

**EXECUTIVE  
BOARD  
MEETING**

EBS/20/22  
Supplement 2

March 26, 2020

To: Members of the Executive Board

From: The Secretary

Subject: **Guinea—Fourth Review Under the Extended Credit Facility Arrangement,  
and Financing Assurances Review—Supplementary Information**

Board Action:	Executive Directors' <b>consideration</b> (Formal)
Tentative Board Date:	<b>Wednesday, April 1, 2020</b>
Publication:	Yes*
Questions:	Ms. Albertin, AFR (ext. 38413)
Document Transmittal in the Absence of an Objection and in accordance with Board policy:	After Board Consideration—African Development Bank, Islamic Development Bank, World Trade Organization

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





# GUINEA

March 26, 2020

## FOURTH REVIEW UNDER THE EXTENDED CREDIT FACILITY, AND FINANCING ASSURANCES REVIEW— SUPPLEMENTARY INFORMATION

Approved By  
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(AFR) and **Chad Steinberg**  
(SPR)

Prepared by the African Department in consultation  
with other Departments

- 1. This supplement provides an update on political and COVID-19 related developments in Guinea.** This is based on developments and additional information received from the authorities since the issuance of the staff report on March 18, 2020. This does not change the thrust of the staff appraisal.
- 2. Legislative elections and a constitutional referendum were held on March 22, 2020.** Large scale protests against the referendum and episodes of social unrest marked the elections, with several casualties reported. Preliminary results are not yet available. The ruling party is expected to maintain a majority of seats at the National Assembly, as opposition parties decided not to participate in the legislative elections.
- 3. The authorities have finalized a National Emergency Preparedness and Response Plan for a COVID-19 outbreak.** Since the issuance of the staff report, four cases of coronavirus have been confirmed in Guinea. Furthermore, a COVID-19 Emergency Plan was finalized, with the technical support of the World Health Organization (WHO), the World Bank, and other development partners. Key measures focus on strengthening surveillance at ports of entry; reinforcing capacity for COVID-19 detection; increasing the number of quarantine centers; expanding treatment facilities and acquiring medical equipment; and conducting a communication campaign. In parallel, large public gatherings have been banned and the international airport has been closed to non-essential flights.

**4. The authorities have started discussions with donors to mobilize additional financing to implement the COVID-19 Emergency Plan.** The implementation cost of the COVID-19 is currently estimated at US\$47 million (0.4 percent of GDP). The World Bank is expected to provide additional US\$13 million through the ongoing regional health project (IPF – REDISSE Project). The WHO is expected to provide technical assistance. Discussions are ongoing with other multilateral and bilateral partners, which could lead to additional financing. Re-allocating non-priority budgeted spending towards health-related expenditures could also support the implementation of the Emergency Plan.

**5. In view of the satisfactory program performance and progress in reforms, staff supports the completion of the fourth review under the ECF arrangement.** Concluding the fourth review will provide needed financing support to Guinea speedily. Staff fully supports the adoption and the implementation of the COVID-19 Emergency Plan, which is not yet included in the baseline scenario. Staff considers that including this plan and the program targets presented in this review remain achievable, with Guinea's debt remaining at a moderate risk of external and overall public debt distress. Firm financing assurances are in place until the end of the arrangement, in view of external financing to be catalyzed by the program —budget support from the World Bank (US\$40 million) and the European Union (EUR18 million).

**6. As global and local conditions rapidly evolve, staff will continue to engage with the authorities to identify appropriate policy responses and re-assess financing needs.** Deteriorating global conditions, political and social instability, and a local COVID-19 outbreak would negatively affect Guinea's growth outlook and weaken export and tax revenues. Meanwhile, the recent decline in international oil prices would improve Guinea's external position. Staff will support adjusting program targets to accommodate needed policy responses to a COVID-19 outbreak, as they evolve, including a rapid scaling-up of health spending, stepping-up social safety nets to protect the most vulnerable, and implementing measures to support the economy. Should the need arise; an augmentation of access can be considered by the next review. In the case of urgent balance of payments need that cannot be met under the program due to the review schedule, the authorities could consider requesting Rapid Credit Facility.