

Table 1. Guinea: Policy Framework Paper for 1999-2001

Issues	Objectives and Policies	Strategies and Measures	Phasing and Implementation	Technical Assistance
I. Fiscal Policy				
A. Revenue				
	Increase the share of non-mining revenue in GDP by broadening the tax base and strengthening tax administration.	Improve tax administration by restructuring tax offices in Conakry and in the interior.	1999-2000	IMF
		Strengthen performance of the VAT, in particular by transferring information for customs to the tax directorate systematically.	1999	IMF
		Monitor tax compliance more efficiently by setting benchmarks and incentives for collection agents.	1999-2001	France
		Improve the collection of taxes at the borders through: (a) increased coordination between the customs department and the preshipment inspection company; (b) redeployment and training of customs staff; and (c) reduction and stronger monitoring of exemptions.	1999-2001	IMF
B. Expenditure				
1. Restructuring public expenditure toward priority sectors	Improve public resources allocative efficiency.	Strengthen the medium-term expenditure framework (MTEF) by focusing on (a) regular updating of sectoral objectives and strategies; (b) strengthening implementation and monitoring capacity of MTEF in line ministries; (c) decentralizing budgetary resource management; and (d) harmonizing activity unit cost.	1999-2001	WB
		Increase recurrent budget allocations to four priority sectors from 29% in 1998 to 32 percent in 1999 and 35 percent in 2000.	1999-2000	WB
		Adopt performance indicators for priority sectors.	1999-2000	WB
		Pilot testing public service delivery surveys.	2000	WB

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	Ensure fiscal discipline.	Produce forecasts of revenue, expenditure, and sectoral allocations and ensure consistency with macroeconomic framework.	1999-2001	WB/IMF	
2. Strengthening budget execution and monitoring	Strengthen budgetary control framework.	Maintain disbursement rates (in percentage of budget allocations) in the four priority sectors at 90 percent at least, and gradually increase disbursement rates in other sectors to achieve similar targets.	1999-2001	WB/IMF	
		Put in place a new computerized budget-monitoring system as of January 1, 2000.	1999	IMF/WB/EU	
		Produce monthly consolidated treasury accounts.	2000	WB/IMF	
		Produce final audited accounts of budget (<i>loi de règlement</i>) for each budget year law after six months, at the latest.	1999-2001	WB/IMF	
		Develop unit cost database for common equipment and physical construction.	1999-2000	WB	
		Strengthen project preparation, implementation and monitoring.	1999-2001	WB	
		Adopt new system for managing counterpart funds of projects financed by IDA.	1999	WB	
		Increase the efficiency and competitiveness of the contracting.	Conduct independent audits on procurement performance by each sectoral ministry.	1999-2001	WB
			Monitor delays in contract signature and payments.	1999-2001	WB
		Standardize and simplify budgetary and accounting procedures.	Improve and harmonize budgetary and accounting nomenclatures, in line with GFS Manual Standards.	1999	IMF/WB
Apply existing budgetary procedures	1999-2000		IMF/WB		

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		and harmonize regulations.		
		Reorganize the National Treasury Directorate.	1999	IMF/WB
	Combat corruption.	Develop a code of ethic for buyers, contractors, suppliers and consultants to be put in Law.	1999	WB
II. Monetary Policy and Financial Sector Reform	Stabilize inflation and protect reserves.	Maintain tight domestic liquidity conditions through increasingly active use of open market operations and strict enforcement of minimum reserve requirements.	1999-2001	IMF
	Promote sustainable micro-finance development.	Put together a recapitalization plan for Crédit Mutuel de Guinée.	1999	WB/IMF/ France/ Canada/EU
		Draft law to regulate micro-finance institutions and train staff to implement it.	1999-2000	WB/IMF/ France/ Canada/EU
		Develop and apply principles in the microcredit institutions so as to engender community ownership.	1999-2001	WB/IMF/ France/ Canada/EU
		Improve local branch management and delinquency control.	1999-2001	WB/IMF/ France/ Canada/EU
		Meet self-sufficiency targets contracted between each of the institutions and the BCRG.	1999-2001	WB/IMF/ France/ Canada/EU
	Strengthen procedures for granting loans.	Publish directives aiming at: (a) loan conditions; (b) rules concerning loans to shareholders and related persons and to bank managers; and (c) rules concerning bank capital.	1999	WB/IMF
		Improve arrangements for providing loan collateral and enforcing guarantees.	1999-2001	WB
	Strengthen supervision of financial institutions.	Implement the new chart of accounts for commercial banks.	2000	WB/IMF

