Table I. Guinea: Selected Economic and Financial Indicators, 1984-88 1/

	1984	1985	1986	1987		1988
	Estimates			Prog.	Est.	Proj.
	(Annual percentage change)					
Income						
GDP at constant prices	1.4	5.0	...	6.1	5.9	5.5
GDP at current market prices	...	...	...	34.5	40.4	27.5
GDP deflator	...	...	...	26.7	32.6	20.9
Consumer prices						
Average	...	...	...	29.5	36.8	25.9
End of period	...	...	71.8	28.1	33.7	25.0
External sector (in U.S. dollar terms)						
Exports, f.o.b.	1.8	0.6	...	3.6	5.2	-5.3
Imports, c.i.f.	11.2	-7.4	...	3.8	3.8	8.8
Export volume	1.6	4.8	...	8.6	8.9	5.1
Import volume	14.4	-7.2	...	--	-4.9	2.6
Terms of trade (deterioration -)	3.3	-4.2	...	-8.0	-11.5	-14.9
Nominal effective exchange rate (depreciation -)	14.0	10.9	-93.6	...	-21.3	...
Central government finance						
Revenue and grants	7.7	-17.1	...	61.8	74.0	14.6
Total expenditure	-12.9	61.1	...	23.6	42.4	24.7
Money and credit						
Net domestic assets (net) 2/	...	...	52.6	26.1	1.4	...
Public sector 2/	...	...	-4.3	-6.9	-18.6	...
Private sector 2/	...	...	42.3	32.7	26.9	...
Money and quasi-money	...	...	72.5	35.5	39.7	...
Interest rate (minimum annual rate on 6-month term deposits)	...	...	--	15.0	15.0	17.0
Velocity (GDP/Broad money)	...	...	15.5	15.4	15.5	...
	(In percent of GDP)					
Overall government deficit excluding grants (-) (commitments)	...	...	-8.8	-5.5	-7.8	-8.3
Overall government deficit including grants (-) (commitments)	...	...	-6.9	-2.4	-4.0	-5.3
Overall government deficit including grants (-) (cash)	...	...	-6.4	-2.9	-4.1	-6.2
Net domestic financing	...	...	0.4	-0.6	-0.2	1.5
Net external financing	...	...	6.0	3.5	4.3	4.7
Gross domestic investment	...	...	17.5	18.9	16.9	18.1
Gross domestic savings	...	...	14.9	16.0	15.0	14.0
External current account deficit (-)	...	...	-4.1	-4.1	-3.4	-5.4
External debt (excluding U.S.S.R.; including IMF) 3/	...	...	72.7	...	70.1	...
External debt (excluding U.S.S.R.; including IMF; including official reserves) 3/	...	...	70.8	...	67.4	...
	(In percent of merchandise exports)					
External debt service ratio						
Scheduled	29.5	29.3	30.6 4/	33.8	28.6	34.4
Actual	20.5	18.8	29.9 4/	...	20.4	...
	(In millions of U.S. dollars)					
Exports	510	513	555	565	584	553
Imports	407	377	451	474	468	509
Balance of payments deficit (-)	-95	-89	-91	-71	-54	-134
External current account deficit (-)	-11	-47	-78	-83	-73	-134
Medium- and long-term debt arrears outstanding	223	271	11	--	27	...
	(In weeks of nonmining sector, nonpublic investment program imports)					
Gross official foreign reserves (end of period)	...	...	2.4	6.2	8.7	7.4

Sources: Data provided by the Guinean authorities; and staff estimates and projections.

1/ Data prior to 1986 are subject to large margin of error and should be interpreted with caution.
2/ In percent of liabilities to the private sector at the beginning of the period.
3/ Debt outstanding at end of period.
4/ Before rescheduling.

