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Guinea-Bissau: Enhanced Initiative for Heavily Indebted Poor Countries—Completion Point Document and Multilateral Debt Relief Initiative

This paper was prepared by the staff teams of the International Monetary Fund and the World Bank, in connection with the Executive Board's consideration of Guinea-Bissau's eligibility for assistance under the Enhanced Heavily Indebted Poor Countries Initiative. It is based on the information available at the time it was completed on November 24, 2010. The views expressed in this document are those of the staff teams and do not necessarily reflect the views of the government of Guinea-Bissau or the Executive Board of the IMF.

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INTERNATIONAL MONETARY FUND
AND
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GUINEA-BISSAU

**Enhanced Initiative for Heavily Indebted Poor Countries—
Completion Point Document and Multilateral Debt Relief Initiative**

Prepared by the Staffs of the International Monetary Fund (IMF)
and the International Development Association (IDA)

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ACRONYMS

AfDB	African Development Bank
AfDF	African Development Fund
ANP	National People's Assembly
APR	Annual Progress Report
ARCP	Public Procurement Regulatory Authority
ARV	Antiretroviral
ASYCUDA	Automated System for Custom Data
BADEA	Arab Bank for Economic Development in Africa
BCG	Vaccine Against Tuberculosis
BCEAO	West African States' Central Bank
BESP	Basic Education Support Project
CENFA	National Center of Training and Administration
CFAA	Country Financial Accountability Assessment
CFE	Firm's Formalization Center (*Guichet-Unique*)
CGD	General Severance Bank (*Caixa Geral de Depôsitos de Portugal*)
CPLP	Community of Portuguese Language Countries
CRF	Common Reduction Factor
DENARP	Guinea-Bissau's National Poverty Reduction Strategy Paper
DGCP	General Directorate of Public Procurement
DMFAS	Debt Management and Financial Analysis System
DPT	Vaccine Against Hepatitis-B
DRRP	Demobilization, Reinsertion and Reintegration Program
DSA	Debt Sustainability Analysis
ECF	Extended Credit Facility
ECOWAS	Economic Community of West African Countries
EFA-FTI	Education for All – Fast Track Initiative
EIB	European Investment Bank
ENA	National School of Public Administration
EPCA	Emergency Post-Conflict Assistance
ESP	Education Sector Plan
EU	European Union
FIAS	Foreign Investment Advisory Services
GDP	Gross Domestic Product
HIPC	Heavily Indebted Poor Countries
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
IDA	International Development Association
IsDB	Islamic Development Bank
IFAD	International Fund for Agricultural Development
ILAP	Rapid Poverty Assessment Survey
IMF	International Monetary Fund

INEC	National Institute of Statistics and Census
IT	Information Technology
JSAN	Joint Staff Advisory Note
LEP	Letter on Education Policy
LIC DSA	Low-Income Country Debt Sustainability Analysis
LICUS	Low-Income Countries Under Stress
MDGs	Millennium Development Goals
MDRI	Multilateral Debt Relief Initiative
MEPIR	Ministry of Economy, Planning and Regional Integration
M&E	Monitoring and Evaluation
MICS	Multiple Indicators Cluster Survey
MoF	Ministry of Finance
NGO	Non-Governmental Organization
NHDP	National Health Development Plan
OFID	OPEC Fund for International Development
OHADA	Organization for the Harmonization of Business Law in Africa
PAIGC	African Party for the Independence of Guinea and Cape Verde
PARAP	Public Administration Reform Support Project
PDO	Public Debt Office
PEMFAR	Public Expenditure Management and Financial Accountability Review
PIN	Public Information Notice
PPG	Public and Publicly Guaranteed
PPP	Public-Private Partnerships
PRGF	Poverty Reduction and Growth Facility
PRSP	Poverty Reduction Strategy Paper
PV	Present Value
RDSS	Reform of the Defense and Security Sectors
SDR	Special Drawing Rights
SIGFIP	Integrated Public Financial Management System
SMP	Staff Monitored Program
SOE	State Owned Enterprise
SPF	State- and Peace-Building Fund
SYGADE	Debt Management Analysis System
UCCP	Central Unit of Public Procurement
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNIOGBIS	United Nations Integrated Peace-Building Office in Guinea-Bissau
WAEMU	West African Economic and Monetary Union

EXECUTIVE SUMMARY

In December 2000, the Executive Boards of the International Monetary Fund (IMF) and the International Development Association (IDA) agreed that Guinea-Bissau had met the requirements for reaching the decision point under the Enhanced Heavily Indebted Poor Countries Initiative (hereafter HIPC Initiative). To reduce the present value (PV) of eligible external debt to 150 percent of exports, the amount of debt relief determined at the decision point was US$415.9 million in end-1999 PV terms. This relief implied a common reduction factor (CRF) of 85.4 percent.

- **Staffs of the IMF and IDA consider that Guinea-Bissau has made satisfactory progress in meeting the requirements to reach the HIPC completion point.** Frequent political disruptions and erratic macroeconomic policies characterized much of the decade following the decision point, resulting in an unusually long gap between decision point and completion point. More recently, however, Guinea-Bissau has managed to stabilize the economy and implement key reforms, including those under the HIPC Initiative. The first Poverty Reduction Strategy Paper (PRSP) was issued to the IMF and IDA Executive Boards in April 2007. Its implementation has been satisfactory, as reviewed by the Joint Staff Advisory Note (JSAN) on the 2010 Annual Progress Report (APR) covering PRSP implementation from July 2009 to July 2010. The authorities have initiated the preparation of a new PRSP that is slated to be published in early 2011. The first review under the IMF's Extended Credit Facility (ECF) is being completed concurrently with the HIPC completion point review.

- **The authorities have implemented 10 of 11 completion point triggers and are requesting a waiver for one trigger that has not been continuously implemented, but for which satisfactory progress has been made recently.** One trigger in the area of governance required the authorities to publish twice-a-year budget execution reports starting in 2001. After a period of non-compliance due to political and institutional instability, the authorities in 2010 started publishing quarterly budget execution reports. The authorities are requesting a waiver for lack of continuous implementation since the decision point.

- **As a result of the debt reconciliation exercise for the completion point, the PV of eligible external debt at end-December 1999, after traditional debt relief, has been revised upward by US$5.8 million.** Therefore, the required HIPC assistance at end-December 1999, in PV terms, has been revised from US$415.9 million at the decision point to US$421.7 million. The CRF has increased slightly from 85.4 percent to 85.6 percent.

- **The authorities are working toward securing the participation of all creditors in the HIPC Initiative, and to date, creditors accounting for 81 percent of the**

revised PV of HIPC assistance have given satisfactory assurances of their participation. Most multilateral creditors, all Paris Club creditors, and some non-Paris Club bilateral creditors have agreed to participate.

- **The completion point analysis of Guinea-Bissau's external debt shows a substantial worsening in debt burden indicators compared to the projections made at the decision point.** At decision point, the PV of debt-to-exports ratio at end-2009 was projected to amount to 139 percent assuming full delivery of the assistance committed under the HIPC Initiative at decision point. In the updated debt relief analysis at completion point, the ratio of PV of debt-to-exports at end-December 2009, after HIPC assistance and additional bilateral assistance beyond HIPC, was 319.7 percent, significantly higher than anticipated at the decision point after HIPC debt relief.

- **The staffs are of the view that the significant deterioration in Guinea-Bissau's PV of debt-to-exports ratio since the decision point is attributable mainly to exogenous factors.** The unanticipated increase was attributable mainly to events beyond the direct control of the government, including changes in discount and exchange rates and lower-than-expected exports due mostly to lower-than-projected prices of cashew nuts in international markets.

- **In circumstances where exogenous factors lead to a significant deterioration in debt ratios after the decision point, the enhanced HIPC framework allows for additional debt relief (topping up) at the completion point beyond the relief already committed at the decision point.** The staffs consider that the Guinea-Bissau case meets the requirements for topping up at the completion point. Staffs therefore recommend that additional assistance of US$132.6 million (in end-2009 PV terms) be granted to bring Guinea-Bissau's PV of debt-to-export ratio, after HIPC assistance and bilateral assistance beyond HIPC, from 251.8 percent at end-2009 to the 150 percent HIPC threshold.

- **Upon reaching the completion point under the HIPC Initiative, Guinea-Bissau would qualify for debt relief beyond the HIPC Initiative from Paris Club creditors, and debt relief under the Multilateral Debt Relief Initiative (MDRI) from IDA and the African Development Fund (AfDF).** In the absence of topping-up assistance, MDRI debt relief from IDA would amount to US$126.7 million in nominal terms. If topping-up assistance is granted, MDRI debt relief from IDA would amount to US$79.6 million. MDRI debt relief from the AfDF would amount to US$94.4 million in nominal terms in the absence of topping-up assistance. The IMF would not provide any additional debt relief under MDRI, as all outstanding eligible debt to the IMF at completion point would be canceled as part of HIPC assistance.

- **Full delivery of HIPC assistance, additional bilateral assistance beyond HIPC, topping-up assistance, and MDRI assistance at completion point would significantly reduce Guinea-Bissau's external debt burden.** The ratio of PV of debt to exports at end-2010 would fall to 88.4 percent and is projected to decline to 69.1 percent by 2030. The evolution of debt indicators would continue to depend on several factors, including future economic growth, external shocks, and the terms of new external financing.

- **IMF and IDA staffs recommend that the Executive Directors of the IMF and IDA approve the completion point and topping up for Guinea-Bissau under the HIPC Initiative.**

I. INTRODUCTION

1. **This paper discusses Guinea-Bissau's progress under the HIPC Initiative.** IMF and IDA staffs consider that progress has been sufficient to recommend to their respective Boards of Executive Directors the approval of the completion point for Guinea-Bissau under the HIPC Initiative. The authorities have implemented 10 of the 11 completion point triggers identified in the December 2000 decision point document. The authorities are requesting a waiver for the remaining trigger, based on satisfactory progress achieved recently.

2. **In December 2000, the Boards of Directors of the IMF and IDA agreed that Guinea-Bissau had met the requirements for reaching the HIPC decision point.**[1] Executive Directors also determined that the floating completion point would be reached when key reforms and objectives described in Box 1 below had been achieved. The amount of debt relief committed at the decision point was US$415.9 million in PV terms, calculated as of end-1999. Such relief represented an overall reduction of 85.4 percent in the PV of all public and publicly guaranteed external debt as of end-1999 after the application of traditional debt relief mechanisms. At the same time, the two Boards approved interim debt relief to Guinea-Bissau. The IMF's interim HIPC relief lapsed at end-2001 after Guinea-Bissau's program under the Poverty Reduction and Growth Facility went off track. The Fund resumed interim relief in 2010 following approval of the Extended Credit Facility. IDA has provided continuous interim relief since Guinea-Bissau reached decision point in December 2000.[2]

3. **This paper is organized as follows.** Section II assesses Guinea-Bissau's performance in meeting the requirement for reaching the completion point under the HIPC Initiative. Section III provides an updated debt relief and debt sustainability analysis (DSA), including the status of creditor participation and delivery of debt relief under the HIPC Initiative and MDRI. Section III also assesses the sensitivity of debt indicators to changes in key economic variables and discusses the case for topping-up assistance at completion point. Section IV summarizes the main conclusions, and Section V presents issues for discussion by Executive Directors.

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[1] See "Guinea-Bissau—Enhanced Heavily Indebted Poor Country Initiative—Decision Point Document," IDA/R2000–192/1 and EBS/00/241, revision 1, 12/27/00.

[2] Interim relief from IDA amounted to 100 percent of debt service falling due between December 2000 and October 2003 on debt disbursed before end-1999 (completion point was originally assumed to occur in October 2003). From November 2003, annual nominal reduction on debt service to IDA was 90 percent. In order to further assist the country in reaching completion point, IDA increased its limit on interim relief from one third to one half of the PV of debt relief to be provided in January 2008.

II. Assessment of Requirements for Reaching the Completion Point

4. **In the view of the staffs of the IMF and IDA, Guinea-Bissau has implemented 10 of the 11 triggers for reaching the completion point** (Box 1). The authorities have implemented triggers related to the country's poverty reduction strategy (trigger 1), macroeconomic stability (trigger 2), the education sector (triggers 6-7), the health sector (triggers 8-9), HIV/AIDS (trigger 10), and demobilization (trigger 11). With respect to triggers 3-5 in the area of governance, the long gap between decision point and completion point has led to changing contexts and government approaches, which has rendered assessment of the triggers more difficult. In particular, trigger 4, in its original form, is no longer relevant, as the action plan referred to in this trigger was superseded by a new strategy developed with the donor community. Based on the implementation of the latest relevant strategy, staffs have concluded that the underlying objectives of the trigger have been met. The first trigger in the area of governance (trigger 3) has not been fully implemented. However, staffs are of the view that the authorities have made satisfactory progress recently, and therefore staffs support the authorities' request for a waiver.

Box 1: Status of Floating Completion Point Triggers

Trigger	Status of Implementation
Poverty Reduction Strategy Paper	
1. "A full PRSP has been prepared through a participatory process and satisfactorily implemented for one year, as evidenced by the joint staff assessment of the country's annual progress report."	**Implemented.** Guinea-Bissau's first PRSP, finalized in 2006, was prepared in a participatory process that involved all segments of society. The first APR, covering implementation of the PRSP in 2007–08, was approved by the government in August 2009. A second APR was prepared in August 2010, covering PRSP implementation from July 2009 to July 2010. The APR indicates a satisfactory implementation of the PRSP during 2009−10. A JSAN on the second APR highlights the progress achieved, attributes part of the good performance to political and administrative stability, and identifies areas for further improvements. A second PRSP is in preparation, with a tentative publication date of March 2011.
Macroeconomic Stability	
2. "Continued maintenance of macroeconomic stability as evidenced by satisfactory implementation of the PRGF-supported program."	**Implemented.** On May 7, 2010, The IMF Executive Board approved a three-year (2010−13) arrangement under the ECF for Guinea Bissau. IMF staff will recommend that the first ECF review be completed together with the HIPC completion point document.
Governance	
3. "Satisfactory progress in strengthening public expenditure management assessed by the release to the Parliament and the public, twice a year starting in	**Waiver required for lack of continuous implementation since 2001.** The government produced comprehensive budget execution reports in

2001, of comprehensive budget execution reports. These reports also will allow monitoring of basic education, primary health care, and military expenditures.”	2002; however, this effort was abandoned in 2003 due to continued political and institutional instability. Since 2009, the government has begun implementing its action plan to deepen public expenditure management reforms. In 2010, the government started publishing quarterly comprehensive budget execution reports, including its spending on basic education, primary health care, and military expenditures. Two quarterly reports have been published in 2010 for the first and second quarter, and they have been submitted to the Parliament and published in the local press.
4. “The action plan to reform the public procurement system has been implemented and the new system has been installed in all ministries.”	**Implemented.** A comprehensive overhaul of the procurement system in line with West African Economic Monetary Union (WAEMU) guidelines has been implemented under a 2009 action plan. It covers the entire administration and includes the passing of a new procurement law in April 2010, the creation of a regulatory authority, and the centralization of government purchases through the creation of a central unit of public procurement. In addition, an audit unit has been created to oversee the procurement transactions processed by the central unit. The requirement to establish public procurement units in each individual ministry was superseded by a new strategy agreed with IDA to pursue a more pragmatic, centralized approach to procurement that serves all ministries.
5. “The findings of the external audit of the 1997–99 budget outturns have been submitted to Parliament and an action plan of corrective measures has been adopted.”	**Implemented.** The external audit of the 1997–2001 budget outturns was completed in 2002 and submitted to the Court of Accounts, the supreme audit institution that supports Parliament. As recommended by the audit, the government completed an inventory of domestic debt in 2008 and implemented measures to transition the public expenditure management system to WAEMU standards in 2009–10. Under the WAEMU public expenditure management model, the authorities recently submitted the general administrative accounts for FY2009 to the Court of Accounts.
Education Sector	
6. “Elimination of fees for school books for all primary education students (grades 1–4) implemented in public schools.”	**Implemented.** In 2002, free primary education was introduced in public schools as part of the government’s broader Education For All (EFA) program. Tuition and book fees were eliminated.
7. “Satisfactory implementation of the basic education action plan, measured by an increase in the gross primary school enrollment ratio to 61 percent.”	**Implemented.** The gross enrollment ratio increased from 53 percent in 1995 to 60 percent in 1999 and 102 percent in 2005. In 2009, gross enrollment reached 104 percent, and net enrollment (enrolled children between the ages of 6 and 12) was 67.4 percent.

Health Sector	
8. "Satisfactory implementation of the National Health Development Program, measured by an increase to at least 40 percent in the proportion of children under one year old fully vaccinated."	**Implemented.** Sixty-two percent of children under 1 year old were fully vaccinated by end-2007 from about 25 percent in 1999. Provisional data for 2010 indicates that over 90 percent of children have been vaccinated. The second National Health Development Plan (NHDP), covering the period 2011 to 2017, was adopted in May 2010.
9. "Adoption of an action plan for malaria and its satisfactory implementation measured by an increase to 15 percent in use of insecticide impregnated bed nets by pregnant women."	**Implemented.** A malaria action plan adopted in 2002 increased the use of insecticide-impregnated bed nets by vulnerable groups such as children under 5 and pregnant woman. In 1998, impregnated bed nets were used by only 5 percent of households. Eighty-one percent of children under 5 and 72 percent of pregnant women were sleeping under insecticide-treated bed nets by end-2007. According to the 2010 Multiple Indicators Cluster Survey (MICS), over 85 percent of families have at least one mosquito net.
HIV/AIDS	
10. "Adoption of a strategic framework to fight against HIV/AIDS. At least 50 percent of the population at increased risk (age 14–29) made aware of transmission and prevention methods."	**Implemented.** The government prepared the National Aids Control Programme (NACP) 2003–05 to reverse the progression of HIV/AIDS. Supported by the international community—in particular the Global Fund to Fight Aids, Tuberculosis and Malaria (GFATM)—the implementation of this program was satisfactory. In a 2006 survey, 87 percent of 15- to 24-year-olds indicated that they knew how HIV was transmitted. Progress has continued in recent years: according to the 2010 MICS, about 91 percent of women aged 15 to 49 have heard of HIV/AIDS, and 64 percent know that it can be transmitted from mother to child. About 52 percent of women aged 15-49 know at least one method of prevention and 34 percent are aware of three methods.
Demobilization Program	
11. "Demobilization has been successfully completed and discharged combatants are being reinserted into civilian life as established in the DRRP."	**Implemented.** The government's Demobilization, Reinsertion and Reintegration Program (DRRP), adopted in 2002, was successfully completed in 2006. The program had demobilized about 4,000 ex-combatants by September 2003. The final phase of reintegration was completed in 2006 and involved about 7,500 ex-combatants.

A. Poverty Reduction Strategy Paper

Trigger 1: A full PRSP has been prepared through a participatory process and satisfactorily implemented for one year, as evidenced by the joint staff assessment of the country's annual progress report.

5. **With the frequent political disruptions and economic instability that characterized much of the past decade, the PRSP process was unusually slow to take off.** The process had been initiated early on after 1999, and the first draft PRSP was produced through a broadly consultative process involving numerous representatives from civil society and the private sector, as well as through broader consultations with the public at large. However, the rapid succession of administrations repeatedly stalled the formulation process, leading successive governments to postpone the formal completion and issuance of the strategy. The PRSP itself was formally issued and presented to the international community in September 2006, with implementation beginning in 2007. The PRSP has been built on four pillars: (i) strengthening governance, modernizing the public administration and ensuring macroeconomic stability, (ii) enhancing economic growth and job creation, (iii) increasing access to social services and basic infrastructure, and (iv) improving the living conditions of vulnerable groups.

6. **Progress during the first two years of the implementation period was below expectations.** The first APR on implementation of the PRSP, completed in 2009, was candid in its assessment of the government's initially insufficient efforts to implement the policies described in the strategy. Implementation was hindered by a combination of political developments, the related problem of high institutional turnover, particularly among key senior staff, and ongoing government financial difficulties. These factors were compounded by structural weaknesses in the PRSP itself, especially its lack of adequately specified instrumental goals and realistic policy guidance, and by insufficient political ownership of the strategy.

7. **The political situation continued to be tense over 2008 and the first half of 2009.** The parliamentary elections that took place on November 16, 2008, were deemed fair and transparent by international observers; voter turnout was high, and all political parties were involved. The African Party for the Independence of Guinea and Cape Verde (PAIGC) won with a strong electoral mandate, garnering 67 of the legislature's 100 seats with just under 50 percent of the popular vote. The assassinations of former President Vieira and the army chief of staff in March 2009 raised serious concerns of a return to violent conflict; however, these fears ultimately never materialized. Instead, an interim president was sworn in according to the provisions of the Constitution, and within three months the first round of new presidential elections had been organized. Malam Bacai Sanha of the PAIGC was elected by a substantial margin and assumed office in early September 2009.

8. **Yet in spite of the protracted political instability, the government was able to make progress towards its PRSP objectives**. The presidential assassination, as well as several subsequent political shocks, did not meaningfully disrupt the continuity of administrative operations or interfere with the policy process. As a result, the government was able to gradually put its organizational and managerial capacity back to work, reestablish basic macroeconomic stability, and create the conditions for a number of positive economic and social achievements.

9. **The new government demonstrated an impressive willingness to recognize and address the challenges encountered during the first part of the implementation period, and from mid-2009 through 2010 it made strides in advancing the objectives of the PRSP.** The second APR and accompanying JSAN[3] describe progress achieved during the past year. Strong progress has been observed, especially in pillars (i) and (ii) of the PRSP. During this period the authorities developed and promulgated a series of long-term, sector-specific policy frameworks—each backed by a body of new legislation—as part of a broad-based reform process covering each of the PRSP's target areas (policies for growth, access to social services, and economic governance). At the same time, previous efforts to reestablish macroeconomic stability and promote private sector growth have begun to produce measurable results. On the financial governance front, the government also accelerated long overdue reforms. In particular, drawing in part on the Public Expenditure Management and Financial Accountability Review (PEMFAR) prepared by several of its partners, including the World Bank, the government implemented a new institutional framework for the budget consistent with the organic framework for public expenditure management applicable in the West African Economic and Monetary Union (WAEMU) that Guinea-Bissau had joined in 1997.

10. **The government has implemented a set of initiatives designed to improve the conditions for private sector growth.** Over the middle years of the decade, the government achieved some, albeit slow, progress in its privatization program: 31 out of 44 small and medium state-owned enterprises (SOEs) were privatized or liquidated. A range of important regulatory and business reforms were also undertaken, with the adoption in 2008 of the nine Organization for the Harmonization of Business Law in Africa (OHADA) Acts, the establishment of a Commercial Tribunal, the adoption of a draft Public-Private Partnerships (PPP) Law, and the adoption of a new Investment Code. The latter, developed with assistance from the Bank's Foreign Investment Advisory Services (FIAS), is aimed at removing distortions, excess costs, and discretion from the government's private investment promotion policy. In the period reviewed in the second APR, the government accelerated reforms aimed at improving the business environment, notably with the simplification of procedures for business registration, the passage of a decree establishing a one-stop shop

[3] The second APR and accompanying JSAN are being issued concurrently with this paper.

(*Centro de Formalização de Empresas* (*CFE*) – "guichet unique") for business registration, and the enactment by the National People's Assembly (ANP) of the Telecommunications Law.

11. **Despite the limited observable achievements in the early years of implementation, the increasingly stable administrative environment provided the foundation for important progress on the social sector objectives of the PRSP.** As summarized in Box 1 and described in detail in the sector-specific sections below, key indicators in public health and education, many of which had remained stagnant or even declined since the end of the civil war, began to rise significantly in recent years. These positive developments reflect the return of administrative continuity and macroeconomic stability, as well as crucial complementary and stability-dependent efforts by the donor community, local and international nongovernmental organizations, and an unusually strong contribution from the private sector, with the coverage of private schools and clinics expanding rapidly in recent years.

12. **Progress has been also achieved in the reform of public administration.** In 2009, the government launched its far-reaching administrative reform program, supported by an EU-funded project (PARAP) and implemented under the joint leadership of the Ministries of Finance and Public Administration. The government is aware that the size and cost of the civil service is neither financially sustainable nor conducive to the development of an efficient, effective public sector. The objectives of the program are to strengthen control over the wage bill, reduce the size of the public service, and rationalize the management of human resources. A biometric census of the public administration employees was completed at the end of August 2009. The results provided the exact number of active public administration employees, identified several hundred "double dippers" (officials holding multiple posts) and "ghost workers" (individuals receiving unearned salaries), and allowed the government to accelerate the process of purging ineligible recipients from the payroll. To consolidate the regularization of personnel expenses, the government has launched the installation of a new payroll system that will be operational in 2011. In addition, a number of initiatives designed to increase the government's administrative capacity are currently underway, and the existing Center for Training and Administration (CENFA) has been reorganized into a new National School of Public Administration (ENA) dedicated to providing more targeted and specialized training to the civil service.

13. **These efforts were also accompanied by a renewed focus on data collection and analysis and a commitment to strengthening Monitoring and Evaluation (M&E) mechanisms**. These were areas in which the PRSP had been especially deficient, both in design and in implementation, and the limitations on available data were partially responsible for the lack of observable progress during the implementation period. The Ministry of Economy, Planning and Regional Integration (MEPIR) and the National Institute of Statistics and Census (INEC) have already begun producing new data on major economic sectors, and the Court of Accounts has resumed its accounting duties defined in the PRSP as part of a

broader initiative to improve public financial management. In addition to the biometric survey described above, the government has recently initiated or completed a number of surveys and information-gathering processes—in particular the Demographic Census, the Multiple Indicators Cluster Survey (MICS), and the second Rapid Poverty Assessment Survey ILAP (*Inquerito Ligeiro de Avaliacao de Pobreza)*—designed to measure the status of its PRSP objectives and to provide a baseline for the development of a second PRSP. The results of these surveys have thus far demonstrated strong and highly encouraging gains in social indicators, including the achievement of all HIPC completion point triggers in the health and education sectors.

14. **Based on these achievements, the staffs of IDA and the IMF conclude that the trigger on preparation and satisfactory implementation of a full PRSP has been implemented.** The government has made satisfactory progress in advancing the objectives of the PRSP over the last year, as confirmed by the JSAN reviewing the government's second APR covering the period July 2009 to July 2010. Despite the considerable obstacles encountered throughout the PRSP preparation process and the initially slow progress observed during the early implementation period, the government was ultimately largely successful in achieving the substantive goals of the PRSP. The reestablishment of administrative stability and the economic program's demonstrated resilience to political and external economic shocks allowed for some acceleration in private-sector growth, while the government's commitment to a far-reaching institutional reform program and increasingly sophisticated collaboration with the international community enabled it to make headway in macroeconomic management and achieve impressive gains in a variety of key social indicators. A second PRSP is being prepared, with a tentative publication date of March 2011.

B. Macroeconomic Stability

Trigger 2: Continued maintenance of macroeconomic stability as evidenced by satisfactory implementation of the PRGF-supported program.

15. **Macroeconomic performance was poor in the years immediately following the decision point in 2000.** The armed conflict of 1998–99 left several thousand dead, displaced most of the capital's population, and caused widespread damage to infrastructure. Immediately following the end of the conflict, a PRGF-supported program was put in place, and Guinea-Bissau reached the HIPC decision later in the year. However, divisive and erratic policies led to further political tension and, combined with fragile institutions and little technical capacity, to increasing fiscal problems. The PRGF expired at end-2003 without a review being concluded. The main reasons for Guinea-Bissau's performance shortcomings earlier in the decade were: (i) constant changes in government and senior staff; (ii) lack of ownership and commitment to economic policies at the highest levels of government; (iii) political interference in expenditure management; and (iv) fragilities in technical capacity for fiscal and macroeconomic management.

16. **In recent years, macroeconomic performance has improved markedly.** Following the expiration of the PRGF, the IMF helped build capacity with two staff-monitored programs (SMPs; 2006 and 2007) and Emergency Post-Conflict Assistance (EPCA; 2008 and 2009). Solid performance under the 2009 EPCA-supported program led to a stabilization of the economy. Growth was resilient, with real GDP reaching 3 percent, despite external and political challenges. Inflation slowed and budgetary stability was regained. Progress on structural reforms accelerated: the government completed the biometric survey of civil servants, approved the Annual Progress Report on the PRSP, produced an action plan for public financial management, and enacted a new investment code. Guinea-Bissau's success in stabilizing the economic situation and rebuilding technical and administrative capacity created conditions for renewed donor support and paved the way for approval of the ECF.

