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To: Members of the Executive Board

From: The Secretary

Subject: **Guinea—Fourth Review Under the Extended Credit Facility Arrangement, and Financing Assurances Review—Debt Sustainability Analysis**

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***The authorities have indicated that they consent to the Fund's publication of this paper.**

INTERNATIONAL MONETARY FUND

GUINEA

March 18, 2020

FOURTH REVIEW UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT, AND FINANCING ASSURANCES REVIEW—DEBT SUSTAINABILITY ANALYSIS

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Prepared by the International Monetary Fund and the International Development Association.

Guinea: Joint Bank-Fund Debt Sustainability Analysis[1]		
Risk of external debt distress	*Moderate*	
Overall risk of debt distress	*Moderate*	
Granularity in the risk rating	*Some space to absorb shocks*	
Application of judgment	Yes	The overall risk of debt distress is assessed to be moderate against a mechanical rating of high risk of debt distress.

Guinea is at moderate risk of external debt distress with some space to absorb shocks*. All external debt burden indicators under the baseline scenario lie below their policy-dependent thresholds. Stress tests suggest that debt vulnerabilities will increase if adverse shocks materialize. Under the most extreme stress tests, all solvency and liquidity indicators breach their thresholds for prolonged periods. The overall risk of public debt distress is also assessed to be moderate, with the application of judgement regarding a brief and marginal breach for the PV of total-public-debt-to-GDP ratio over 2020–21, reflecting the one-off impact of the recapitalization of the central bank. Guinea's external and public debt dynamics position are broadly unchanged compared to the July 2019 DSA update, and space for additional borrowing beyond what is included in the baseline scenario remains limited, notably in the near term. A prudent external borrowing strategy aimed at maximizing the concessionality of new debt, limiting non-concessional loans to programmed amounts and strengthening debt management will be key to preserving medium-term debt sustainability.*

[1]The Debt Sustainability Analysis (DSA) was prepared with the World Bank and in collaboration with the Guinean authorities. This DSA has been prepared following the revised Debt Sustainability Framework (DSF) for LICs and Guidance Note (2017) in effect as of July 1, 2018. Guinea's debt carrying capacity is classified as weak based on the Composite Indicator (CI) under the revised LIC DSF. Thresholds for debt burden indicators are also those established in the revised 2017 DSF.

COVERAGE OF PUBLIC DEBT

1. **The definition of public debt used in this DSA covers central government debt, central government-guaranteed debt, and central bank debt contracted on behalf of the government (Table 1).**[2] Audited and validated arrears to suppliers over the period 1982–2013 as well as domestic arrears accumulated in 2017-18 and decumulated in 2019 (for domestic arrears stock at about 2.5 percent of GDP at end-2019 based on preliminary estimates) have been included in the baseline.[3] While other elements of public sector debt, such as non-guaranteed debt of state-owned enterprises and social security funds, are not included due to data constraints, they are assessed as not relevant. In addition, a contingent liability stress test is performed to enhance the robustness of the DSA. Staff continues to work with the authorities to broaden the coverage of public debt and improve capacity to address debt data weaknesses. The definition of public and publicly guaranteed debt (PPG) used in the DSA includes the loan for the Souapiti dam (US$1.2 billion, about 10 percent of 2018 GDP) signed on September 4, 2018.[4] Furthermore, to depict the potential full impact on the debt profile, the government is assumed to be responsible for servicing the loan in the DSA.[5]

Table 1. Guinea: Coverage of Public Sector Debt and Design of the Contingent Liability Stress Test

	Subsectors of the public sector	Sub-sectors covered
1	Central government	X
2	State and local government	
3	Other elements in the general government	
4	o/w: Social security fund	
5	o/w: Extra budgetary funds (EBFs)	
6	Guarantees (to other entities in the public and private sector, including to SOEs)	X
7	Central bank (borrowed on behalf of the government)	X
8	Non-guaranteed SOE debt	

1	The country's coverage of public debt	The central government, central bank, government-guaranteed debt			
		Default		Used for the analysis	Reasons for deviations from the default settings
2	Other elements of the general government not captured in 1.	0	percent of GDP	0.0	
3	SoE's debt (guaranteed and not guaranteed by the government) 1/	2	percent of GDP	2.0	
4	PPP	35	percent of PPP stock	1.3	
5	Financial market (the default value of 5 percent of GDP is the minimum value)	5	percent of GDP	5.0	
	Total (2+3+4+5) (in percent of GDP)			8.3	

1/ The default shock of 2% of GDP will be triggered for countries whose government-guaranteed debt is not fully captured under the country's public debt definition (1.). If it is already included in the government debt (1.) and risks associated with SoE's debt not guaranteed by the government is assessed to be negligible, a country team may reduce this to 0%.

[2]The definition of PPG external debt excludes French claims under C2D debt-for-development swaps, which were cancelled in the context of the HIPC debt relief. The C2D mechanism implies a payment of the debt service to the creditor from Guinea, which is later returned to the government in the form of grants to finance development projects. The payments with respect to C2D are included in debt service of the fiscal baseline (See Country Report No.15/39 for a detailed discussion). Information on non-residents' holding of local currency debt is not available. This could give rise to an underestimation of external debt on a residency basis.

[3]Local governments in Guinea have limited debt exposure and the stock of non-guaranteed SOE's debt is also likely to be a small.

[4]The grant element of the Souapiti loan is estimated to be 29 percent. The loan will be transferred to a Special Purpose Vehicle (SPV) jointly owned by the Guinean government (51 percent) and China International Water & Electricity Corporation (49 percent), which will manage and operate the dam on a commercial basis and will be responsible for servicing it.

[5]The Souapiti dam loan is not included in the public investment of the central government as it will be carried out by an SPV that is not considered as part of the central government.

RECENT DEBT DEVELOPMENTS

2. The stock of Guinea's overall public debt as a share of GDP declined in 2019 reflecting a robust economic growth. Preliminary data suggest that total public debt stood at US$4.7 billion (34.2 percent of GDP) at end-2019 compared with US$4.6 billion (37.4 percent of GDP) in 2018. External public debt as a percent of GDP increased to 19.5 percent of GDP in 2019 from 18.9 in 2018. The stock of external debt increased moderately to US$2.6 billion at end-2019 compared to US$2.3 billion in 2018, with loan disbursement lower-than-anticipated. Domestic debt as a percent of GDP declined to 14.7 percent of GDP in 2019 from 18.5 percent of GDP in 2018. The domestic debt stock decreased to US$2 billion in 2019 from US$2.2 billion in 2018, owing mainly to a decumulation of the stock of domestic arrears of about 1.0 percent of GDP at end-2019 and large amortization of domestic borrowing more than compensating for the issuance of a GNF 1,3 billion three-year domestic bond.

UNDERLYING MACROECONOMIC ASSUMPTIONS

3. Key assumptions are consistent with the macroeconomic framework outlined in the Staff Report for the Fourth Review under the Three-Year Extended Credit Facility:

- **Real GDP growth** is estimated at 5.6 percent in 2019, driven by strong investment-boosted mining and construction activity and electricity production. The growth momentum is expected to continue in the short term, with real growth at 5.8 percent in 2020 and 6.2 percent in 2021. Growth is projected to converge to its long-run rate of 5 percent by 2024, supported by the increased productive capacity of the economy and further diversification. Risks to the growth outlook are tilted to the downside, stemming from socio-political tensions in the run-up to elections and delays in projects and reform implementation. Upside potential could arise from mining production capacity coming on stream faster than currently expected.

- **Inflation** reached 9.1 percent (y-o-y) at end-2019 and is expected to moderate at around 8.1 percent (y-o-y) in 2020 and gradually decrease to 7.8 percent over the medium term, reflecting a prudent monetary policy stance.

- **Fiscal balance**.[6] The primary fiscal balance recorded a deficit of 0.3 percent of GDP in 2018 that was virtually eliminated in 2019. The primary deficit is expected to average 1.9 percent of GDP over 2020–25. This reflects expected revenue mobilization efforts and the containment of non-priority current expenditure, including the gradual phasing out of electricity subsidies. Additional tax revenues of about 2.0 percent of GDP are expected to be mobilized over 2020–25 (compared to end-2019), supported by tax policy and

[6]While it is the primary fiscal balance that drives public debt, the basic fiscal balance is the main fiscal anchor under the ECF program. The basic fiscal balance is defined as government revenue excluding grants minus expenditures, excluding interest payments on external debt and externally financed capital expenditure. This measure of fiscal balance aims to capture actual fiscal efforts. The basic fiscal surplus is projected to improve from 0.6 percent of GDP in 2019 to an average of 0.8 percent of GDP during 2020–25.

administration measures, and stronger mining revenues. Continued revenue mobilization effort is expected to gradually increase tax revenue by 2.9 percent of GDP over 2021–30. In parallel, capital expenditures are expected to rise with the scale up in public infrastructure investment under the authorities' National Economic and Social Development Plan (PDNES) from 4.0 percent of GDP in 2019 to 7.9 percent in 2025. In view of development needs, capital expenditures are expected to remain high at 8.4 percent of GDP, on average, over 2025–30. Grants fell to 0.5 percent of GDP in 2019 but are expected to remain at 1.0 percent of GDP on average over the period 2020–22, also reflecting the continued mobilization of donors' support following the 2017 Consultative Group for Guinea.