Table II. Guinea: Financial Operations of the Central Government, 1986-88

(In billions of Guinean francs)

	1986	1987		1988		
	Est.	Prog.	Est.	Prog.	Budget	Proj.
Revenue and grants	90.5	146.4	157.5	148.7	184.4	180.5
Mining sector revenues 1/	63.6	97.6	94.1	84.4	87.9	89.5
Nonmining sector revenues	14.0	21.7	28.6	36.8	61.7	56.2
Taxes on income and profits	1.1	1.4	1.6	1.8	4.0	2.2
Taxes on domestic goods and services	4.0	11.2	10.4	20.7	37.4	35.5
Of which: petroleum excise tax	(—)	(5.4)	(1.7)	(12.0)	(24.0)	(21.0)
Taxes on international trade	5.4	7.5	8.4	12.2	10.3	10.1
Nontax revenue and miscellaneous taxes	3.5	1.6	8.2	2.1	10.1	8.4
Grants	12.8	27.1	34.8	27.5	34.8	34.8
Expenditure	135.9	168.0	194.6	178.1	240.9	242.6
Current expenditure	84.9	89.8	107.6	85.2	122.4	127.1
Wages and salaries	18.2	21.0	21.3	23.2	36.8	40.8
Other goods and services	45.0	32.4	51.8	31.0	37.7	42.2
Subsidies and transfers	9.5	15.3	16.0	8.5	20.3	17.6
Interest payments	12.1	21.1	18.5	22.5	27.6	26.5
Capital expenditure	51.0	78.3	87.0	92.9	118.5	115.5
Deficit (commitment basis)	-45.4	-21.6	-37.1	-29.4	-56.5	-62.1
Changes in expenditure arrears (reduction -)	3.2	-4.6	— 2/	—	-5.8	-10.1
Deficit (cash basis)	-42.2	-26.2	-37.1	-29.4	-62.3	-72.2
Financing	42.2	26.2	37.1	29.4	62.3	72.2
Net external financing	40.0	31.5	39.5	29.4	58.4	55.0
Drawings	59.0	96.2	66.6	93.7	118.5	102.4
Project financing	(32.7)	(52.0)	(48.7)	(72.0)	(70.8)	(70.8)
Other	(26.3)	(36.8)	(17.9)	(21.7)	(47.7)	(31.6)
Amortization	-38.0	-58.0	-46.6	-64.3	-60.3	-70.0
Arrears (reduction -)	-8.0	-3.6	8.6	—	-11.3	-7.4
Debt relief	27.0	4.3	10.9	—	11.5	15.2
Net domestic financing	2.2	-5.3	-2.4	—	3.9	17.2
Banking system	2.2	-5.3	-2.4	—	3.9	17.2
Other	—	—	—	—	—	—
Financing gap	—	—	—	—	—	—
Memorandum item:						
Exchange rate (GF/US$)	345	440	428	490	475	475

Sources: Data provided by the Guinean authorities; and staff estimates and projections.

1/ Includes the Government's share of the Soviet-administered mining enterprise OBK.
2/ Includes reduction of external commercial arrears of GF 2.9 billion and of interest arrears on external medium- and long-term debt of GF 2.4 billion.

Table III. Guinea: Monetary Survey, 1986-88 1/

(In billions of Guinean francs)