Table 1. Guinea-Bissau: Selected Economic Indicators, 2006–10

	2006	2007	2008	2009	2010
					Proj.
	(Annual percentage change, unless otherwise indicated)				
National accounts and prices [1]					
Real GDP at market prices	2.1	3.2	3.2	3.0	3.5
Real GDP per capita	-0.2	0.9	1.0	0.8	1.2
GDP deflator	-2.0	6.0	10.5	1.1	2.4
Consumer price index (annual average)	0.7	4.6	10.4	-1.6	2.5
External sector					
Exports, f.o.b. (based on US$ values)	-17.2	44.3	20.1	-7.0	14.9
Imports, f.o.b. (based on US$ values)	19.6	32.5	18.8	-0.2	4.2
Export volume	0.9	19.4	1.9	16.1	-5.3
Import volume	8.7	20.5	-8.6	16.5	2.5
Terms of trade (deterioration = -)	-2.3	32.1	3.2	-22.3	19.8
Real effective exchange rate (depreciation = -)	1.1	3.1	7.1	-1.8	1.4
	(Percent of GDP, unless otherwise indicated) [1]				
Investments and savings					
Gross investment	11.9	13.9	12.7	15.5	14.9
Of which: government investment	5.8	7.0	6.5	9.1	8.6
Gross domestic savings	-9.9	-4.8	-6.7	-6.5	-1.3
Of which: government savings	-12.5	-12.2	-11.8	-11.9	-5.2
Gross national savings	-0.2	4.5	2.4	3.7	5.9
Government finances					
Budgetary revenue	10.2	8.0	9.2	9.0	10.4
Total domestic primary expenditure	14.4	13.8	12.4	11.9	11.7
Domestic primary balance	-4.2	-5.8	-3.2	-2.9	-1.4
Overall balance (commitment basis)					
Including grants	-4.8	-5.9	-3.8	2.9	-0.5
Excluding grants	-11.1	-14.1	-12.0	-12.9	-10.1
External current account (including official current transfers)	-5.6	-4.5	-4.1	-4.1	-5.9
Excluding official transfers	-12.8	-9.7	-10.5	-12.1	-9.3
Memorandum items (US$ millions, unless otherwise indicated)					
Current account balance (including official current transfers)	-32.7	-31.3	-34.7	-34.5	-48.9
Overall balance of payments	-24.9	5.6	-16.9	-11.6	-810.7
Nominal GDP at market prices (CFAF billions)	302.5	331.0	377.5	393.1	416.7

Sources: Guinea-Bissau authorities; and IMF staff estimates and projections.

[1] Based on new GDP figures which doubled the previous GDP level due to broader coverage of the economy, consistent with System of National Accounts 1993.

17. **Performance under the current ECF arrangement has been satisfactory.** The government has made further progress stabilizing its economy under the ECF-supported program despite a significant shortfall in budget support and challenging political circumstances. Economic growth has been resilient, with real GDP accelerating slightly to an estimated 3.5 percent in 2010 from 3.0 percent in 2009. Strong revenue performance, lower current primary spending, and an underexecution of the public investment program offset shortfalls in donor support in the first half of the year. As of end-June 2010, the domestic primary surplus reached 0.5 percent of GDP, about 2 percentage points of GDP higher than envisaged under the ECF. The government is committed to further efforts to reduce spending, or recover more revenues, to make up for any further financing shortfalls. Average inflation in 2010 is expected to remain below the WAEMU target of 3 percent. The current account deficit has narrowed, driven by higher prices of cashew nuts, the country's main export. Lower prices for imported food products and stable net remittances have also contributed to an improvement in the external position. All structural benchmarks under the ECF have been met, including measures to strengthen budget planning and execution, increase revenue collection, and improve the business environment.

18. **IMF and IDA staffs conclude that the trigger on macroeconomic stability has been implemented.** Although macroeconomic performance has been mixed since the decision point, it has improved markedly in recent years, including satisfactory performance under the current ECF arrangement.

C. Governance

Trigger 3: Satisfactory progress in strengthening public expenditure management assessed by the release to the Parliament and the public, twice a year starting in 2001, of comprehensive budget execution reports. These reports also will allow monitoring of basic education, primary health care and military expenditures.

19. **In 2002, the executive agencies released comprehensive, biannual budget execution reports—covering spending on basic health care, primary education, and the military—to both the legislature and the public.** This process was halted in 2003 due to extreme political instability and rapid administrative turnover; however, the government resumed the reporting schedule in 2008 as part of its broader public financial management reform agenda, the success of which has in many ways surpassed the level of managerial sophistication implied by the provisions of the HIPC trigger.

20. **Public financial management has been at the core of government's reform efforts over the past two years, and IDA and IMF staffs consider the HIPC completion point trigger to have been adequately implemented.** With the resumption of administrative continuity in 2009, the government formulated and adopted a priority action plan for public financial management based on a new institutional framework governing the budget cycle, including a new legal framework and the introduction of information technology (IT)

systems for budget execution. These reforms are designed to improve the efficiency, transparency, and accountability of public expenditure management. Staffs consider the reforms both appropriate to the government's objectives under the PRSP and consistent with the relevant HIPC completion point trigger**.**

21. **In 2009 and 2010, the government adopted an Organic Law for Budgeting and a Public Accounting Decree, which together define the legal framework of the new public finance management system.** The government also passed complementary legislation regulating the role of the different government entities responsible for budget formulation, execution, and oversight. The legislation separated the execution and oversight functions through the creation of the Office of Financial Controller, and reorganized the General Budget Directorate to clearly define the roles of the administrative and financial officers in each of its ministries and public entities. In addition, the Ministry of Finance (MoF) issued a manual of procedures for budget execution, harmonizing budget procedures for all line ministries. Once the necessary legislation was put in place, the government prepared the budgets for 2009 and 2010 according to the new WAEMU-based budget classification system, substantially improving the clarity and transparency of budget allocations.[4]

22. **The government has also made significant progress in the use of IT tools to enhance the efficiency and security of budget transactions.** The introduction of the Integrated System for Public Financial Management (SIGFIP) has been a landmark achievement in the modernization of the country's public finance system. The progressive incorporation of the budget preparation, financial execution, and accounting modules have enabled the MoF to produce quarterly budget execution reports and annual state-of-accounts reports in a timely manner. In 2009, the government prepared an annual budget execution report for 2008 and two semiannual reports for 2009. These reports were published with the following year's budget proposals. Since the beginning of 2010 the MoF has published quarterly budget execution reports while at the same time providing the Court of Accounts with the Annual Statement of Accounts for 2009. In 2010, two quarterly reports, for the first and second quarters, were submitted to the Parliament and published in the local press. Taken together, these reforms have yielded significant gains in the transparency and oversight of budget execution in a remarkably short time.

23. **The government is continuing to improve public financial management,** including through the introduction of a computerized debt management system (SYGADE) and the upgrading of the automated customs administration (ASYCUDA) with the support of the United Nations Conference on Trade and Development (UNCTAD). The government has

[4] In support of these reforms IDA initiated two development policy operations (Economic Governance Reform Grants I and II) and assisted the government in the technical and legal aspects of these reforms through a Low-Income Countries Under Stress (LICUS) grant, as well as providing ongoing Economic Governance Support through the State- and Peace-Building Fund (SPF).

also made significant progress enhancing the efficiency, control, and security of budget transactions.

24. **In 2009, the government prepared a medium-term plan to address domestic arrears.** The plan consists of two phases. The first phase addresses arrears that have already been identified and officially recognized. These include arrears owed to commercial banks and the BCEAO, which are the most costly, as well as wage arrears from 2008 and arrears owed to the private sector that predate the civil war. These arrears are now being settled through a combination of cash payments and rescheduling. All remaining post-civil war arrears are currently being audited; once they have been fully verified, the government will address them. The government will begin by identifying its existing creditors; it will then offset its stock of arrears against any tax arrears owed by those creditors to the government. The strict control of expenditure execution through the SIGFIP system and the prohibition of expenditure commitments that are not included in the budget should help prevent new arrears.

25. **IDA and IMF staffs support the authorities' request for a waiver for lack of continuous implementation since 2001.** The government has made significant progress in strengthening public expenditure management notwithstanding its inability to produce continuously since 2001 the budget execution reports identified in the original trigger. The staffs recommend that a waiver of the specific provision of continuous reporting be granted on the basis of the satisfactory progress achieved recently.

Trigger 4: The action plan to reform the public procurement system has been implemented and the new system has been installed in all ministries.

26. **A comprehensive overhaul of the procurement system in line with WAEMU has been implemented under a 2009 action plan.** Based on PEMFAR (mentioned above), the government initiated a comprehensive restructuring of its procurement system, backed by a set of legislative reforms passed in 2010. These reforms included the adoption of a new procurement code conforming to WAEMU standards, as well as related oversight and enforcement measures.

27. **In line with WAEMU directives, which envisage a regulatory body comprising representatives from the public and private sectors and civil society, the authorities approved the creation of a regulatory authority for public procurement** (*Autoridade Regulatória de Concursos Públicos, ARCP*) as the appellate mechanism for dealing with complaints by contract bidders as part of its effort to guarantee fair competition in government purchases. The government created a central procurement unit (*Unidade Central de Compras Públicas, UCCP*) at the MEPIR charged with determining the requirements of line ministries, overseeing the bidding process, and making purchases. In addition, the government vested the general procurement directorate (*Diretoria Geral de Compras*

Públicas, DGCP) at the MoF with oversight authority and responsibility for the auditing of public procurement transactions.

28. **These measures built upon the experience of the Procurement Reform Pilot Program**, which was prepared in 2006 and implemented through 2009 with the support of a Low-Income Countries Under Stress (LICUS) grant from IDA. Reforms and capacity-building activities pursued under this program envisaged the installation of procurement units in *all* ministries. The pilot program covered the five ministries that account for the majority of government purchases (Education, Health, Finance, Agriculture, and Infrastructure). Activities under this pilot experience included the training of ministry staff, the preparation of procurement guidelines for procurement executing units, and the provision of necessary equipment and supplies.

29. **The government subsequently decided to pursue a more pragmatic, centralized approach to procurement, in agreement with IDA.** Due to budget constraints, the number of procurement transactions and total purchase volumes proved to be limited and did not justify the establishment of procurement units for each ministry. (The number of procurement transactions was small even in the five ministries mentioned above.) As a result, the government opted for a more pragmatic system in which a central procurement unit reviews and approves the procurement plans prepared by the newly trained staff of the line ministries. Not only is this arrangement more appropriate to the size of the procurement budget, it is also expected to promote scale economies and greater transparency, as larger and consolidated purchases can result in lower prices and oversight authority can focus on a single procurement authority rather than attempting to simultaneously monitor the operations of each ministry.

30. **By establishing a revised legal and regulatory framework that conforms to international good practice, the government is developing the necessary administrative mechanisms and institutional capacity to support the new code and fulfill the provisions of related legislation**, including the establishment and staffing of the UCCP, the DGCP, and ARCP. All key staff in the new procurement institutions have already been appointed, and the government is currently seeking international support to provide equipment for its new units.

31. **Based on these achievements, IDA and IMF staffs conclude that the trigger on public procurement reforms has been implemented.** The requirement to establish public procurement units in all ministries was superseded by a new strategy agreed with IDA to pursue a more pragmatic, centralized approach to procurement.

Trigger 5: The findings of the external audit of the 1997–99 budget outturns have been submitted to Parliament and an action plan of corrective measures has been adopted.

32. **In 2002, the external audit of the budget outturns for 1997–2001 was completed and submitted to the Court of Accounts (*Tribunal de Contas*), the supreme audit institution in Guinea-Bissau that supports Parliament.**[5] The audit made a number of recommendations to improve budget execution and transparency, including preparing an inventory of government domestic bond debt; applying existing public financial management rules more rigorously in order to strengthen budget execution, transparency and control; and updating the existing legal framework of public financial management to bring it in line with WAEMU standards.

33. **The government implemented the audit's recommendations, although the process was uneven and protracted.** The inventory of the domestic debt was initiated in 2003, interrupted in 2005, and ultimately completed in 2008 with support from the European Union. The inventory revealed irregularities in the process by which domestic debt was issued in 1997–98.

34. **The transition to the new public expenditure management system in line with WAEMU standards also suffered significant delays due to the prevailing climate of political instability.** Only in the last two years has the government implemented measures to transition the public expenditure management system to WAEMU standards (see paragraphs 20–23 above) and addressed the core of the original audit's recommendations regarding the establishment of sound financial governance, including budget transparency and control.[6]

35. **As the political situation has stabilized over the past year, the government has been able to renew its efforts to regularize the audit process and adopt appropriate budget-management reforms.** In particular, the general administrative accounts for 2009—the first year in which the new WAEMU-consistent organic statutes for public expenditure management applied—were prepared with technical assistance and submitted to the Court of Accounts in September 2010.

36. **IDA and IMF staffs conclude that this trigger has been implemented.** The submission of the original audit to the Court of Accounts, the series of actions taken to transition to a new public expenditure management system in line with WAEMU standards, and the recent resumption of the auditing process constitute evidence that the trigger has been met.

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[5] The completion point trigger called on the government to submit the external audit to Parliament, which in accordance with Guinea-Bissau law has been understood to mean submission to the Court of Accounts, an institution that supports Parliament.

[6] Some of the audit's recommendations to strengthen public expenditure management were based on the Portuguese organic framework. The adoption of WAEMU regulations rendered these recommendations obsolete.

D. Education Sector

Trigger 6: Elimination of fees for school books for all primary education students (grades 1–4) implemented in public schools.

37. **Free primary education was established in all public schools in 2002.** Enrollment fees were eliminated and textbooks are now distributed free of charge to all primary school students. The abolition of school fees and the introduction of a school feeding program in the majority of primary schools have had an impressive impact on enrollment—particularly on girls' enrollment in rural areas, with the literacy rate for young women having risen to 40 percent. The total number of students enrolled in primary school increased from 150,000 in 2001 to 270,000 in 2006 and reached 300,000 in 2009.

38. **However, while the abolition of school fees has had a positive effect on enrollment, the loss of this revenue source coupled with the rapid increase in the number of students has adversely impacted the quality of the learning environment**. Due to severe budgetary constraints, the government remains unable to adequately equip the public schools to meet the needs of growing student bodies. Textbooks and other teaching materials are sorely lacking, and no new books have been given to students since 2004, when the IDA-financed Basic Education Support Project (BESP) closed. The ratio of one textbook per student in the principal subjects that had been achieved in the 2002–2003 academic year has since vanished. The government is working closely with development partners to address this situation.

39. **IDA and IMF staffs conclude that this trigger has been implemented.**

Trigger 7: Satisfactory implementation of the basic education action plan, measured by an increase in the gross primary school enrollment ratio to 61 percent.

40. **Due in large part to the elimination of school fees, the gross enrollment rate for primary schools has increased dramatically, rising from 53 percent in 1996 to a remarkable 104 percent in 2009.**[7] The net enrollment rate, by contrast, remains relatively low at 67.4 percent for primary schools. Gross and net enrollment rates are highly divergent because enrollment in and completion of primary education is frequently delayed. While the theoretical age group for children in the primary cycle is 7 to 12 years, the actual age group of students in this cycle ranges from about 6 to 18 years.

41. **In parallel with its efforts to increase enrollment, the government has recently made dramatic strides in education reform** by combining long-term strategic planning

[7] The gross enrollment rate equals (number of students aged 7-12 attending primary school + number of students older than 12 attending primary school) / (total population of children aged 7-12).

with specific legislation targeting various key aspects of the education system. In order to develop a strong and consistent education-sector policy framework, the government in September 2009 approved the Letter on Education Policy (LEP) 2010–20, which describes the government's overall objectives for the sector. The LEP laid the foundation for the development of an interim Education Sector Plan (ESP) 2011–13, which was approved by the government in August 2010 and endorsed by Guinea-Bissau's cooperating partners in September 2010, allowing the country to formally join the Education for All Fast Track Initiative (EFA-FTI). The LEP focuses on priority interventions aimed at increasing school access and student retention, improving education quality in primary schools, and strengthening the administrative and managerial capacity of the education sector. The government is currently preparing a Fast Track Initiative Catalytic Fund Request to cover the additional resources necessary for full implementation of the ESP. Further legislation and sector policy reforms include the new Law on the Organization of the Education System (*Lei de Bases do Sistema Educativo*), approved in March 2010, which introduces important changes to the current structure of the education system by expanding the length of primary education from 6 years to 9; the Law on Teaching Careers (*Carreira Docente*), which restructures the hiring and career advancement system for teachers; and the establishment of a unified teacher-training school by merging the three existing schools.

42. **IDA and IMF staffs conclude that this trigger has been implemented.**

E. Health Sector

Trigger 8: Satisfactory implementation of the National Health Development Program, measured by an increase to at least 40 percent in the proportion of children under one year old fully vaccinated.

43. **A great deal of effort has been made to improve health services over the past two years, including vaccination initiatives, antenatal care, malaria control, and improvements in healthcare facilities.** High-quality time-series data are not available for all health indicators, but based on data provided by United Nations (UN) agencies and household surveys conducted by the government, substantial progress is being achieved. Sixty-two percent of children under 1 year old were fully vaccinated by end-2007, whereas less than 25 percent had been fully vaccinated in 1999. Provisional analysis of the 2010 MICS shows that under-five mortality and infant mortality have both improved over the past eight years, despite exhibiting worsening trends in the first part of the decade. Under-five mortality rates rose from 203 per thousand live births in 2002 to 223 in 2006, but then fell to 155 in 2010. Infant mortality rates increased from 124 per thousand live births in 2002 to 138 in 2006, but dropped to 104 in 2010. This is still a long way from the Millennium Development Goal (MDG) target of 47.3 per thousand, but it appears likely that the government will be able to make further progress in reducing infant mortality over the near term.

44. **According to the 2010 MICS survey, vaccination rates have improved significantly.** Current data includes (i) the anti-tuberculosis BCG vaccination rate at 93.5 percent; (ii) polio 1 at 91 percent; (iii) polio 3 at 74.5 percent; (iv) the anti-hepatitis DPT 1 at 92.0 percent; (v) DPT 3 at 76.2 percent; (vi) measles at 60.6 percent; and (vii) yellow fever at 48.9 percent. This improvement is due in large part to the implementation of the government's 2005–09 immunization plan, which was followed by an intensive vaccination training program in 2009–10 involving public sector specialists, community practitioners (traditional healers) and religious groups. The immunization plan also supported the construction of solar-powered cold-chain facilities to ensure proper storage of vaccines.

45. **The government's second National Health Development Plan (NHDP) for 2011–17, adopted in May 2010, builds on recent progress and outlines strategies to attain the health-sector MDGs by 2020**. Specific actions completed in 2009 include the construction of four new health centers, the rehabilitation of a number of other health centers as well as two major hospitals and operating theaters, the hiring and training of 115 new healthcare professionals, and providing incentive pay and moving allowances for health personnel working in remote areas.

46. **IDA and IMF staffs conclude that this trigger has been implemented.**

Trigger 9: Adoption of an action plan for malaria and its satisfactory implementation measured by an increase to 15 percent in use of insecticide impregnated bed nets by pregnant women.

47. **A malaria action plan adopted and implemented in 2002 dramatically increased the use of insecticide-impregnated bed nets by vulnerable groups such as children under 5 and pregnant women.** Eighty-one percent of children under 5 and 72 percent of pregnant women were reported to be sleeping under insecticide-treated bed nets by end-2007. Over 85 percent of families now have at least one mosquito net according to the 2010 MICS survey.

48. **The government recognizes the importance of reducing the incidence of malaria and updated its anti-malaria strategy in 2008.** Actions undertaken in 2009 and 2010 to reduce the incidence of malaria included improving the availability of anti-malarial medications in health clinics, as well as public awareness campaigns using radio and other media.

49. **IDA and IMF staffs conclude that this trigger has been implemented.**

F. HIV/AIDS

Trigger 10: Adoption of a strategic framework to fight against HIV/AIDS. At least 50 percent of the population at increased risk (age 14–29) made aware of transmission and prevention methods.

50. **Significant progress has been made in the national response to HIV/AIDS.** The government prepared the National Aids Control Programme (NACP) for the period 2003–05 which has been extended up to now. The program encompassed prevention of HIV/AIDS sexual transmission among highly vulnerable groups, reduction of blood and mother to child HIV/AIDS transmission, increasing treatment for infected population and reduction of psychological, economic and social impact on infected population. The implementation of this program has been supported by the international community, in particular the Global Fund to Fight Aids, Tuberculosis and Malaria (GFATM) through three grants during 2003–2010. According to the grants performance reports, implementation has been broadly adequate.

51. **The technical committee responsible for program monitoring and evaluation and for directing the National Forum on HIV/AIDS has been established, and its website, http://www.sida.guine-bissau.org, is now operational.** Forty-three partnership and financing agreements have been concluded to pursue efforts to combat the spread of HIV/AIDS. Thirty-five local institutions are involved, including 19 civil-society organizations, 12 national public institutions, and four private businesses. Female sex workers are actively involved in prevention and treatment programs. In 2009, 22 specialized units were set up to provide counseling and voluntary testing services, and 10 additional units were revamped along the same lines. As a result, over 29,000 people were tested during that period. In June 2010, an additional 24,300 people in the Bissau Autonomous District were tested as part of the region's voluntary screening campaign.

52. **The most recent statistical data available, the 2010 MICS, indicate that HIV/AIDS information, education, and communication activities have now reached a very large proportion of the population.** About 91 percent of women aged 15 to 49 years have heard of HIV/AIDS about 52 percent of women aged 15–49 know at least one method of prevention, 34 percent are aware of three methods, and 64 percent know that HIV/AIDS can be transmitted from mother to child. In 2009 and 2010 training was provided for antiretroviral (ARV) treatment and for treatment of opportunistic infections to a total of 57 health professionals, while another 22 received updated training on the dispensing of medications. The number of ARV treatment centers grew from 12 in 2008 to 26 in 2009. As of December 2009, the country had a total of 2,764 patients receiving ARV treatment (29 percent men, 67 percent women, and 4 percent children).

53. **IDA and IMF staffs conclude that this trigger has been implemented.**

G. Demobilization Program

Trigger 11: Demobilization has been successfully completed and discharged combatants are being reinserted into civilian life as established in the DRRP.

54. **Despite the considerable difficulties imposed by a volatile political climate, the government's Demobilization, Reinsertion and Reintegration Program (DRRP) was launched in 2002 and completed in 2006**. The program involved the demobilization and social reintegration of ex-combatants from the civil war of 1998–99 and the war of independence against Portuguese colonial forces in the 1970s. According to a census of security forces carried out under the DRRP, the size of all military, paramilitary and militia personnel in 2002 was 12,595 (7,835 military, 2,709 paramilitary, and 2,051 militia). The demobilization program was carried out on a decentralized basis, at the unit level for military and paramilitary personnel and in specially identified demobilization centers for militia members. The operation began in July 2002; by June 2004 the program had demobilized 4,392 former combatants (1,950 from the military, 391 from the paramilitaries, and all 2,051 militia members). By June 2004 the size the military had been reduced to 5,885 soldiers, with 2,318 remaining paramilitary members, for a total effective force of 8,203. In 2008–09 biometric censuses performed under the Reform of the Defense and Security Sectors (RDSS) initiative indicated that the effective force had continued to decline and now totaled 7,908, with a significant shift from military to paramilitary personnel (4,458 military and 3,450 paramilitary)[8]. There is evidence that some previously demobilized combatants returned to the armed forces, particularly the paramilitaries, but overall force strength nevertheless remains at a decade low.

55. **The reinsertion phase of the DRRP, in which former combatants were assisted in their return to civilian life, was completed over the course of 12 months**. As part of this process, demobilized combatants received government subsidies to ease their financial position as well as counseling services and institutional support, including monitoring of the reinsertion process, provided by Non Governmental Organizations (NGOs). Three types of reinsertion benefits were established by the DRRP: (i) counseling and information referral services, (ii) a one-time demobilization stipend, and (iii) ongoing financial support during the reintegration process. These three benefits were granted at the time of effective demobilization and graduated according to the duration of the reinsertion and reintegration period.

56. **Support services provided to eligible ex-combatants during reintegration are estimated to have directly benefited 11,300 individuals.** The Counseling and Referral Service provided guidance during the often difficult process of returning to civilian life, and

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[8] For more detailed information on the progress obtained by the DRRP, see the Implementation Completion Report on Guinea-Bissau: Economic Rehabilitation & Recovery (2004).

the Reintegration Fund promoted and financed the reintegration program. These two services were well coordinated: the first made information accessible to ex-combatants and their communities, while the second enabled the implementation of reintegration activities. The reintegration program was launched in April 2003, and the final phase of reintegration was completed in 2006. The program is estimated to have benefited approximately 7,500 ex-combatants.

57. **Despite the initial success of the DRRP, the government has encountered considerable difficulties in sustaining these gains over the long term.** The total size of the security forces—armed forces, police, paramilitary, and ex-combatants—has remained excessive in spite of its declining trend, but the process of security sector downsizing has proven politically complex. In 2006, the government launched the RDSS in an effort to promote a more comprehensive structural reorganization of the military and to address several longstanding grievances that had been stated causes of past conflicts between the military and the civilian government. The objectives of the RDSS include (a) reducing the size of the military, lowering current expenditures on the sector, and transforming the armed services into a smaller, more professional force; (b) achieving a gradual change in the ethnic composition of the military to increase diversity and reduce ethnic factionalism; (c) improving the housing, sanitary, and healthcare facilities of military barracks; and (d) establishing a military pension fund and veterans' benefits programs.

58. **The government has made some headway in implementing the RDSS but progress has been very slow, hampered in part by financial constraints and continued political tensions.** Early on, the government created a new institutional framework comprised of an inter-ministerial committee and a technical committee to implement the RDSS program. The EU originally supported the RDSS through technical assistance under a permanent mission and with a €8 million project that financed early activities, including a census, and aimed, inter alia, at setting up the pension fund. In 2008, a biometric census of the armed forces was conducted, which allowed the government to identify and eliminate excessive or unwarranted spending on the military payroll. In 2010, a new legal framework for the defense and security forces was adopted by the ANP; this included the new Law on National Defense and the Armed Forces, the Basic Organic Law of the Organization of the Armed Forces, the Law on the Responsibilities of the Armed Forces, the Law on Compulsory Military Service, the Code of Military Justice, the Organic Law of the Police Force for Public Order, and the Organic Law of the National Guard. In September 2010, however, the EU announced that, after over two years of technical assistance support, political conditions were not favorable to the deployment of a new mission to monitor the implementation phase of the process.[9] At the same time, the government strengthened coordination with the United

[9] While the authorities aim to have a broad participation of development partners in the financing of the RDSS, financial assistance from some partners will require compliance with certain objectives. The authorities indicated the United States would seem to require a functioning system of auditing military receipts and

(continued)

Nations Integrated Peace-Building Office in Guinea-Bissau (UNIOGBIS) and regional and bilateral partners, including ECOWAS and the Community of Portuguese Language Countries (CPLP), and it has reiterated its commitment to implement the RDSS, with plans for a donor roundtable in 2011.

59. **IDA and IMF staffs conclude that this trigger has been implemented, based on the successful completion of the government's Demobilization, Reinsertion and Reintegration Program in 2006.**

III. UPDATED DEBT RELIEF AND DEBT SUSTAINABILITY ANALYSIS

60. **The stock of HIPC-eligible external debt in PV terms at end-December 1999 was revised slightly upward following the debt reconciliation exercise**. The staffs of IDA and the IMF, together with the authorities, reviewed the end-December 1999 stock of debt data that was presented in the decision point document against recent creditor information. As a result, the nominal stock of debt has increased by US$3.1 million to US$947.5 million, and the PV of debt after traditional debt relief has been revised upward by US$5.8 million to US$492.7 million (Table 3). The revision is attributable to the following changes in the external debt:

- **Multilateral creditors.** The total multilateral debt stock as of end-December 1999 has decreased by US$0.7 million in nominal terms to US$426.1 million. This change was primarily due to minor revisions to the debt owed to the African Development Bank (AfDB) Group, the Islamic Development Bank (IsDB), the International Fund for Agricultural Development (IFAD), and the European Investment Bank (EIB), based on new information obtained at the time of the debt reconciliation mission. The corresponding PV in end-December 1999 terms was revised downward from US$238.9 million to US$238.1 million.

- **Paris Club creditors.** The total debt to Paris Club creditors as of end-December 1999 has decreased by US$79.2 million in nominal terms to US$322.7 million. This change was primarily due to a reclassification of Portugal as a non-Paris Club creditor[10] and updated information received from creditors during the debt reconciliation mission.[11] The PV of debt to Paris Club creditors at end-December

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expenditures and regular reporting of these audits to civilian authorities; and the EU decided not to renew its resident mission in support of RDSS in the aftermath of the April 1 military incident.

[10] Portugal is an associated member of the Paris Club that was classified as a Paris Club creditor at decision point. Debt owed to Portugal at decision point was estimated to be US$68.7 million.

[11] Updated information provided by Italy and Germany resulted in relatively large downward revisions to their claims by US$9.4 million and US$1.8 million, respectively.

1999 after traditional debt relief has been revised from US$176.1 million to US$114.4 million.

- **Other official bilateral creditors.** The nominal value of the end-December 1999 stock of debt owed to other official bilateral creditors has increased by US$83.4 million to US$198.5 million, mainly due to the reclassification of the debt owed to Portugal. The corresponding PV of debt after traditional debt relief has increased from US$71.3 million to US$139.9 million in end-December 1999 terms. The revised amount of debt owed to Portugal at end-December 1999 is US$76.6 million and is based on updated information received from the creditor.

- **Commercial creditor.** The nominal stock of outstanding commercial debt at end-December 1999 has decreased from US$0.6 million to US$0.3 million. This revision is based on the creditor's official statements available in the Guinea-Bissau authorities' records.

61. **Exports of goods and services have not changed.** The estimate of the 1997–99 average of exports of goods and services used to evaluate HIPC assistance at the decision point remains unchanged at US$47.3 million.