Table 2. Guinea: Structure of External Public and Publicly Guaranteed Debt
(Nominal Values)

	end-2018			end-2019		
	USD (millions)	Percent of Total	Percent of GDP	USD (millions)	Percent of Total	Percent of GDP
Total	**2287.4**	**100.0**	**18.9**	**2624.4**	**100.0**	**19.5**
Total incl. C2D 1/	2355.4	103.0	19.5	2668.7	101.7	19.8
Multilateral creditors	**1116.1**	**48.8**	**9.2**	**1336.8**	**50.9**	**9.9**
IMF	322.3	14.1	2.7	338.5	12.9	2.5
World Bank	341.4	14.9	2.8	466.8	17.8	3.5
Other Multilateral creditors	452.4	19.8	3.7	531.5	20.3	3.9
Official Bilateral Creditors	**1110.6**	**48.6**	**9.2**	**1227.4**	**46.8**	**9.1**
Paris Club (excl. C2D)	37.9	1.7	0.3	35.8	1.4	0.3
Non-Paris Club	1072.7	46.9	8.9	1191.6	45.4	8.8
China	629.8	27.5	5.2	694.6	26.5	5.2
Angola	126.6	5.5	1.0	117.2	4.5	0.9
Saudi Arabia	101.1	4.4	0.8	105.8	4.0	0.8
Kuwait	76.7	3.4	0.6	77.7	3.0	0.6
Others	138.5	6.1	1.1	196.3	7.5	1.5
Commercial Creditors	**60.8**	**2.7**	**0.5**	**60.2**	**2.3**	**0.4**
Memo						
Arrears	149.3	6.5	1.2	148.8	5.7	1.1

Sources: Guinean authorities; and IMF Staff calculations.

1/ C2D refers to Debt Reduction-Development Contract.

Notes: External arrears at end-2019 predate the 2012 HIPC completion point and are due to Non-Paris Club official bilateral creditors (US$88 million) and commercial creditors (US$60.8 million). These arrears continue to be deemed away under the IMF Policy on Arrears as the underlying Paris club Agreement is adequately representative and the authorities are making best efforts to resolve the arrears. Regarding the external arrears owed by Guinea to private creditors, the authorities continue to make good faith efforts to reach a collaborative agreement. The IMF concluded a financing assurance review on July 26, 2019, jointly with the third review of the ECF program.

- **The current account** (including transfers) is expected to have recorded a deficit of 13.7 percent of GDP in 2019 and to rise to 21.9 percent of GDP in 2020, financed by FDI and external borrowing. This would reflect strong imports for mining and public infrastructure projects, including the construction of the Souapiti dam. These investments will boost mining exports, resulting in a gradual narrowing of the current account deficit over the medium term, which is expected to average 11.8 percent of GDP over 2021–25.

- **External financing mix and terms**. The authorities plan to continue mobilizing external financing to scale-up public investments in infrastructure to support economic diversification and broad-based growth. New external borrowing is expected to pick up significantly in the near term, from 4.9 percent of GDP in 2019 to 10.9 percent in 2020 and average 5.7 percent of GDP over 2021–22. Under the baseline scenario, external borrowing is assumed to continue to be strong in the medium and long run, averaging about 3.6 percent of GDP per year over 2021–29 and 2.4 percent of GDP per year over 2030–39. The average grant element of new borrowing is expected to remain at about 31.7 percent in 2020 with the disbursement of large non-concessional project loans, before returning to about 42 percent in 2022. It would then gradually reduce to 22 percent by 2040, reflecting a gradual increase in the relative use of non-concessional financing over time.

    - *Non-concessional borrowing*. The pick-up in debt accumulation in the short term reflects the one-off impact of the non-concessional borrowing to finance the construction of the Souapiti dam, signed in September 2018 (Table 3) and expected to be disbursed over 2020–21. In addition, the DSA incorporates non-concessional borrowing of US$658 million (5 percent of 2018 GDP) to finance programmed priority infrastructure projects and for budget support, to be disbursed over 2019–23.[7] Out of this envelope, US$598 million were signed in September 2018 to finance the rehabilitation of the RN1 national road and the Conakry urban road network, to be disbursed over 2019–22. Furthermore, a non-concessional loan of US$60 million (0.4 percent of 2019 GDP) for budget support from Qatar was signed in November 2018 and disbursed in April 2019. Additional non-concessional borrowing of about US$220 million is assumed to be signed in 2021–22 and disbursed during 2023–24 to finance infrastructure projects.

    - *Concessional borrowing*. The World Bank provided concessional budget support loans of US$91.5 million in 2019 and is expected to provide US$40 million per year over 2020–25. Concessional project loans, largely to finance infrastructure and agriculture development, are assumed to total US$2.5 billion over 2020–24. Out of this envelope about US$700 million concessional project loan financing is expected to be provided by the World Bank over 2020–24.

- **Domestic borrowing**. Net government domestic financing is expected to be negative throughout 2019–25 (-1.1 percent of GDP in 2019, -0.7 percent of GDP in 2020 and averaging -0.4 percent of GDP for 2021-25), as the government is expected to gradually

[7]For the Souapiti dam loan, US$925 million and US$250 million are expected to be disbursed in 2020 and 2021, respectively. For the US$598 million envelope of non-concessional loans signed in September 2018, US$39 million was disbursed in 2019, with US$172 million expected in each of 2020 and 2021, and the remaining amount in each of 2022 and 2023.

repay past borrowings from the BCRG, domestic arrears accumulated during 2017–18, and the validated 1982–2013 arrears to the private sector, in line with the clearance strategy approved in December 2017. This will be supported by revenue mobilization and containing current non-priority spending. Net domestic borrowing is expected to turn positive in the long term.

- **Realism of assumptions**. Growth projections at about 6.0 percent in 2020–21 are predicated on conservative assumptions. While the scaling-up of public investment is expected to support growth, a conservative assumption about the investment-growth nexus is informed by weak historical growth outturns in Guinea, which has suffered from adverse conditions including the Ebola crisis, commodity price shocks and earlier periods of social unrest (Figure 5, bottom panel). While higher-than-projected primary fiscal deficits were historically the largest contributor to unexpected debt accumulation for the past five years (Figure 4), the current ECF arrangement supports a fiscal adjustment that is feasible for Guinea, taking into account the country's fragility and capacity constraints (Figure 5, top panel).

Table 3. Guinea: LIC DSA Macroeconomic Assumptions

(Percent of GDP, unless otherwise indicated)

	Previous DSA					Current DSA				
	2018	2019	2020	2025	2030	2018	2019	2020	2025	2030
Nominal GDP ($ Million)	12099	13368	14396	20510	28833	12181	13797	14951	21302	29944
Real GDP (percentage change)	5.8	5.9	6.0	5.0	5.0	6.2	5.6	5.8	5.0	5.0
Fiscal Accounts										
Revenues	13.2	14.7	14.4	15.6	16.1	13.1	13.7	14.1	16.4	17.2
Grants	1.1	0.9	0.9	0.6	0.5	1.1	0.3	0.9	0.9	0.9
Public Sector Expenditure	15.7	18.4	17.5	18.2	18.2	15.6	15.0	18.2	19.4	19.9
of which: Capital expenditure and net lending	5.1	7.1	6.4	7.6	7.8	5.1	4.0	6.9	8.0	8.7
Primary Fiscal Balance	-0.3	-1.8	-1.3	-1.0	-0.5	-0.3	-0.4	-2.4	-1.1	-0.7
New external borrowing	13.4	4.9	4.0	3.2	2.7	13.4	4.9	10.9	3.1	2.8
Grant elements of new external borrowing	31.2	31.7	31.7	32.3	30.3	31.2	31.7	31.7	39.5	37.8
Balance of Payments										
Exports of goods and services	33.1	32.2	33.6	30.4	29.4	32.9	30.5	32.2	32.3	32.1
Imports of goods and services	47.2	46.5	45.2	41.0	39.2	46.8	39.6	48.5	37.7	34.0
Current account (including transfers)	-18.7	-20.9	-17.9	-9.0	-5.3	-19.0	-14.1	-22.0	-9.8	-6.6
Foreign direct investment	13.0	9.0	12.9	6.9	3.8	12.9	12.9	10.1	7.0	7.0

Source: Guinean authorities, IMF and World Bank staff estimates.