	1986		1987				1988	
	Jan. 6	Dec.	March	June	Sept.	Dec.	March	May
Net foreign assets	-4.0	7.9	21.6	18.9	18.4	25.1	32.5	27.0
Central Bank	-5.0	-1.9	10.4	5.3	3.5	10.3	15.1	10.0
Gold	(2.0)	(3.7)	(4.0)	(4.8)	(7.5)	(7.8)	(9.4)	(13.0)
IMF (net)	(-3.8)	(-11.2)	(-13.6)	(-12.9)	(-18.3)	(-17.5)	(-17.5)	(-17.5)
Other	(-3.2)	(5.6)	(20.1)	(13.3)	(14.3)	(20.0)	(23.2)	(15.5)
Deposit banks	1.0	9.8	11.2	13.6	15.0	14.8	17.4	17.0
Net domestic assets	29.3	42.6	33.1	40.1	46.8	43.3	39.9	49.2
Net domestic credit	27.5	37.1	31.2	37.6	43.2	41.3	39.4	45.6
Public sector (net)	26.8	25.7	15.0	19.3	21.9	16.3	11.8	18.6
Government (net)	(32.2)	(34.4)	(25.9)	(31.3)	(36.5)	(32.0)	(25.1)	(29.5)
Public enterprises (net)	(-5.4)	(-8.6)	(-10.9)	(-12.0)	(-14.6)	(-15.8)	(-13.2)	(-10.7)
Private sector	0.7	11.4	16.2	18.3	21.3	25.0	27.5	27.7
Other assets and liabilities (net)	1.8	5.5	1.9	2.5	3.6	2.0	0.5	3.6
Liabilities to the private sector	25.3	50.5	54.8	59.0	65.2	68.4	72.4	76.4
Money and quasi-money	24.7	42.6	47.2	50.4	56.4	59.5	63.8	67.8
Currency in circulation	(23.0)	(34.6)	(37.1)	(37.9)	(40.8)	(43.3)	(46.7)	(49.7)
Deposits	(1.7)	(8.0)	(10.1)	(12.5)	(15.6)	(16.2)	(17.1)	(18.1)
Foreign currency deposits	0.6	7.9	7.5	8.6	8.8	8.9	8.6	8.6

Sources: Central Bank of the Republic of Guinea; and staff adjustments.

1/ Assets and liabilities in foreign exchange valued at GF 300 = US$1 for Jan. 6, 1986 and at GF 440 = US$1 thereafter.