A. Revision of HIPC Assistance and Status of Creditor Participation

62. **The required HIPC assistance at end-December 1999 PV terms has been revised upward from US$415.9 million estimated at the decision point to US$421.7 million**. As a result, the common reduction factor (CRF) has increased slightly from 85.4 percent to 85.6 percent (Table 4).

63. **To date, Guinea-Bissau has received financing assurances from creditors accounting for 81 percent of the revised PV of HIPC assistance estimated at the decision point** (Table 12). All multilateral creditors (of which IDA, the IMF, and the AfDB Group comprise 39.3 percent of total HIPC assistance), with the exception of the IsDB and the Economic Community of West African States (ECOWAS), have confirmed their participation. All Paris Club creditors (23.2 percent of total HIPC assistance) have agreed in principle to participate. Among non-Paris Club creditors, Portugal (the largest) has confirmed its participation, while China and Cuba have already provided outright cancellation of their HIPC-eligible claims.

Multilateral Creditors

64. **The revised amount of HIPC assistance from multilateral creditors is US$203.8 million in end-December 1999 PV terms**. The IMF, IDA, and the AfDB Group are assumed to provide HIPC debt relief through a combination of interim relief, debt stock reduction, debt service reduction, and arrears clearance. Interim debt relief from IMF, IDA and AfDB amounts US$86.5 million or 49 percent of their total HIPC assistance estimated at

decision point. The EIB intends to write off outstanding loans. The IsDB, IFAD, the Arab Bank for Economic Development in Africa (BADEA), the OPEC Fund for International Development (OFID), and ECOWAS are assumed to deliver their share of HIPC assistance through the concessional restructuring of arrears.

- **IMF.** As a result of the revisions of the PV of debt as of the decision point and the changes in the common reduction factor discussed above, the IMF's share of HIPC assistance for Guinea-Bissau was revised to SDR 9.2 million (US$11.9 million) in end-1999 PV terms. Of this amount, SDR 1.56 million has been approved in the form of interim assistance to meet Guinea-Bissau's debt service to the Fund[12] and SDR 7.64 million (in PV terms), together with any unused interim assistance, would be delivered to Guinea-Bissau at the completion point through a stock-of-debt operation (see Table 14). As a result, all outstanding eligible debt to the IMF would be canceled with the HIPC resources available at the completion point.

- **IDA.** HIPC assistance has been delivered through debt service reduction during the interim period amounting to US$46.4 million in decision point PV terms, or 49.6 percent of total HIPC assistance estimated at the decision point.[13] IDA is assumed to provide the remaining amount of assistance through a 90 percent reduction of Guinea-Bissau's debt service through December 2025.

- **AfDB Group**. HIPC assistance amounting to US$38.2 million, or 54.2 percent of AfDB Group's total HIPC assistance, has been delivered through the clearance of arrears at end-2000 and debt service reduction during the interim period. The remainder of the AfDB Group's HIPC assistance is assumed to be delivered through a 80 percent reduction of Guinea-Bissau's debt service from the completion point until July 2020.

- **Other multilateral creditors.** The assumed modalities of assistance by all other multilateral creditors (EIB, IsDB, IFAD, BADEA, OFID, and ECOWAS) are summarized in Table 12.

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[12] Interim assistance of SDR 0.54 million and SDR 1.02 million were approved by the IMF Board on the date of the decision point (Decision No. 12360-00/125) and on May 2010 (Decision No. 14618-10/44), respectively. So far, SDR 1.05 million has been disbursed and the unused interim assistance amounting to SDR 0.51 million will be disbursed at the completion point.

[13] Executive Directors approved the provision of interim debt relief beginning in January 2001, through a reduction of 90 percent of debt service falling due on disbursed and outstanding debt to IDA as of December 31, 1999. In January 2008, IDA increased its limit from one third to one half of the PV of debt relief to be provided during the interim period. See "Guinea-Bissau - Provision of interim debt relief to the Republic of Guinea-Bissau under the enhanced Heavily Indebted Poor Countries (HIPC) debt initiative," IDA/R2008-0013, January 16, 2008.

Bilateral and commercial creditors

65. **Paris Club creditors have agreed in principle to provide their share of HIPC assistance** (estimated at US$97.9 million in end-December 1999 PV terms, in accordance with the revised assistance, Table 4). Interim assistance, estimated at US$28.3 million in end-December 1999 PV terms, has been delivered through flow reschedulings on Cologne terms, agreed on January 21, 2001, and July 6, 2010.[14] Paris Club creditors have declared in principle their readiness to provide their share of HIPC assistance at completion point through a stock-of-debt reduction.[15] Most Paris Club creditors have also indicated that they would voluntarily provide additional debt relief beyond the HIPC Initiative by canceling all, or a part of, their remaining claims after HIPC assistance (Table 15). This additional relief is estimated at about US$88.5 million in end-December 2009 PV terms.

66. **Non-Paris Club bilateral creditors are assumed to provide relief on HIPC-eligible debt on terms comparable to those of the Paris Club**. The PV of HIPC assistance at end-December 1999 is estimated at US$119.8 million. The major non-Paris Club creditor is Portugal, accounting for 12.3 percent of HIPC-eligible debt, followed by Taiwan Province of China (8.1 percent). Other official bilateral creditors account for the remaining 7.9 percent. In June and October 2001, China and Cuba provided outright cancellation of their HIPC-eligible claims. Portugal has confirmed its intention to provide debt relief at completion point consistent with the HIPC Initiative. The authorities are working toward securing the participation of all remaining non-Paris Club creditors.

67. **The only commercial claim reported in the HIPC-eligible debt stock at decision point was owed to the Franco-Portuguese Bank.** The status of the claim is currently being verified.[16]

B. Considerations for Exceptional Topping-Up Assistance

68. **The HIPC Initiative framework allows for additional debt relief (topping up) at the completion point if exogenous factors led to a fundamental change in the country's**

[14] In mid-2002, the PRGF-supported program went off track. As a result, only the first phase of the January 26, 2001, Agreed Minutes was implemented, including the 80 percent of up-front reduction of Russian loans disbursed before January 1, 1992. The Paris Club agreed to resume interim assistance on July 6, 2010.

[15] Brazil, an associated member of Paris Club, participated in the Paris Club negotiations and agreed to follow the Club's principles.

[16] The Franco-Portuguese Bank was a branch of the Portuguese bank Caixa Geral de Depósitos (CGD). The current owner of the claim, and the outstanding amounts as of both end-December 1999 and end-December 2009, are being verified with the CGD.

economic circumstances.[17] Additional debt relief at the completion point would be provided by all creditors proportionally to bring the PV of debt-to-exports ratio down to the HIPC threshold. Thus far, six countries have received topping-up assistance: Burkina Faso, Ethiopia, Niger, Rwanda, Malawi, and São Tomé and Príncipe.

69. **This debt relief analysis has been updated jointly by the authorities and by IMF and IDA staffs** on the basis of loan-by-loan debt data, exchange rates and interest rates as of end-December 2009 (Table 5).[18] At end-December 2009, the nominal stock of Guinea-Bissau's external debt amounted to US$1,066.7 million (Table 6). Multilateral creditors accounted for US$529.9 million, or 49.7 percent of total nominal debt, of which IDA, the IMF, and the AfDB Group accounted for 28.5, 0.9, and 14.4 percent, respectively. Paris Club creditors accounted for 22.6 percent of total outstanding nominal debt at end-December 2009, while non-Paris Club creditors accounted for 27.7 percent, of which Portugal accounted for 14.5 percent.

70. **The PV of debt-to-exports ratio at end-December 2009, after full delivery of the HIPC assistance committed at the decision point**[19]**, is now estimated at 319.7 percent, which is 180.7 percentage points above the projection at time of the decision point.**[20]

71. **The unanticipated increase in the PV of debt-to-exports ratio between decision and completion points was attributable mainly to exogenous factors.** Changes in discount and exchange rates, which were beyond the control of the authorities, account for 44 percent of the increase (category 1 in Table 2). Lower-than-expected exports account for another 38 percent (category 3). The performance of exports can be disaggregated into the price and volume effects. Actual export volumes were roughly in line with what was projected at the

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[17] "Enhanced HIPC Initiative—Completion Point Considerations," (IDASecM200 l-0539/1, August 21, 2001, and EBS/01/141, August 20, 2001). Public Information Notice (PIN) No. 01/100, September 27, 2001, IMF Executive Board discussion, http://www.imf.org/external/np/sec/pn/2001/pn01100.htm.

[18] This section updates the debt sustainability analysis using the HIPC debt relief analysis methodology, while Appendix II provides a forward-looking update using the Low-Income Country Debt Sustainability Analysis (LIC DSA) methodology.

[19] Reflecting the protracted period between decision point and completion point, five multilateral creditors (BADEA, ECOWAS, the IsDB, the IMF, and OFID) are unable to deliver the full amount of expected HIPC assistance through the cancellation or rescheduling of outstanding debt. For the purpose of calculating the PV of debt after the full delivery of HIPC assistance and after additional bilateral assistance beyond HIPC, it is assumed that these creditors provide the maximum possible debt relief by reducing their claims to zero. In the HIPC completion point cases of Cameroon and Ghana, two multilateral creditors provided grants in order to fully deliver their committed HIPC assistance.

[20] The debt stock after additional bilateral assistance beyond HIPC is used as the basis for topping up considerations. See "The HIPC Initiative—Completion Point Considerations," EBS/01/141 (8/20/2001) and IDA/SecM2001-0539/1 (8/21/2001).

time of decision point (Figure 1). By contrast, actual export prices—mainly reflecting the price of cashews in international markets—were considerably lower than projected (Figure 2). Hence the underperformance of exports compared to what was projected at decision point was mainly due to lower-than-expected export prices, which were beyond the control of the authorities. Taken together, these exogenous factors account for 82 percent of the unanticipated increase in the PV of debt-to-exports ratio.

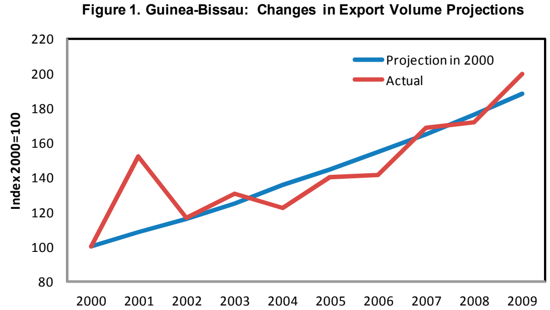
Table 2. Guinea-Bissau: Breakdown of the difference between actual and projected PV of debt-to-exports ratio as of December 31, 2009

	Percentage Points	Percent of Total Increase
PV of debt-to-export ratio (as projected at Decision Point) 1/	139.0	
PV of debt-to-export ratio (actual) 1/	319.7	
Unanticipated difference in the PV of debt-to-export ratio 2/	180.7	100%
1. Due to differences in the parameters	78.9	44%
o/w due to differences in the discount rates	38.8	21%
o/w due to differences in the exchange rates	40.1	22%
2. Due to lower-than-expected new borrowing between 2000 and 2009	-63.6	-35%
o/w due to lower-than-expected disbursements	-63.7	-35%
o/w due to lower-than-expected concessionality of the new loans	0.2	0%
3. Due to lower-than-expected exports	68.8	38%
4. Due to unexpected accumulations of arrears and differences in HIPC debt relief	96.4	53%
Bilateral debt relief beyond HIPC	-67.9	
PV of debt-to-export ratio after full delivery of HIPC assistance and bilateral debt relief beyond HIPC (actual)	251.8	

Sources: World Bank and IMF staff estimates and projections.

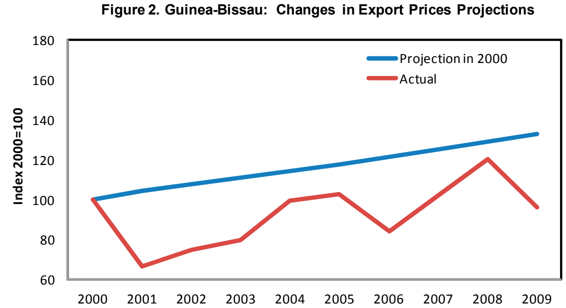
1/ PV of debt-to-export ratios after full delivery of enhanced HIPC assistance.
2/ Breakdown uses CP-based approach.

Figure 1. Guinea-Bissau: Changes in Export Volume Projections



Sources: Guinea-Bissau authorities; and IMF and World Bank staff estimates and projections.

Figure 2. Guinea-Bissau: Changes in Export Prices Projections



Sources: Guinea-Bissau authorities; and IMF and World Bank staff estimates and projections.

72. **The remainder of the unanticipated increase stems from the fact that, following the decision point, Guinea-Bissau's PRGF-supported program went off track.** During the protracted interim period, Guinea-Bissau was, for the most part, cut off from external financing. New borrowing was much lower than anticipated at decision point, an outcome that accounts for *negative* 35 percent of the unanticipated increase in the PV of debt-to-exports ratio (category 2). HIPC completion point did not occur in 2003 as expected at the time of decision point, and Guinea-Bissau did not benefit from comprehensive debt relief. The lack of debt relief, and the unexpected accumulation of arrears that ensued, account for 53 percent of the unanticipated increase in the PV of debt-to-exports ratio (category 4).[21] Taken together, these changes in external financing, which are not the results of exogenous factors, contribute a net 18 percent to the unanticipated increase in the PV of debt-to-exports ratio.

73. **The staffs are of the view that Guinea-Bissau meets the requirements for topping up under the relevant decisions adopted by the IDA and IMF Boards.** The staffs therefore recommend that Guinea-Bissau be granted additional assistance of US$132.6 million in end-2009 PV terms under the HIPC Initiative to bring its PV of debt-to-exports ratio from 251.8 percent, after additional bilateral debt relief beyond HIPC, to the HIPC threshold of 150 percent (Table 7).

C. Debt Relief under the Multilateral Debt Relief Initiative

74. **Conditional on reaching the completion point under the HIPC Initiative, Guinea-Bissau would qualify for additional debt relief under the Multilateral Debt Relief Initiative (MDRI) from the IMF, IDA, and the AfDB Group.**

- **MDRI from IMF.** As a result of the extended interim period, the estimated HIPC resources available at the completion point are sufficient to also cover the MDRI-eligible debt. There will not be any topping up assistance from the IMF, as Guinea-Bissau will not have IMF debts outstanding at the completion point.

- **MDRI from IDA.** In the absence of topping-up assistance, IDA would provide debt relief under MDRI amounting to US$126.7 million in nominal terms. If topping-up assistance is granted, debt relief under MDRI would amount to US$79.6 million (Table 13). IDA would provide MDRI debt forgiveness by irrevocably canceling Guinea-Bissau's debt service obligations for credits disbursed before December 31, 2003, and still outstanding at December 31, 2010, after the application of HIPC assistance and, if granted, topping up. MDRI debt relief from IDA would imply

[21] The difference in HIPC debt relief accounts for 43 percent of the unanticipated increase in the PV of debt-to-exports ratio, while the accumulation of arrears by Guinea-Bissau, mainly to bilateral creditors, accounts for the remaining 10 percent.

average debt service savings of US$4.0 million per year until 2044 in the absence of topping up, or US$2.5 million per year if topping up is granted.[22]

- **MDRI from the African Development Fund (AfDF).** In the absence of topping up, the AfDF would provide debt relief under MDRI amounting to an estimated US$94.4 million in nominal terms starting from the completion point. This amount is calculated based on debt disbursed as of December 31, 2004, and still outstanding at completion point. MDRI debt relief from AfDF would imply average debt service savings of US$2.3 million per year until 2051 in the absence of topping up.

D. Debt Sustainability Outlook after MDRI, 2010–30

75. **The baseline macroeconomic framework assumes that growth increases to 4.5 percent over the long term, inflation remains at its historical level of 2.5 percent, and both the primary fiscal deficit and the current account deficit gradually narrow.** These projections are consistent with the medium-term macroeconomic framework under the ECF arrangement. Key assumptions are summarized in Box 2.

76. **The full delivery of HIPC assistance, additional bilateral assistance beyond HIPC, topping-up assistance, and MDRI assistance would significantly reduce Guinea-Bissau's external public debt, and external debt indicators would improve** (Table 10). In the absence of topping-up assistance, the PV of debt-to-exports ratio at end-2010 would fall to 152.1 percent after the delivery of MDRI assistance. This ratio would further decrease throughout the long-term projection period, reaching 72.5 percent by 2030. On average, the PV of debt-to-GDP and PV of debt-to-revenue ratios would also decline over the projection period (from 29.7 percent and 290.1 percent on average in 2009–19 to 13.2 percent and 114.8 percent in 2020–30, respectively). If topping-up assistance is granted, the PV of debt-to-exports ratio at end-2010 would drop to 88.4 percent after the delivery of MDRI assistance and further decline to 69.1 percent by 2030. Similarly, the PV of debt-to-GDP and PV of debt-to-revenue ratios would decline, from 22.6 percent and 225.6 percent on average in 2009–19 to 11.2 percent and 97.5 percent in 2020–30, respectively.

[22] See International Development Association, "The Multilateral Debt Relief Initiative: Implementation Modalities for IDA", November 18, 2005.

Box 2. Guinea-Bissau: Key Baseline Macroeconomic Assumptions 1/

The macroeconomic assumptions over the period 2010 to 2030 are as follows:

Real GDP growth is expected to first slightly accelerate from 3.0 percent in 2009 to about 3½ percent in 2010 and then to gradually recover until it reaches 4.5 percent over the long term. This exceeds the historical average by roughly one percentage point, reflecting a past marked by great political instability and inappropriate macroeconomic policies which are expected to improve in the period ahead. Growth is also expected to be supported by diversification of agriculture, the rebuilding of infrastructure—especially roads, ports, electricity, and water—and by average growth in cashew production of 4½ percent over the 2015-2030 period.

Inflation, as measured by the GDP deflator, is assumed to grow at a rate slightly below CPI inflation in 2010. Over the long term, both GDP deflator and CPI are projected to grow at their historical level of 2.5 percent.

The **current account deficit** (excluding official transfers) as a percent of GDP is expected to decline gradually from 9.3 percent in 2010 to 6.8 percent in 2030. Exports of goods and services, consisting mainly of the country's dominant cashew exports, are assumed to grow at a long-term rate of 6¼ percent (in dollar terms). An improving global environment is expected to boost growth in remittances to 7.3 percent (in dollar terms) by 2014. Over the long term, remittances are projected to grow at a rate of 6½ percent.

The **domestic primary fiscal deficit** (i.e. revenue, excluding grants, minus non-interest expenditure, excluding foreign-financed investment projects) is assumed to gradually decrease from 3 percent of GDP in 2009 to about 2½ percent in 2030 due to stronger revenues as a percentage of GDP and improved public expenditure management.

Net aid flows (grants and concessional loans) are expected to moderate from the high levels seen in 2009. Budget support grants are projected to gradually decline from the 7 percent of GDP received in 2009 to about 1½ percent in 2030. External borrowing through 2014 remains on highly concessional terms, in line with terms offered by the International Development Association and the African Development Fund. Beginning in 2015, with debt indicators slowly improving, some borrowing on less concessional terms is assumed to finance investments with high returns. As a result, the average grant element of new disbursements falls gradually from 62 percent in 2014 to 32 percent in 2030.

1/ The macroeconomic assumptions are subject to more uncertainty than usual given the country's fragile political situation.

77. **Guinea-Bissau's debt service ratios are projected to increase through 2014 and then gradually decline** (Table 9). The projected increase in the debt service indicators reflects assumptions regarding the rescheduling of post-cutoff date bilateral debt, consistent with the terms of the July 2010 Paris Club agreement. In the absence of topping-up assistance, the debt service-to-exports ratio after HIPC assistance, additional assistance beyond HIPC, and MDRI assistance would increase from 1.1 percent in 2011 to 13.3 percent in 2014. However, starting in 2015, the ratio would decline, reaching 5.1 percent at the end of projection period. If topping-up assistance is granted, the debt service-to-exports ratio after

HIPC assistance, additional assistance beyond HIPC, and MDRI assistance would increase from 0.3 percent in 2011 to 7.7 percent in 2014 before falling to 4.6 percent by 2030.

E. Sensitivity Analysis and Long-Term Debt Sustainability

78. **The PV of external debt-to-exports indicator worsens significantly in two out of three alternative scenarios considered** (Figures 5, 6, and 7 and Table 11). In scenario 1, real GDP growth is 1.5 percent lower than in the baseline scenario. The debt-to-exports ratio remains above the 150 HIPC threshold until 2014, reaches a low of 120.1 percent in 2020, before rising back above the threshold by the end of the projection period. In scenario 2, export values increase by 15 percent less during the projection period than in the baseline scenario. As a result, the debt-to-exports indicator remains above the HIPC threshold until 2019 and falls to only 145.9 percent by 2030. In scenario 3, grants are lower by 1 percentage point of GDP than in the baseline scenario. The impact on the debt-to-exports ratio is minimal. In all three scenarios, it is assumed that new external borrowing would adjust to accommodate the impact of shocks on revenue.

79. **The sensitivity analysis highlights the need for continued reforms to reduce vulnerability to adverse shocks.** The debt-to-exports ratio is particularly sensitive to lower GDP growth and lower exports. To reduce Guinea-Bissau's vulnerability to shocks, it will be crucial to continue to make progress on structural reforms, diversify the export base over the long term, and mobilize domestic revenue to reduce the dependency on external financing.

IV. Conclusions

80. **In the view of the staff of the IMF and IDA, Guinea-Bissau has met the requirements established in December 2000 for reaching the completion point under the HIPC Initiative, subject to the provision of a waiver for one completion point trigger.**

81. **Revisions to the end-1999 database have resulted in an upward adjustment in the amount of HIPC assistance.**

82. **Staffs are of the view that Guinea-Bissau meets the requirements for topping-up assistance.**

83. **Full delivery of HIPC assistance, additional bilateral assistance beyond HIPC, and MDRI assistance would significantly reduce Guinea-Bissau's external public debt.** However, topping-up assistance would be necessary to bring the PV of debt-to-exports ratio at end-December 2009 to the HIPC threshold of 150 percent.

84. **In light of the information above, the staffs of the IMF and IDA recommend that the Executive Directors determine that Guinea-Bissau has reached the completion point under the HIPC Initiative.**

V. Issues for Discussion

85. **Executive Directors may wish to discuss the following issues:**

- **Completion point.** Do Directors agree that Guinea-Bissau has reached the completion point under the HIPC Initiative?

- **Data revision.** Do Directors agree with staff's recommendations that the revised amount of HIPC assistance of US$421.7 million in end-December 1999 PV terms be provided to Guinea-Bissau?

- **Topping up.** Do Directors agree with the conclusion that Guinea-Bissau meets the requirements for topping up?

- **Creditor participation.** Do Directors agree that Guinea-Bissau's creditors have given sufficient assurances to irrevocably commit HIPC Initiative assistance to Guinea-Bissau?

Figure 3. Guinea-Bissau: Composition of Stock of External Debt as of December 31, 1999 by Creditor Group

(Nominal stock: $948 million)

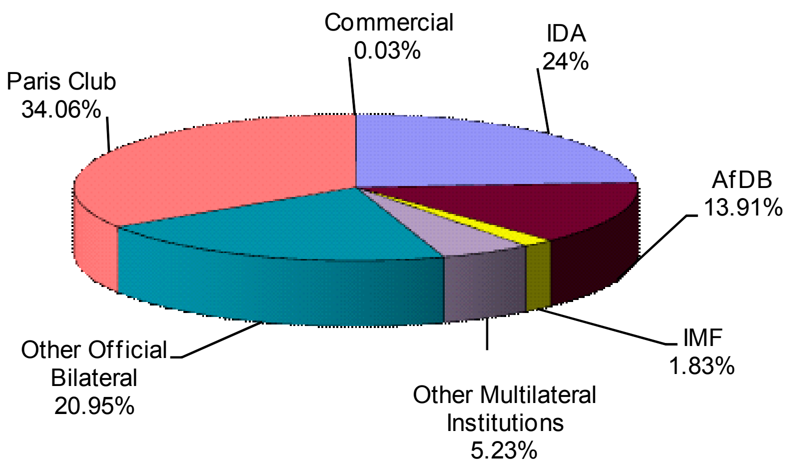
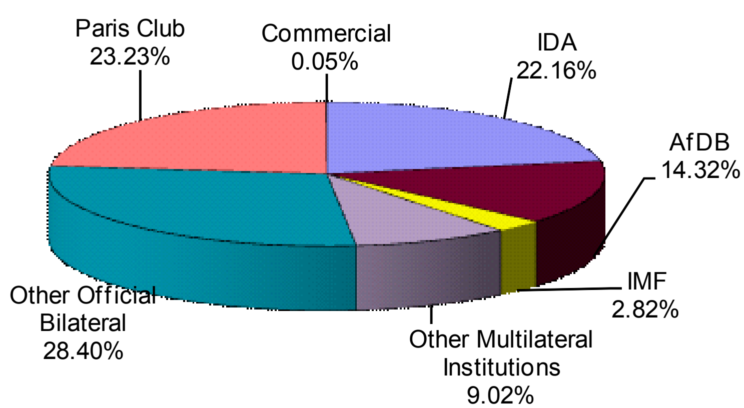


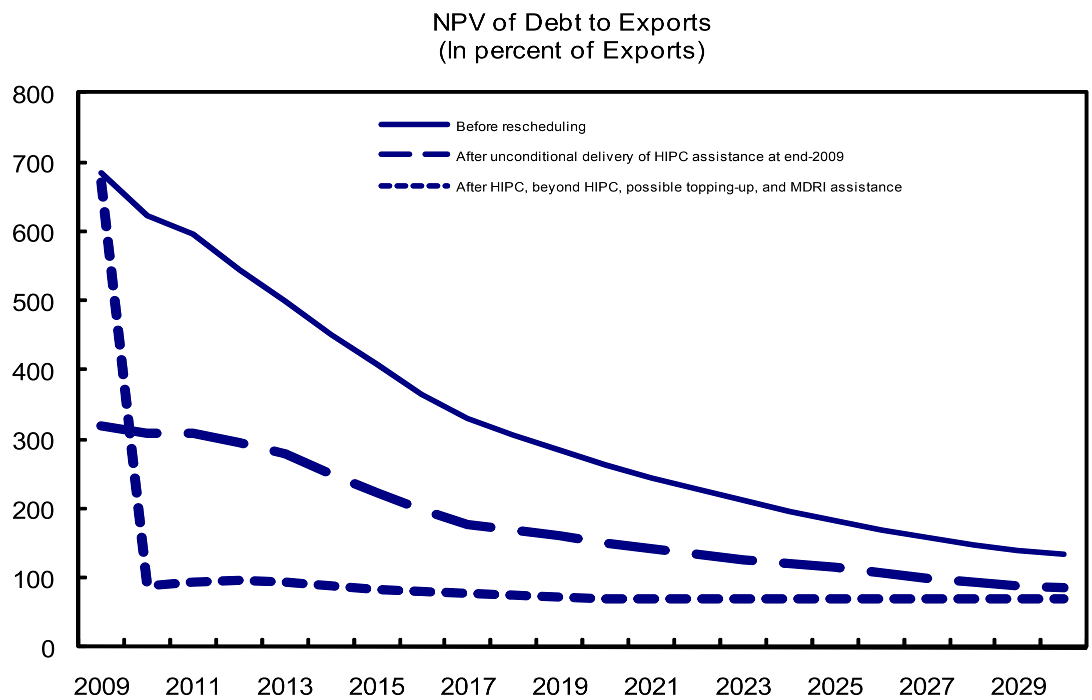
Figure 4. Guinea-Bissau: Potential Costs of the HIPC Initiative as of December 31, 1999 by Creditor Group

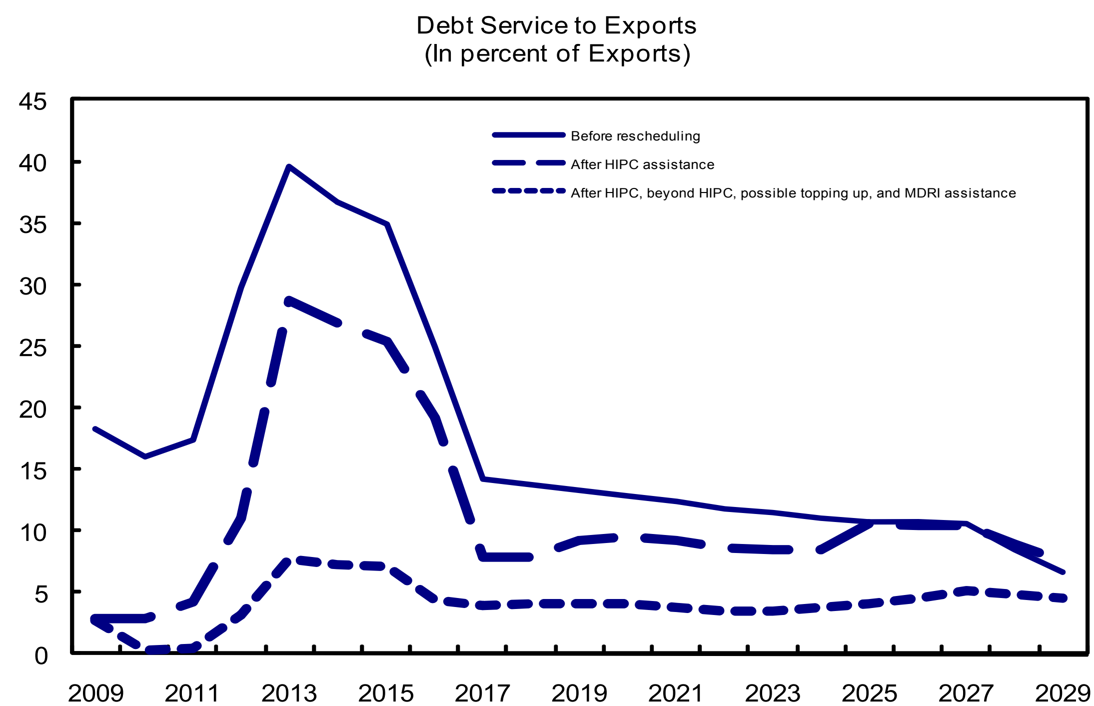
(Total Estimated HIPC Enhanced Assistance: $422 million, end-December 1999 NPV terms)



Sources: Guinea-Bissau authorities; and IMF and World Bank staff estimates and projections.