COUNTRY CLASSIFICATION

4. The Composite Indicator for Guinea is 2.51 based on the October 2019 WEO vintage and the 2018 update for the CPIA index, which classifies Guinea at weak debt-carrying capacity (Table 4). Two tailored stress tests are triggered to account for Guinea's specific economic features. A contingent liabilities stress test captures a combined shock from SOEs' external debt default, PPPs' distress and/or cancellations, and financial market vulnerabilities, all of which amount to 8.3 percent of GDP (Table 1).[9] A commodity prices stress test is also applied since mining exports constitute more than 80 percent of total exports for Guinea. Furthermore, two fully customized scenarios—a weak policy scenario, and higher non-concessional borrowing—have also been performed to assess Guinea's country-specific risks and capacity to absorb shocks.

Table 4. Guinea: Calculation of CI index

Components	Coefficients (A)	10-year average values (B)	CI Score components (A*B) = (C)	Contribution of components
CPIA	0.385	3.149	1.21	48%
Real growth rate (in percent)	2.719	6.228	0.17	7%
Import coverage of reserves (in percent)	4.052	19.802	0.80	32%
Import coverage of reserves^2 (in percent)	-3.990	3.921	-0.16	-6%
Remittances (in percent)	2.022	0.356	0.01	0%
World economic growth (in percent)	13.520	3.499	0.47	19%
CI Score			2.51	100%
CI rating			Weak	

MODEL SIGNALS AND RISK RATING

A. External Debt

5. Guinea stands at moderate risk of external debt distress, with some space to absorb shocks (Table 5, Table 6, Figure 1, and Figure 6). Under the baseline scenario, all external debt ratios remain below their policy dependent thresholds. Based on the mechanical rating of the moderate risk tool, Guinea is assessed to have some space to absorb shocks. Medium-term external debt dynamics are broadly unchanged from the July 2019 DSA update, while the timing of disbursements of the non-concessional loans for the Souapiti dam and the programmed priority infrastructure projects has been partially shifted from 2019 to 2020. The PV of external debt-to-GDP is expected to peak at 23.5 percent of GDP in 2023, broadly in line with the July 2019 DSA update, and then to decline. Liquidity ratios are expected to remain well below policy dependent thresholds (in line with the July 2019 DSA). Under the most extreme stress tests, all indicators breach their thresholds (Figure 1).[10] These tests are based on historical growth

[9]The contingent liability stress test has two components: (i) a minimum starting value of 5 percent of GDP representing the average cost to the government of a financial crisis in a LIC since 1980; and (ii) a tailored value, reflecting additional potential shocks from SOE's debt and PPP that are not included in the definition of public debt. A tailored PPP shock is used, and the size of the PPP shock is estimated to be 3.8 percent of GDP based on the 2018 PIMA report, larger than the default value of 1.37 percent from the World Banks' PPP database. Overall, a contingent liability shock of 8.3 percent of GDP should adequately capture risks arising from debt not covered under the baseline.

[10]The most extreme stress test is an export shock that sets export growth to its historical average minus one standard deviation in the second and third years of the projection period for the PV of debt-exports

(Continued)

and export averages, which reflect exceptionally adverse economic conditions for Guinea, including the Ebola crisis and commodity price shocks during 2014–15 and earlier periods of civil unrest. Under the historical scenario the debt service to exports and revenue ratios remain within their thresholds, while the present value of debt-to-GDP and debt-to-exports breach their thresholds. Under two more plausible country-specific scenarios—(i) a weak policy implementation scenario; and (ii) higher non-concessional loans—all indicators remain within their thresholds (Figure 3).[11]

B. Total Public Debt

6. Guinea's overall risk of debt distress is assessed to be moderate, with the application of staff judgement. As in the July 2019 DSA update, under the baseline scenario, the PV of total public debt-to-GDP breaches the benchmark for two years, but a revised disbursement schedule for the Souapiti loan have delayed the breach to 2020-21 (Table 6 and Figure 2). The PV of total public debt-to-GDP ratio peaks in 2020 at 35.7 percent of GDP (vis-à-vis the benchmark of 35 percent of GDP) with a projection of 35.5 percent of GDP in 2021, slightly below the July 2019 DSA update. The peak reflects the impact of the recapitalization of the BCRG in 2018, a key reform to enhance central bank independence, and the anticipated disbursement of non-concessional loans for the Souapiti dam (US$1.2 billion signed on September 4, 2018) and for two other priority infrastructure development projects that increase PPG external debt in the short run.[12] Staff applied judgment to assign a moderate risk rating as: (i) the magnitude of the breach is marginal, and the length is temporary (just two years); and (ii) the recapitalization will only affect one debt burden indicator (the PV of overall public debt to GDP). Notably, the recapitalization will not add to the debt service burden in the near term as it was conducted by issuing 30-year bonds for the overall recapitalization needs, additional securities are expected to be issued in lieu of interest payments, and no payment is expected to be made until 2046. The PV of the total debt-to-GDP ratio exceeds the benchmark in the medium term under the most extreme shock. Space for additional borrowing, in addition to what is already included in the baseline scenario, is limited, notably in the near term. Delays in repaying domestic arrears or debt owed to the BCRG, higher-than-anticipated government domestic and external borrowing, or new audits of domestic arrears could worsen the dynamics of total public debt.[13]

and debt service-to-exports. For the PV of debt-to-GDP and debt service-to-revenue, the most extreme shocks are a combination of all shocks and a non-debt creating flow shock, respectively.

[11]The weak policy scenario assumes real GDP growth is 1 percentage point below the baseline over 2019–38, reflecting slower reform implementation, and the basic fiscal balance is 0.5 percent of GDP in 2019–20, reflecting slower revenue collection. The higher non-concessional loans scenario assumes an additional non-concessional borrowing of US$350 million, to be disbursed during 2021–23, on top of the non-concessional loan envelope included in the baseline.

[12]In Table 6, the large residual for 2019 and 2020 reflects the fact that these non-concessional project loans are not included in the primary balance.

[13]An audit of domestic arrears covering the period of 2014-18 is being planned.

AUTHORITIES' VIEWS

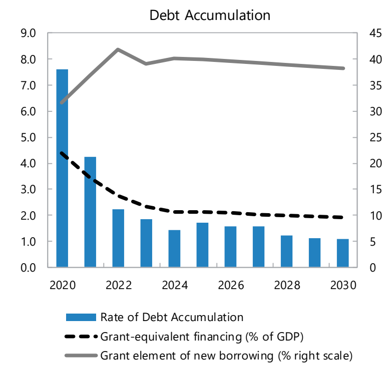
7. **The authorities broadly agreed with the conclusions of the DSA**. They underscored their commitment to maintaining a sustainable level of debt that does not exceed a moderate risk of debt distress. They also concurred with the importance of maximizing concessional borrowing where possible but noted that financing under these terms is not available in the scale needed to finance their large infrastructure needs. The authorities are committed to continuing to implement their strategy to gradually clear domestic arrears to the private sector and strengthening debt management.

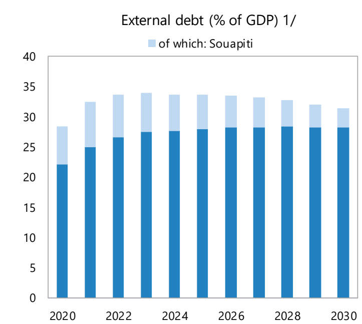
Table 5. Guinea: External Debt Sustainability Framework, Baseline Scenario, 2017–40

(Percent of GDP, unless otherwise indicated)