Table IV. Guinea: Balance of Payments, 1986-93

	1986	1987		1988	1989	1990	1991	1992	1993
	Est.	Prog.	Est.	Projections					
	(In millions of U.S. dollars)								
Trade balance	104.0	91.2	115.7	44.2	73.2	88.5	81.3	78.6	77.9
Exports, f.o.b.	555.1	565.2	583.8	553.2	591.2	611.2	618.2	632.8	650.0
Bauxite and alumina	461.9	468.7	479.5	431.2	446.0	435.5	428.5	430.3	441.6
Other	93.3	96.5	104.3	122.0	145.2	175.7	189.8	202.5	208.4
Imports, c.i.f.	-451.2	-474.0	-468.1	-509.0	-518.8	-522.7	-537.0	-554.2	-572.1
Public sector 1/	-213.9	-196.9	-184.4	-181.6	-185.5	-188.6	-195.8	-203.4	-211.5
PIP imports 2/	-57.6	-73.9	-69.7	-86.4	-95.4	-98.0	-103.3	-108.9	-114.5
Other	-156.2	-123.0	-114.7	-95.2	-90.1	-90.6	-92.5	-94.5	-97.0
Mixed mining companies	-108.0	-123.8	-124.7	-128.6	-127.7	-124.1	-126.2	-130.8	-135.6
Other private 3/	-129.3	-153.3	-159.0	-198.8	-205.6	-210.0	-215.0	-220.0	-225.0
Services and private transfers	-222.3	-218.3	-233.5	-230.2	-231.5	-233.4	-238.0	-246.4	-247.4
Interest on public debt 4/	-30.6	-25.4	-28.6	-54.2	-56.8	-61.7	-60.9	-61.4	-54.9
Interest on financing gap 5/	-12.7	-26.9	-19.5	-5.0	-5.9	-6.9	-9.2	-12.9	-16.8
Other public sector (net) 1/	-50.7	-45.3	-51.3	-58.3	-63.0	-55.7	-58.6	-61.4	-64.4
Of which: PIP-related	(-29.5)	(-32.3)	(-35.6)	(-44.2)	(-48.7)	(-50.1)	(-52.8)	(-55.7)	(-58.5)
Mixed mining companies	-116.1	-97.0	-116.5	-107.9	-107.2	-101.0	-99.3	-98.5	-97.6
Other private (net)	-12.2	-23.7	-17.6	-4.8	1.4	-8.2	-10.1	-12.2	-13.8
Public transfers	40.4	44.2	45.1	51.8	56.0	58.2	60.8	64.8	68.2
Current account deficit (-)	-77.9	-82.9	-72.7	-134.2	-102.3	-86.7	-96.0	-103.0	-101.3
Capital movements (net)	-13.0	11.7	-1.3	0.1	32.2	25.0	28.8	20.6	29.2
Public capital, long term	-24.7	2.4	1.3	-7.3	26.5	33.3	29.8	13.2	25.6
Disbursements	94.7	118.2	113.0	140.0	154.7	158.4	167.5	176.0	185.0
Amortization 4/	-119.4	-115.8	-111.7	-147.3	-128.2	-125.1	-137.7	-162.8	-159.4
Public capital, short term	-15.2	17.9	--	-9.0	15.2	--	--	--	--
Amortization of exceptional financing	-0.4	-15.4	--	--	--	--	-0.2	-0.9	-1.1
Mixed mining companies (net)	-34.4	-32.6	-24.7	-7.1	-25.5	-27.3	-22.8	-17.7	-25.3
Other private, including direct investment (net)	5.0	16.0	5.2	6.5	10.0	13.0	16.0	20.0	24.0
Other public capital, long term	56.7	23.4	16.9	17.0	6.0	6.0	6.0	6.0	6.0
Errors and omissions	-0.4	--	20.1	--	--	--	--	--	--
Overall balance	-91.3	-71.2	-53.9	-134.2	-70.1	-61.7	-67.2	-82.4	-72.1
Financing items	91.3	71.2	53.9	104.2	70.1	15.4	-8.7	-1.0	-3.2
IMF credit	10.9	14.7	14.7	--	18.4	-2.6	-8.7	-1.0	-3.2
Disbursements and purchases	17.6	22.0	22.0	--	24.0	10.7	--	--	--
Of which: SAF	(--)	(14.6)	(14.6)	(--)	(24.0)	(10.7)	(--)	(--)	(--)
Repayment and purchases	-6.7	-7.3	-7.3	--	-5.7	-13.3	-8.7	-1.0	-3.2
Of which: SAF	(--)	(--)	(--)	(--)	(--)	(--)	(--)	(--)	(--)
Gold	--	--	-8.2	-14.5	--	--	--	--	--
Other reserve movements (net)	-23.3	-20.4	-32.7	4.1	-21.1	--	--	--	--
Reduction of arrears (gross)	-285.3	-48.9	-16.5	-23.1	-84.2	--	--	--	--
Of which: short-term debt	(-14.0)	(-38.4)	(-9.0)	(-0.8)	(-11.7)	(--)	(--)	(--)	(--)
Other liabilities on arrears	-13.8	--	--	--	--	--	--	--	--
IDA and cofinancing	31.5	83.2	47.1	67.9	116.7	18.0	--	--	--
Paris Club rescheduling (1986, 1989)	219.2	6.3	--	--	40.3	--	--	--	--
Other debt rescheduling (in process)	92.2	34.2	25.5	31.9	--	--	--	--	--
Accumulation of arrears	10.5	--	24.0	37.8	--	--	--	--	--
Other bilateral (USSR), net 6/	8.1	2.1	--	--	...	...	...	...	...
Residual financing gap	--	--	--	-30.0	--	-46.3	-75.9	-83.4	-75.3
	(In percent)								
Memorandum items:									
Current account balance/GDP	-4.1	-4.1	-3.4	-5.4	-3.8	-3.0	-3.2	-3.2	-3.0
Current account balance (excluding public transfers)/GDP	-6.2	-6.3	-5.4	-7.5	-5.9	-5.1	-5.2	-5.2	-5.0
Gross official reserves (end of period)									
In millions of U.S. dollars	13.0	32.7	45.7	41.6	62.6	62.6	62.6	62.6	62.6
In weeks of nonmining, non-PIP imports	2.4	6.2	8.7	7.4	11.0	10.8	10.6	10.4	10.1
GDP in current prices (in millions of U.S. dollars)	1,916.0	2,019.8	2,162.0	2,480.0	2,690.0	2,854.0	3,021.0	3,212.0	3,416.0

1/ Government and public enterprises.
2/ PIP, public investment program.
3/ Excluding imports paid without recourse to official reserves.
4/ Scheduled obligations.
5/ Includes interest on debt rescheduled, interest on exceptional financing (i.e., IDA and cofinancing), interest on SAF and interest on financing gap.
6/ Difference between value of Office des Bauxites de Kindia exports, and imports and debt service. Negative figure implies excess of receipts over payment obligations.