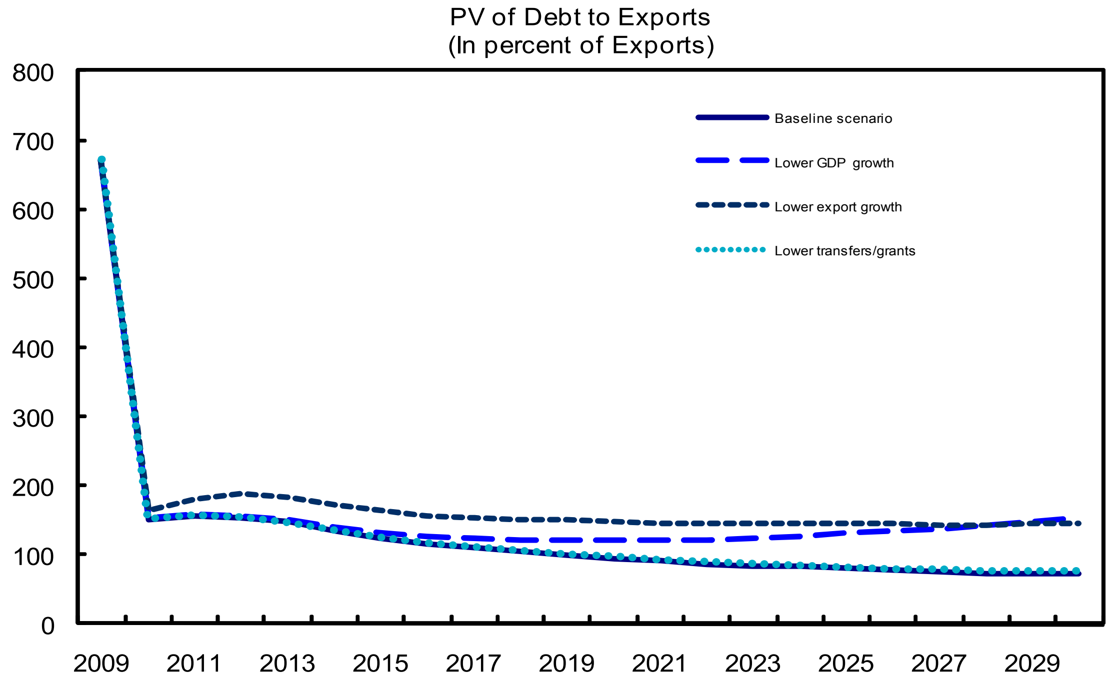
Figure 5. Guinea-Bissau: External Debt Burden Indicators, 2009–30

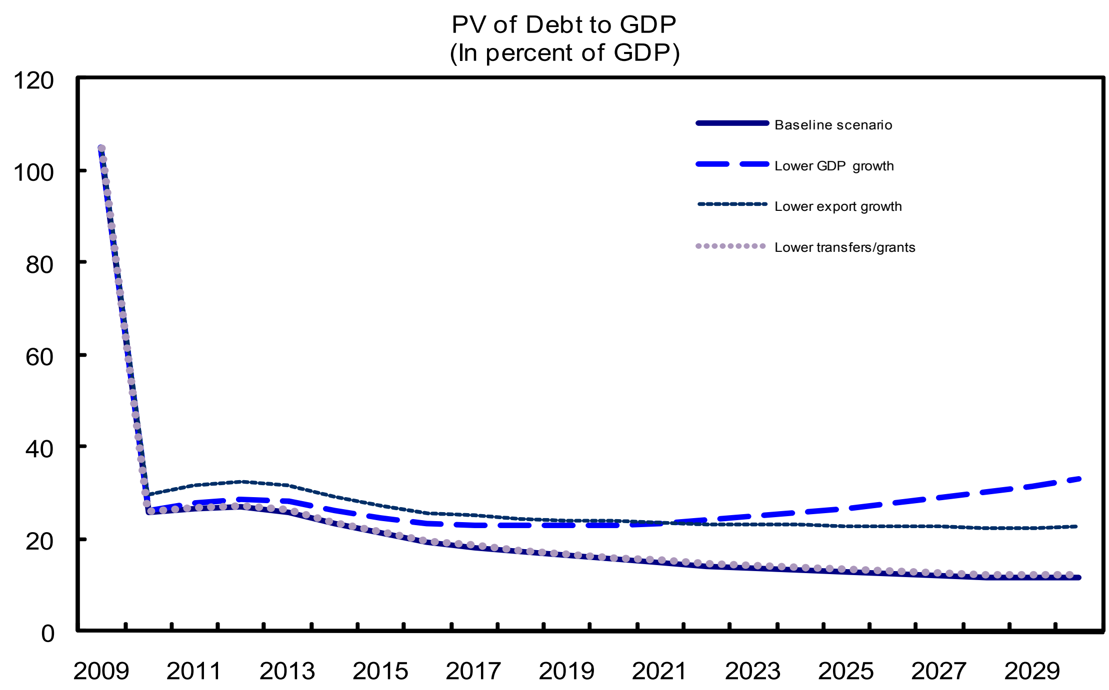




Sources: Guinea-Bissau authorities; and IMF and World Bank staff estimates and projections.

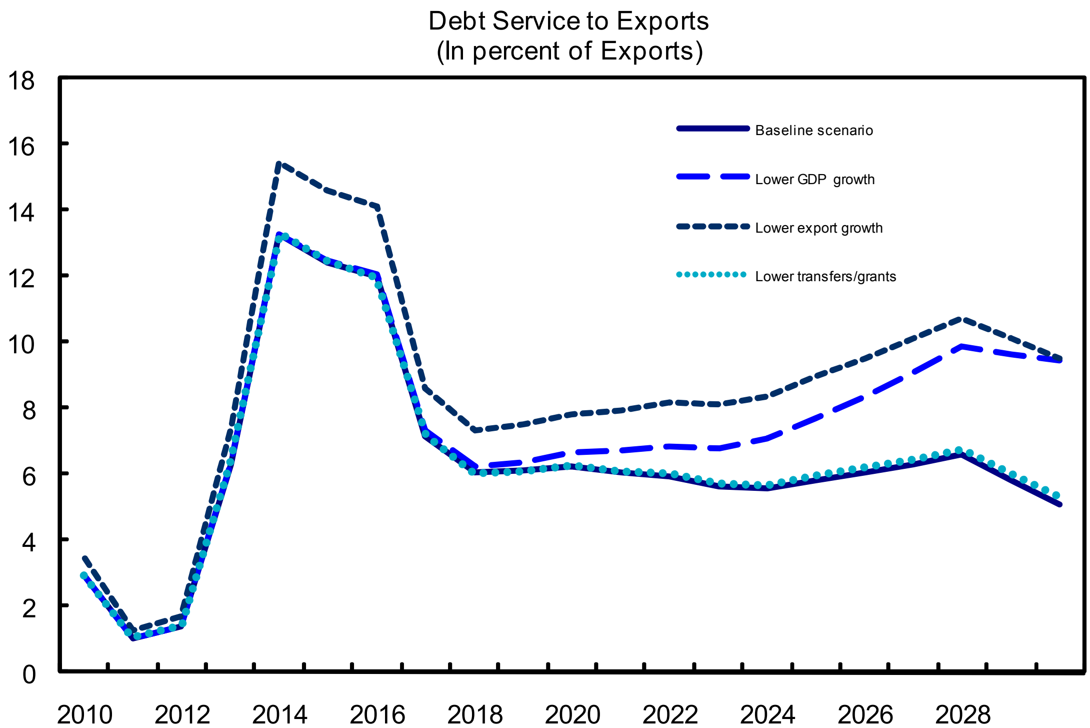
Figure 6. Guinea-Bissau: Sensitivity Analysis, 2009–30





Sources: Guinea-Bissau authorities; and IMF and World Bank staff estimates and projections.

Figure 7. Guinea-Bissau: Sensitivity Analysis, 2010–30



Sources: Guinea-Bissau authorities; and IMF and World Bank staff estimates and projections.

Table 3. Guinea-Bissau: Nominal Stock and Net Present Value of Debt as of December 31, 1999, by Creditor Groups

	Nominal Debt Stock 1/				NPV of Debt Before Rescheduling 1/				NPV of Debt After Arrears Clearance and Traditional Debt Relief 2/ 3/			
	At decision point		Revised at completion point		At decision point		Revised at completion point		At decision point		Revised at completion point	
	US$ million	Percent of total	US$ million	Percent of total	US$ million	Percent of total	US$ million	Percent of total	US$ million	Percent of total	US$ million	Percent of total
Total	944.4	100.0	947.5	100.0	708.5	100.0	718.3	100.0	486.9	100.0	492.7	100.0
Multilateral	426.8	45.2	426.1	45.0	238.9	33.7	238.1	33.1	238.9	49.1	238.1	48.3
IDA	227.4	24.1	227.4	24.0	109.2	15.4	109.2	15.2	109.2	22.4	109.2	22.2
AfDB	131.3	13.9	131.8	13.9	70.7	10.0	70.5	9.8	70.7	14.5	70.5	14.3
IDB	13.9	1.5	13.7	1.4	13.5	1.9	13.5	1.9	13.5	2.8	13.5	2.7
IMF	17.3	1.8	17.3	1.8	13.9	2.0	13.9	1.9	13.9	2.9	13.9	2.8
IFAD	9.4	1.0	9.0	0.9	5.6	0.8	5.1	0.7	5.6	1.1	5.1	1.0
BADEA	8.7	0.9	8.7	0.9	8.4	1.2	8.4	1.2	8.4	1.7	8.4	1.7
OFID	8.1	0.9	8.1	0.9	8.0	1.1	8.1	1.1	8.0	1.7	8.1	1.7
EU/EIB	7.6	0.8	6.9	0.7	6.5	0.9	6.1	0.8	6.5	1.3	6.1	1.2
ECOWAS	3.1	0.3	3.1	0.3	3.2	0.5	3.2	0.4	3.2	0.7	3.2	0.6
Bilateral and Commercial 2/	517.6	54.8	521.4	55.0	469.6	66.3	480.3	66.9	248.0	50.9	254.6	51.7
Bilateral	517.0	54.7	521.2	55.0	469.1	66.2	480.0	66.8	247.5	50.8	254.3	51.6
Paris Club:	401.9	42.6	322.7	34.1	365.6	51.6	297.0	41.3	176.1	36.2	114.4	23.2
Post-cutoff date	73.9	7.8	65.2	6.9	73.3	10.3	64.0	8.9	73.3	15.1	64.0	13.0
ODA	7.4	0.8	8.5	0.9	6.4	0.9	7.4	1.0	6.4	1.3	7.4	1.5
Non-ODA	66.5	7.0	56.7	6.0	67.0	9.4	56.6	7.9	67.0	13.8	56.6	11.5
Pre-cutoff date	328.0	34.7	257.5	27.2	292.3	41.3	233.0	32.4	102.8	21.1	50.4	10.2
ODA	6.6	0.7	0.4	0.0	6.6	0.9	0.2	0.0	3.2	0.7	0.1	0.0
Non-ODA	321.4	34.0	257.1	27.1	285.7	40.3	232.7	32.4	99.7	20.5	50.3	10.2
Belgium	7.5	0.8	7.3	0.8	6.7	0.9	6.6	0.9	4.4	0.9	3.5	0.7
Brazil 3/	22.1	2.3	21.4	2.3	21.9	3.1	17.6	2.4	7.4	1.5	7.0	1.4
France	8.5	0.9	8.4	0.9	8.7	1.2	8.7	1.2	5.2	1.1	5.2	1.0
Germany	4.2	0.4	2.4	0.2	4.2	0.6	2.3	0.3	1.9	0.4	1.3	0.3
Italy	114.8	12.2	105.4	11.1	100.2	14.1	89.7	12.5	94.2	19.4	79.0	16.0
Portugal	68.7	7.3	0.0	0.0	51.8	7.3	0.0	0.0	48.4	9.9	0.0	0.0
Russia 4/	168.8	17.9	168.8	17.8	165.7	23.4	164.5	22.9	8.3	1.7	11.0	2.2
Spain	7.4	0.8	8.5	0.9	6.4	0.9	7.4	1.0	6.4	1.3	7.4	1.5
EEC-IDA administered loans 5/	0.0	0.0	0.4	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.1	0.0
Other Official Bilateral:	115.1	12.2	198.5	20.9	103.4	14.6	183.1	25.5	71.3	14.6	139.9	28.4
Post-cutoff date	65.0	6.9	59.0	6.2	54.6	7.7	58.0	8.1	54.6	11.2	58.0	11.8
ODA	58.4	6.2	22.4	2.4	49.0	6.9	17.9	2.5	49.0	10.1	17.9	3.6
Non-ODA	6.6	0.7	36.5	3.9	5.6	0.8	40.1	5.6	5.6	1.2	40.1	8.1
Pre-cutoff date	50.1	5.3	139.5	14.7	48.8	6.9	125.1	17.4	16.7	3.4	81.9	16.6
ODA	31.3	3.3	41.5	4.4	30.0	4.2	40.4	5.6	10.5	2.2	16.7	3.4
Non-ODA	18.8	2.0	98.0	10.3	18.8	2.7	84.7	11.8	6.2	1.3	65.2	13.2
Algeria	6.4	0.7	6.6	0.7	5.0	0.7	5.2	0.7	4.2	0.9	4.2	0.9
Angola	18.8	2.0	25.3	2.7	18.8	2.7	25.3	3.5	6.2	1.3	8.3	1.7
China	5.8	0.6	7.6	0.8	5.7	0.8	7.5	1.0	1.1	0.2	2.4	0.5
Cuba	2.2	0.2	2.3	0.2	2.2	0.3	2.3	0.3	0.4	0.1	0.4	0.1
Kuwait	27.7	2.9	23.3	2.5	25.9	3.7	21.7	3.0	14.9	3.1	12.8	2.6
Libya	0.7	0.1	3.7	0.4	0.7	0.1	3.7	0.5	0.7	0.1	1.2	0.2
Pakistan	2.6	0.3	2.6	0.3	2.4	0.3	2.4	0.3	2.4	0.5	2.4	0.5
Portugal 6/	0.0	0.0	76.6	8.1	0.0	0.0	63.3	8.8	0.0	0.0	60.8	12.3
Saudi Arabia	15.0	1.6	13.8	1.5	11.6	1.6	11.5	1.6	10.4	2.1	7.2	1.5
Taiwan Province of China	35.7	3.8	36.5	3.9	30.9	4.4	40.1	5.6	30.9	6.4	40.1	8.1
United Arab Emirates	0.2	0.0	0.2	0.0	0.2	0.0	0.2	0.0	0.1	0.0	0.1	0.0
Commercial	0.6	0.1	0.3	0.0	0.6	0.1	0.3	0.0	0.6	0.1	0.3	0.1
Bank Franco-Portuguese	0.6	0.1	0.3	0.0	0.6	0.1	0.3	0.0	0.6	0.1	0.3	0.1

Sources: Guinea-Bissau authorities; and IMF and World Bank staff estimates.

1/ Includes arrears.

2/ Includes a hypothetical stock-of-debt operation on Naples terms at December 31, 1999 and at least comparable action by other official bilateral and commercial creditors on eligible debt (pre-cutoff and non-ODA).

3/ Brazil is an associated member of Paris Club that was participating in the Paris Club meetings and is expected to provide debt relief in line with the Paris Club Agreed Minutes.

4/ Includes an up-front 80 percent discount on Russian debt disbursed before 1992.

5/ The European Economic Commissions loans administered by IDA were classified as multilateral loans at decision point. At completion point, these loans were reclassified to bilateral loans.

6/ At decision point, Portugal was classified as a Paris Club creditor and is reclassified as a non-Paris Club creditor at completion point.

Table 4. Guinea-Bissau: HIPC Initiative Assistance Under a Proportional Burden-Sharing Approach 1/ 2/

(In millions of U.S. dollars, unless otherwise indicated)

	Debt Outstanding in NPV terms, December 31, 1999 (A)		Debt Outstanding in NPV terms, post-HIPC (B)		Reduction of the NPV of debt due to HIPC (A-B) 3/	
	At decision point	Revised at completion point	At decision point	Revised at completion point	At decision point	Revised at completion point
Total	486.9	492.7	71.0	71.0	415.9	421.7
(as percent of exports)	1028.8	1040.9	150.0	150.0	878.8	890.9
of which:						
Multilateral	238.9	238.1	34.8	34.3	204.1	203.8
Bilateral	247.5	254.3	36.1	36.7	211.4	217.7
Paris Club: 3/	176.1	114.4	25.7	16.5	150.5	97.9
Other Official Bilateral:	71.3	139.9	10.4	20.2	60.9	119.8
Commercial	0.6	0.3	0.1	0.0	0.5	0.2
Memorandum Items:						
Common reduction factor (percent) 4/	85.4	85.6				
Exports of goods and non-factor services 5/	47.3	47.3				

Sources: Guinea-Bissau authorities; and IMF and World Bank staff estimates and projections.

1/ The proportional burden sharing approach is described in "HIPC Initiative--Estimated Costs and Burden Sharing Approaches" (EBS/97/127, 7/7/97 and IDA/SEC M 97-306, 7/7/97).
2/ Includes a hypothetical stock-of-debt operation on Naples terms, December 31, 1999, and comparable treatment by other official bilateral creditors.
3/ Includes an up-front 80 percent discount on Russian debt disbursed before 1992.
4/ Each creditor's NPV reduction in percent of its exposure at the reference date, December 31, 1999, calculated as (A-B)/A.
The common reduction factor is applied to debt remaining after traditional mechanisms. For non-concessional bilateral or commercial debt this would imp a total reduction of 95.3 percent.
5/ Based on the three-year backward-looking average (1997-1999).

Table 5. Guinea-Bissau: Discount Rates and Exchange Rates

Currency Name	end-1999 Discount Rates 1/	end-1999 Exchange Rates 2/ (per U.S. dollar)	end-2009 Discount Rates 1/	end-2009 Exchange Rates 2/ (per U.S. dollar)
CFA Franc 3/	5.47	652.95	4.31	455.34
Swiss Franc	4.27	1.60	2.85	1.03
Chinese Yuan	7.04	8.28	7.04	6.83
Deutsche Mark 3/	5.47	1.95	4.31	1.36
Danish Krone	5.32	7.40	4.57	5.19
Euro	5.47	1.00	4.31	0.69
French Francs 3/	5.47	6.53	4.31	4.55
Pound Sterling	6.70	0.62	4.23	0.62
Japanese Yen	1.98	102.20	1.97	92.06
Kuwaiti Dinar 4/	5.59	0.30	3.91	0.29
Special Drawing Rights	5.59	0.73	3.91	0.64
Saudi Riyal 5/	7.04	3.75	4.09	3.75
United Arab Emirate Dirham 4/	5.59	3.67	3.91	3.67
Former Soviet Union Ruble 5/	7.04	0.60	4.09	0.60
United States Dollar	7.04	1.00	4.09	1.00
Memorandum item:				
Paris Club cutoff date	December 31, 1986			

Sources: OECD; and IMF, *International Financial Statistics* .

1/ The discount rates used are the average commercial interest reference rates for the respective currencies over the six-month period ended December 1999 and December 2009, respectively.
2/ The exchange rates are those at the base date (end-1999 and end-2009, respectively).
3/ Apply the discount rate for EUR.
4/ Apply the discount rate for SDR.
5/ Apply the discount rate for USD.

Table 6. Guinea-Bissau: Nominal and Present Value of External Debt outstanding at December 31, 2009 1/

(In millions of US$, unless otherwise indicated)

	Legal Situation 2/				Present Value of Debt 3/ 4/		
	Nominal Debt	Percent of total	PV of debt	Percent of total	After enhanced HIPC relief	After additional bilateral relief	After additional bilateral relief (In percent of total)
Total	1066.7	100.0	893.3	100.0	416.4	327.9	100.0
Multilateral	529.9	49.7	382.6	42.8	176.0	176.0	53.7
IDA	303.8	28.5	207.6	23.2	113.8	113.8	34.7
AfDB	153.5	14.4	105.2	11.8	58.5	58.5	17.8
IDB	15.3	1.4	15.3	1.7	0.1	0.1	0.0
IMF	9.9	0.9	9.2	1.0	0.0	0.0	0.0
IFAD	11.3	1.1	9.4	1.1	0.5	0.5	0.1
BADEA	11.9	1.1	11.9	1.3	0.0	0.0	0.0
OFID	8.5	0.8	8.5	0.9	0.0	0.0	0.0
EU/EIB	10.0	0.9	9.8	1.1	1.7	1.7	0.5
ECOWAS	4.2	0.4	4.2	0.5	0.0	0.0	0.0
BOAD	1.6	0.1	1.4	0.2	1.4	1.4	0.4
Bilateral and Commercial 2/	536.8	50.3	510.7	57.2	240.4	151.9	46.3
Bilateral	536.5	50.3	510.4	57.1	240.3	151.9	46.3
Paris Club:	241.5	22.6	224.6	25.1	101.3	12.8	3.9
Post-cutoff date	94.5	8.9	94.4	10.6	…	…	…
ODA	11.5	1.1	11.5	1.3	…	…	…
Non-ODA	82.9	7.8	82.9	9.3	…	…	…
Pre-cutoff date	147.0	13.8	130.2	14.6	…	…	…
ODA	0.6	0.1	0.4	0.0	…	…	…
Non-ODA	146.4	13.7	129.8	14.5	…	…	…
Belgium	15.3	1.4	12.6	1.4	…	…	…
Brazil	25.7	2.4	25.7	2.9	…	…	…
France	9.8	0.9	10.0	1.1	…	…	…
Germany	2.7	0.3	2.9	0.3	…	…	…
Italy	149.5	14.0	139.3	15.6	…	…	…
Russia 3/	26.4	2.5	22.2	2.5	…	…	…
Spain	11.5	1.1	11.5	1.3	…	…	…
EEC-IDA administered loans	0.6	0.1	0.4	0.0	…	…	…
Other Official Bilateral:	295.1	27.7	285.8	32.0	139.0	139.0	42.4
Post-cutoff date	72.7	6.8	72.5	8.1	29.7	29.7	9.1
ODA	24.5	2.3	24.0	2.7	15.1	15.1	4.6
Non-ODA	48.2	4.5	48.6	5.4	14.6	14.6	4.5
Pre-cutoff date	222.4	20.9	213.3	23.9	109.3	109.3	33.3
ODA	44.6	4.2	44.6	5.0	13.3	13.3	4.0
Non-ODA	177.9	16.7	168.7	18.9	96.0	96.0	29.3
Algeria	7.7	0.7	7.7	0.9	3.2	3.2	1.0
Angola	32.9	3.1	32.9	3.7	9.2	9.2	2.8
China	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cuba	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Kuwait	28.9	2.7	28.8	3.2	8.6	8.6	2.6
Libya	3.7	0.3	3.7	0.4	0.2	0.2	0.1
Pakistan	3.0	0.3	3.0	0.3	1.0	1.0	0.3
Portugal	154.8	14.5	145.7	16.3	97.5	97.5	29.7
Saudi Arabia	15.6	1.5	15.2	1.7	4.7	4.7	1.4
Taiwan Province of China	48.2	4.5	48.6	5.4	14.6	14.6	4.5
United Arab Emirates	0.3	0.0	0.3	0.0	0.1	0.1	0.0
Commercial	0.3	0.0	0.3	0.0	0.0	0.0	0.0
Bank Franco-Portuguese	0.3	0.0	0.3	0.0	0.0	0.0	0.0

Sources: Guinea-Bissau authorities; and IMF and World Bank staff estimates and projections.

1/ Figures are based on data as of December 31, 2009, and include arrears.
2/ Includes January 2001 Cologne flow and debt relief from non-Paris Club creditors.
3/ Assumes full delivery of HIPC assistance as of December 31, 2009.
4/ Paris Club creditors deliver their share of assistance as a group. Actual delivery modalities are defined on a case-by-case basis.

Table 7. Guinea-Bissau: Enhanced HIPC Initiative Assistance Levels and Possible Topping-Up at Completion Point
(In millions of U.S. dollars; unless otherwise indicated)

	NPV of debt	3-year exports moving average 1/	NPV of assistance	NPV of debt after assistance	NPV of debt-to-exports ratio (in percent)	Common Reduction Factor
	end-1999					
Assistance at the Decision Point (revised) 2/	492.7 3/	47.3	421.7	71.0 4/	150.0	85.6%
	end-2009					
Topping up at Completion Point						
Completion Point Estimates						
NPV after enhanced HIPC assistance	416.4 5/	130.3			319.7	
NPV after bilateral debt relief beyond HIPC	327.9 5/6/	130.3			251.8	
Calculation of possible topping up assistance						
Total NPV after bilateral debt relief beyond HIPC	327.9 5/6/	130.3	132.6	195.4	150.0	40.4%
Multilateral	176.0		71.2	104.9		
Bilateral and commercial	151.9		61.4	90.5		

Sources: Guinea-Bissau; and Bank-Fund staff estimates and projections.

1/ Exports of goods and non-factor services.
2/ HIPC assistance as amended at the completion point. NPV figures calculated using end-1999 parameters.
3/ NPV of debt after assuming a stock-of-debt operation on Naples terms at the end-1999 and at least comparable treatment by non-Paris Club and commercial creditors.
4/ Assuming unconditional delivery at end-1999 and applied to the stock of debt outstanding as of end-1999.
5/ Assuming unconditional delivery at end-2009 and applied to the stock of debt outstanding as of end-2009.
6/ Includes debt relief beyond HIPC initiative assistance provided by most of the Paris Club creditors on a voluntary basis.