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		Strengthen the role of internal auditors in following up audit reports.	1999-2001	WB
		Apply equal tax treatment to all banks.	1999-2001	IMF
III. External Sector				
A. Exchange and trade system	Improve flexibility and transparency in foreign exchange operations on the interbank market.	Limit central bank intervention in the foreign exchange market to smoothing short-term fluctuations.	1999-2001	IMF
		Encourage transactions in the auction market.	1999-2000	IMF
B. External debt management	Regularize Guinea's financial position with all its bilateral creditors.	Finalize all bilateral agreements with Paris Club creditors, including Russia, and non-Paris Club creditors.	1999	IMF
C. Trade	Reform the tariff regime.	Harmonize the custom tariff with that of the other countries in the subregion.	2000	IMF
IV. Structural Reforms				
A. Judicial reforms	Increase transparency and efficiency of the judiciary and application of the rule of law.	Adopt an action plan to improve the working conditions of members of the judiciary.	1999-2001	WB/France
		Increase transparency of judicial proceedings by publication of court decisions.	1999-2001	France
		Adopt an action plan to train legal and paralegal professionals.	1999	WB
		Sensitize members of the executive branch on the limits of their powers and the need for them to refrain from interfering in judicial matters.	1999-2001	WB
		Adopt an action plan to strengthen the functioning of institutional mechanisms established to enforce the rules of conduct to be followed by members of the judiciary.	1999	WB

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Issues	Objectives and Policies	Strategies and Measures	Phasing and Implementation	Technical Assistance
B. Public enterprise sector reform	Develop a comprehensive plan for public enterprise (PE) reform with a view to reducing the size of the sector, improving its capacity, and developing the private sector.	Collect and analyze financial and operational data in order to assess the options for the future of each enterprise in the state portfolio, with 3 priorities.	1999	WB
		Priority 1: complete the privatization and restructuring of mining companies (CBG, FRIGUIA, BGGA, CCNG, STG).	1999-2000	WB
		Priority 2: Privatize, reduce the state's holdings, and increase the participation of the private sector for public utilities (ENGLLGUI/SOGEL; SONGG/SEEG; SOLOPRIMO/Air Guinea, PAC; Chemin de fer; SOTELGUI, Post, ORTG; SOGEAC).	2000-01	WB
		Priority 3: Liquidate, reduce state participation or privatize 40 non-strategic companies.	1999-2000	WB
		Review and strengthen the regulatory framework and more particularly concerning the role of the <i>Direction du Portefeuille</i> (State Holdings Department).	1999-2001	WB
		Review options for establishing a secondary market for financial instruments.	1999-2000	WB
		Reinforce financial management of PE to minimize their budgetary cost.	Update and reduce the stock of cross debts.	1999-2000	IMF
C. Private sector promotion	Promote domestic and foreign investments	Revise the Investment Code with a view to reduce and eliminate Government's intervention and discretion.	2000	WB
	Suppress tax exemptions and decrease tax rates	Review, with a view to simplify, systems and practices of tax holidays.	1999-2000	WB

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	(profit taxes of customs duties on equipment).			
		Review depreciation rules.	1999-2000	WB/IMF
		Review and strengthen investment promotion efforts.	1999-2000	WB/IMF
D. Administrative reform and capacity building for service delivery	Create a service-oriented public administration.	Rationalize the allocation of resources toward priority services.	1999-2002	WB
		Upgrade the human capacity and institutional set-ups involved in delivering services to the population.	1999-2001	WB
		Improve communications between service providers and beneficiaries.	1999-2001	WB
		Establish appropriate, performance-based incentive systems.	1999-2002	WB
E. Fight Against Corruption	Evaluate the nature and extent of corruption so as to reduce its impact.	Elaborate a strategy to fight corruption.	1999-2000	WB
		Put in place an action plan.	2000-01	WB
V. Sectoral Policies				
A. Rural development	Implement a focused and integrated strategy for rural development encompassing agriculture, infrastructure, and management of natural resources and social services, and strengthening community participation.	Elaborate and execute a decentralized rural development strategy (DRDS).	1999-2000	WB/IFAD
		Adopt an action plan to improve the competitiveness of agricultural exports.	1999-2000	WB
		Launch pilot operations to develop and test a methodology for improving the security of rural land rights and facilitate private investments in the	1999-2000	WB/FAO