	Actual			Projections								Average 8/	
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030	2040	Historical	Projections
External debt (nominal) 1/	**19.3**	**18.9**	**19.5**	**28.5**	**32.4**	**33.6**	**33.9**	**33.7**	**33.7**	**31.4**	**24.2**	**25.2**	**32.6**
of which: public and publicly guaranteed (PPG)	**19.3**	**18.9**	**19.5**	**28.5**	**32.4**	**33.6**	**33.9**	**33.7**	**33.7**	**31.4**	**24.2**	**25.2**	**32.6**
Change in external debt	-2.5	-0.4	0.5	9.0	3.9	1.2	0.3	-0.3	0.0	-0.7	-0.2		
Identified net debt-creating flows	**-9.3**	**3.1**	**-1.3**	**10.9**	**4.9**	**2.0**	**1.3**	**0.8**	**1.2**	**-1.9**	**-9.1**	**6.3**	**1.8**
Non-interest current account deficit	**6.8**	**18.7**	**13.8**	**21.8**	**14.9**	**12.8**	**10.4**	**9.5**	**9.3**	**6.2**	**-1.3**	**15.3**	**10.7**
Deficit in balance of goods and services	7.4	13.9	8.8	16.3	9.8	8.2	6.2	5.0	5.4	1.9	-4.0	**12.7**	**6.0**
Exports	39.9	32.9	30.5	32.2	32.4	32.0	33.1	33.4	32.3	32.1	33.7		
Imports	47.3	46.8	39.4	48.5	42.3	40.2	39.3	38.3	37.7	34.0	29.7		
Net current transfers (negative = inflow)	-0.9	-0.6	-0.5	-0.5	-0.7	-0.7	-0.8	-0.8	-0.8	-0.5	-0.1	**-2.3**	**-0.7**
of which: official	-0.2	-0.2	0.0	-0.2	-0.4	-0.4	-0.5	-0.4	-0.4	-0.5	-0.5		
Other current account flows (negative = net inflow)	0.3	5.3	5.4	6.0	5.8	5.3	5.0	5.3	4.7	4.8	2.8	**4.9**	**5.4**
Net FDI (negative = inflow)	**-12.6**	**-12.9**	**-12.9**	**-10.1**	**-8.8**	**-9.5**	**-7.9**	**-7.5**	**-7.0**	**-7.0**	**-7.0**	**-7.8**	**-7.8**
Endogenous debt dynamics 2/	**-3.5**	**-2.6**	**-2.1**	**-0.8**	**-1.3**	**-1.2**	**-1.2**	**-1.1**	**-1.1**	**-1.1**	**-0.8**		
Contribution from nominal interest rate	0.2	0.3	0.1	0.2	0.4	0.4	0.4	0.4	0.4	0.4	0.3		
Contribution from real GDP growth	-1.9	-1.0	-0.9	-1.0	-1.6	-1.7	-1.6	-1.6	-1.6	-1.5	-1.1		
Contribution from price and exchange rate changes	-1.8	-1.9	-1.3	...	...	...	...	...	...	...	...		
Residual 3/	**6.8**	**-3.5**	**1.8**	**-1.9**	**-1.0**	**-0.8**	**-1.0**	**-1.1**	**-1.1**	**1.2**	**9.0**	**-9.3**	**-0.7**
of which: exceptional financing	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Sustainability indicators													
PV of PPG external debt-to-GDP ratio	**...**	**...**	**14.6**	**20.5**	**22.8**	**23.3**	**23.5**	**23.3**	**23.4**	**22.0**	**17.4**		
PV of PPG external debt-to-exports ratio	**...**	**...**	**47.6**	**63.5**	**70.4**	**72.9**	**71.1**	**69.9**	**72.6**	**68.4**	**51.7**		
PPG debt service-to-exports ratio	**1.4**	**1.7**	**1.6**	**2.7**	**3.6**	**4.6**	**4.2**	**4.2**	**4.0**	**5.2**	**4.7**		
PPG debt service-to-revenue ratio	**4.1**	**4.2**	**3.5**	**6.1**	**8.0**	**9.6**	**8.9**	**8.5**	**7.9**	**9.7**	**9.3**		
Gross external financing need (Billion of U.S. dollars)	-0.5	0.8	0.2	1.9	1.2	0.8	0.7	0.7	0.8	0.2	-4.0		
Key macroeconomic assumptions													
Real GDP growth (in percent)	10.3	6.2	5.6	5.8	6.2	5.6	5.1	5.0	5.0	5.0	5.0	**6.0**	**5.2**
GDP deflator in US dollar terms (change in percent)	8.9	11.0	7.2	2.5	1.8	1.8	1.8	1.9	2.0	2.0	2.0	**1.8**	**2.0**
Effective interest rate (percent) 4/	1.1	1.8	0.9	1.1	1.4	1.4	1.4	1.4	1.4	1.4	1.3	**1.1**	**1.4**
Growth of exports of G&S (US dollar terms, in percent)	66.9	-3.0	5.3	14.3	8.8	6.0	10.7	7.9	3.5	7.6	7.6	**14.5**	**7.8**
Growth of imports of G&S (US dollar terms, in percent)	-4.8	16.4	-4.6	33.6	-5.8	2.2	4.6	4.5	5.1	5.6	5.6	**17.8**	**6.2**
Grant element of new public sector borrowing (in percent)	...	...	...	31.7	36.8	41.8	39.1	40.2	39.8	38.2	21.8	**...**	**38.5**
Government revenues (excluding grants, in percent of GDP)	13.7	13.1	13.7	14.1	14.7	15.2	15.7	16.3	16.4	17.2	17.1	**13.5**	**16.1**
Aid flows (in Billion of US dollars) 5/	0.1	0.1	0.0	0.5	0.8	0.9	0.7	0.7	0.7	0.9	0.7		
Grant-equivalent financing (in percent of GDP) 6/	...	...	...	4.4	3.4	2.7	2.4	2.1	2.1	1.9	1.5	**...**	**2.5**
Grant-equivalent financing (in percent of external financing) 6/	...	...	...	37.0	44.0	50.7	51.6	54.2	53.9	54.1	41.8	**...**	**51.0**
Nominal GDP (Billion of US dollars)	10	12	14	15	16	17	19	20	21	30	59		
Nominal dollar GDP growth	20.1	17.8	13.3	8.4	8.1	7.5	7.0	7.0	7.0	7.0	7.0	**7.9**	**7.3**
Memorandum items:													
PV of external debt 7/	...	...	14.6	20.5	22.8	23.3	23.5	23.3	23.4	22.0	17.4		
In percent of exports	...	...	47.6	63.5	70.4	72.9	71.1	69.9	72.6	68.4	51.7		
Total external debt service-to-exports ratio	1.4	1.7	1.6	2.7	3.6	4.6	4.2	4.2	4.0	5.2	4.7		
PV of PPG external debt (in Billion of US dollars)			2.0	3.1	3.7	4.1	4.4	4.6	5.0	6.6	10.3		
(PVt-PVt-1)/GDPt-1 (in percent)				7.6	4.2	2.2	1.9	1.4	1.7	1.1	1.4		
Non-interest current account deficit that stabilizes debt ratio	9.3	19.1	13.2	12.8	11.0	11.6	10.0	9.8	9.3	6.9	-1.1		

Definition of external/domestic debt	**Currency-based**
Is there a material difference between the two criteria?	**No**





Sources: Country authorities; and staff estimates and projections.

1/ Includes both public and private sector external debt.

2/ Derived as [r - g - ρ(1+g)]/(1+g+ρ+gρ) times previous period debt ratio, with r = nominal interest rate; g = real GDP growth rate, and ρ = growth rate of GDP deflator in U.S. dollar terms.

3/ Includes exceptional financing (i.e., changes in arrears and debt relief); changes in gross foreign assets; and valuation adjustments. For projections also includes contribution from price and exchange rate changes.

4/ Current-year interest payments divided by previous period debt stock.

5/ Defined as grants, concessional loans, and debt relief.

6/ Grant-equivalent financing includes grants provided directly to the government and through new borrowing (difference between the face value and the PV of new debt).

7/ Assumes that PV of private sector debt is equivalent to its face value.

8/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

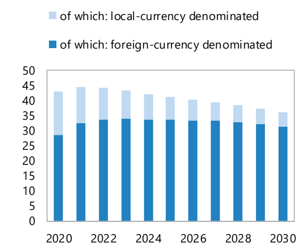
Table 6. Guinea: Public Sector Debt Sustainability Framework, Baseline Scenario, 2017–40

(Percent of GDP, unless otherwise indicated)