Table 8. Guinea-Bissau: Present Value of External Debt, 2009–30 1/
(in millions of U.S. dollars, unless otherwise indicated)

											Averages	
	2009	2010	2011	2012	2013	2014	2019	2024	2029	2030	2009-19	2020-30
Before rescheduling 2/												
PV of total debt	893.3	874.4	883.1	885.1	860.8	812.5	672.9	629.6	609.5	622.5	795.1	629.0
PV of outstanding debt	893.3	868.1	864.2	856.6	824.8	771.2	593.2	491.0	365.6	353.4	753.3	463.9
Official bilateral and commercial	510.7	493.0	497.4	501.2	480.5	436.3	307.3	267.9	214.1	213.8	417.7	256.1
Paris Club	224.6	210.7	217.6	223.6	205.2	163.2	46.2	28.4	7.2	7.0	144.4	24.3
Other official bilateral	285.8	282.0	279.5	277.3	275.0	272.8	260.8	239.3	206.6	206.5	273.0	231.6
Commercial	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Multilateral	382.6	375.1	366.8	355.4	344.3	334.9	285.9	223.0	151.5	139.6	335.6	207.8
World Bank	207.6	204.3	200.3	195.5	190.4	185.1	152.0	107.8	56.9	48.8	183.0	96.8
African Development Bank	105.2	103.2	100.9	98.4	95.9	93.4	79.0	61.3	41.9	38.3	92.9	57.3
IMF	9.2	7.8	6.6	3.4	0.7	0.0	0.0	0.0	0.0	0.0	2.5	0.0
Others	60.6	59.8	59.0	58.2	57.3	56.5	54.9	53.9	52.7	52.5	57.2	53.7
PV of new borrowing	0.0	6.3	18.9	28.5	36.0	41.3	79.6	138.7	243.9	269.2	41.8	165.0
After traditional debt relief 3/												
PV of total debt	837.0	832.2	835.0	832.1	801.7	745.1	648.1	602.8	536.3	519.0	746.4	586.6
PV of outstanding debt	837.0	825.9	816.1	803.6	765.7	703.8	568.5	464.1	292.4	249.8	704.6	421.6
Official bilateral and commercial	454.4	450.7	449.3	448.2	421.4	368.9	282.6	241.0	140.9	110.2	368.9	213.8
Paris Club	200.5	199.6	199.4	199.2	183.7	153.0	103.0	85.4	43.7	31.1	152.5	74.1
Other official bilateral	253.7	250.9	249.6	248.7	237.4	215.8	179.5	155.6	97.2	79.1	216.3	139.7
Commercial	0.3	0.3	0.3	0.3	0.2	0.1	0.0	0.0	0.0	0.0	0.1	0.0
Multilateral	382.6	375.1	366.8	355.4	344.3	334.9	285.9	223.0	151.5	139.6	335.6	207.8
World Bank	207.6	204.3	200.3	195.5	190.4	185.1	152.0	107.8	56.9	48.8	183.0	96.8
African Development Bank	105.2	103.2	100.9	98.4	95.9	93.4	79.0	61.3	41.9	38.3	92.9	57.3
IMF	9.2	7.8	6.6	3.4	0.7	0.0	0.0	0.0	0.0	0.0	2.5	0.0
Others	60.6	59.8	59.0	58.2	57.3	56.5	54.9	53.9	52.7	52.5	57.2	53.7
PV of new borrowing	0.0	6.3	18.9	28.5	36.0	41.3	79.6	138.7	243.9	269.2	41.8	165.0
After conditional delivery of enhanced HIPC assistance 4/												
PV of total debt	875.3	434.5	457.8	477.0	481.5	449.4	379.8	385.8	382.5	392.4	465.0	383.7
PV of outstanding debt	875.3	428.2	438.9	448.4	445.5	408.1	300.2	247.1	138.6	123.2	423.2	218.7
Official bilateral and commercial	510.7	249.0	258.2	267.0	263.2	225.0	112.1	85.2	39.5	35.8	223.0	74.1
Paris Club	224.6	104.3	107.4	109.5	107.1	82.0	7.6	6.1	4.4	4.4	77.0	5.8
Other official bilateral	285.8	144.7	150.8	157.4	156.1	143.0	104.5	79.1	35.1	31.4	146.0	68.3
Commercial	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Multilateral	364.7	179.2	180.6	181.4	182.3	183.1	188.1	161.9	99.1	87.4	200.3	144.6
World Bank	200.1	114.5	115.0	114.7	114.5	114.2	110.4	100.3	56.9	48.8	121.3	87.1
African Development Bank	98.9	61.4	63.0	64.6	66.3	68.0	77.4	61.3	41.9	38.3	71.8	57.3
IMF	7.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0.0
Others	58.1	3.2	2.7	2.1	1.5	0.8	0.2	0.3	0.3	0.3	6.4	0.3
PV of new borrowing	0.0	6.3	18.9	28.5	36.0	41.3	79.6	138.7	243.9	269.2	41.8	165.0
After unconditional delivery of enhanced HIPC assistance 5/												
PV of total debt	416.4	434.8	458.1	477.0	481.5	449.4	379.8	385.8	382.5	392.4	423.4	383.7
PV of outstanding debt	416.4	428.5	439.2	448.4	445.5	408.1	300.2	247.1	138.6	123.2	381.6	218.7
Official bilateral and commercial	240.4	249.3	258.5	267.0	263.2	225.0	112.1	85.2	39.5	35.8	198.5	74.1
Paris Club	101.3	104.3	107.4	109.5	107.1	82.0	7.6	6.1	4.4	4.4	65.8	5.8
Other official bilateral	139.0	144.9	151.1	157.4	156.1	143.0	104.5	79.1	35.1	31.4	132.7	68.3
Commercial	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Multilateral	176.0	179.2	180.6	181.4	182.3	183.1	188.1	161.9	99.1	87.4	183.1	144.6
World Bank	113.8	114.5	115.0	114.7	114.5	114.2	110.4	100.3	56.9	48.8	113.5	87.1
African Development Bank	58.5	61.4	63.0	64.6	66.3	68.0	77.4	61.3	41.9	38.3	68.2	57.3
IMF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	3.7	3.2	2.7	2.1	1.5	0.8	0.2	0.3	0.3	0.3	1.5	0.3
PV of new borrowing	0.0	6.3	18.9	28.5	36.0	41.3	79.6	138.7	243.9	269.2	41.8	165.0
After unconditional delivery of beyond HIPC assistance 6/												
PV of total debt	327.9	343.7	364.2	381.3	387.7	378.2	376.3	383.8	382.2	392.1	367.1	382.0
PV of outstanding debt	327.9	337.4	345.3	352.8	351.6	336.9	296.7	245.1	138.3	122.9	325.3	217.0
Official bilateral and commercial	151.9	158.2	164.7	171.4	169.4	153.8	108.6	83.2	39.2	35.5	142.1	72.4
Paris Club	12.8	13.2	13.6	13.9	13.3	10.8	4.1	4.1	4.1	4.1	9.4	4.1
Other official bilateral	139.0	144.9	151.1	157.4	156.1	143.0	104.5	79.1	35.1	31.4	132.7	68.3
Commercial	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Multilateral	176.0	179.2	180.6	181.4	182.3	183.1	188.1	161.9	99.1	87.4	183.1	144.6
World Bank	113.8	114.5	115.0	114.7	114.5	114.2	110.4	100.3	56.9	48.8	113.5	87.1
African Development Bank	58.5	61.4	63.0	64.6	66.3	68.0	77.4	61.3	41.9	38.3	68.2	57.3
IMF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	3.7	3.2	2.7	2.1	1.5	0.8	0.2	0.3	0.3	0.3	1.5	0.3
PV of new borrowing	0.0	6.3	18.9	28.5	36.0	41.3	79.6	138.7	243.9	269.2	41.8	165.0
After unconditional delivery of possible topping-up assistance												
PV of total debt	195.4	197.9	216.1	231.3	239.7	237.2	259.6	302.4	351.8	364.8	232.0	314.0
PV of outstanding debt	195.4	191.6	197.1	202.8	203.7	195.9	180.0	163.7	107.9	95.6	190.2	149.0
Official bilateral and commercial	90.5	93.9	97.8	101.7	100.9	91.2	63.8	50.0	25.8	23.7	84.1	44.0
Paris Club	7.6	7.8	8.0	8.2	8.1	6.7	2.8	2.8	2.8	2.8	5.8	2.8
Other official bilateral	82.6	86.1	89.7	93.5	92.8	84.5	61.1	47.2	23.1	20.9	78.3	41.3
Commercial	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Multilateral	104.9	97.7	99.4	101.1	102.8	104.7	116.1	113.7	82.1	71.9	106.1	105.0
World Bank	60.5	59.1	60.2	61.3	62.5	63.6	69.9	77.0	56.9	48.9	64.0	70.7
African Development Bank	34.9	36.6	37.5	38.5	39.5	40.5	46.1	36.5	25.0	22.8	40.6	34.1
IMF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	2.2	1.9	1.6	1.2	0.9	0.5	0.1	0.2	0.2	0.2	0.9	0.2
PV of new borrowing	0.0	6.3	18.9	28.5	36.0	41.3	79.6	138.7	243.9	269.2	41.8	165.0
After conditional delivery of enhanced HIPC, beyond HIPC, and MDRI assistance 4/ 6/ 7/												
PV of total debt	875.3	213.6	232.9	249.1	254.3	243.6	236.1	263.6	315.2	334.7	293.9	276.8
PV of outstanding debt	875.3	207.3	214.0	220.6	218.2	202.2	156.5	124.9	71.3	65.5	252.1	111.8
Official bilateral and commercial	510.7	157.9	164.4	171.4	169.4	153.8	108.6	83.2	39.2	35.5	174.7	72.4
Paris Club	224.6	13.2	13.6	13.9	13.3	10.8	4.1	4.1	4.1	4.1	28.7	4.1
Other official bilateral	285.8	144.7	150.8	157.4	156.1	143.0	104.5	79.1	35.1	31.4	146.0	68.3
Commercial	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Multilateral	364.7	49.4	49.6	49.2	48.9	48.5	47.8	41.7	32.1	30.0	77.4	39.4
World Bank	200.1	36.8	37.3	37.2	37.2	37.1	35.7	30.5	22.5	20.8	51.6	28.6
African Development Bank	98.9	9.3	9.7	9.9	10.2	10.5	11.9	10.9	9.3	8.9	18.7	10.5
IMF	7.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0.0
Others	58.1	3.2	2.7	2.1	1.5	0.8	0.2	0.3	0.3	0.3	6.4	0.3
PV of new borrowing	0.0	6.3	18.9	28.5	36.0	41.3	79.6	138.7	243.9	269.2	41.8	165.0
After conditional delivery of enhanced HIPC, beyond HIPC, possible topping-up, and MDRI assistance 4/ 6/ 7/												
PV of total debt	874.8	124.1	140.9	155.0	161.9	157.9	172.2	220.0	297.9	319.1	220.8	239.3
PV of outstanding debt	874.8	117.8	122.0	126.4	125.9	116.6	92.6	81.3	54.0	50.0	179.0	74.3
Official bilateral and commercial	510.7	93.8	97.6	101.7	100.9	91.2	63.8	50.0	25.8	23.7	122.3	44.0
Paris Club	224.6	7.8	8.0	8.2	8.1	6.7	2.8	2.8	2.8	2.8	25.5	2.8
Other official bilateral	285.8	85.9	89.5	93.5	92.8	84.5	61.1	47.2	23.1	20.9	96.7	41.3
Commercial	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Multilateral	364.1	24.0	24.4	24.7	25.0	25.4	28.8	31.4	28.2	26.3	56.8	30.2
World Bank	200.1	16.5	17.0	17.5	18.1	18.6	21.5	24.7	22.5	20.8	35.4	23.8
African Development Bank	98.9	5.6	5.8	5.9	6.1	6.3	7.1	6.5	5.5	5.3	14.8	6.3
IMF	7.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0.0
Others	57.5	1.9	1.6	1.2	0.9	0.5	0.1	0.2	0.2	0.2	5.9	0.2
PV of new borrowing	0.0	6.3	18.9	28.5	36.0	41.3	79.6	138.7	243.9	269.2	41.8	165.0

Sources: Guinea-Bissau authorities; and IMF and World Bank staff estimates and projections.

1/ All debt indicators refer to public and publicly guaranteed (PPG) debt and are defined after rescheduling, unless otherwise indicated.
2/ Includes arrears and July 6, 2010 flow treatment under Cologne terms before completion point rescheduling.
3/ Shows the external debt situation after the full use of traditional debt-relief mechanisms, and assuming at least comparable treatment from official bilateral creditors.
4/ Assumes the delivery of HIPC assistance at completion point (end-December 2010).
5/ Assumes full delivery of estimated HIPC initiative debt relief at December 31, 2009.
6/ Includes additional debt relief provided on a voluntary basis by the Paris Club and some commercial creditors beyond the requirements of the enhanced HIPC framework as specified on Table 15.
7/ MDRI assistance starts after the completion point (December 2010).

Table 9. Guinea-Bissau: External Debt Service, 2010–30 1/
(in millions of U.S. dollars, unless otherwise indicated)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2024	2029	2030	Averages 2010-19	2020-30
Before rescheduling															
Total	27.1	26.3	29.8	53.8	74.5	72.4	73.0	55.4	33.7	34.7	38.9	39.3	32.5	48.1	39.0
Existing debt 2/	27.1	26.3	29.7	53.7	74.3	72.2	72.0	52.7	29.3	29.3	33.3	25.2	16.1	46.7	30.2
Multilateral	19.9	20.5	23.2	22.6	20.4	19.4	19.5	19.8	20.1	19.9	20.6	17.4	15.7	20.5	19.7
World Bank Group	11.5	12.0	12.7	12.8	12.8	13.1	13.2	13.4	13.6	13.5	14.3	11.5	10.3	12.8	13.5
African Development Bank	5.6	5.9	5.9	5.9	5.9	5.8	5.8	5.9	6.0	6.0	6.0	5.5	5.1	5.9	5.8
IMF 3/	1.7	1.5	3.6	2.8	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	0.0
Others	1.2	1.1	1.1	1.1	1.1	0.5	0.5	0.5	0.5	0.3	0.3	0.3	0.3	0.8	0.3
Official bilateral	7.2	5.8	6.5	31.1	53.9	52.8	52.5	32.9	9.2	9.4	12.7	7.8	0.5	26.1	10.6
Paris Club	0.0	0.0	1.2	25.8	48.6	48.1	47.6	27.8	4.0	3.9	5.7	3.1	0.4	20.7	4.3
Non Paris Club	7.2	5.8	5.4	5.3	5.2	4.7	4.9	5.1	5.3	5.5	7.0	4.7	0.1	5.4	6.2
Commercial	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New debt 3/	0.0	0.0	0.1	0.1	0.2	0.2	1.1	2.7	4.4	5.4	5.5	14.1	16.4	1.4	8.7
Debt service to exports ratio	18.2	16.0	17.3	29.8	39.5	36.7	34.9	24.9	14.2	13.8	11.4	8.5	6.6	24.5	10.9
Debt service to revenue ratio	31.5	28.2	29.9	50.0	64.8	58.8	55.5	39.3	22.3	21.5	17.2	12.5	9.7	40.2	16.4
After traditional debt relief 4/															
Total	40.8	39.2	41.5	66.5	89.1	85.6	59.6	35.6	38.5	40.4	48.1	64.8	68.3	53.7	53.1
Existing debt 2/	40.8	39.2	41.4	66.4	88.9	85.4	58.5	32.9	34.1	35.0	42.6	50.7	51.9	52.3	44.4
Multilateral	19.9	20.5	23.2	22.6	20.4	19.4	19.5	19.8	20.1	19.9	20.6	17.4	15.7	20.5	19.7
World Bank Group	11.5	12.0	12.7	12.8	12.8	13.1	13.2	13.4	13.6	13.5	14.3	11.5	10.3	12.8	13.5
African Development Bank	5.6	5.9	5.9	5.9	5.9	5.8	5.8	5.9	6.0	6.0	6.0	5.5	5.1	5.9	5.8
IMF 3/	1.7	1.5	3.6	2.8	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	0.0
Others	1.2	1.1	1.1	1.1	1.1	0.5	0.5	0.5	0.5	0.3	0.3	0.3	0.3	0.8	0.3
Official bilateral	20.9	18.7	18.1	43.8	68.4	65.9	39.0	13.1	14.0	15.1	21.9	33.4	36.3	31.7	24.7
Paris Club	7.4	6.7	6.7	22.1	36.8	35.8	19.8	4.4	4.8	5.2	8.1	12.9	14.1	15.0	9.3
Non Paris Club	13.5	12.0	11.4	21.7	31.6	30.1	19.1	8.7	9.2	9.9	13.8	20.5	22.2	16.7	15.4
Commercial	0.0	0.0	0.0	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New debt 3/	0.0	0.0	0.1	0.1	0.2	0.2	1.1	2.7	4.4	5.4	5.5	14.1	16.4	1.4	8.7
Debt service to exports ratio	27.4	23.8	24.0	36.9	47.3	43.4	28.5	16.0	16.3	16.1	14.1	14.1	13.9	28.0	14.5
Debt service to revenue ratio	47.4	42.0	41.5	61.8	77.6	69.6	45.3	25.3	25.5	25.1	21.3	20.6	20.4	46.1	21.8
After HIPC assistance 5/															
Total	4.3	4.8	7.2	19.8	54.1	53.1	53.1	42.7	18.7	19.7	28.7	40.9	37.0	27.8	33.8
Existing debt 2/	4.3	4.8	7.1	19.7	54.0	52.9	52.0	40.0	14.4	14.3	23.2	26.8	20.6	26.3	25.1
Multilateral	4.3	4.8	5.9	5.9	5.9	5.6	5.7	5.9	6.2	6.1	12.5	17.1	15.4	5.6	14.9
World Bank Group	3.7	4.1	4.7	4.7	4.7	4.9	5.0	5.2	5.5	5.4	6.4	11.5	10.3	4.8	9.2
African Development Bank	0.0	0.0	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.7	6.0	5.5	5.1	0.4	5.7
IMF 3/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.6	0.7	0.7	0.7	0.7	0.2	0.2	0.2	0.2	0.0	0.0	0.0	0.0	0.4	0.0
Official bilateral	0.0	0.0	1.2	13.7	48.0	47.2	46.4	34.0	8.1	8.2	10.7	9.7	5.2	20.7	10.2
Paris Club	0.0	0.0	1.2	5.7	28.3	27.6	26.9	24.4	0.3	0.3	0.5	0.3	0.0	11.5	0.4
Non Paris Club	0.0	0.0	0.0	8.0	19.7	19.6	19.4	9.6	7.8	7.9	10.2	9.4	5.2	9.2	9.8
Commercial	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New debt 3/	0.0	0.0	0.1	0.1	0.2	0.2	1.1	2.7	4.4	5.4	5.5	14.1	16.4	1.4	8.7
Debt service to exports ratio after HIPC assistance	2.9	2.9	4.2	11.0	28.7	26.9	25.4	19.2	7.9	7.8	8.4	8.9	7.6	13.7	9.2
Debt service to revenue ratio after HIPC assistance	5.0	5.2	7.2	18.4	47.1	43.1	40.3	30.3	12.4	12.2	12.7	13.0	11.0	22.1	13.8
Reduction in debt service as a result of															
HIPC Initiative assistance 6/	…	34.4	34.3	46.7	35.0	32.5	6.5	-7.1	19.7	20.7	19.4	24.0	31.3	24.7	19.3
After beyond HIPC assistance 7/															
Total	4.3	4.8	6.1	15.1	28.7	28.3	28.9	20.0	18.4	19.4	28.2	40.6	37.0	17.4	33.5
Existing debt 2/	4.3	4.8	6.0	15.0	28.5	28.0	27.8	17.3	14.0	13.9	22.7	26.5	20.6	16.0	24.7
Multilateral	4.3	4.8	5.9	5.9	5.9	5.6	5.7	5.9	6.2	6.1	12.5	17.1	15.4	5.6	14.9
Paris Club	0.0	0.0	0.1	1.0	2.9	2.8	2.7	1.7	0.0	0.0	0.0	0.0	0.0	1.1	0.0
Non Paris Club	0.0	0.0	0.0	8.0	19.7	19.6	19.4	9.6	7.8	7.9	10.2	9.4	5.2	9.2	9.8
Commercial	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New debt 3/	0.0	0.0	0.1	0.1	0.2	0.2	1.1	2.7	4.4	5.4	5.5	14.1	16.4	1.4	8.7
Debt service to exports ratio after HIPC assistance	2.9	2.9	3.5	8.4	15.2	14.3	13.8	9.0	7.8	7.7	8.3	8.8	7.5	8.6	9.1
Debt service to revenue ratio after HIPC assistance	5.0	5.2	6.1	14.0	25.0	23.0	21.9	14.2	12.2	12.0	12.5	12.9	11.0	13.9	13.6
Reduction in debt service as a result of															
Beyond HIPC Initiative assistance	…	0.0	1.1	4.7	25.4	24.8	24.2	22.7	0.3	0.3	0.5	0.3	0.0	11.5	0.4
After possible topping-up of HIPC assistance															
Total	4.1	1.7	2.1	7.2	16.0	15.6	16.3	11.3	10.6	11.6	16.3	34.3	32.8	9.7	22.4
Existing debt 2/	4.1	1.6	2.0	7.1	15.8	15.4	15.2	8.6	6.3	6.2	10.8	20.2	16.4	8.2	13.7
Multilateral	4.1	1.6	2.0	2.0	2.0	1.7	1.7	1.8	1.8	1.7	5.0	14.8	13.3	2.1	8.1
World Bank Group	3.7	1.2	1.3	1.3	1.3	1.3	1.3	1.3	1.4	1.4	1.4	11.5	10.3	1.5	4.7
African Development Bank	0.0	0.0	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4	3.6	3.3	3.0	0.3	3.4
IMF 3/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.4	0.4	0.4	0.4	0.4	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.2	0.0
Official bilateral	0.0	0.0	0.1	5.1	13.8	13.7	13.5	6.8	4.5	4.5	5.7	5.4	3.1	6.2	5.6
Paris Club	0.0	0.0	0.1	0.3	1.6	1.5	1.5	1.2	0.0	0.0	0.0	0.0	0.0	0.6	0.0
Non Paris Club	0.0	0.0	0.0	4.7	12.1	12.1	12.0	5.6	4.5	4.5	5.7	5.4	3.1	5.5	5.6
Commercial	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New debt 3/	0.0	0.0	0.1	0.1	0.2	0.2	1.1	2.7	4.4	5.4	5.5	14.1	16.4	1.4	8.7
Debt service to exports ratio after HIPC assistance	2.7	1.0	1.2	4.0	8.5	7.9	7.8	5.1	4.5	4.6	4.8	7.4	6.7	4.7	5.9
Debt service to revenue ratio after HIPC assistance	4.7	1.8	2.2	6.7	13.9	12.7	12.4	8.0	7.1	7.2	7.2	10.9	9.8	7.7	8.9
Reduction in debt service as a result of															
Topping-up assistance	…	3.2	4.0	7.9	12.8	12.6	12.6	8.7	7.7	7.7	11.9	6.3	4.2	8.6	11.0
After HIPC, beyond HIPC, and MDRI assistance 8/															
Total	4.3	1.7	2.4	11.4	25.0	24.5	25.1	16.0	14.3	15.3	19.0	26.9	24.9	14.0	21.8
Existing debt 2/	4.3	1.7	2.3	11.3	24.8	24.3	24.0	13.3	9.9	9.9	13.5	12.8	8.5	12.6	13.0
Multilateral	4.3	1.7	2.3	2.3	2.2	1.9	1.9	2.0	2.1	2.0	3.3	3.3	3.3	2.3	3.2
World Bank Group	3.7	1.0	1.5	1.5	1.5	1.6	1.6	1.7	1.8	1.8	2.6	2.6	2.6	1.8	2.5
African Development Bank	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.7	0.7	0.7	0.1	0.6
IMF 3/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.6	0.7	0.7	0.7	0.7	0.2	0.2	0.2	0.2	0.0	0.0	0.0	0.0	0.4	0.0
Official bilateral	0.0	0.0	0.1	9.0	22.6	22.4	22.1	11.3	7.8	7.9	10.2	9.4	5.2	10.3	9.8
Commercial	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New debt 3/	0.0	0.0	0.1	0.1	0.2	0.2	1.1	2.7	4.4	5.4	5.5	14.1	16.4	1.4	8.7
Debt service to exports ratio after HIPC and MDRI assistance	2.9	1.1	1.4	6.3	13.3	12.4	12.0	7.2	6.0	6.1	5.6	5.8	5.1	6.9	5.9
Debt service to revenue ratio after HIPC and MDRI assistance	5.0	1.9	2.4	10.6	21.8	19.9	19.0	11.3	9.5	9.5	8.4	8.5	7.4	11.1	8.9
Reduction in debt service as a result of															
MDRI assistance	…	3.1	3.7	3.7	3.7	3.7	3.8	4.0	4.1	4.1	9.2	13.8	12.1	3.8	11.7
After HIPC, beyond HIPC, possible topping-up, and MDRI assistance 8/															
Total	4.1	0.6	0.8	5.8	14.6	14.2	14.9	9.8	9.2	10.2	12.0	22.5	22.5	8.4	15.7
Existing debt 2/	4.1	0.5	0.7	5.7	14.4	14.0	13.8	7.1	4.8	4.8	6.4	8.5	6.1	7.0	7.0
Multilateral	4.1	0.5	0.6	0.6	0.6	0.3	0.3	0.3	0.4	0.3	0.7	3.1	3.0	0.8	1.4
World Bank Group	3.7	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	2.6	2.6	0.5	1.0
African Development Bank	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.4	0.4	0.4	0.0	0.4
IMF 3/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.4	0.4	0.4	0.4	0.4	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.2	0.0
Official bilateral	0.0	0.0	0.1	5.1	13.8	13.7	13.5	6.8	4.5	4.5	5.7	5.4	3.1	6.2	5.6
Commercial	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New debt 3/	0.0	0.0	0.1	0.1	0.2	0.2	1.1	2.7	4.4	5.4	5.5	14.1	16.4	1.4	8.7
Debt service to exports ratio after HIPC and MDRI assistance	2.7	0.3	0.4	3.2	7.7	7.2	7.1	4.4	3.9	4.1	3.5	4.9	4.6	4.1	4.2
Debt service to revenue ratio after HIPC and MDRI assistance	4.7	0.6	0.8	5.4	12.7	11.5	11.3	7.0	6.1	6.3	5.3	7.2	6.7	6.6	6.3
Reduction in debt service as a result of															
Possible topping-up and MDRI assistance	…	4.2	5.4	9.3	14.2	14.1	14.0	10.1	9.2	9.1	16.3	18.1	14.4	10.0	17.8
Memorandum items:															
Exports of goods and nonfactor services 9/	149.0	164.9	172.5	180.5	188.5	197.1	209.5	222.6	236.5	251.3	340.4	461.2	490.1	197.2	368.4
Government revenues 10/	86.1	93.3	99.8	107.7	114.8	123.0	131.7	140.9	150.7	161.3	226.2	314.4	335.1	120.9	246.6

Sources: Guinea-Bissau authorities; and IMF and World Bank staff estimates and projections.

1/ All debt indicators refer to public and publicly guaranteed (PPG) debt and are defined after rescheduling, unless otherwise indicated.
2/ Includes only principal and interest due on debt outstanding as of the reference date (December 31, 2009) and does not include projected penalty interest on arrears.
3/ Reflects debt service on the projected borrowing needed to close the current account gap.
4/ Assumes a hypothetical stock of debt operation on Naples terms and comparable treatment from other bilateral creditors.
5/ Bilateral and commercial creditors are assumed to provide a Cologne flow rescheduling on eligible debt during the interim period and a Cologne stock of debt operation at the completion point.
6/ The reduction is measured as the difference between the projected debt service after full use of traditional debt relief and debt service after the application of HIPC relief.
7/ Includes additional debt relief provided on a voluntary basis by the Paris Club and some commercial creditors beyond the requirements of the enhanced HIPC framework as specified on Table 15.
8/ MDRI assistance starts the first quarter after the assumed completion point (December 2010).
9/ As defined in IMF, Balance of Payments Manual, 6th edition, 2009. Refers to current year exports.
10/ Revenues are defined as central government revenues, excluding grants.