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Issues	Objectives and Policies	Strategies and Measures	Phasing and Implementation	Technical Assistance
		agricultural sector.		
		Examine the political, institutional, and regulatory framework for managing forestry resources.	1999-2000	WB/FAO
		Continue rationalizing management of human resources in the agriculture service.	1999-2000	I. WB
		Use of the High Labor Intensity (HLI) technique.	1999-2000	II. WB
B. Mining sector	Strengthen the government's role as facilitator/regulator and reduce its role as owner/operator.	Continue implementing cost reduction plans for CBG, Friguia and SBK, including personnel reductions and relinquishment of certain services.	1999	WB
		Decide on further restructuring of SBK.	1999	WB
		Reduce government ownership of Friguia, and/or use private capital.	1999-2000	WB
		Define new strategies for CBG.	1999-2000	WB
		Redefine status of ANAIM based on the recent audit.	2000	WB/IMF
		Enact implementation decrees to harmonize mining code provisions with other relevant legislation.	1999	Canada
		Decide on introduction of private management into geological services (applied geology, drilling and laboratories), and restructure these services.	1999-2000	
C. Roads	Improve the quality of the road network and strengthen employment opportunities.	Increase and ensure timely disbursement of funds for roads maintenance.	1999	WB
		Undertake a study of the various types of road-user fees.	1999	WB

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		Implement a second-generation road fund based on the following principles: (i) legal and financial autonomy vis-à-vis the government; (ii) own resources based on the principle of user fees.	2000	WB
		Undertake an organizational review of the Ministry of Equipment and Transport.	2000	
		Make use of the HLI technique.	1999-2000	WB/ILO
D. Energy	Improve the supply of energy across the country.	Increase private sector participation in energy production in Conakry region and provincial centers.	1999-2001	WB
		Finish the negotiation on new concession agreement relating to the privatization of the electricity sector.	1999	WB
		Adjust the level and structure of electricity prices.	1999	WB
		Implement electrification program for interior cities.	1999	WB
		Improve monitoring of safety, environment and quality aspects of petroleum product distribution.	1999	WB
		Promote the use of LPG in the Conakry/Kindia area.	1999	
		Prepare a strategy for rural electrification.	1999	WB
E. Education	Establish the means to reach a primary education rate of 100% (decade plan).	Recruit at least 2000 primary school teachers per year.	1999-2001	III. WB IV.
		Develop and institutionalize a decentralized recruitment and management system for contractual	1999-2001	WB

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		primary school teachers.		
		Restructure the education budget by introducing a breakdown per region and education level; and decentralize management of nonwage expenditure.	1999-2001	WB
	Enhance quality and effectiveness of higher education.	Recruit at least 250 new teachers for the first secondary cycle per year.	1999-2001	WB
		Increase the average class hours to 20 hours per week.	1999-2001	WB
		Agree on a reallocation of financing between different education sectors in order to respond to labor market needs.	2000	WB
		Keep the higher education enrollment rate at a level of 8.500-9000.	1999-2001	WB
		Reduce cost of yearly social transfers to 5 percent of operations budget.	1999-2001	WB
F. Health, population, and social development	Improve quality and accessibility of health care.	Strengthen quality and accessibility of basic health care	1999-2001	WB
		Pursue decentralization and increase budget allocations for districts to as much as 30 percent of total expenditure in the sector.	1999-2001	WB
		Increase budget allocations for non-wage recurrent expenditure in the sector and improve budget execution.	1999-2000	WB
	Reduce fertility rate to alleviate pressure on resources and services.	Expand family planning activities and other programs.	1999-2000	WB
		Take legislative and regulatory measures to eliminate obstacles to the promotion and use of modern contraceptive methods to change	1999-2000	