	Actual			Projections								Average 6/	
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030	2040	Historical	Projections
Public sector debt 1/	**39.5**	**37.4**	**34.2**	**43.1**	**44.4**	**44.3**	**43.3**	**42.0**	**41.2**	**36.2**	**26.0**	**41.7**	**40.9**
of which: external debt	**19.3**	**18.9**	**19.5**	**28.5**	**32.4**	**33.6**	**33.9**	**33.7**	**33.7**	**31.4**	**24.2**	**25.2**	**32.6**
Change in public sector debt	-3.0	-2.1	-3.2	8.9	1.3	-0.1	-1.0	-1.3	-0.8	-1.2	-1.0		
Identified debt-creating flows	**-6.0**	**-4.5**	**-4.0**	**-0.1**	**0.2**	**-0.2**	**-0.7**	**-1.1**	**-0.9**	**-0.9**	**-1.0**	**-3.5**	**-0.6**
Primary deficit	**1.1**	**0.3**	**0.0**	**2.4**	**3.1**	**2.4**	**1.6**	**1.1**	**1.1**	**0.7**	**-0.1**	**2.1**	**1.5**
Revenue and grants	15.2	14.3	14.0	15.1	15.6	16.0	16.6	17.2	17.3	18.2	18.0	**14.8**	**17.0**
of which: grants	1.4	1.1	0.3	0.9	0.9	0.8	0.9	0.9	0.9	0.9	0.9		
Primary (noninterest) expenditure	16.3	14.5	14.0	17.4	18.6	18.4	18.2	18.3	18.4	18.8	17.9	**16.9**	**18.5**
Automatic debt dynamics	**-7.1**	**-4.7**	**-4.0**	**-2.4**	**-2.8**	**-2.5**	**-2.3**	**-2.1**	**-2.0**	**-1.6**	**-0.9**		
Contribution from interest rate/growth differential	-5.2	-3.6	-3.3	-2.4	-2.9	-2.6	-2.3	-2.1	-2.0	-1.6	-0.9		
of which: contribution from average real interest rate	-1.2	-1.3	-1.3	-0.6	-0.3	-0.2	-0.2	-0.1	0.0	0.2	0.4		
of which: contribution from real GDP growth	-4.0	-2.3	-2.0	-1.9	-2.5	-2.3	-2.2	-2.1	-2.0	-1.8	-1.3		
Contribution from real exchange rate depreciation	-2.0	-1.1	-0.6	...	...	...	...	...	...	...	...		
Other identified debt-creating flows	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**-2.8**	**0.0**
Privatization receipts (negative)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Recognition of contingent liabilities (e.g., bank recapitalization)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Debt relief (HIPC and other)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Other debt creating or reducing flow (please specify)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Residual	**3.0**	**2.4**	**0.7**	**9.0**	**1.1**	**0.1**	**-0.3**	**-0.3**	**0.1**	**-0.3**	**-0.1**	**0.7**	**0.8**
Sustainability indicators													
PV of public debt-to-GDP ratio 2/	**...**	**...**	**29.6**	**35.7**	**35.5**	**34.7**	**33.5**	**32.2**	**31.5**	**27.4**	**19.7**		
PV of public debt-to-revenue and grants ratio	**...**	**...**	**212.0**	**237.1**	**228.2**	**216.3**	**201.7**	**187.4**	**182.4**	**151.0**	**109.4**		
Debt service-to-revenue and grants ratio 3/	**8.5**	**5.4**	**9.9**	**21.7**	**18.6**	**18.2**	**15.2**	**14.4**	**13.2**	**13.6**	**12.9**		
Gross financing need 4/	1.5	0.2	1.4	5.8	6.1	5.4	4.1	3.6	3.4	3.1	2.2		
Key macroeconomic and fiscal assumptions													
Real GDP growth (in percent)	10.3	6.2	5.6	5.8	6.2	5.6	5.1	5.0	5.0	5.0	5.0	**6.0**	**5.2**
Average nominal interest rate on external debt (in percent)	1.1	1.8	0.9	1.2	1.4	1.5	1.4	1.4	1.5	1.4	1.4	**1.2**	**1.4**
Average real interest rate on domestic debt (in percent)	-5.7	-6.4	-6.7	-3.3	-1.5	-0.7	0.2	0.9	1.9	7.3	21.6	**-2.2**	**2.1**
Real exchange rate depreciation (in percent, + indicates depreciation)	-9.9	-6.1	-3.6	...	...	...	...	...	...	...	...	**0.5**	**...**
Inflation rate (GDP deflator, in percent)	10.4	10.0	9.3	8.2	8.1	8.0	7.8	7.8	7.8	7.8	7.8	**8.3**	**7.9**
Growth of real primary spending (deflated by GDP deflator, in percent)	22.0	-5.6	1.6	31.9	13.6	4.3	3.9	5.5	5.6	5.9	3.6	**7.0**	**8.4**
Primary deficit that stabilizes the debt-to-GDP ratio 5/	4.2	2.4	3.2	-6.6	1.7	2.5	2.6	2.4	1.9	1.8	0.9	**3.3**	**1.3**
PV of contingent liabilities (not included in public sector debt)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		

Definition of external/domestic debt	**Currency-based**
Is there a material difference between the two criteria?	**No**

Public sector debt 1/



Sources: Country authorities; and staff estimates and projections.

1/ Coverage of debt: The central government, central bank, government-guaranteed debt. Definition of external debt is Currency-based.

2/ The underlying PV of external debt-to-GDP ratio under the public DSA differs from the external DSA with the size of differences depending on exchange rates projections.

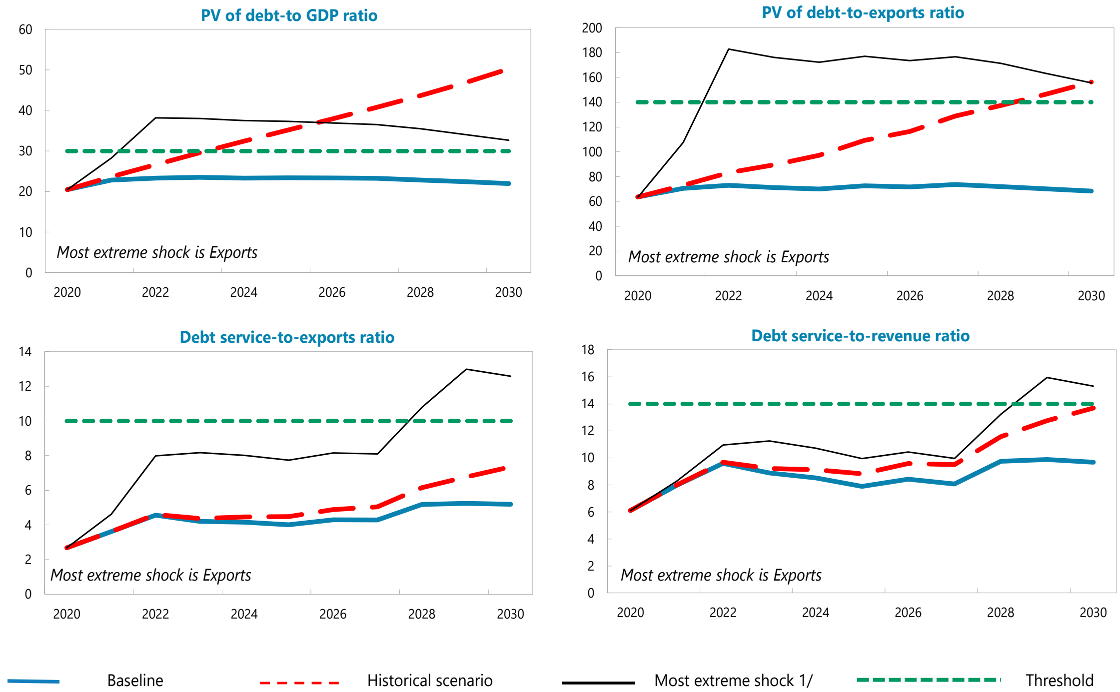
3/ Debt service is defined as the sum of interest and amortization of medium and long-term, and short-term debt.

4/ Gross financing need is defined as the primary deficit plus debt service plus the stock of short-term debt at the end of the last period and other debt creating/reducing flows.

5/ Defined as a primary deficit minus a change in the public debt-to-GDP ratio ((-): a primary surplus), which would stabilizes the debt ratio only in the year in question.

6/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

Figure 1. Guinea: Indicators of Public and Publicly Guaranteed External Debt Under Alternative Scenarios, 2020–30



Customization of Default Settings	Size	Interactions
Tailored Tests		
Combined CLs	No	
Natural Disasters	n.a.	n.a.
Commodity Prices [2/]	No	No
Market Financing	n.a.	n.a.

Note: "Yes" indicates any change to the size or interactions of the default settings for the stress tests. "n.a." indicates that the stress test does not apply.

Borrowing Assumptions for Stress Tests*	Default	User defined
Shares of marginal debt		
External PPG MLT debt	100%	
Terms of marginal debt		
Avg. nominal interest rate on new borrowing in USD	1.4%	1.4%
USD Discount rate	5.0%	5.0%
Avg. maturity (incl. grace period)	24	24
Avg. grace period	6	6

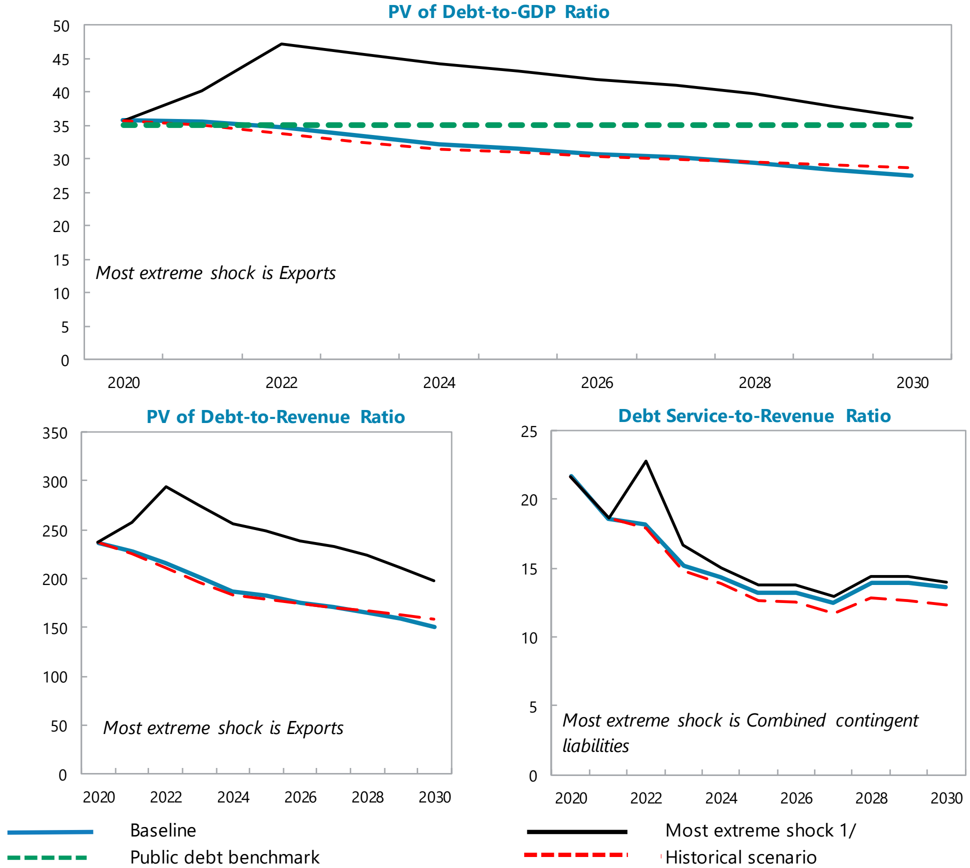
* Note: All the additional financing needs generated by the shocks under the stress tests are assumed to be covered by PPG external MLT debt in the external DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2030. Stress tests with one-off breaches are also presented (if any), while these one-off breaches are deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

2/ The magnitude of shocks used for the commodity price shock stress test are based on the commodity prices outlook prepared by the IMF research department.