Table 10. Guinea-Bissau: External Debt Indicators, 2009–30 1/

(In percent, unless otherwise indicated)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Averages 2009-19	Averages 2020-30
Before rescheduling 1/																								
PV of debt-to-GDP ratio	107.0	105.3	101.6	96.1	87.9	78.1	69.2	61.0	54.8	50.7	46.9	43.4	40.2	37.2	34.4	31.9	29.6	27.5	25.6	23.8	22.5	21.5	78.1	30.7
PV of debt-to-exports ratio 2/ 3/	685.8	622.7	595.0	545.9	498.6	450.1	406.9	364.0	329.7	306.2	284.2	263.8	244.7	227.1	211.1	196.3	182.7	170.3	158.8	148.2	140.3	134.8	462.6	188.9
PV of debt-to-revenue ratio 4/	1189.1	1015.7	946.2	886.7	799.3	707.4	624.1	548.4	490.9	452.7	417.2	384.6	354.3	326.5	301.4	278.4	257.3	238.7	221.6	205.8	193.9	185.8	734.3	268.0
Debt service-to-exports ratio	…	18.2	16.0	17.3	29.8	39.5	36.7	34.9	24.9	14.2	13.8	13.3	12.8	12.4	11.8	11.4	11.1	10.8	10.7	10.6	8.5	6.6	24.5	10.9
Debt service-to-revenue ratio 4/	…	31.5	28.2	29.9	50.0	64.8	58.8	55.5	39.3	22.3	21.5	20.6	19.7	18.9	17.8	17.2	16.6	16.0	15.8	15.6	12.5	9.7	40.2	16.4
After traditional debt relief 5/																								
PV of debt-to-GDP ratio	100.3	100.2	96.1	90.3	81.9	71.6	62.5	56.3	52.5	48.8	45.2	41.9	38.7	35.8	33.1	30.6	28.2	25.9	23.7	21.7	19.8	17.9	73.2	28.8
PV of debt-to-exports ratio 2/ 3/	642.6	592.6	562.6	513.2	464.3	412.8	367.5	336.2	315.9	294.3	273.7	254.3	235.9	218.7	202.8	187.9	173.7	160.2	147.3	135.0	123.4	112.4	434.2	177.4
PV of debt-to-revenue ratio 4/	1114.2	966.6	894.7	833.6	744.4	648.8	563.6	506.5	470.3	435.2	401.9	370.7	341.5	314.4	289.6	266.5	244.6	224.5	205.5	187.5	170.6	154.9	689.1	251.8
Debt service-to-exports ratio	…	27.4	23.8	24.0	36.9	47.3	43.4	28.5	16.0	16.3	16.1	15.8	15.4	15.0	14.4	14.1	14.2	14.2	14.2	14.3	14.1	13.9	28.0	14.5
Debt service-to-revenue ratio 4/	…	47.4	42.0	41.5	61.8	77.6	69.6	45.3	25.3	25.5	25.1	24.4	23.6	22.9	21.8	21.3	21.2	21.2	21.0	21.1	20.6	20.4	46.1	21.8
After conditional delivery of enhanced HIPC assistance																								
PV of debt-to-GDP ratio	104.9	52.3	52.7	51.8	49.2	43.2	37.9	33.1	29.5	27.9	26.5	24.9	23.4	21.9	20.7	19.6	18.5	17.2	16.0	14.9	14.1	13.6	46.3	18.6
PV of debt-to-exports ratio 2/ 3/	672.1	309.4	308.5	294.1	278.9	249.0	223.0	197.6	177.3	168.6	160.4	151.3	142.2	134.0	126.8	120.3	114.2	106.4	99.3	92.7	88.0	85.0	276.2	114.6
PV of debt-to-exports ratio (existing debt only)	672.1	305.0	295.7	276.5	258.0	226.1	196.4	167.6	145.6	135.8	126.8	116.5	106.1	95.9	86.2	77.0	68.3	57.9	48.2	39.0	31.9	26.7	255.0	68.5
PV of debt-to-revenue ratio 4/	1165.3	504.7	490.5	477.8	447.1	391.3	341.9	297.7	263.9	249.2	235.5	220.6	205.9	192.6	181.0	170.6	160.8	149.2	138.5	128.8	121.7	117.1	442.3	162.4
Debt service-to-exports ratio	…	2.9	2.9	4.2	11.0	28.7	26.9	25.4	19.2	7.9	7.8	9.2	9.5	9.2	8.7	8.4	8.5	10.5	10.4	10.4	8.9	7.6	13.7	9.2
Debt service-to-revenue ratio 4/	…	5.0	5.2	7.2	18.4	47.1	43.1	40.3	30.3	12.4	12.2	14.2	14.5	14.0	13.1	12.7	12.7	15.7	15.4	15.3	13.0	11.0	22.1	13.8
After unconditional delivery of enhanced HIPC assistance 6/																								
PV of debt-to-GDP ratio	49.9	52.3	52.7	51.8	49.2	43.2	37.9	33.1	29.5	27.9	26.5	24.9	23.4	21.9	20.7	19.6	18.5	17.2	16.0	14.9	14.1	13.6	41.3	18.6
PV of debt-to-exports ratio 2/ 3/	319.7	309.6	308.7	294.1	278.9	249.0	223.0	197.6	177.3	168.6	160.4	151.3	142.2	134.0	126.8	120.3	114.2	106.4	99.3	92.7	88.0	85.0	244.2	114.6
PV of debt-to-exports ratio (existing debt only)	319.7	305.1	295.9	276.5	258.0	226.1	196.4	167.6	145.6	135.8	126.8	116.5	106.1	95.9	86.2	77.0	68.3	57.9	48.2	39.0	31.9	26.7	223.0	68.5
PV of debt-to-revenue ratio 4/	554.3	505.0	490.8	477.8	447.1	391.3	341.9	297.7	263.9	249.2	235.5	220.6	205.9	192.6	181.0	170.6	160.8	149.2	138.5	128.8	121.7	117.1	386.8	162.4
Debt service-to-exports ratio	…	2.9	2.9	4.2	11.0	28.7	26.9	25.4	19.2	7.9	7.8	9.2	9.5	9.2	8.7	8.4	8.5	10.5	10.4	10.4	8.9	7.6	13.7	9.2
Debt service-to-revenue ratio 4/	…	5.0	5.2	7.2	18.4	47.1	43.1	40.3	30.3	12.4	12.2	14.2	14.5	14.0	13.1	12.7	12.7	15.7	15.4	15.3	13.0	11.0	22.1	13.8
After beyond HIPC assistance 6/ 7/																								
PV of debt-to-GDP ratio	39.3	41.4	41.9	41.4	39.6	36.4	33.5	30.9	29.2	27.7	26.3	24.7	23.2	21.8	20.6	19.5	18.4	17.1	16.0	14.9	14.1	13.6	35.2	18.5
PV of debt-to-exports ratio 2/ 3/	251.8	244.7	245.4	235.2	224.5	209.5	197.2	184.6	175.4	166.9	158.9	150.0	141.1	133.0	126.0	119.7	113.7	106.1	99.0	92.6	88.0	84.9	208.6	114.0
PV of debt-to-exports ratio (existing debt only)	251.8	240.3	232.7	217.6	203.7	186.6	170.6	154.6	143.7	134.2	125.3	115.2	104.9	94.9	85.4	76.4	67.8	57.5	47.9	38.8	31.8	26.6	187.4	68.0
PV of debt-to-revenue ratio 4/	436.5	399.2	390.2	382.0	360.0	329.3	302.5	278.1	261.2	246.8	233.3	218.7	204.3	191.3	179.9	169.7	160.1	148.6	138.2	128.6	121.6	117.0	329.0	161.6
Debt service-to-exports ratio	…	2.9	2.9	3.5	8.4	15.2	14.3	13.8	9.0	7.8	7.7	9.1	9.3	9.1	8.5	8.3	8.4	10.4	10.3	10.3	8.8	7.5	8.6	9.1
Debt service-to-revenue ratio 4/	…	5.0	5.2	6.1	14.0	25.0	23.0	21.9	14.2	12.2	12.0	14.0	14.3	13.8	12.9	12.5	12.5	15.5	15.3	15.1	12.9	11.0	13.9	13.6
After possible topping-up assistance 6/ 7/																								
PV of debt-to-GDP ratio	23.4	23.8	24.9	25.1	24.5	22.8	21.5	20.2	19.4	18.8	18.1	17.4	16.7	16.1	15.7	15.3	15.0	14.7	14.2	13.5	13.0	12.6	22.0	14.9
PV of debt-to-exports ratio 2/ 3/	150.0	140.9	145.6	142.7	138.8	131.4	126.3	120.8	116.9	113.2	109.6	105.6	101.7	98.6	96.2	94.3	92.5	90.9	88.2	83.9	81.0	79.0	130.6	92.0
PV of debt-to-exports ratio (existing debt only)	150.0	136.4	132.8	125.1	118.0	108.5	99.7	90.8	85.2	80.4	76.0	70.9	65.6	60.5	55.6	51.0	46.6	42.4	37.0	30.2	24.8	20.7	109.4	45.9
PV of debt-to-revenue ratio 4/	260.1	229.8	231.5	231.7	222.6	206.5	193.7	182.0	174.0	167.3	161.0	154.0	147.3	141.8	137.4	133.7	130.3	127.4	123.0	116.6	111.9	108.9	205.5	130.2
Debt service-to-exports ratio	…	2.7	1.0	1.2	4.0	8.5	7.9	7.8	5.1	4.5	4.6	5.4	5.6	5.2	4.9	4.8	5.0	5.2	6.6	8.4	7.4	6.7	4.7	5.9
Debt service-to-revenue ratio 4/	…	4.7	1.8	2.2	6.7	13.9	12.7	12.4	8.0	7.1	7.2	8.4	8.5	8.0	7.4	7.2	7.4	7.7	9.8	12.4	10.9	9.8	7.7	8.9
After conditional delivery of enhanced HIPC, beyond HIPC, and MDRI assistance 7/ 8/																								
PV of debt-to-GDP ratio	104.9	25.7	26.8	27.0	26.0	23.4	21.3	19.4	18.2	17.3	16.5	15.7	15.0	14.3	13.8	13.4	12.9	12.5	12.2	11.8	11.6	11.6	29.7	13.2
PV of debt-to-exports ratio 2/ 3/	672.1	152.1	156.9	153.6	147.3	134.9	125.2	115.5	109.5	104.5	99.7	95.2	91.1	87.5	84.6	82.2	79.8	77.6	75.5	73.5	72.5	72.5	179.2	81.1
PV of debt-to-exports ratio (existing debt only)	672.1	147.6	144.2	136.0	126.4	112.0	98.6	85.5	77.8	71.8	66.1	60.4	54.9	49.4	44.1	38.9	33.9	29.1	24.4	19.8	16.4	14.2	158.0	35.1
PV of debt-to-revenue ratio 4/	1165.3	248.1	249.5	249.6	236.1	212.1	192.1	174.0	163.1	154.5	146.4	138.8	131.9	125.8	120.9	116.5	112.4	108.8	105.4	102.1	100.3	99.9	290.1	114.8
Debt service-to-exports ratio	…	2.9	1.1	1.4	6.3	13.3	12.4	12.0	7.2	6.0	6.1	6.2	6.1	6.0	5.6	5.6	5.8	6.1	6.3	6.6	5.8	5.1	6.9	5.9
Debt service-to-revenue ratio 4/	…	5.0	1.9	2.4	10.6	21.8	19.9	19.0	11.3	9.5	9.5	9.6	9.3	9.1	8.5	8.4	8.7	9.0	9.3	9.7	8.5	7.4	11.1	8.9
After conditional delivery of enhanced HIPC, beyond HIPC, possible topping-up, and MDRI assistance 7/ 8/																								
PV of debt-to-GDP ratio	104.8	14.9	16.2	16.8	16.5	15.2	14.2	13.3	12.8	12.4	12.0	11.7	11.4	11.3	11.2	11.2	11.1	11.1	11.1	11.0	11.0	11.0	22.6	11.2
PV of debt-to-exports ratio 2/ 3/	671.6	88.4	94.9	95.6	93.8	87.5	83.5	79.3	76.8	74.7	72.7	71.0	69.6	68.7	68.5	68.6	68.7	68.9	68.8	68.5	68.6	69.1	138.1	69.0
PV of debt-to-exports ratio (existing debt only)	671.6	83.9	82.2	78.0	72.9	64.6	56.9	49.3	45.1	42.0	39.1	36.2	33.4	30.6	28.0	25.4	22.8	20.4	17.7	14.7	12.4	10.8	116.9	22.9
PV of debt-to-revenue ratio 4/	1164.5	144.1	151.0	155.2	150.3	137.5	128.0	119.4	114.4	110.5	106.8	103.5	100.7	98.8	97.8	97.3	96.7	96.5	96.0	95.1	94.8	95.2	225.6	97.5
Debt service-to-exports ratio	…	2.7	0.3	0.4	3.2	7.7	7.2	7.1	4.4	3.9	4.1	4.1	4.0	3.8	3.5	3.5	3.8	4.0	4.6	5.2	4.9	4.6	4.1	4.2
Debt service-to-revenue ratio 4/	…	4.7	0.6	0.8	5.4	12.7	11.5	11.3	7.0	6.1	6.3	6.4	6.2	5.8	5.3	5.3	5.6	6.0	6.8	7.6	7.2	6.7	6.6	6.3

Sources: Guinea-Bissau authorities; and IMF and World Bank staff estimates and projections.

1/ All debt indicators refer to public and publicly guaranteed (PPG) debt at December 31, 2009.

2/ Exports are defined as in IMF, *Balance of Payments Manual*, 6th edition, 2009.

3/ Based on a three-year average of exports on the previous year (e.g., export average over 2007–09 for PV of debt-to-exports ratio in 2009).

4/ Revenue is defined as central government revenue, excluding grants.

5/ Assumes a hypothetical stock of debt operation on Naples terms and comparable treatment from other bilateral creditors.

6/ Assumes full delivery of estimated debt relief at December 31, 2009.

7/ Includes additional debt relief provided on a voluntary basis by the Paris Club and some commercial creditors beyond the requirements of the enhanced HIPC framework as specified on Table 15.

8/ Assumes MDRI assistance after the completion point (December 2010).

Table 11. Guinea-Bissau: Sensitivity Analysis, 2009–30 1/
(In percent, unless otherwise indicated)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Averages 2009-19	Averages 2020-30
I. Baseline scenario 2/																								
PV of debt-to-GDP ratio	104.9	25.7	26.8	27.0	26.0	23.4	21.3	19.4	18.2	17.3	16.5	15.7	15.0	14.3	13.8	13.4	12.9	12.5	12.2	11.8	11.6	11.6	29.7	13.2
PV of debt-to-exports ratio 3/ 4/	672.1	152.1	156.9	153.6	147.3	134.9	125.2	115.5	109.5	104.5	99.7	95.2	91.1	87.5	84.6	82.2	79.8	77.6	75.5	73.5	72.5	72.5	179.2	81.1
PV of debt-to-revenue ratio 5/	1,165.3	248.1	249.5	249.6	236.1	212.1	192.1	174.0	163.1	154.5	146.4	138.8	131.9	125.8	120.9	116.5	112.4	108.8	105.4	102.1	100.3	99.9	290.1	114.8
Debt service-to-exports ratio	…	2.9	1.1	1.4	6.3	13.3	12.4	12.0	7.2	6.0	6.1	6.2	6.1	6.0	5.6	5.6	5.8	6.1	6.3	6.6	5.8	5.1	6.9	5.9
Debt service-to-revenue ratio	…	5.0	1.9	2.4	10.6	21.8	19.9	19.0	11.3	9.5	9.5	9.6	9.3	9.1	8.5	8.4	8.7	9.0	9.3	9.7	8.5	7.4	11.1	8.9
II. Sensitivity analysis																								
II.(a) Lower GDP growth 6/																								
PV of debt-to-GDP ratio	104.9	26.2	27.8	28.7	28.2	26.1	24.6	23.3	22.9	22.9	23.0	23.2	23.6	24.1	24.9	25.8	26.8	27.8	28.9	30.1	31.6	33.2	32.6	27.3
PV of debt-to-exports ratio 3/ 4/	672.1	152.5	158.0	155.7	150.6	140.0	132.6	125.5	122.7	121.2	120.3	120.1	120.6	122.0	124.4	127.4	130.7	134.4	138.3	142.3	147.4	153.4	186.5	132.8
PV of debt-to-revenue ratio 5/	1,165.3	252.6	259.0	264.5	256.2	236.8	222.1	209.6	205.5	204.4	204.4	205.6	208.0	212.0	217.7	224.7	232.4	241.2	250.6	260.5	272.4	286.8	316.4	237.5
Debt service-to-exports ratio	…	2.9	1.1	1.4	6.3	13.3	12.5	12.0	7.3	6.2	6.4	6.7	6.7	6.8	6.8	7.1	7.7	8.4	9.1	9.9	9.6	9.4	6.9	8.0
Debt service-to-revenue ratio	…	5.1	1.9	2.6	11.3	23.5	21.8	21.2	13.0	11.1	11.5	12.1	12.3	12.6	12.6	13.3	14.6	15.9	17.4	19.1	18.9	18.7	12.3	15.2
II.(b) Lower exports 7/																								
PV of debt-to-GDP ratio	104.9	29.8	31.6	32.3	31.7	29.3	27.4	25.8	25.1	24.6	24.2	23.9	23.5	23.3	23.1	23.0	22.9	22.8	22.7	22.6	22.6	22.8	35.1	23.0
PV of debt-to-exports ratio 3/ 4/	672.1	163.6	180.9	188.2	182.8	171.6	164.4	157.1	154.1	151.8	149.8	148.1	146.6	145.5	145.1	144.9	144.6	144.3	144.0	143.6	144.3	145.9	212.4	145.2
PV of debt-to-revenue ratio 5/	1,165.3	287.2	293.7	298.6	287.8	265.1	247.3	231.8	224.3	219.5	215.1	211.1	207.6	204.6	202.5	200.8	199.0	197.7	196.4	195.0	194.9	196.5	339.6	200.6
Debt service-to-exports ratio	…	3.4	1.2	1.7	7.4	15.5	14.6	14.1	8.6	7.3	7.5	7.8	8.0	8.2	8.1	8.4	9.0	9.5	10.1	10.7	10.1	9.5	8.1	9.0
Debt service-to-revenue ratio	…	5.8	2.2	2.9	12.2	24.9	22.8	21.9	13.3	11.3	11.5	11.9	12.0	12.2	12.0	12.3	13.1	13.9	14.6	15.4	14.5	13.6	12.9	13.2
II.(c) Lower transfers/grants 8/																								
PV of debt-to-GDP ratio	104.9	25.9	27.1	27.3	26.3	23.7	21.6	19.7	18.6	17.7	16.9	16.1	15.4	14.8	14.3	13.9	13.5	13.1	12.8	12.4	12.2	12.2	30.0	13.7
PV of debt-to-exports ratio 3/ 4/	672.1	152.3	157.3	154.1	147.9	135.8	126.3	116.7	111.0	106.1	101.5	97.2	93.3	89.9	87.2	84.8	82.6	80.5	78.6	76.7	75.8	75.8	180.1	83.8
PV of debt-to-revenue ratio 5/	1,165.3	250.3	252.0	252.3	239.0	215.0	195.1	177.2	166.5	158.1	150.2	142.8	136.1	130.2	125.4	121.2	117.2	113.7	110.4	107.3	105.5	105.2	292.8	119.5
Debt service-to-exports ratio	…	2.9	1.1	1.4	6.3	13.3	12.4	12.0	7.2	6.1	6.1	6.2	6.1	6.0	5.7	5.7	5.9	6.2	6.4	6.8	6.0	5.3	6.9	6.0
Debt service-to-revenue ratio	…	5.1	1.9	2.5	10.7	22.0	20.1	19.2	11.5	9.6	9.6	9.7	9.5	9.3	8.7	8.6	9.0	9.3	9.6	10.0	8.9	7.8	11.2	9.1

Sources: Guinea-Bissau authorities; and IMF and World Bank staff estimates and projections.

1/ All debt indicators refer to existing public and publicly guaranteed (PPG) debt at December 31, 2009.
PV of debt and debt services are defined after conditional delivery of enhanced HIPC, beyond HIPC, and MDRI assistance.

2/ The baseline scenario is described in Section III.

3/ Exports are defined as in IMF, *Balance of Payments Manual*, 6th edition, 2009.

4/ Based on a three-year average of exports on the previous year (e.g., export average over 2007–09 for PV of debt-to-exports ratio in 2009).

5/ Revenue is defined as central government revenue, excluding grants.

6/ Assumes lower GDP growth: real GDP growth is 1.5 percentage points lower each year than in the baseline scenario, starting 2010.

7/ Assumes lower exports: export prices are 15 percent lower than in the baseline, starting in 2010.

8/ Assumes lower transfers/grants: grants are 1 percentage point of GDP lower each year starting in 2010.

Table 12. Guinea-Bissau: Status of Creditor Participation under the Enhanced HIPC Initiative 1/

	Enhanced HIPC debt relief in PV terms (US$ millions)	Percentage of total assistance	Satisfactory reply to provide enhanced HIPC debt relief?	Modalities to deliver debt relief
IDA	93.4	22.2	Yes	Debt relief delivered through debt service reduction during the interim period amounts to US$46.4 million in decision point PV terms. IDA is assumed to provide the remaining amount of relief through a 90 percent reduction of GNB's debt service through December 2025.
AfDB	60.4	14.3	Yes	Debt relief delivered through arrears clearance and debt service reduction during the interim period amounts to US$38.2 million in decision point PV terms. AfDB is assumed to provide the remaining amount of relief through a reduction of debt service due from the completion point until July 2020.
IsDB	11.6	2.7	No	IsDB is assumed to provide debt relief after the completion point by settling arrears.
IMF	11.9	2.8	Yes	Debt relief delivered as interim assistance amount to SDR1.5 million, of which SDR1.0 correspond to interim assistance to meet GNB's debt service payments to the Fund in May 2010. The remaining SDR7.6 million (in PV terms) would be delivered at the completion point through a stock-of-debt operation.
IFAD	4.3	1.0	Yes	IFAD is assumed to provide debt relief after the completion point by clearing arrears and reducing debt service due up to 2028 by 100 percent.
BADEA	7.2	1.7	Yes	BADEA is assumed to provide debt relief after the completion point by settling arrears.
OFID	7.0	1.7	Yes	OFID is assumed to provide debt relief after the completion point by settling arrears.
EU/EIB	5.2	1.2	Yes	EIB is assumed to provide debt relief after the completion point by writing outstanding loans off.
ECOWAS	2.7	0.6	No	ECOWAS is assumed to provide debt relief after the completion point by settling arrears.
BOAD	0.0	0.0	No	BOAD is assumed to provide only topping-up relief on loans outstanding at end-2009.
Total multilateral	**203.8**	**48.3**	**44.9**	
Paris Club Creditors	97.9	23.2	Yes	Interim assistance has been delivered through a Cologne flow during the interim period. Participating countries in principle agreed to provide debt relief under the Enhanced HIPC Initiative.
of which:				
Brazil 2/	6.0	1.4	Yes	Agreed in principle to provide debt relief under the Enhanced HIPC Initiative.
Non-Paris Club Creditors	119.8	28.4		
Algeria	3.6	0.9	No	Negotiations ongoing; no agreement signed yet.
Angola	7.1	1.7	No	Contacts ongoing; no agreement signed yet.
China	2.1	0.5	Yes	Canceled 100 percent of its claims in 2001.
Cuba	0.4	0.1	Yes	Canceled 100 percent of its claims in 2001.
Kuwait	11.0	2.6	No	Contacts ongoing; no agreement signed yet.
Libya	1.0	0.2	No	Contacts ongoing; no agreement signed yet.
Pakistan	2.0	0.5	No	Contacts ongoing; no agreement signed yet.
Portugal 3/	52.0	12.3	Yes	Agreed in principle to provide HIPC debt relief at completion point.
Saudi Arabia	6.2	1.5	No	Contacts ongoing; no agreement signed yet.
Taiwan Province of China	34.3	8.1	No	Contacts ongoing; no agreement signed yet.
United Arab Emirates	0.1	0.0	No	Contacts ongoing; no agreement signed yet.
Commercial	0.2	0.1	No	Status of claim being verified.
Total bilateral and commercial	**217.9**	**51.7**	**36.1**	
TOTAL	**421.7**	**100.0**	**81.1**	

Sources: Guinea-Bissau authorities; and IMF and World Bank staff estimates.
1/ The data are in December 31, 1999 PV terms as revised at completion point.
2/ Brazil is an associated member of Paris Club that was participating in the Paris Club meetings and is expected to provide debt relief in line with the Paris Club Agreed Minutes.
3/ Portugal was classified as a Paris Club creditor at decision point but has been reclassified as a non-Paris Club creditor at completion point.

Table 13. Guinea-Bissau: Possible Delivery of World Bank Group's Assistance Under the Enhanced HIPC Initiative, 2010-2044

(In millions of U.S. dollars, unless otherwise indicated)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2030	2040	2044	Cumulative 2010-2044	Average 2010-2044
I. Relief under the Enhanced HIPC Initiative																
Debt service before HIPC assistance 1/	11.5	12.0	12.7	12.8	12.8	13.1	13.2	13.4	13.6	13.5	13.7	10.3	2.2	0.3	335.1	9.6
Principal	9.2	9.8	10.5	10.7	10.8	11.2	11.4	11.7	12.0	12.0	12.3	9.8	2.2	0.3	303.8	8.7
Interest	2.3	2.2	2.1	2.0	2.0	1.9	1.8	1.7	1.6	1.5	1.4	0.5	0.0	0.0	31.3	0.9
IDA HIPC assistance - Savings on debt service to IDA 2/	7.8	8.0	8.0	8.1	8.1	8.2	8.3	8.2	8.2	8.1	8.1	0.0	0.0	0.0	127.6	3.6
Principal	6.6	6.8	6.9	7.0	7.1	7.2	7.4	7.4	7.4	7.4	7.4	0.0	0.0	0.0	114.7	3.3
Interest	1.2	1.2	1.1	1.1	1.0	0.9	0.9	0.8	0.8	0.7	0.7	0.0	0.0	0.0	12.9	0.4
Debt service after HIPC assistance	3.7	4.0	4.7	4.7	4.7	4.9	4.9	5.2	5.4	5.4	5.6	10.3	2.2	0.3	207.5	5.9
Principal	2.6	3.0	3.7	3.7	3.7	3.9	4.0	4.3	4.6	4.6	4.9	9.8	2.2	0.3	189.0	5.4
Interest	1.1	1.0	1.0	1.0	1.0	0.9	0.9	0.9	0.8	0.8	0.8	0.5	0.0	0.0	18.4	0.5
Possible IDA topping up assistance - Savings on debt service to IDA 3/	0.0	2.8	3.4	3.4	3.4	3.6	3.6	3.8	4.0	4.0	4.2	0.0	0.0	0.0	82.0	2.3
Principal	0.0	2.0	2.6	2.6	2.6	2.8	2.9	3.1	3.4	3.4	3.6	0.0	0.0	0.0	70.9	2.0
Interest	0.0	0.8	0.8	0.8	0.8	0.7	0.7	0.7	0.7	0.6	0.6	0.0	0.0	0.0	11.1	0.3
Debt service after HIPC and topping up assistance	3.7	1.2	1.3	1.3	1.3	1.3	1.3	1.3	1.4	1.4	1.4	10.3	2.2	0.3	125.5	3.6
Principal	2.6	1.0	1.1	1.1	1.1	1.1	1.1	1.2	1.2	1.2	1.2	9.8	2.2	0.3	118.1	3.4
Interest	1.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.5	0.0	0.0	7.4	0.2
II. Relief under the MDRI 4/																
Projected stock of IDA credits outstanding at implementation date 5/	294.5															
Remaining stock of IDA credits after MDRI debt relief, without topping up	59.7															
Remaining stock of IDA credits after MDRI debt relief, with topping up	35.9															
Without topping up																
Debt stock reduction on eligible credits 6/	234.8															
Due to HIPC relief	108.1															
Due to MDRI	126.7															
Debt service due to IDA after HIPC relief and MDRI	3.7	1.0	1.5	1.5	1.5	1.6	1.6	1.7	1.8	1.8	2.0	2.6	1.7	0.3	71.3	2.0
With topping up																
Debt stock reduction on eligible credits 6/	258.7															
Due to HIPC relief	108.1															
Due to topping up	70.9															
Due to MDRI	79.6															
Debt service due to IDA after HIPC relief, topping up, and MDRI	3.7	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	2.6	1.7	0.3	42.0	1.2
Memorandum																
Debt service to IDA covered by HIPC assistance, without topping up (percent) 1/	67.9	66.5	63.1	63.2	63.3	62.7	62.9	61.5	60.3	60.3	59.0	0.0	0.0	0.0		27.5
Debt service to IDA covered by HIPC assistance, with topping up (percent) 1/	67.9	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	0.0	0.0	0.0		44.5
Debt service to IDA covered by HIPC assistance and MDRI, without topping up (percent) 1/	67.9	91.9	88.1	88.3	88.3	87.5	87.7	87.2	86.6	86.6	85.8	74.5	22.8	0.0		64.6
Debt service to IDA covered by HIPC assistance, topping up, and MDRI (percent) 1/	67.9	99.1	98.7	98.7	98.7	98.7	98.7	98.6	98.5	98.5	98.4	74.5	22.8	0.0		70.8
IDA debt service relief under MDRI, with topping up (million of SDR) 7/	0.0	2.0	2.1	2.1	2.1	2.2	2.2	2.3	2.4	2.4	2.5	5.1	0.3	0.0		2.6
IDA debt service relief under MDRI, without topping up (million of SDR) 7/	0.0	0.7	0.7	0.7	0.8	0.8	0.8	0.8	0.8	0.8	0.8	5.1	0.3	0.0		1.6

Source: IDA staff estimates
1/ Debt services correspond to debt outstanding at December 31, 2009.
2/ Enhanced HIPC assistance until December 31, 2025.
3/ Subject to IDA Board approval of topping up assistance at the completion point.
4/ Stock of debt and debt service flows denominated in SDR are converted into US$ by applying the end-2009 exchange rate.
5/ Stock of debt outstanding at end-December 2010.
6/ Eligible credits are those disbursed as of December 31, 2003, and still outstanding at end-December 2010.
7/ For SDR-denominated credits, debt relief under MDRI is estimated as debt service on SDR-denominated credit minus US$-based HIPC debt relief on these credits.
HIPC debt relief is converted into SDR equivalent amounts by applying the IDA15 foreign exchange reference rate of 1.524480 US$ per SDR up to July 2011 and 1.48849 US$ per SDR since August 2011.
For US$-denominated credits, debt relief under MDRI is estimated as debt service on US$-denominated credit minus US$-based HIPC debt relief on these credits.
The resulting MDRI debt relief amounts are converted into SDR equivalent amounts by applying the foreign exchange reference rate indicated above.

Table 14. Guinea-Bissau: Delivery of IMF Assistance under the Enhanced HIPC Initiative and the MDRI, 2000-2020 1/

(In millions of SDRs, unless otherwise indicated)

	2000 Dec	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010 Jan-Dec 16	2010 Dec 17-31	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
I. Pre-MDRI Debt relief (under the HIPC Initiative only) 2/																						
Projected debt service due on IMF obligations 3/	-	0.8	1.4	3.6	3.7	2.2	2.6	2.2	1.3	1.1	5.9	0.5	-	0.02	0.02	0.02	0.8	1.6	1.6	1.6	1.6	0.8
Principal	-	0.5	1.2	3.5	3.6	2.1	2.6	2.2	1.3	1.0	5.8	0.5	-	-	-	-	0.8	1.6	1.6	1.6	1.6	0.8
Interest 4/	-	0.2	0.2	0.1	0.1	0.05	0.03	0.02	0.1	0.1	0.04	-	-	0.02	0.02	0.02	0.02	0.02	0.01	0.01	0.00	0.00
HIPC assistance--deposits into member's Umbrella Account																						
Interim assistance	0.5	-	-	-	-	-	-	-	-	-	1.0											
Completion point disbursement 5/											10.9											
Completion point assistance 6/											7.6											
Completion point interest 7/											3.2											
IMF assistance--drawdown schedule from member's Umbrella Account	-	0.5	0.03	0.0001	0.0001	0.0001	0.0002	0.0002	0.0002	0.0001	0.5	0.5	-	-	-	-	0.8	1.6	1.6	1.6	1.6	0.8
IMF assistance without interest	-	0.5	0.02	-	-	-	-	-	-	-	0.5	0.5	-	-	-	-	0.8	1.5	1.5	1.5	1.5	0.8
Estimated interest earnings 7/	-	-	0.01	0.0001	0.0001	0.0001	0.0002	0.0002	0.0002	0.0001	-	-	-	-	-	-	0.02	0.05	0.05	0.05	0.05	0.02
Debt service due on current IMF obligations after IMF assistance	-	0.2	1.4	3.6	3.7	2.2	2.6	2.2	1.3	1.1	5.4	-	-	0.02	0.02	0.02	0.02	0.02	0.01	0.01	0.004	0.001
Delivery schedule of IMF assistance (in percent of the total assistance; on a flow basi	-	5.7	0.2	-	-	-	-	-	-	-	5.5	5.5	-	-	-	-	8.3	16.6	16.6	16.6	16.6	8.3
Share of debt service due on IMF obligations covered by HIPC assistance (in percent)	-	68.6	1.8	0.002	0.002	0.003	0.01	0.01	0.02	0.01	8.7	100.0	-	-	-	-	97.6	99.0	99.2	99.5	99.7	99.9
Proportion (in percent) of each repayment falling due during the period to be paid by HIPC assistance from the principal deposited in Umbrella Account	-	100.0	10.0	-	-	-	-	-	-	-	100.0	100.0	-	-	-	-	97.0	97.0	97.0	97.0	97.0	97.0
II. Post-MDRI Debt relief (under both MDRI and HIPC Initiatives)											8.4	5										
Projected pre MDRI cutoff date debt at completion point 8/											0.5											
Delivery of debt relief (on stock basis) 9/											0.5											
from the MDRI-I Trust											-											
from the HIPC Umbrella Account											0.5											
Delivery of remaining HIPC assistance for post MDRI cutoff date debt (on stock basis)											7.9											
III. Debt service due to the IMF after HIPC and MDRI debt relief 3/	-	0.2	1.4	3.6	3.7	2.2	2.6	2.2	1.3	1.1	5.4	-	-	-	-	-	-	-	-	-	-	-
Principal	-	-	1.2	3.5	3.6	2.1	2.6	2.2	1.3	1.0	5.3	-	-	-	-	-	-	-	-	-	-	-
Interest	-	0.2	0.2	0.1	0.1	0.05	0.03	0.02	0.08	0.07	0.04	-	-	-	-	-	-	-	-	-	-	-

Source: Fund staff estimates and projections.

