

SU/20/41

April 1, 2020

**The Acting Chair's Summing Up
Guinea—Fourth Review Under the Extended Credit Facility
Arrangement, and Financing Assurances Review
Executive Board Meeting 20/33
April 1, 2020**

Executive Directors noted Guinea's satisfactory performance under the Fund-supported program and welcomed the corrective measures undertaken by the authorities to achieve the end-2019 program targets. They agreed that Guinea's economic outlook faces uncertainties, including significant risks from the impact of the COVID-19 pandemic. Directors welcomed the authorities' National Emergency Preparedness and Response Plan for a COVID-19 outbreak. They underscored the need to closely monitor macroeconomic developments to ensure an appropriate policy response while maintaining strong commitment to the program to ensure macroeconomic stability and foster broad-based growth in the years to come.

Directors noted that fiscal policy should be aimed at creating space for scaling up priority spending, containing inflation, and preserving debt sustainability. They recognized that while policy adjustments may be necessary to combat the COVID-19 pandemic in the short-term, in the medium-term achieving the program's objectives is critical. Directors underscored that mobilizing additional tax revenues and reducing untargeted electricity subsidies will be important to generate resources to scale-up public investments and strengthen social safety nets. They also called for advancing programmed tax revenue measures, adopting an automatic petroleum prices adjustment mechanism, and pushing ahead the multi-year electricity tariff reform. Directors noted that a prudent borrowing strategy will support the scaling-up of public investments, notably in infrastructure. They emphasized that strengthening public investment management will support the fiscal strategy and enhance governance.

Directors emphasized that continuing to limit central bank's lending to the government is necessary to reduce inflation. They also underscored the need to limit central bank's interventions in the foreign exchange market and to allow greater exchange rate flexibility to preserve buffers against shocks and reduce real effective exchange rate overvaluation. Directors highlighted that a more active liquidity management will support achieving monetary targets. They noted that strengthening banking supervision and regulation will help financial stability.

Directors agreed that strengthening the anti-corruption framework and the business climate will improve governance and promote private sector development. They called for implementing the new asset declaration regime and further enhancing the AML/CFT framework.