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		behavior.		
		Launch information, education, and communications campaigns to increase demand for modern contraceptive products and modify behaviors.	1999-2001	WB
	Improve living conditions of the population.	Promote community-based self-help projects (particularly in the areas of social and economic infrastructure).	1999-2001	WB/Others
		Encourage projects with HLI.	1999-2001	WB/Others /ILO
		Continue to carry out the Human Development Initiative.	1999-2001	WB/UNDP
	Promote public policy for poverty reduction.	Continue development of poverty monitoring system, including both qualitative and quantitative surveys.	1999	WB/UNDP
VII. Urban Development	Improve the living conditions of the urban population of Conakry through the provision of basic priority services and use of HLI techniques.	Extend the Solid Waste Program to the entire city of Conakry, using HLI techniques. Support SMEs in garbage collection.	1999-2001	WB
		Restructure SPTD (Public garbage services).	1999-2001	WB
		Undertake environmental studies and construction of new landfill.	1999-2001	WB
		Implement rehabilitation program for neighborhood upgrading, using HLI.	1999-2001	WB
		Undertake feasibility studies and preparation of bidding documents for primary road network.	1999-2001	WB
	Create an enabling environment for programming, financing and management of	Undertake urban and financial audits of 10 municipalities.	1999-2001	WB
		Execute priority investment programs	1999-2001	WB

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	priority investments.	and municipal adjustment programs in the 10 municipalities, using HLI.		
VIII. Environment	Conserve the environment for sustainable development.	Establish environmental legislation and regulation, including Environmental Assessments regulation, that would provide benchmarks for environmental protection.	2000	WB
		Establish monitoring systems to guide mining activities, protect coastal zones, and that ensure sustainable harvesting of forest resources.	2000-2001 2000-01	WB WB
	Manage the environment in a sustainable fashion.	Adopt and implement a plan for community-based protection and management of the Fouta Djallon.	1999-2000	WB
IX. Economic Statistics	Improve economic information system.	Produce definitive national accounts for 1995-96.	2000	IMF/WB
		Produce preliminary accounts for 1999-98	2000	IMF/WB
		Prepare single balance of payments after coordination between Ministry of Planning and the central bank.	1999-2001	IMF

Table 2. Guinea: Selected Economic and Financial Indicators, 1997-2001

	1997	1998 Est.	1999	2000	2001
			Projections		
	(Annual changes in percent, unless otherwise indicated)				
Income					
GDP at constant prices	4.8	4.5	3.7	5.0	5.5
GDP at current prices	7.3	9.7	7.8	9.3	9.4
GDP deflator	2.4	5.0	3.9	4.1	3.7
Consumer prices					
Average	1.9	5.1	4.5	5.8	3.7
End of period	5.3	4.5	5.4	4.0	3.5
External sector					
Exports, f.o.b. (in U.S. dollar terms)	7.7	7.5	6.4	9.1	8.1
Imports, f.o.b. (in U.S. dollar terms)	-1.9	-0.1	1.5	9.3	4.0
Terms of trade					
Percentage change	13.0	-2.2	-6.7	-0.9	1.0
Average effective exchange rates (depreciation -)					
Nominal index 1/	-0.6	-6.8	-2.8	...	...
Real index 1/	-0.7	-3.5	-2.5	...	...
Money and credit					
Net foreign assets 2/	20.4	5.6	-4.5	14.8	...
Net domestic assets 2/	-3.1	0.5	14.1	-4.8	...
Public sector (net) 2/	-4.1	-3.5	10.0	-5.1	...
Private sector 2/	-0.3	7.9	7.0	4.8	...
Broad money	17.3	6.1	9.5	10.0	...
Reserve money	15.1	14.0	10.7	8.7	...
Interest rate 3/	9.0	9.0	9.0	9.0	...
Velocity (GDP/year-end M2)	11.2	10.7	10.6	10.5	...
	(In percent of GDP)				
Central government finances					
Total revenue and grants	14.2	13.4	12.3	13.6	14.1
Of which: nonmining revenue	8.3	7.9	8.1	9.2	9.2
Current expenditure	8.8	8.3	8.5	9.0	9.2
Capital expenditure and net lending	8.2	5.7	6.8	7.8	7.9
Overall budget balance					
Including grants (commitment)	-2.9	-0.7	-3.0	-3.2	-2.9
Excluding grants (commitment)	-5.9	-3.4	-4.8	-5.3	-5.1
Primary balance	2.8	2.4	2.4	2.7	2.9
Gross investment	17.1	17.1	18.2	19.2	18.8
Government	5.9	3.9	5.0	5.5	5.6
Nongovernment	11.2	13.1	13.3	13.7	13.1
Domestic savings	15.0	15.3	17.4	18.2	18.7
Government	9.5	7.4	8.1	9.4	9.9
Nongovernment	5.5	7.9	9.3	8.8	8.8
External current account balance					
Including official transfers	-3.1	-2.6	-3.3	-3.6	-3.1
Excluding official transfers	-6.3	-6.0	-5.9	-6.3	-5.3
Overall balance of payments	-0.6	-1.5	-3.2	-2.4	-1.6
External public debt 4/	80.4	90.7	82.1	89.0	89.2
	(In percent of export earnings)				
External debt-service ratio 5/	25.6	19.5	24.8	20.5	19.0
External public debt	406.2	419.7	349.4	335.2	325.0
	(In millions of U.S. dollars, unless otherwise indicated)				
Exports 6/	660.0	709.2	754.5	823.4	889.8
Imports 6/	572.5	571.8	580.1	634.3	659.7
External current account (including official transfers)	-119.3	-99.8	-123.5	-126.4	-114.0
Overall balance of payments	-22.8	-56.3	-118.6	-85.9	-60.7
External arrears outstanding 7/	586.2	500.3	0.0	0.0	0.0
Net foreign assets (central bank)	118.2	113.6	84.2	109.7	...
Gross official reserves (in months of imports)	3.2	3.4	2.9	3.2	3.5
Gross reserves (in percent of broad money)	62.8	73.9	71.6	87.8	...