1/ Total IMF assistance under the enhanced HIPC Initiative amounts to SDR 9.201 million (US$11.913 million) in NPV terms, slightly higher than the amount calculated at the decision point (SDR 9.199 million or US$11.910 million) owing to debt revisions. Completion point (CP) is assumed on December 16, 2010.

2/ Estimated delivery of HIPC assistance in the absence of MDRI decision.

3/ Data are actual through September 2010. Forthcoming obligations after September 2010 are based on schedules in effect as of end-September 2010. Interest obligations exclude net SDR charges and assessments.

4/ Effective January 7, 2010 interest charges on concessional loans are waived through 12/31/11. The Fund will review interest rates for all concessional facilities in late 2011 and every two years thereafter. After 2011, projected interest charges are based on 0.25 percent per annum for the ECF credit outstanding.

5/ Due to an extended interim period, the estimated remaining HIPC resources available at the completion point (SDR 7.6 million, plus the completion point interest of SDR 3.2 million and the unused interim assistance) is larger than the credit outstanding at the CP of SDR 8.4 million. As a result, the actual completion point interest that would be disbursed to Guinea-Bissau's Umbrella Account at the CP would be less than the accrued amount of SDR 3.2 million, the remainder of which will be retained in the PRG-HIPC Trust.

6/ A final disbursement of SDR 10.9 million will be deposited into Guinea-Bissau's Umbrella Account at CP in December 2010.

7/ Includes estimated interest earnings on: (a) amounts held in Guinea-Bissau's Umbrella Account; and (b) up to the CP, amounts committed but not yet disbursed. The projected interest earnings are estimated based on assumed interest rates which are gradually rising to 4.5 percent in 2015; actual interest earnings may be higher or lower.

8/ Associated with disbursements made prior to December 31, 2004.

9/ Due to an extended interim period, the estimated balance in member's Umbrella Account is sufficient to cover the remaining MDRI-eligible debt. As a result, there will be no resources needed from the MDRI-I Trust. The remaining HIPC resources after covering the MDRI-eligible debt will be used to cover its debt contracted between end-2004 and CP.

Table 15. Paris Club Creditors' Delivery of Debt Relief under Bilateral Initiatives Beyond the HIPC Initiative 1/

	Countries covered	ODA (in percent)		Non-ODA (in percent)		Provision of relief	
		Pre-cutoff date debt	Post-cutoff date debt	Pre-cutoff date debt	Post-cutoff date debt	Decision point (In percent)	Completion point
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Australia	HIPCs	100	100	100	100		
Austria	HIPCs	100	-	100	-	Case-by-case, flow	Stock
Belgium	HIPCs	100	100	100	-	100 flow	Stock
Canada	HIPCs 2/	- 3/	- 3/	100	100	100 flow	Stock
Denmark	HIPCs	100	100 4/	100	100 4/	100 flow	Stock
France	HIPCs	100	100	100	-	100 flow 5/	Stock
Finland	HIPCs	100	- 6/	100	- 6/	-	-
Germany	HIPCs	100	100	100	100	100 flow	Stock
Ireland	-	-	-	-	-	-	-
Italy	HIPCs	100	100 7/	100	100 7/	100 flow	Stock
Japan	HIPCs	100	100	100	-	-	Stock
Netherlands, th	HIPCs	100 8/	100	100	-	90-100 flow 8/	Stock 8/
Norway	HIPCs	9/	9/	10/	10/	-	-
Russia	HIPCS	- 11/	- 11/	100	100	-	Stock
Spain	HIPCs	100	Case-by-case	100	Case-by-case	-	Stock
Sweden	HIPCs	-	- 12/	100	-	-	Stock
Switzerland	HIPCs	- 13/	- 13/	90-100 14/	-	90-100 flow	Stock
United Kingdom	HIPCs	100	100	100	100 15/	100 flow 15/	Stock
United States	HIPCs	100	100	100	100 16/	100 flow	Stock

Source: Paris Club Secretariat.

1/ Columns (1) to (7) describe the additional debt relief provided following a specific methodology under bilateral initiatives and need to be read as a whole for each creditor. In column (1), "HIPCs" stands for eligible countries effectively qualifying for the HIPC process. A "100 percent" mention in the table indicates that the debt relief provided under the enhanced HIPC Initiative framework will be topped up to 100 percent through a bilateral initiative.

2/ Canada: including Bangladesh. Canada has granted a moratorium of debt service as of January 2001 on all debt disbursed before end-March 1999 for 13 out of 17 HIPCs with debt service due to Canada. Eligible countries are Benin, Bolivia, Cameroon, Dem. Rep. Of Congo, Ethiopia, Ghana, Guyana, Honduras, Madagascar, Rwanda, Senegal, Tanzania, and Zambia. 100% cancellation will be granted at completion point. As of July 2004, Canada has provided completion point stock of debt cancellation for Benin, Bolivia, Guyana, Senegal and Tanzania.

3/ 100 percent of ODA claims have already been cancelled on HIPCs, with the exception of Myanmar's debt to Canada.

4/ Denmark provides 100 percent cancellation of ODA loans and non-ODA credits contracted and disbursed before September 27, 1999.

5/ France: cancellation of 100 percent of debt service on pre-cutoff date commercial claims on the government as they fall due starting at the decision point. Once countries have reached their completion point, debt relief on ODA claims on the government will go to a special account and will be used for specific development projects.

6/ Finland: no post-COD claims

7/ Italy: cancellation of 100 percent of all debts (pre- and post-cutoff date, ODA and non-ODA) incurred before June 20, 1999 (the Cologne Summit). At decision point, cancellation of the related amounts falling due in the interim period. At completion point, cancellation of the stock of remaining debt.

8/ The Netherlands: 100 percent ODA (pre- and post-cutoff date debt will be cancelled at decision point); for non-ODA: in some particular cases (Benin, Bolivia, Burkina Faso, Ethiopia, Ghana, Mali, Mozambique, Nicaragua, Rwanda, Tanzania, Uganda and Zambia), the Netherlands will write off 100 percent of the consolidated amounts on the flow at decision point; all other HIPCs will receive interim relief up to 90 percent reduction of the consolidated amounts. At completion point, all HIPCs will receive 100 per cent cancellation of the remaining stock of the pre-cutoff date debt.

9/ Norway has cancelled all ODA claims.

10/ Due to the current World Bank/IMF methodology for recalculating debt reduction needs at HIPC completion point, Norway has postponed the decisions on whether or not to grant 100% debt reduction until after the completion point.

11/ Russia has no ODA claims

12/ Sweden has no ODA claims.

13/ Switzerland has cancelled all ODA claims.

14/ In some particular cases (Central African Republic, Liberia, Republic of Congo, Sierra Leone, Togo), Switzerland will write off 100 percent of the remaining debt stock at completion point; all other HIPCs will receive debt relief according to Paris Club terms.

15/ United Kingdom: "beyond 100 percent" full write-off of all debts of HIPCs as of their decision points, and reimbursement at the decision point of any debt service paid before the decision point.

16/ United States: 100 percent post-cutoff date non-ODA treated on debt assumed prior to June 20, 1999 (the Cologne Summit).

Table 16. HIPC Initiative: Status of Country Cases Considered Under the Initiative, June 30, 2010

Country	Decision Point	Completion Point	Target NPV of Debt-to- Exports (in percent)	Target NPV of Debt-to- Gov. revenue (in percent)	Assistance Levels 1/ (In millions of U.S. dollars, present value) Total	Bilateral and commercial	Multilateral Total	Multilateral IMF	Multilateral World Bank	Percentage Reduction in NPV of Debt 2/	Estimated Total Nominal Debt Service Relief (In millions of U.S. dollars)
Completion point reached under enhanced framework (30)											
Afghanistan	Jul. 07	Jan. 10	150		582	446	136	-	76	51	1,280
Benin	Jul. 00	Mar. 03	150		265	77	189	24	84	31	460
Bolivia					1,302	425	876	84	194		2,060
original framework	*Sep. 97*	*Sep. 98*	*225*		*448*	*157*	*291*	*29*	*54*	*14*	*760*
enhanced framework	*Feb. 00*	*Jun. 01*	*150*		*854*	*268*	*585*	*55*	*140*	*30*	*1,300*
Burkina Faso					553	83	469	57	231		930
original framework	*Sep. 97*	*Jul. 00*	*205*		*229*	*32*	*196*	*22*	*91*	*27*	*400*
enhanced framework	*Jul. 00*	*Apr. 02*	*150*		*195*	*35*	*161*	*22*	*79*	*30*	*300*
topping-up	*…*	*Apr. 02*	*150*		*129*	*16*	*112*	*14*	*61*	*24*	*230*
Burundi	Aug. 05	Jan. 09	150		833	127	706	28	425	92	1,366
Cameroon	Oct. 00	Apr. 06	*150*		1,267	879	322	37	176	27	4,917
Central African Rep.	Sept. 07	Jun. 09	150		578	186	362	27	207	68	804
Congo Rep. of	Mar. 06	Jan. 10		250	1,575	1,462	113	8	47	31	1,738
Congo, Democratic Rep. of	Jul. 03	Jul. 10	150		7,252	4,618	2,633	471	854	82	11,105
Ethiopia					1,982	637	1,315	60	832		3,275
enhanced framework	*Nov. 01*	*Apr. 04*	*150*		*1,275*	*482*	*763*	*34*	*463*	*47*	*1,941*
topping-up		*Apr. 04*	*150*		*707*	*155*	*552*	*26*	*369*	*31*	*1,334*
Gambia, The	Dec. 00	Dec. 07	150		67	17	49	2	22	27	112
Ghana	Feb. 02	Jul. 04	144	250	2,186	1,084	1,102	112	781	56	3,500
Guyana					591	223	367	75	68		1,354
original framework	*Dec. 97*	*May 99*	*107*	*280*	*256*	*91*	*165*	*35*	*27*	*24*	*634*
enhanced framework	*Nov. 00*	*Dec. 03*	*150*	*250*	*335*	*132*	*202*	*40*	*41*	*40*	*719*
Haiti	Nov. 06	Jun. 09	150		140	20	120	3	53	15	213
Honduras	Jul. 00	Mar. 05	110	250	556	215	340	30	98	18	1,000
Liberia	Mar. 08	Jun. 10	150		2,739	954	1,421	730	374	90	4,607
Madagascar	Dec. 00	*Oct. 04*	150		836	474	362	19	252	40	1,900
Malawi					1,057	171	886	45	622		1,628
enhanced framework	*Dec. 00*	*Aug. 06*	*150*		*646*	*164*	*482*	*30*	*333*	*44*	*1,025*
topping-up	*…*	*Aug. 06*	*150*		*411*	*7*	*404*	*15*	*289*	*35*	*603*
Mali					539	169	370	59	185		895
original framework	*Sep. 98*	*Sep. 00*	*200*		*121*	*37*	*84*	*14*	*43*	*9*	*220*
enhanced framework	*Sep. 00*	*Mar. 03*	*150*		*417*	*132*	*285*	*45*	*143*	*29*	*675*
Mauritania	Feb. 00	Jun. 02	137	250	622	261	361	47	100	50	1,100
Mozambique					2,023	1,270	753	143	443		4,300
original framework	*Apr. 98*	*Jun. 99*	*200*		*1,717*	*1,076*	*641*	*125*	*381*	*63*	*3,700*
enhanced framework	*Apr. 00*	*Sep. 01*	*150*		*306*	*194*	*112*	*18*	*62*	*27*	*600*
Nicaragua	Dec. 00	Jan. 04	150		3,308	2,175	1,134	82	191	73	4,500
Niger					663	235	428	42	240		1,190
enhanced framework	*Dec. 00*	*Apr. 04*	*150*		*521*	*211*	*309*	*28*	*170*	*53*	*944*
topping-up	*…*	*Apr. 04*	*150*		*143*	*23*	*119*	*14*	*70*	*25*	*246*
Rwanda					696	65	631	63	383		1,316
enhanced framework	*Dec. 00*	*Apr. 05*	*150*		*452*	*56*	*397*	*44*	*228*	*71*	*839*
topping-up	*…*	*Apr. 05*	*150*		*243*	*9*	*235*	*20*	*154*	*53*	*477*
São Tomé and Príncipe					124	31	93	1	47	128	263
enhanced framework	*Dec. 00*	*Mar. 07*	*150*		*99*	*29*	*70*	-	*24*	*83*	*215*
topping-up	*…*	*Mar. 07*	*150*		*25*	*2*	*23*	*1*	*23*	*45*	*49*
Senegal	Jun. 00	Apr. 04	133	250	488	212	276	45	124	19	850
Sierra Leone	Mar. 02	Dec. 06	150		675	335	340	125	123	81	994
Tanzania	Apr. 00	Nov. 01	150		2,026	1,006	1,020	120	695	54	3,000
Uganda					1,003	183	820	160	517		1,950
original framework	*Apr. 97*	*Apr. 98*	*202*		*347*	*73*	*274*	*69*	*160*	*20*	*650*
enhanced framework	*Feb. 00*	*May 00*	*150*		*656*	*110*	*546*	*91*	*357*	*37*	*1,300*
Zambia	Dec. 00	Apr. 05	150		2,499	1,168	1,331	602	493	63	3,900
Decision point reached under enhanced framework (6)											
Chad	May. 01	Floating	150		170	35	134	18	68	30	260
Comoros	Jun. 10	Floating	150		145	33	111	4	45	56	122
Cote d'Ivoire	Mar. 09	Floating		250	3,005	2,311	694	38	402	24	3,129
Guinea	Dec. 00	Floating	150		545	215	328	31	152	32	800
Guinea-Bissau	Dec. 00	Floating	150		416	212	204	12	93	85	790
Togo	Nov. 08	Floating		250	270	120	150	0.3	98	19	360
Total assistance provided/committed					**43,576**	**22,134**	**20,947**	**3,408** 3/	**9,794**		**71,967**

Sources: IMF and World Bank Board decisions, completion point documents, decision point documents, preliminary HIPC documents, and staff calculations.

1/ Assistance levels are at countries' respective decision or completion points, as applicable.

2/ In percent of the net present value of debt at the decision or completion point (as applicable), after the full use of traditional debt-relief mechanisms.

3/ Equivalent to SDR 2181.98 million at an SDR/USD exchange rate of 0.640563, as of January 27, 2010.

GUINEA-BISSAU

DEBT MANAGEMENT

1. **The Public Debt Office (PDO) within the Ministry of Finance (MoF) is responsible for the analysis and management of the public debt portfolio**. Externally financed projects are often initiated by the line ministries, possibly with support and involvement of the Ministry of Economy, Planning and Regional Integration (MEPIR). Once negotiations with creditors start, the MoF takes the lead and verifies whether the concessionality requirements and other debt objectives (e.g., ability to pay) are met, sometimes drawing on the technical experience of the BCEAO.

Legal Framework and Debt Strategy

2. **The organic law (Article 5) of the MoF and the annual budget law (Article 2) determine the current legal framework for debt management in Guinea-Bissau**. Both underline the exclusive role of the MoF in the contracting and administering of domestic or external credit to finance the financing gap in the budget. The law prescribes that the financing terms need to be on concessional terms and that the granting of guarantees can only be proposed by the MoF. The National People's Assembly holds the ultimate authority over public external debt contracts and guarantees.

3. **Guinea-Bissau has recently approved Regulation No. 9 on public debt management of the West African Economic and Monetary Union (WAEMU), which should strengthen the legal framework and lead to the design of a debt strategy.** Currently, there exists no formal and explicit debt strategy in Guinea-Bissau, but Regulation No. 9 will require the country to formulate one.[1] The country's existing, implicit debt strategy is guided by the current situation of debt distress and the requirement of the ECF-supported program that Guinea-Bissau contract external debt only on highly concessional terms.

Policy Coordination

4. **Debt management policy is weakly coordinated with fiscal policy, mainly as a consequence of the lack of debt strategy and the credit constraints facing the country.** The PDO prepares and submits forecasts on debt service for the annual budget preparation

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[1] Each WAEMU member has furthermore committed to establish a National Committee for Public Debt (NCPD), comprising all national entities generally involved in public debt contraction and administration. The work of the NCPD is meant to be supported by a technical committee, ensuring coordination of all stakeholders, including the central bank, central development aid units, as well as the administration responsible for implementing the national poverty reduction strategy. The draft decree for the NCPD has been finalized in Guinea-Bissau by the Ministry of Finance but still needs to be approved by the Council of Ministers. Only after approval will Guinea-Bissau have met its commitment to WAEMU Regulation 9 and its standards.

process. The forecasts are made for the coming budget year because no medium-term framework is in place and hence the information on debt payments cannot be embedded beyond the one-year horizon. The forecast is a simple imputation of scheduled debt service. It does not include sensitivity or scenario analysis, and it does not contain a debt sustainability analysis.

5. **Debt management policy is not coordinated with monetary policy, as the latter has been transferred to the BCEAO, which acts as the central bank agent for the government of Guinea-Bissau.** BCEAO issues Treasury Bills to banks operating in the WAEMU area and conducts foreign currency transactions on a small scale for monetary policy purposes. These transactions are based on liquidity forecasts prepared by the central bank and are kept separate from debt management transactions. The MoF provides input for these forecasts in the form of debt service and foreign currency disbursement forecasts, as well as forecasts of the cash flows on the Treasury Account. Cash flow forecasts from the Treasury are undertaken on a daily basis for the week ahead. The central bank performs a daily forecast of the cash flows for liquidity management purposes with a two-week horizon and, therefore, also does some of its own forecasts of the government's cash flows. There are a number of regular meetings between the MoF and the central bank, including high-level policy meetings and weekly technical meetings on cash flow issues. The BCEAO is not allowed to extend any direct credit to Treasury and restricts the amount that Treasury can borrow from the banking sector.

Staff Capacity

6. **Staff capacity is weak.** The PDO has recently requested technical assistance and training from the World Bank, AfDB, and UNCTAD. There is no systematic electronic record of debt data. PDO staff relies on billing from creditors to plan repayments in the short term. Few staff members have been trained in the use of the Debt Management and Financial Analysis System (DMFAS), a software program for debt management installed at the MoF; consequently, the program is not being used. With additional training, the operational risks implied by weak capacity could be minimized.

Debt Records and Reporting

7. **Debt reporting is scarce, and there is no official publication addressing debt issues.** The MoF produces, on a monthly basis, outstanding debt stock data, which is shared among units of the MoF and is part of a quarterly budget execution report. In the absence of a formal debt strategy, these debt reports are mainly quantitative and lack a normative or policy-oriented frame of reference, making an actual assessment of debt policies against stated policy objectives very difficult. In addition, no specific report on debt management activities and public debt is sent to the National Assembly. The annual budget law contains some information on debt outstanding, but the information is incomplete. IMF has recently included structural reforms on debt reporting in the ECF-supported program.

APPENDIX II

GUINEA-BISSAU

JOINT IMF/IDA DEBT SUSTAINABILITY ANALYSIS

(LOW-INCOME COUNTRY FRAMEWORK)

November 2010

The results of the low-income country debt sustainability analysis (LIC DSA) indicate that, despite a significant improvement in its external debt outlook as a result of HIPC, beyond-HIPC, and MDRI assistance, Guinea-Bissau would nevertheless face a high risk of debt distress. The PV of debt to exports and the PV of debt to revenue are projected to remain above their relevant policy-dependent thresholds for the first several years of the projection period. All debt indicators breach their thresholds under stress tests, indicating that Guinea-Bissau would be particularly vulnerable to shocks. The inclusion of domestic public debt reinforces these conclusions. If, on the other hand, topping-up assistance is provided, Guinea-Bissau would face a moderate risk of debt distress. All debt indicators would fall below their relevant thresholds in the baseline scenario and remain below the thresholds throughout the projection period, but two indicators would breach their thresholds under stress tests. The DSA has been discussed with the authorities, and they concur with the analysis.

A. Background

1. **The last DSA for Guinea-Bissau, prepared in March 2010, concluded that Guinea-Bissau was in debt distress.**[1] Consistent with guidelines in the Debt Sustainability Framework, the baseline scenario did not reflect the full delivery of HIPC and MDRI assistance following completion point in 2010, but rather assumed interim HIPC assistance throughout the period of the ECF arrangement.

2. **This updated DSA incorporates two new elements.** First, the baseline scenario assumes HIPC assistance, additional bilateral assistance beyond HIPC, and MDRI assistance following completion point. Second, the DSA uses a reconciled debt database that was prepared for the completion point HIPC DSA.[2] The quality of the data is thus much improved since the last DSA.

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[1] See “Joint IMF/IDA Debt Sustainability Analysis,” March 2010.

[2] External debt reconciliation missions from the World Bank and the Fund took place in Bissau in July 2010.

3. **Guinea-Bissau's public and publicly guaranteed (PPG) external debt as of end-2009 amounted to US$1,066.7 million (122 percent of GDP), of which US$427.5 million was in arrears** (Table 1 and Text Table 1). The US$1,066.7 million figure represents a US$26.4 million upward revision from the estimate of PPG external debt used in the previous DSA. About half the debt was owed to multilateral creditors and the other half to bilateral creditors. A small fraction was owed to a single commercial creditor. The International Development Association and the African Development Bank Group were the largest multilateral creditors. Portugal and Italy were the largest bilateral creditors.

Text Table 1. Nominal external debt stock as of end-2009

	USD million	Percent of total debt
Total	1,066.7	100.0
Multilateral creditors	529.9	49.7
of which		
IMF	9.9	0.9
IDA	303.8	28.5
AfDB	153.5	14.4
Bilateral creditors	536.5	50.3
Paris Club	241.5	22.6
of which		
Italy	149.5	14.0
Russia	26.4	2.5
Non-Paris Club	295.1	27.7
of which		
Portugal	154.8	14.5
Taiwan Province of China	48.2	4.5
Commercial	0.3	0.0

Source: Country authorities and staff estimates

4. **Public domestic debt stood at CFAF 143.1 billion at end-2009, or 36 percent of GDP.** Nearly half of the domestic debt stock stems from a required capital contribution of CFAF 63 billion to join WAEMU in 1998,[3] which was agreed to be paid over 25 years starting in 2005. The second largest component of domestic debt is domestic arrears to the private sector, which amounted to about CFAF 50 billion at end-2009. The remainder of the domestic debt consists of other obligations to the BCEAO, including debt resulting from the BCEAO's repayment, on behalf of the government, of previous IMF credit to Guinea-Bissau.[4]

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[3] Under the terms of its accession to the WAEMU in 1998, Guinea-Bissau agreed to contribute an equal share as all other members in the capital contribution of the BCEAO.

[4] The government has requested to renegotiate all of its obligations to the BCEAO in a manner consistent with financing under the ECF-supported program.

B. Assumptions

5. **The macroeconomic assumptions in the current DSA are similar to those used in the March 2010 DSA and are consistent with the ECF arrangement.** Key macroeconomic assumptions are summarized in Box 1. Growth is expected to reach 4.5 percent over the long term, reflecting a stabilization of the political environment, continued growth in cashew production, diversification of agriculture, and the rebuilding of infrastructure. Over the long term, inflation is projected to remain at historical levels, and the current account deficit (excluding official transfers) is assumed to gradually decline from 9.3 percent to 6.8 percent. The domestic primary fiscal deficit gradually decreases from 3 percent of GDP in 2009 to 2½ percent in 2030, owing to stronger revenues as a percent of GDP and improved public expenditure management. Government borrowing is on highly concessional terms through 2014. Starting in 2015, some borrowing on less concessional terms is assumed to take place, causing the average grant element of new disbursements to fall from 62 percent to 32 percent over the projection period.

Box 1. Guinea-Bissau: Key Baseline Macroeconomic Assumptions 1/

The macroeconomic assumptions over the period 2010 to 2030 are as follows:

Real GDP growth is expected to first slightly accelerate from 3.0 percent in 2009 to about 3½ percent in 2010 and then to gradually recover until it reaches 4.5 percent over the long term. This exceeds the historical average by roughly one percentage point, reflecting a past marked by great political instability and inappropriate macroeconomic policies which are expected to improve in the period ahead. Growth is also expected to be supported by diversification of agriculture, the rebuilding of infrastructure—especially roads, ports, electricity, and water—and by average growth in cashew production of 4½ percent over the 2015-2030 period.

Inflation, as measured by the GDP deflator, is assumed to grow at a rate slightly below CPI inflation in 2010. Over the long term, both GDP deflator and CPI are projected to grow at their historical level of 2.5 percent.

The **current account deficit** (excluding official transfers) as a percent of GDP is expected to decline gradually from 9.3 percent in 2010 to 6.8 percent in 2030. Exports of goods and services, consisting mainly of the country's dominant cashew exports, are assumed to grow at a long-term rate of 6¼ percent (in dollar terms). An improving global environment is expected to boost growth in remittances to 7.3 percent (in dollar terms) by 2014. Over the long term, remittances are projected to grow at a rate of 6½ percent.

The **domestic primary fiscal deficit** (i.e. revenue, excluding grants, minus non-interest expenditure, excluding foreign-financed investment projects) is assumed to gradually decrease from 3 percent of GDP in 2009 to about 2½ percent in 2030 due to stronger revenues as a percentage of GDP and improved public expenditure management.

Net aid flows (grants and concessional loans) are expected to moderate from the high levels seen in 2009. Budget support grants are projected to gradually decline from the 7 percent of GDP received in 2009 to about 1½ percent in 2030. External borrowing through 2014 remains on highly concessional terms, in line with terms offered by the International Development Association and the African Development Fund. Beginning in 2015, with debt indicators slowly improving, some borrowing on less concessional terms is assumed to finance investments with high returns. As a result, the average grant element of new disbursements falls gradually from 62 percent in 2014 to 32 percent in 2030.

1/ The macroeconomic assumptions are subject to more uncertainty than usual given the country's fragile political situation.

6. **The DSA assumes future disbursements under the current ECF arrangement.** Total assistance provided under the arrangement is expected to equal SDR 22.4 million (157.5 percent of quota), of which SDR 10.3 million is disbursed in 2010. Remaining disbursements are approximately equally phased over the remaining period of the arrangement.

C. External Debt Sustainability

Baseline scenario

7. **The baseline scenario assumes that HIPC completion point is reached in December 2010.** Full delivery of HIPC, beyond-HIPC, and MDRI assistance would reduce the PPG external debt stock by $803.6 million to $263.1 million. The PV of PPG external debt at end-2010 would be $203.3 million, an amount equal to 24.5 percent of GDP, 136.4 percent of exports, and 236.1 percent of government revenue (excluding grants) (Text Table 2). The latter two figures breach their relevant policy-dependent thresholds. The debt-to-exports ratio is projected to remain above the threshold of 100 percent until 2017, while the debt-to-revenue ratio remains above the threshold of 200 percent until 2015. Debt service indicators, despite a projected increase through 2014 reflecting assumptions regarding the rescheduling of post-cutoff date bilateral debt, are expected to remain below policy-dependent thresholds throughout the 20-year projection period.

Text Table 2. Summary of Baseline External Debt Sustainability Indicators 1/

	Threshold 2/	2010	2020	2030
PV of debt to GDP	30	24.5	15.0	11.4
PV of debt to exports	100	136.4	85.9	67.2
PV of debt to revenue	200	236.1	132.8	98.3
Debt service to exports	15	2.9	5.9	5.0
Debt service to revenue	25	5.0	9.2	7.3

Source: IMF staff estimates.
1/ Debt indicators refer to Guinea-Bissau's public and publicly guaranteed external debt.
2/ Threshold over which countries with weak policy and institutional frameworks would have at least a 25 percent chance of having a prolonged debt distress episode in the coming year. With an average Country Policy and Institutional Assessment (CPIA) rating of 2.58 over 2006–08, Guinea-Bissau is classified as having a weak policy and institutional framework.