Figure 2. Guinea: Indicators of Public Debt Under Alternative Scenarios, 2020–30



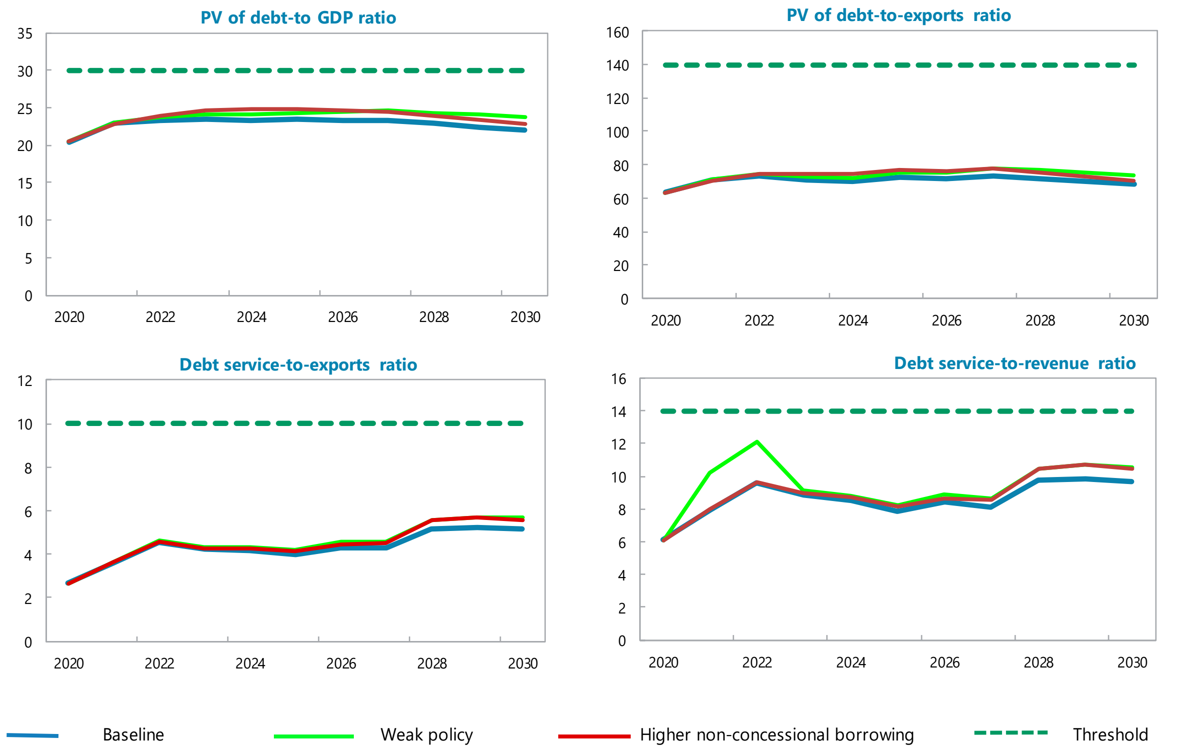
Borrowing Assumptions for Stress Tests*	Default	User defined
Shares of marginal debt		
External PPG medium and long-term	90%	90%
Domestic medium and long-term	1%	1%
Domestic short-term	8%	8%
Terms of marginal debt		
External MLT debt		
Avg. nominal interest rate on new borrowing in USD	1.4%	1.4%
Avg. maturity (incl. grace period)	24	24
Avg. grace period	6	6
Domestic MLT debt		
Avg. real interest rate on new borrowing	2.8%	2.8%
Avg. maturity (incl. grace period)	2	2
Avg. grace period	1	1
Domestic short-term debt		
Avg. real interest rate	0%	0.0%

* Note: The public DSA allows for domestic financing to cover the additional financing needs generated by the shocks under the stress tests in the public DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2030. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

Figure 3. Guinea: Indicators of Public and Publicly Guaranteed External Debt Under Country Specific Alternative Scenarios, 2020–30[1/]



Sources: Country authorities; and staff estimates and projections.

1/ The weak policy scenario assumes real GDP growth is 1 percentage point below the baseline over 2019-38, reflecting slower reform implementation, and the basic fiscal balance is 0.5 percent of GDP in 2019-20, reflecting slower revenue collection. The higher non-concessional loans scenario assumes an additional non-concessional borrowing of US$350 million to be disbursed during 2021-23, on top of the non-concessional loan envelope included in the baseline.

Table 7. Guinea: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2020–30 (Percent)

	Projections 1/										
	2020	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
					PV of debt-to GDP ratio						
Baseline	20	23	23	24	23	23	23	23	23	22	22
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2020-2040 2/	20	24	27	30	**32**	**35**	**38**	**41**	**44**	**47**	**50**
A2. Weak Policy	20	23	24	24	24	24	24	25	24	24	24
A3. Higher non-concessional borrowing	20	23	24	25	25	25	25	24	24	23	23
B. Bound Tests											
B1. Real GDP growth	20	24	25	25	25	25	25	25	25	24	24
B2. Primary balance	20	24	27	27	27	27	26	26	26	25	25
B3. Exports	20	28	**38**	**38**	**38**	**37**	**37**	**36**	**36**	**34**	**33**
B4. Other flows 3/	20	29	**35**	**35**	**35**	**35**	**34**	**34**	**33**	**32**	**30**
B5. Depreciation	20	29	27	27	27	27	27	27	27	26	26
B6. Combination of B1-B5	20	30	**34**	**34**	**33**	**33**	**33**	**33**	**32**	**31**	30
C. Tailored Tests											
C1. Combined contingent liabilities	20	27	28	28	28	28	28	27	27	26	26
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	20	24	26	27	26	26	26	26	25	25	24
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	30	30	30	30	30	30	30	30	30	30	30
					PV of debt-to-exports ratio						
Baseline	63	70	73	71	70	73	72	74	72	70	68
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2020-2040 2/	63	73	83	89	97	109	117	129	137	**146**	**156**
A2. Weak Policy	63	71	74	73	72	75	75	78	77	75	74
A3. Higher non-concessional borrowing	63	70	75	74	74	77	76	77	75	73	71
B. Bound Tests											
B1. Real GDP growth	63	70	73	71	70	73	72	74	72	70	68
B2. Primary balance	63	75	83	81	80	82	81	83	81	79	77
B3. Exports	63	108	**183**	**176**	**172**	**177**	**173**	**177**	**171**	**163**	**156**
B4. Other flows 3/	63	89	111	107	104	107	105	107	103	99	94
B5. Depreciation	63	70	67	65	64	67	66	68	67	65	64
B6. Combination of B1-B5	63	98	100	122	119	123	120	123	119	114	109
C. Tailored Tests											
C1. Combined contingent liabilities	63	84	88	85	84	86	85	87	85	83	81
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	63	80	87	84	82	84	82	83	81	78	76
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	**140**	**140**	**140**	**140**	**140**	**140**	**140**	**140**	**140**	**140**	**140**
					Debt service-to-exports ratio						
Baseline	3	4	5	4	4	4	4	4	5	5	5
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2020-2040 2/	3	4	5	4	4	4	5	5	6	7	7
A2. Weak Policy	3	4	5	4	4	4	5	5	6	6	6
A3. Higher non-concessional borrowing	3	4	5	4	4	4	4	5	6	6	6
B. Bound Tests											
B1. Real GDP growth	3	4	5	4	4	4	4	4	5	5	5
B2. Primary balance	3	4	5	4	4	4	4	4	6	6	6
B3. Exports	3	5	8	8	8	8	8	8	**11**	**13**	**13**
B4. Other flows 3/	3	4	5	5	5	5	5	5	7	8	8
B5. Depreciation	3	4	5	4	4	4	4	4	5	5	5
B6. Combination of B1-B5	3	4	6	6	6	6	6	6	8	9	9
C. Tailored Tests											
C1. Combined contingent liabilities	3	4	5	4	4	4	5	5	5	5	5
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	3	4	5	5	5	4	5	5	6	6	6
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	10	10	10	10	10	10	10	10	10	10	10
					Debt service-to-revenue ratio						
Baseline	6	8	10	9	9	8	8	8	10	10	10
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2020-2040 2/	6	8	10	9	9	9	10	9	12	13	14
A2. Weak Policy	6	10	12	9	9	8	9	9	10	11	11
A3. Higher non-concessional borrowing	6	8	10	9	9	8	9	9	10	11	10
B. Bound Tests	6	10	12	9	9	8	9	9	10	11	11
B1. Real GDP growth	6	8	10	10	9	9	9	9	11	11	10
B2. Primary balance	6	8	10	9	9	8	9	8	11	11	11
B3. Exports	6	8	11	11	11	10	10	10	13	**16**	**15**
B4. Other flows 3/	6	8	10	10	10	9	10	9	13	**15**	**14**
B5. Depreciation	6	10	12	11	10	10	10	10	12	11	11
B6. Combination of B1-B5	6	8	11	11	10	9	10	9	13	**14**	14
C. Tailored Tests											
C1. Combined contingent liabilities	6	8	10	9	9	8	9	9	10	10	10
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	6	9	11	10	10	9	9	9	11	11	11
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	14	14	14	14	14	14	14	14	14	14	14