Sources: Guinean authorities; and staff estimates and projections.

1/ For 1999, figures show change for the first six months of the year only.

2/ In percent of broad money stock at beginning of period.

3/ Minimum annual rate on bank savings deposits, at end of period.

4/ Including debt owed to the Fund and to the former Soviet Union.

5/ Scheduled public debt service, including IMF charges and repurchases.

6/ Merchandise trade figures only.

7/ End-of-period figures, assuming all rescheduling takes place in 1999.

Table 3. Guinea: Social Indicators

	Latest Single Year			Same Region/Income Group	
	1970-75	1980-85	1992-97	1997	
				Sub-Saharan Africa 1/	Low-income 2/
Population					
Total population, midyear (millions)	4.1	5.0	6.9	612.4	2,035.6
Growth rate (percent annual average)	1.2	2.2	2.6	2.2	1.7
Urban population (percent of population)	16.3	22.3	30.6	32.3	28.4
Total fertility rate (births per woman)	5.9	6.2	5.5	5.5	4.0
Poverty					
(percent of population)					
National head count index	...	...	40.0	...	...
Income					
GNP per capita (US\$)	...	...	550	510	350
Food price index (1995=100)	...	...	101	...	...
Income/consumption distribution					
Gini index	...	...	45.0	...	...
Lowest quintile (percent of income or consumption)	...	...	6.4	...	...
Highest quintile (percent of income or consumption)	...	...	47.2	...	...
Social indicators					
Public expenditure					
Health (percent of GDP)	...	...	1.2	2.5	1.0
Education (percent of GNP)	...	...	...	4.3	...
Gross primary school enrollment rate					
(percent of age group)					
Total	...	27	51	72	...
Male	...	37	65	...	...
Female	...	18	37	65	...
Access to safe water					
(percent of population)					
Total	14	20	55	47	69
Urban	...	...	78	74	80
Rural	...	...	51	32	66
Immunization rate					
(percent under 12 months)					
Measles	...	...	56	58	74
DPT	...	...	53	53	76
Life expectancy at birth					
(years)					
Total	37	40	46	51	59
Male	37	40	46	49	58
Female	38	41	47	52	60
Mortality					
Infant (per thousand live births)	177	168	120	91	82
Under 5 (per thousand live births)	345	275	182	147	118
Adult (15-59)					
Male (per 1,000 population)	636	589	399	428	274
Female (per 1,000 population)	534	507	400	375	255
Maternal (per 100,000 live births)	...	...	880	700	...

Source: 1999 World Bank, *World Development Indicators*, CD-ROM.

1/ Including Nigeria and South Africa.

2/ Less than US\$760 GNP per capita.