Table V. Guinea: External Public Debt Indicators, 1983-87

(In millions of U.S. dollars)

	1983	1984	1985	1986	1987 Est.
			(End of period)		
Total medium- and long-term debt outstanding (including IMF) 1/ 2/ 3/	953.6	917.6	1,023.3	1,393.0	1,514.6
Medium- and long-term debt (excluding IMF)	917.2	885.4	992.2	1,357.1	1,457.8
Of which debt to:					
Multilateral institutions	(...)	(...)	(...)	(401.8)	(436.8)
Paris Club rescheduled in 1986	(...)	(...)	(...)	(199.9)	(223.4)
Other Paris Club	(...)	(...)	(...)	(427.0)	(476.8)
Other bilateral creditors	(...)	(...)	(...)	(175.6)	(158.7)
Organizations of Arab countries	(...)	(...)	(...)	(86.4)	(103.8)
Financial and commercial restructuring	(...)	(...)	(...)	(66.3)	(58.3)
Outstanding IMF credit, Trust Fund and SAF loans	36.4	32.2	31.1	35.9	56.8
IMF credit	12.6	11.8	12.6	25.4	29.8
Trust Fund loans outstanding	23.8	20.4	18.5	10.5	10.6
SAF	—	—	—	—	16.4
Medium- and long-term debt arrears outstanding 3/	211.8	223.4	271.3	10.5	27.0
Multilateral	...	...	4.3	1.2	4.0
Other 2/	...	...	267.0	9.3	23.0
			(Debt service payments)		
Scheduled debt service (including Fund)	113.3	150.7	149.7	169.8	167.1
Principal	66.3	98.4	102.0	126.5	119.0
Interest 4/	47.0	52.3	47.7	43.3	48.1
Memorandum items:			(In percent)		
Debt outstanding (including IMF)/GDP 1/	...	...	...	72.7	70.1
Debt outstanding (including IMF)/merchandise exports 1/	190.2	179.9	199.5	251.1	268.0
U.S.S.R. debt (in millions of U.S. dollars)	346.8	316.3	322.9	...	...
Total debt service obligations/merchandise exports	22.6	29.5	29.3	30.6	28.6

Sources: Data provided by the Guinean authorities; the IBRD Debtor Reporting System; and staff estimates.

1/ Data for 1986 and 1987 have been substantially updated and are therefore not comparable with previous years. Excluding U.S.S.R. debt.
2/ Includes both principal and interest arrears.
3/ Including valuation changes.
4/ For 1983-85 includes interest on external debt arrears outstanding.

Guinea - Relations with the Fund
(As of August 31, 1988)

I. Membership Status

Date of membership	September 28, 1963
Status	Article XIV

A. Financial Relations

II. General Department
(General Resources Account)

Quota	SDR 57.90 million
Fund holdings of Guinean francs	
Amount	SDR 78.91 million
In percent of quota	136.3
Fund credit	
Credit tranche	
Amount	SDR 21.0 million
In percent of quota	36.3
Reserve tranche position	--

III. Stand-By Arrangements

On December 1, 1982, the Fund approved a one-year stand-by arrangement in an amount equivalent to SDR 25 million, representing 55.6 percent of the then existing quota. Only the initial purchase of SDR 11.5 million was made under this arrangement.

On February 3, 1986, the Fund approved a 13-month stand-by arrangement in an amount equivalent to SDR 33 million, representing 57 percent of quota. The first purchase of SDR 9 million was made upon Board approval and the second purchase of SDR 6 million was made on September 5, 1986 after completion of the first review under the arrangement. Guinea made a third purchase of SDR 6 million upon completion of the second review by the Executive Board on February 18, 1987, at which time total access under the stand-by arrangement was reduced to SDR 27 million, and the arrangement extended until April 2, 1987. The last purchase also of SDR 6 million was not made.