Sources: Country authorities; and staff estimates and projections.

1/ A bold value indicates a breach of the threshold.

2/ Variables include real GDP growth, GDP deflator (in U.S. dollar terms), non-interest current account in percent of GDP, and non-debt creating flows.

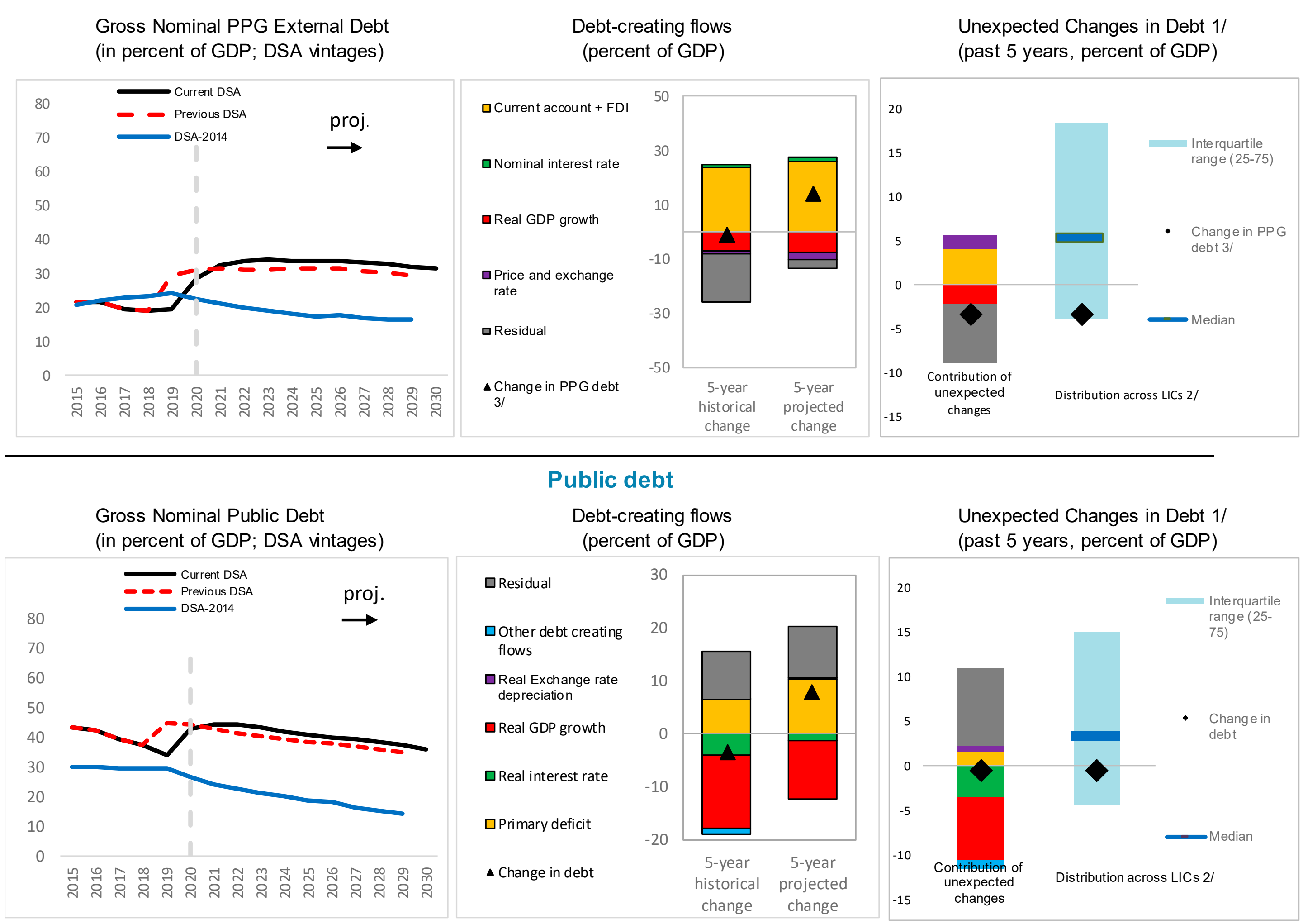
3/ Includes official and private transfers and FDI.

Table 8. Guinea: Sensitivity Analysis for Key Indicators of Public Debt, 2020–30
(Percent)

	Projections 1/										
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
PV of Debt-to-GDP Ratio											
Baseline	**36**	**36**	35	34	32	32	31	30	29	28	27
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2020-2040 2/	**36**	**35**	34	33	32	31	30	30	30	29	29
B. Bound Tests											
B1. Real GDP growth	**36**	**38**	**39**	**38**	**37**	**37**	**37**	**37**	**37**	**37**	**36**
B2. Primary balance	**36**	**38**	**39**	**37**	**36**	35	34	33	32	31	30
B3. Exports	**36**	**40**	**47**	**46**	**44**	**43**	**42**	**41**	**40**	**38**	**36**
B4. Other flows 3/	**36**	**42**	**47**	**46**	**44**	**43**	**42**	**41**	**40**	**38**	**36**
B5. Depreciation	**36**	**38**	**36**	34	32	30	28	27	25	24	22
B6. Combination of B1-B5	**36**	**36**	**36**	33	32	31	30	29	29	28	27
C. Tailored Tests											
C1. Combined contingent liabilities	**36**	**41**	**40**	**38**	**37**	**36**	**35**	35	34	33	31
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	**36**	**37**	**38**	**39**	**39**	**40**	**40**	**40**	**39**	**39**	**39**
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Public debt benchmark	35	35	35	35	35	35	35	35	35	35	35
PV of Debt-to-Revenue Ratio											
Baseline	237	228	216	202	187	182	175	170	165	159	151
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2020-2040 2/	237	225	211	196	183	180	174	170	167	163	159
B. Bound Tests											
B1. Real GDP growth	237	241	240	228	216	215	211	209	207	204	199
B2. Primary balance	237	241	241	224	208	202	194	188	182	175	166
B3. Exports	237	258	294	275	256	249	239	232	223	211	198
B4. Other flows 3/	237	267	294	274	256	249	239	232	222	211	198
B5. Depreciation	237	245	225	204	184	174	162	153	143	133	122
B6. Combination of B1-B5	237	233	223	198	184	179	171	167	162	156	148
C. Tailored Tests											
C1. Combined contingent liabilities	237	264	249	232	215	209	201	195	189	182	173
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	237	259	259	253	240	237	230	224	221	218	212
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Debt Service-to-Revenue Ratio											
Baseline	22	19	18	15	14	13	13	12	14	14	14
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2020-2040 2/	22	19	18	15	14	13	13	12	13	13	12
B. Bound Tests											
B1. Real GDP growth	22	19	20	17	16	15	15	15	16	17	16
B2. Primary balance	22	19	20	17	15	14	14	13	15	15	15
B3. Exports	22	19	19	17	16	14	14	14	16	19	18
B4. Other flows 3/	22	19	19	17	16	14	14	14	17	19	18
B5. Depreciation	22	18	20	16	16	14	14	14	15	15	14
B6. Combination of B1-B5	22	18	18	15	14	13	13	12	15	15	14
C. Tailored Tests											
C1. Combined contingent liabilities	22	19	23	17	15	14	14	13	14	14	14
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	22	20	20	18	18	16	16	15	17	17	17
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Sources: Country authorities; and staff estimates and projections.
1/ A bold value indicates a breach of the benchmark.
2/ Variables include real GDP growth, GDP deflator and primary deficit in percent of GDP.
3/ Includes official and private transfers and FDI.