Guinea - Relations with the Fund (continued)

On July 29, 1987 the Fund approved another 13-month stand-by arrangement in an amount equivalent to SDR 11.60 million, representing 20 percent of quota. No purchases have been made under this arrangement.

IV. SDR Department

Net cumulative allocations	SDR 17.60 million
Holdings	
Amount	SDR 0.18 million
In percent of net cumulative allocations	1.0

V. Administered Accounts

(a) Trust Fund Loans	
Disbursed	SDR 23.45 million
Outstanding	SDR 3.96 million
(b) Structural Adjustment Facility	
Disbursed	SDR 11.58 million
Outstanding	SDR 11.58 million

VI. Financial Obligations to the Fund

(In millions of SDRs)

	Overdue Obligations	Forthcoming Obligations 1988	1989	1990	1991
General Department					
Repurchases	--	--	4.1	9.8	6.4
Charges	--	0.3	1.3	0.9	0.3
SDR Department					
Charges	--	0.3	1.0	1.0	1.0
Trust Fund					
Repayments	--	0.4	2.7	0.7	0.1
Interest	--	--	--	--	--
SAF					
Interest	--	--	0.1	0.1	0.1
Total	--	1.0	9.2	12.5	7.9

Guinea - Relations with the Fund (concluded)

B. Nonfinancial Relations

VII. Exchange System

Since June 1, 1986, the Guinean franc has been subject to managed floating, with the rate (per U.S. dollar) determined in weekly fixings.

VIII. Last Article IV Consultation

The last Article IV consultation discussions were held in Conakry during the period March 17-April 15, 1987 and were concluded by the Executive Board on July 29, 1987.

The decision was:

1. The Fund takes this decision relating to Guinea's exchange measures subject to Article VIII, Sections 2(a) and 3, and in concluding the 1987 Article XIV consultation with Guinea, in the light of the 1987 Article IV consultation with Guinea conducted under Decision No. 5392-(77/63), adopted April 29, 1977, as amended (Surveillance over Exchange Rate Policies).

2. Guinea maintains the restrictive exchange measures described in SM/87/175, in accordance with Article XIV, Section 2, except that the restriction on payments and transfers for current international transactions arising from the foreign exchange auction system is subject to approval by the Fund under Article VIII, Sections 2(a) and 3. The Fund grants approval for the retention of this restriction until completion of the review of the stand-by arrangement for Guinea set forth in EBS/87/143, Supplement 2, or February 15, 1988, whichever is earlier. Guinea is on the standard 12-month cycle for consultations.

IX. Technical Assistance

The Central Banking Department is currently providing three experts to the Central Bank of Guinea to fill the posts of principal advisor, accounting advisor, and credit and research advisor.

A short-term FAD technical assistance mission in November 1987 made detailed recommendations for restructuring the tax department. A member of the fiscal panel was assigned to the position of tax administration advisor to the Minister of Finance to implement the recommendations made by the mission. Technical assistance is also being provided by the Legal Department.

X. Resident Advisor/Representative

A Fund Resident Advisor/Representative has been assigned to Conakry since June 1985.

Guinea - Relations with the World Bank Group
(As of June 30, 1988; in millions of U.S. dollars)

	Total 1/	Disbursed 2/	Undisbursed 3/
A. IBRD	73.5	73.5	--
Mining	73.5	73.5	--
B. IDA	480.4	215.1	285.3
Agriculture	52.2	29.3	28.7
Transportation	178.0	49.2	132.7
Energy	44.5	37.4	6.1
Education	19.0	12.8	7.7
Industry	19.0	12.7	7.0
Urban development	27.7	21.3	8.5
Mining	3.9	3.3	1.4
Technical assistance	9.5	8.5	3.6
Structural adjustment	107.0	39.1	71.3
Total	553.9	288.6	285.3
Repayments	48.1		
Outstanding (including undisbursed)	505.8 4/		