Figure 4. Guinea: Drivers of Debt Dynamics—Baseline Scenario External Debt



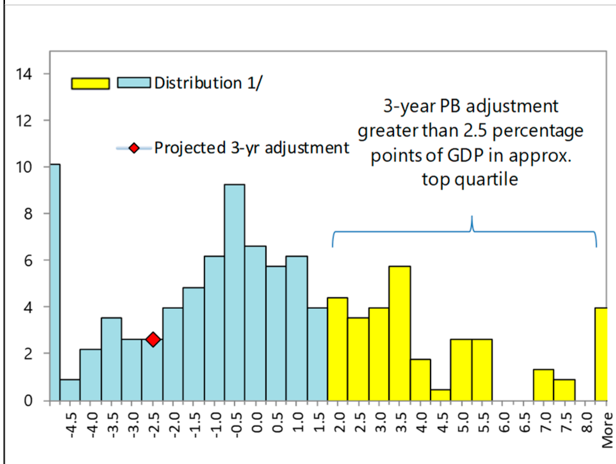
1/ Difference between anticipated and actual contributions on debt ratios.

2/ Distribution across LICs for which LIC DSAs were produced.

3/ Given the relatively low private external debt for average low-income countries, a ppt change in PPG external debt should be largely explained by the drivers of the external debt dynamics equation.

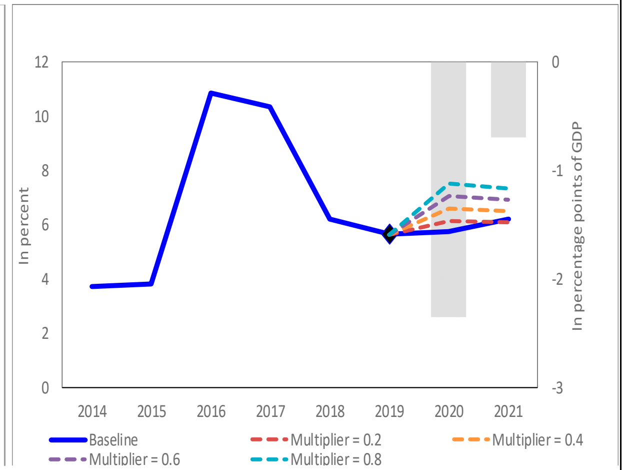
Figure 5. Guinea: Realism Tools

3-Year Adjustment in Primary Balance
(Percentage points of GDP)



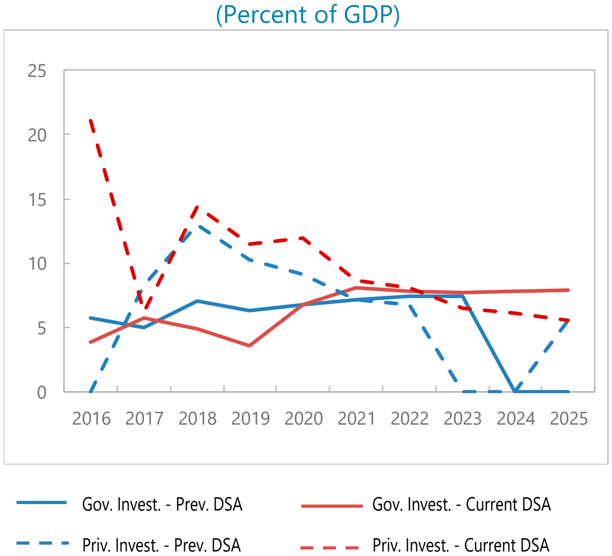
1/ Data cover Fund-supported programs for LICs (excluding emergency financing) approved since 1990. The size of 3-year adjustment from program inception is found on the horizontal axis; the percent of sample is found on the vertical axis.

Fiscal Adjustment and Possible Growth Paths [1/]



1/ Bars refer to annual projected fiscal adjustment (right-hand side scale) and lines show possible real GDP growth paths under different fiscal multipliers (left-hand side scale).

Public and Private Investment Rates
(Percent of GDP)



Contribution to Real GDP growth
(Percent, 5-year average)

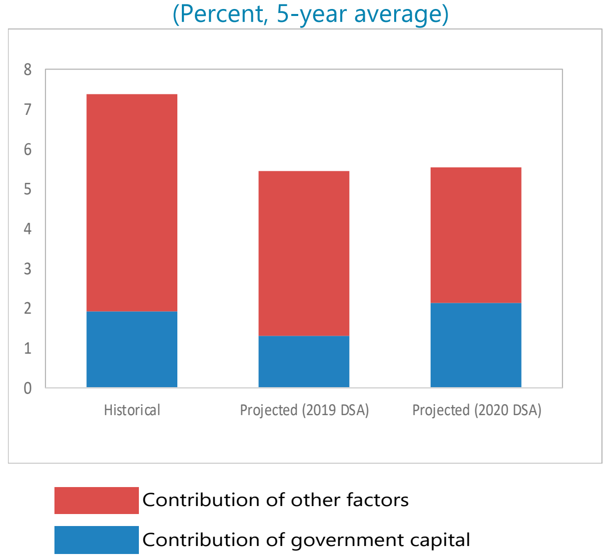
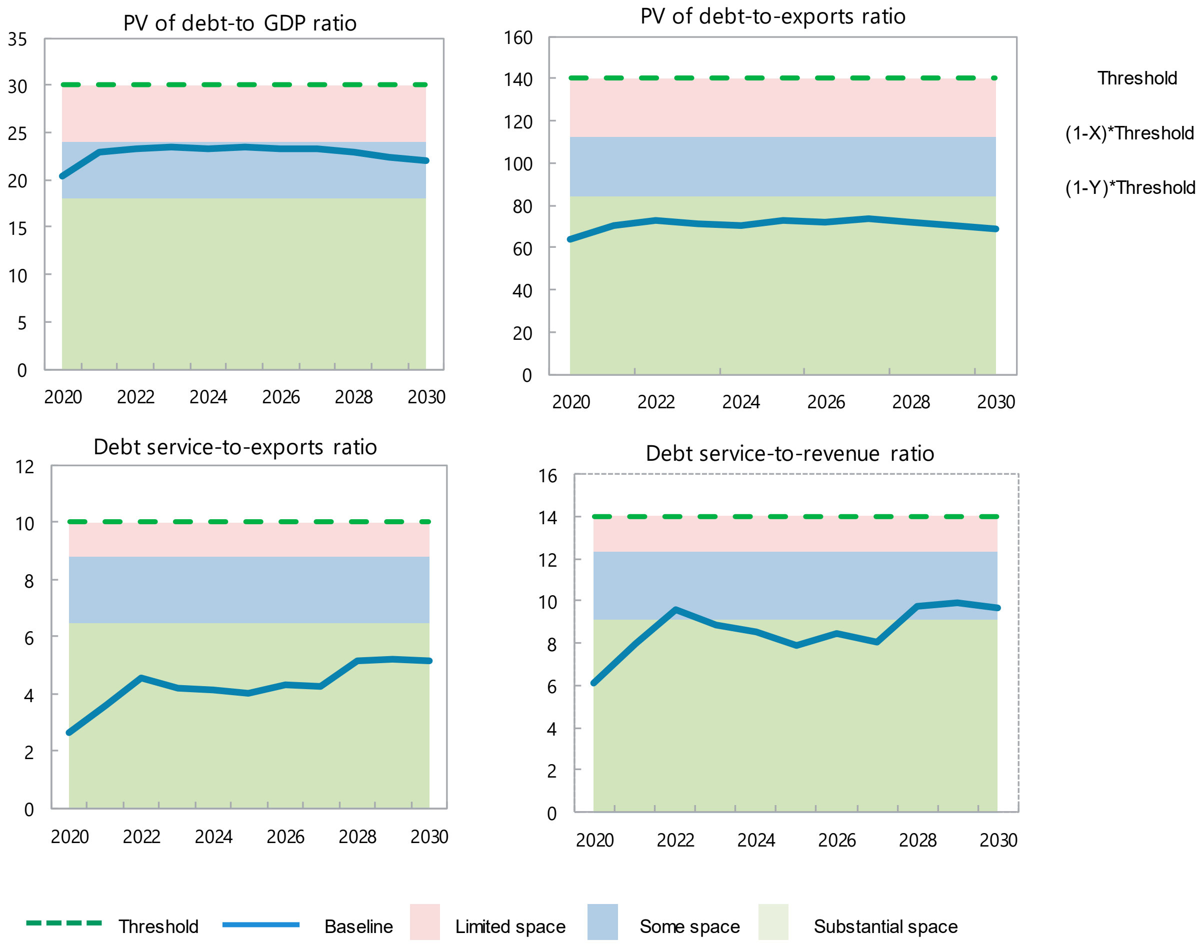


Figure 6. Guinea: Qualification of the Moderate Category, 2020–30[1]



Sources: Country authorities; and staff estimates and projections.

1/ For the PV debt/GDP and PV debt/exports thresholds, x is 20 percent and y is 40 percent. For debt service/Exports and debt service/revenue thresholds, x is 12 percent and y is 35 percent.