C. Financial relations with IFC

In December 1982 the IFC approved investment financing amounting to US$15.31 million, consisting of a US$13.9 million equivalent loan to Société Mixte Arédor-Guinée and a US$1.41 million equivalent equity participation in Arédor Holdings Ltd. for the development and operation of a surface diamond mine. The loan has been disbursed. In December 1985 IFC took a US$1 million participation in BICIGUI, a commercial bank. In May 1988 IFC approved two loans totalling US$7.5 milllion for the Société Aurifère de Guinée, a gold mining company.

1/ Beginning in 1981, IDA credits have been denominated in special drawing rights. The dollar amounts represent the dollar equivalent at the time of credit negotiations.
2/ Dollar equivalents at the time of disbursement.
3/ Dollar equivalents as of March 31, 1988.
4/ Prior to exchange rate change.

Guinea--Statistical Issues

1. Outstanding statistical issues

a. Real sector

Real sector data which have become available to the Bureau cover monthly 1986 and 1987 consumer price index figures for Conakry; 1986 export data on bauxite and alumina; and GDP data for 1980 through 1986.

b. Government finance

Consolidated central government data published in the 1987 GFS Yearbook pertain to 1977-79 and 1982-83. Except for revenue and grants, the data are incomplete and fragmentary and do not cover domestic financing nor domestic and foreign debt. All the available data resulted from missions in 1980 and 1984. No further data have been received so far.

c. Monetary accounts

A money and banking statistics mission visited Conakry in January/February 1988 to review the monetary accounts and to discuss the possibility of publishing a page for Guinea in IFS with the authorities of the Central Bank of Guinea.

The work of the mission focused on the following areas:

1. The accounts of the Central Bank

A thorough review of the accounts revealed that there were three main problem areas: (1) improper accounting practices; (2) sectorization; and (3) information. In the case of the latter, owing to communications difficulties, large transactions cannot be sectorized in a timely manner.

2. The accounts of the commercial banks

The mission addressed sectorization problems and undertook to send revised report forms to the Central Bank to be considered as a replacement for those currently used.

3. Other

The Central Bank expressed its interest in publishing a country page in IFS as soon as possible.

In general, the mission found that the absence of a list of nonfinancial public enterprises, comprising state enterprises and mixed ownership enterprises with government majority ownership and/or control, resulted in sectorization problems for both the Central Bank and the commercial banks. The authorities agreed to compile such a list, and the mission will inquire into the progress made toward this end.

Copies of the mission report were sent to the authorities on August 12, 1988.

d. External sector

1. Balance of payments

The latest period for which the Bureau has official balance of payments data is 1980. A follow-up technical assistance mission visited Conakry in the beginning of 1988 but, owing to the lack of data, only partial balance of payments statements for 1986 and 1987 could be prepared.

2. Coverage, currentness, and reporting of data in IFS

There is no country page for Guinea in IFS.

3. Technical assistance missions in statistics (1985-present)

Subject	Staff Member	Date
BOP	McAlister	Jan./Feb. 1987
BOP (follow-up)	Hoezoo	Jan./Feb. 1988
MBS	Muirragui	March 1985
MBS	Mullor-Sebastian	Jan./Feb. 1988

Guinea--Social Indicators

Area	Population (1986)	Density (1986)
245,900 sq. km.	6.3 million Rate of growth: 2.2	25.6 per sq. km. 132 per sq. km. of arable land

Population and Health Statistics

Life expectancy at birth	40	Population by physician	8,100
Infant mortality (aged under 1, percent)	15	Population by hospital bed	600
Child death rate (aged 1-4, percent)	3		

Access to Safe Water		Access to Electricity	
Percent of population		Percent of dwellings	5
Total	20		
Urban	91		
Rural	2		

Nutrition		Education	
Per capita supply of calories	1,731	Primary school enrollment, percent	32
Per capita protein intake	37		