Alternative scenarios and stress tests

8. **Stress tests highlight that Guinea-Bissau's external debt outlook would be particularly vulnerable to shocks** (Table 2 and Figure 1)**.** All five debt sustainability indicators breach their respective thresholds under stress tests. A stress test simulating a sharp drop in exports in 2011 and 2012 results in a continuous breach of the PV of debt-to-

exports threshold and a temporary breach of the PV of debt service-to-revenue threshold.[5] A stress test simulating a one-time 30 percent nominal depreciation of the currency relative to the baseline scenario results in temporary breaches of the PV of debt-to-GDP, debt-to-revenue, and debt service-to-revenue thresholds. If GDP growth, the non-interest current account, and other key variables are held constant at their ten-year historical averages, debt indicators decline much more rapidly than in the baseline scenario. However, the results of this historical scenario are subject to considerable uncertainty, as the underlying data come from the post-conflict period and are not reliable.

9. **If topping-up assistance is provided, all debt indicators would remain below their respective thresholds throughout the projection period.** The PV of debt to exports and the PV of debt to revenue would peak in 2012 at 88.7 percent and 153.3 percent, respectively, and decline thereafter. Other debt indicators would remain well below their thresholds. However, a stress test simulating a shock to exports would result in a sustained breach of the PV of debt-to-exports threshold and a temporary breach of the PV of debt-to-revenue threshold, suggesting that Guinea-Bissau would face a moderate risk of debt distress in a topping-up scenario.

D. Public Debt Sustainability

Baseline scenario

10. **Public debt indicators are more elevated than corresponding PPG external debt indicators, but the trends are similar** (Table 3). Following debt relief at completion point, total public debt (domestic and external) as a percent of GDP falls from 158.3 percent to 63.3 percent and declines steadily thereafter, reaching 23.5 percent in 2030. The PV of total public debt to GDP follows a similar pattern, falling from 54.7 percent to 16.3 percent over the projection period.

Alternative scenarios and stress tests

11. **Under alternative scenarios and stress tests, public debt indicators continue to show a declining trend, but the decline is more gradual** (Figure 2). If real GDP growth and the primary deficit are held constant at their historical averages, the PV of public sector debt to GDP falls from 54.7 percent in 2010 to 40.8 percent over the projection period, compared to a decline to 16.3 percent in the baseline scenario. The PV of public sector debt to revenue and grants falls from 273.9 percent to 175.7 percent over the projection period compared to a decline to 82.1 percent in the baseline scenario.

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[5] The export shock stress test assumes new PPG borrowing in years 2011 and 2012 to offset the shock to exports. This new borrowing contributes to the increase in the debt ratios.

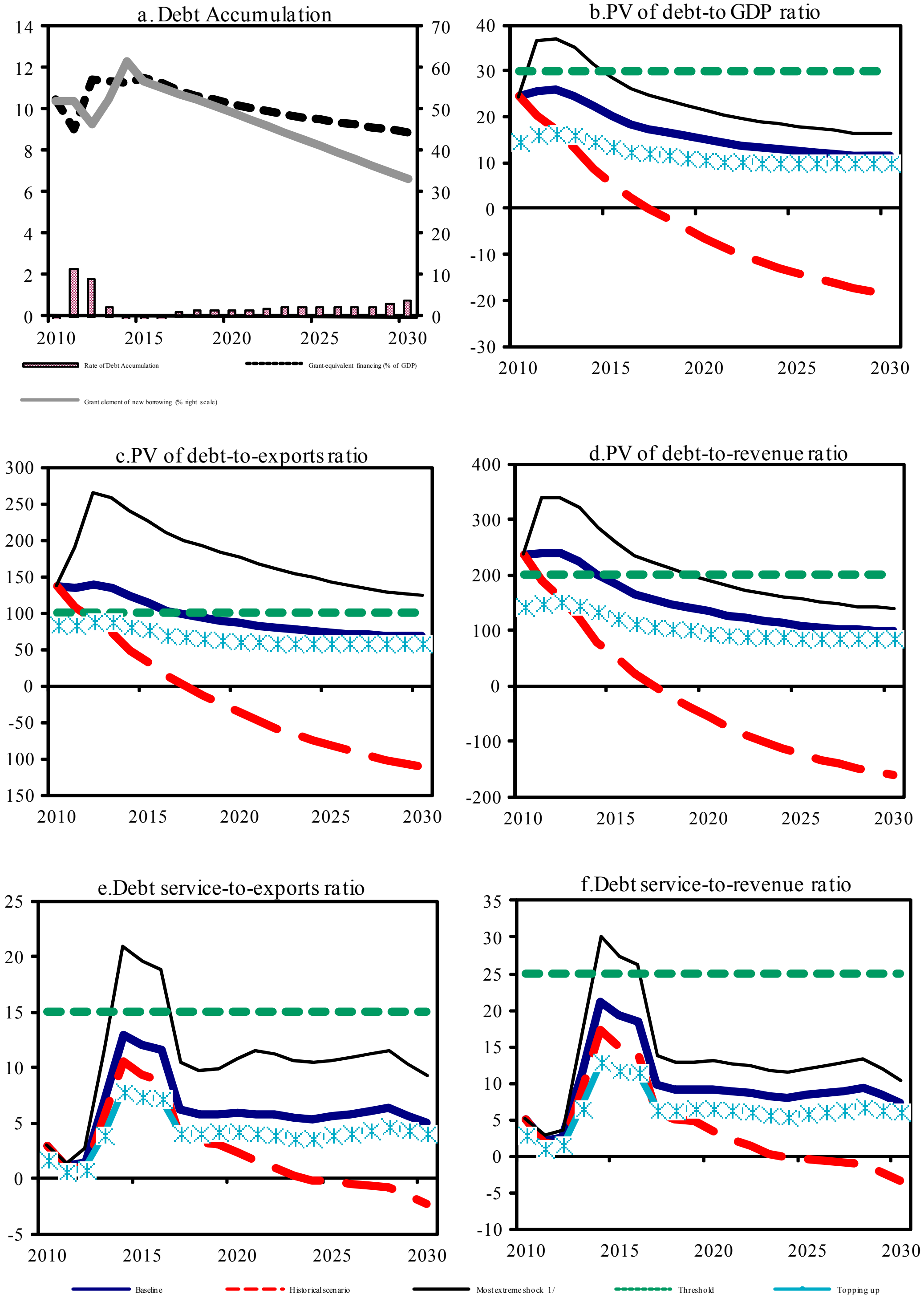
12. **If topping-up assistance is provided, public debt indicators would decline more rapidly than in the baseline scenario.** Total public debt as a percent of GDP would fall from 50.4 percent to 21.7 percent over the projection period. The PV of total public debt to GDP would fall from 45.0 percent to 15.1 percent

D. Conclusion

13. **The LIC DSA indicates that Guinea-Bissau would face a high risk of debt distress after reaching HIPC completion point and benefiting from HIPC, beyond-HIPC, and MDRI assistance.** Despite a significant improvement in the debt outlook, two debt sustainability indicators would breach their thresholds in the baseline scenario, and stress tests would result in further breaches. The inclusion of domestic debt reinforces these conclusions. If topping-up assistance is provided, all debt sustainability indicators would remain below their relevant thresholds throughout the projection period, but two indicators would breach their thresholds under stress tests, suggesting that Guinea-Bissau would face a moderate risk of debt distress.

14. **Further steps are needed to secure debt sustainability following debt relief at completion point.** Guinea-Bissau should continue to rely on grants and nonconcessional borrowing to meet its financing needs for the foreseeable future. Lasting debt sustainability will also depend on strengthening debt management capacity, making progress on structural reforms, diversifying the export base, and mobilizing domestic revenue in order to reduce reliance on external financing.

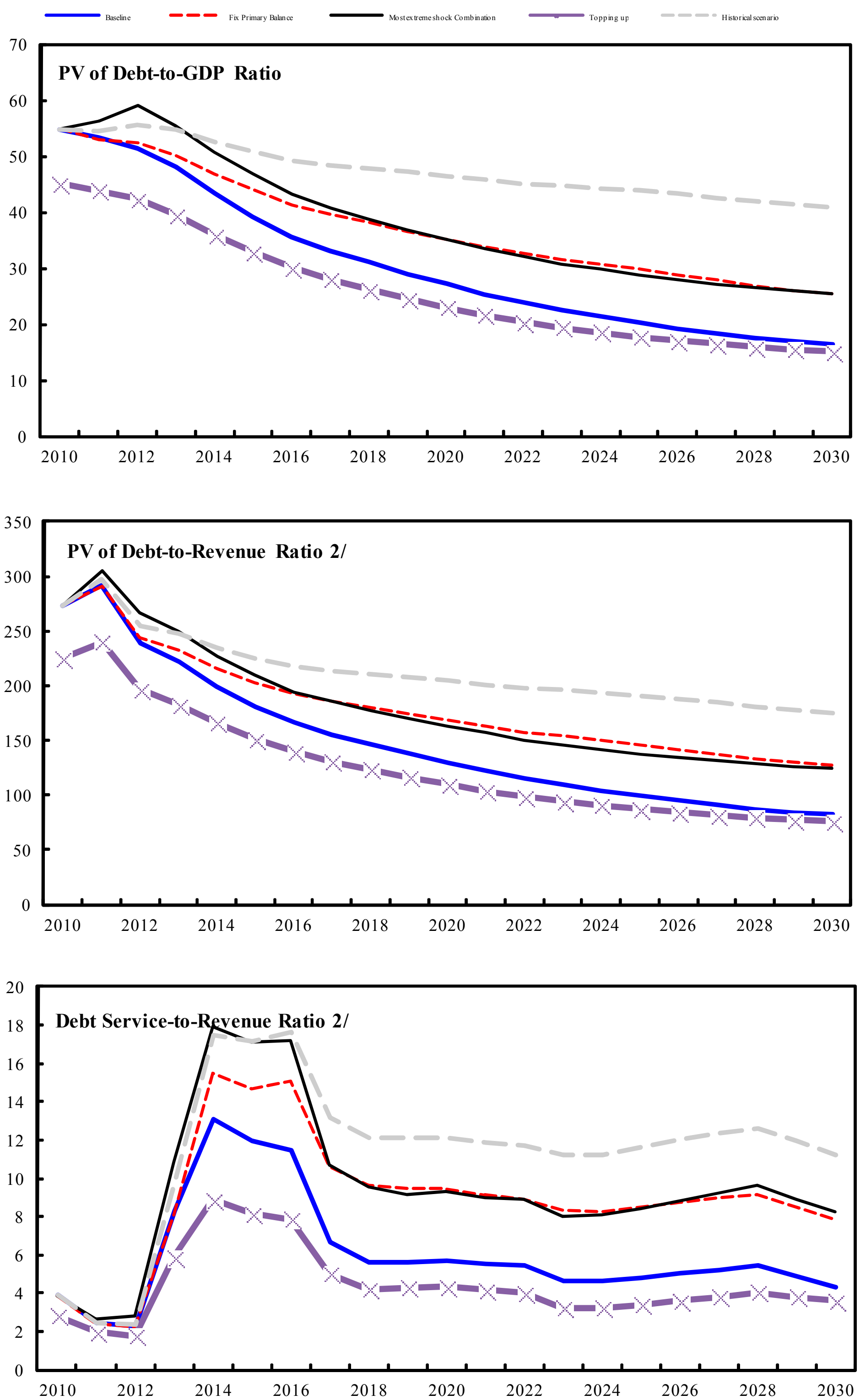
Figure 1. Guinea-Bissau: Indicators of Public and Publicly Guaranteed External Debt under Alternatives Scenarios, 2010-2030 1/



Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in 2020. In figure b. it corresponds to a One-time depreciation shock; in c. to a Exports shock; in d. to a One-time depreciation shock; in e. to a Exports shock and in figure f. to a One-time depreciation shock

Figure 2. Guinea-Bissau: Indicators of Public Debt Under Alternative Scenarios, 2010-2030 1/



Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in 2020.

2/ Revenues are defined inclusive of grants.

Table 1: External Debt Sustainability Framework, Baseline Scenario, 2007-2030 1/
(In percent of GDP, unless otherwise indicated)

	Actual			Historical 0 Average	0 Standard Deviation	Projections									
	2007	2008	2009			2010	2011	2012	2013	2014	2015	2010-2015 Average	2020	2030	2016-2030 Average
External debt (nominal) 1/	**140.2**	**132.7**	**121.9**			**33.4**	**34.3**	**34.0**	**32.8**	**30.1**	**28.1**		**22.7**	**18.6**	
o/w public and publicly guaranteed (PPG)	140.2	132.7	121.9			33.4	34.3	34.0	32.8	30.1	28.1		22.7	18.6	
Change in external debt	-28.0	-7.5	-10.8			-88.5	0.9	-0.3	-1.2	-2.7	-2.0		-0.8	-0.1	
Identified net debt-creating flows	-25.6	-22.4	5.4			0.7	3.7	1.2	1.2	0.6	-0.4		0.7	1.1	
Non-interest current account deficit	**3.1**	**2.5**	**2.9**	**-0.9**	**4.8**	**5.7**	**5.9**	**3.5**	**3.0**	**2.4**	**1.3**		**2.3**	**2.7**	2.4
Deficit in balance of goods and services	13.9	13.3	14.4			13.1	12.4	11.9	11.3	10.8	10.3		10.2	10.0	
Exports	17.1	16.6	15.7			17.9	19.0	18.7	18.4	18.1	17.8		17.5	16.9	
Imports	31.0	29.9	30.1			31.0	31.4	30.6	29.8	28.9	28.0		27.7	26.9	
Net current transfers (negative = inflow)	-10.8	-10.8	-11.5	-10.5	1.9	-7.4	-6.5	-8.4	-8.4	-8.4	-8.9		-7.9	-7.3	-7.7
o/w official	-5.1	-6.4	-8.0			-3.5	-2.8	-4.8	-4.8	-4.8	-5.3		-4.3	-3.7	
Other current account flows (negative = net inflow)	0.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Net FDI (negative = inflow)	**-2.7**	**-0.7**	**-0.7**	**-1.2**	**1.0**	**-0.9**	**-0.9**	**-0.9**	**-0.9**	**-0.9**	**-0.9**		**-1.0**	**-1.0**	-1.0
Endogenous debt dynamics 2/	**-26.0**	**-24.2**	**3.3**			**-4.1**	**-1.3**	**-1.4**	**-0.9**	**-0.9**	**-0.8**		**-0.7**	**-0.5**	
Contribution from nominal interest rate	1.4	1.5	1.3			0.1	0.1	0.1	0.6	0.6	0.5		0.3	0.3	
Contribution from real GDP growth	-4.5	-3.7	-4.0			-4.3	-1.4	-1.5	-1.5	-1.5	-1.3		-1.0	-0.8	
Contribution from price and exchange rate changes	-22.9	-22.0	6.0			…	…	…	…	…	…		…	…	
Residual (3-4) 3/	**-2.3**	**14.9**	**-16.2**			**-89.2**	**-2.7**	**-1.5**	**-2.4**	**-3.3**	**-1.6**		**-1.5**	**-1.2**	
o/w exceptional financing	-6.3	-4.3	-3.5			-109.6	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
PV of external debt 4/	...	...	74.4			24.5	25.6	25.8	24.6	22.2	20.1		15.0	11.4	
In percent of exports	...	...	473.1			136.4	134.6	137.6	133.6	122.2	113.3		85.9	67.2	
PV of PPG external debt	**...**	**...**	**74.4**			**24.5**	**25.6**	**25.8**	**24.6**	**22.2**	**20.1**		**15.0**	**11.4**	
In percent of exports	**...**	**...**	**473.1**			**136.4**	**134.6**	**137.6**	**133.6**	**122.2**	**113.3**		**85.9**	**67.2**	
In percent of government revenues	**...**	**...**	**826.8**			**236.1**	**237.9**	**237.8**	**223.8**	**200.7**	**181.6**		**132.8**	**98.3**	
Debt service-to-exports ratio (in percent)	**32.1**	**31.4**	**20.7**			**2.9**	**1.1**	**1.4**	**6.8**	**12.9**	**12.0**		**5.9**	**5.0**	
PPG debt service-to-exports ratio (in percent)	**32.1**	**31.4**	**20.7**			**2.9**	**1.1**	**1.4**	**6.8**	**12.9**	**12.0**		**5.9**	**5.0**	
PPG debt service-to-revenue ratio (in percent)	**68.5**	**57.1**	**36.2**			**5.0**	**1.9**	**2.4**	**11.4**	**21.1**	**19.2**		**9.2**	**7.3**	
Total gross financing need (Millions of U.S. dollars)	40.7	59.4	45.4			44.5	45.3	26.2	32.5	40.0	28.4		36.3	72.6	
Non-interest current account deficit that stabilizes debt ratio	31.0	10.0	13.7			94.3	5.0	3.8	4.2	5.1	3.3		3.1	2.8	
Key macroeconomic assumptions															
Real GDP growth (in percent)	3.2	3.2	3.0	2.8	2.7	3.5	4.3	4.5	4.7	4.7	4.7	4.4	4.5	4.5	4.5
GDP deflator in US dollar terms (change in percent)	15.7	18.6	-4.3	5.5	9.7	-3.8	0.2	1.5	1.5	1.5	2.0	0.5	2.0	2.0	2.0
Effective interest rate (percent) 5/	1.0	1.3	1.0	1.2	0.4	0.1	0.2	0.2	2.0	1.9	1.7	1.0	1.5	1.5	1.5
Growth of exports of G&S (US dollar terms, in percent)	38.2	19.0	-6.9	11.3	24.4	13.5	10.7	4.6	4.6	4.5	4.6	7.1	6.3	6.3	6.3
Growth of imports of G&S (US dollar terms, in percent)	22.8	18.2	-0.8	11.6	10.9	2.6	5.7	3.4	3.4	3.2	3.4	3.6	6.3	6.3	6.3
Grant element of new public sector borrowing (in percent)	...	...	...	...	...	52.0	51.8	46.4	52.3	61.8	57.0	53.5	49.0	33.1	44.2
Government revenues (excluding grants, in percent of GDP)	8.0	9.2	9.0			10.4	10.7	10.8	11.0	11.0	11.1		11.3	11.6	11.4
Aid flows (in Millions of US dollars) 7/	81.1	94.4	134.1			89.4	83.4	107.3	114.0	121.1	134.3		164.3	271.5	
o/w Grants	56.8	68.9	131.9			79.9	64.9	97.9	104.1	110.6	118.0		146.8	241.0	
o/w Concessional loans	24.3	25.5	2.2			9.4	18.4	9.3	9.9	10.5	16.3		17.5	30.5	
Grant-equivalent financing (in percent of GDP) 8/	...	...	...			10.4	9.0	11.5	11.4	11.3	11.5		10.3	8.9	9.9
Grant-equivalent financing (in percent of external financing) 8/	...	...	...			93.2	86.3	92.2	94.5	96.7	94.5		93.7	88.9	92.1
Memorandum items:															
Nominal GDP (Millions of US dollars)	691.7	846.9	834.7			830.7	868.8	921.4	979.2	1040.3	1110.3		1527.7	2892.1	
Nominal dollar GDP growth	19.5	22.4	-1.4			-0.5	4.6	6.1	6.3	6.2	6.7	4.9	6.6	6.6	6.6
PV of PPG external debt (in Millions of US dollars)			621.1			203.3	222.0	237.4	241.1	230.5	223.5		229.2	329.4	
(PVt-PVt-1)/GDPt-1 (in percent)						-50.1	2.3	1.8	0.4	-1.1	-0.7	-7.9	0.3	0.7	0.3
Gross workers' remittances (Millions of US dollars)	33.1	33.2	23.0			25.0	25.2	26.0	27.4	29.4	31.5		43.3	82.0	
PV of PPG external debt (in percent of GDP + remittances)	...	...	72.4			23.8	24.8	25.1	23.9	21.5	19.6		14.6	11.1	
PV of PPG external debt (in percent of exports + remittances)	...	...	402.4			116.9	116.8	119.6	116.0	105.8	97.7		73.9	57.6	
Debt service of PPG external debt (in percent of exports + remittances)	...	...	17.6			2.5	1.0	1.2	5.9	11.1	10.3		5.1	4.3	

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/ Assumes that PV of private sector debt is equivalent to its face value.
5/ Current-year interest payments divided by previous period debt stock.
6/ Historical averages and standard deviations are generally derived over the past 10 years, subject to data availability.
7/ Defined as grants, concessional loans, and debt relief.
8/ 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).

Table 2. Guinea-Bissau: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2010-2030
(In percent)

	Projections							
	2010	2011	2012	2013	2014	2015	**2020**	2030
PV of debt-to GDP ratio								
Baseline	24	26	26	25	22	20	**15**	11
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2010-2030 1/	24	20	17	13	9	6	**-7**	-19
A2. New public sector loans on less favorable terms in 2010-2030 2	24	26	27	26	24	22	**20**	21
Topping up	15	16	17	16	15	14	**11**	10
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2011-2012	24	27	28	27	24	22	**16**	12
B2. Export value growth at historical average minus one standard deviation in 2011-2012 3/	24	28	32	31	28	26	**20**	14
B3. US dollar GDP deflator at historical average minus one standard deviation in 2011-2012	24	27	29	27	25	22	**17**	13
B4. Net non-debt creating flows at historical average minus one standard deviation in 2011-2012 4/	24	25	25	24	22	20	**15**	11
B5. Combination of B1-B4 using one-half standard deviation shocks	24	26	29	27	25	23	**17**	13
B6. One-time 30 percent nominal depreciation relative to the baseline in 2011 5/	24	36	37	35	32	29	**21**	16
PV of debt-to-exports ratio								
Baseline	136	135	138	134	122	113	**86**	67
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2010-2030 1/	136	106	92	72	48	31	**-37**	-111
A2. New public sector loans on less favorable terms in 2010-2030 2	136	139	144	142	133	127	**112**	122
Topping up	83	85	89	88	82	77	**62**	60
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2011-2012	136	135	138	134	122	113	**86**	67
B2. Export value growth at historical average minus one standard deviation in 2011-2012 3/	136	189	265	258	240	226	**176**	124
B3. US dollar GDP deflator at historical average minus one standard deviation in 2011-2012	136	135	138	134	122	113	**86**	67
B4. Net non-debt creating flows at historical average minus one standard deviation in 2011-2012 4/	136	130	135	131	119	111	**84**	66
B5. Combination of B1-B4 using one-half standard deviation shocks	136	148	170	165	152	141	**108**	82
B6. One-time 30 percent nominal depreciation relative to the baseline in 2011 5/	136	135	138	134	122	113	**86**	67
PV of debt-to-revenue ratio								
Baseline	236	238	238	224	201	182	**133**	98
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2010-2030 1/	236	188	159	121	79	50	**-58**	-162
A2. New public sector loans on less favorable terms in 2010-2030 2	236	246	249	239	218	203	**173**	178
Topping up	144	150	153	147	134	123	**96**	87
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2011-2012	236	248	259	244	218	198	**144**	107
B2. Export value growth at historical average minus one standard deviation in 2011-2012 3/	236	262	299	282	257	236	**178**	118
B3. US dollar GDP deflator at historical average minus one standard deviation in 2011-2012	236	249	264	248	222	201	**147**	109
B4. Net non-debt creating flows at historical average minus one standard deviation in 2011-2012 4/	236	230	233	219	196	177	**129**	97
B5. Combination of B1-B4 using one-half standard deviation shocks	236	240	265	250	224	204	**150**	109
B6. One-time 30 percent nominal depreciation relative to the baseline in 2011 5/	236	339	339	319	286	259	**190**	140

Table 2. Guinea-Bissau: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2010-2030 (continued)
(In percent)

Debt service-to-exports ratio

Baseline	3	1	1	7	13	12	**6**	5
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2010-2030 1/	3	1	1	5	11	9	**2**	-2
A2. New public sector loans on less favorable terms in 2010-2030 2	3	1	2	7	13	13	**6**	7
Topping up	2	1	1	4	8	7	**4**	4
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2011-2012	3	1	1	7	13	12	**6**	5
B2. Export value growth at historical average minus one standard deviation in 2011-2012 3/	3	1	3	12	21	19	**11**	9
B3. US dollar GDP deflator at historical average minus one standard deviation in 2011-2012	3	1	1	7	13	12	**6**	5
B4. Net non-debt creating flows at historical average minus one standard deviation in 2011-2012 4/	3	1	1	7	13	12	**6**	5
B5. Combination of B1-B4 using one-half standard deviation shocks	3	1	2	8	15	14	**7**	6
B6. One-time 30 percent nominal depreciation relative to the baseline in 2011 5/	3	1	1	7	13	12	**6**	5

Debt service-to-revenue ratio

Baseline	5	2	2	11	21	19	**9**	7
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2010-2030 1/	5	2	1	9	17	15	**3**	-3
A2. New public sector loans on less favorable terms in 2010-2030 2	5	2	3	12	22	20	**9**	10
Topping up	3	1	2	7	13	12	**7**	6
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2011-2012	5	2	3	12	23	21	**10**	8
B2. Export value growth at historical average minus one standard deviation in 2011-2012 3/	5	2	3	13	22	20	**11**	9
B3. US dollar GDP deflator at historical average minus one standard deviation in 2011-2012	5	2	3	13	23	21	**10**	8
B4. Net non-debt creating flows at historical average minus one standard deviation in 2011-2012 4/	5	2	2	11	21	19	**9**	7
B5. Combination of B1-B4 using one-half standard deviation shocks	5	2	3	12	23	21	**10**	8
B6. One-time 30 percent nominal depreciation relative to the baseline in 2011 5/	5	3	3	16	30	27	**13**	10
Memorandum item:								
Grant element assumed on residual financing (i.e., financing required above baseline) 6/	37	37	37	37	37	37	**37**	37

Sources: Country authorities; and staff estimates and projections.

1/ Variables include real GDP growth, growth of GDP deflator (in U.S. dollar terms), non-interest current account in percent of GDP, and non-debt creating flows.
2/ Assumes that the interest rate on new borrowing is by 2 percentage points higher than in the baseline., while grace and maturity periods are the same as in the baseline.
3/ Exports values are assumed to remain permanently at the lower level, but the current account as a share of GDP is assumed to return to its baseline level after the shock (implicitl an offsetting adjustment in import levels).
4/ Includes official and private transfers and FDI.
5/ Depreciation is defined as percentage decline in dollar/local currency rate, such that it never exceeds 100 percent.
6/ Applies to all stress scenarios except for A2 (less favorable financing) in which the terms on all new financing are as specified in footnote 2.

Table 3. Guinea-Bissau: Public Sector Debt Sustainability Framework, Baseline Scenario, 2007-2030
(In percent of GDP, unless otherwise indicated)

	Actual			Average	Standard Deviation	Estimate	Projections								
	2007	2008	2009			2010	2011	2012	2013	2014	2015	2010-15 Average	2020	2030	2016-30 Average
Public sector debt 1/	178.8	167.7	158.3			63.3	62.0	59.6	56.0	51.2	47.3		34.7	23.5	
o/w foreign-currency denominated	140.2	132.7	121.9			33.4	34.3	34.0	32.8	30.1	28.1		22.7	18.6	
Change in public sector debt	-30.4	-11.1	-9.4			-95.1	-1.3	-2.4	-3.6	-4.8	-3.9		-2.0	-0.6	
Identified debt-creating flows	-27.2	-9.1	-18.3			-91.8	-0.9	-2.8	-2.4	-2.2	-2.2		-0.6	0.9	
Primary deficit	5.4	3.7	-2.9	3.3	2.9	2.3	2.6	0.7	0.5	0.5	0.4	1.2	1.3	2.1	1.4
Revenue and grants	16.2	17.3	24.8			20.0	18.2	21.5	21.6	21.7	21.7		20.9	19.9	
of which: grants	8.2	8.1	15.8			9.6	7.5	10.6	10.6	10.6	10.6		9.6	8.3	
Primary (noninterest) expenditure	21.7	21.0	21.9			22.3	20.8	22.2	22.1	22.2	22.2		22.2	22.0	
Automatic debt dynamics	-31.0	-11.5	-14.0			6.8	-3.5	-3.5	-2.9	-2.7	-2.7		-1.9	-1.2	
Contribution from interest rate/growth differential	-16.4	-20.3	-5.4			-8.7	-3.7	-3.6	-3.0	-2.9	-2.7		-1.9	-1.2	
of which: contribution from average real interest rate	-9.9	-14.7	-0.5			-3.4	-1.0	-0.9	-0.3	-0.4	-0.4		-0.3	-0.2	
of which: contribution from real GDP growth	-6.5	-5.6	-4.9			-5.3	-2.6	-2.7	-2.7	-2.5	-2.3		-1.6	-1.0	
Contribution from real exchange rate depreciation	-14.5	8.7	-8.6			15.4	0.2	0.2	0.2	0.2	0.0		...	...	
Other identified debt-creating flows	-1.7	-1.3	-1.4			-100.9	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Privatization receipts (negative)	-0.1	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Recognition of implicit or contingent liabilities	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)	-1.6	-1.3	-1.4			-100.9	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Other (specify, 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	
Residual, including asset changes	-3.2	-1.9	8.9			-3.3	-0.4	0.4	-1.2	-2.6	-1.7		-1.3	-1.4	
Other Sustainability Indicators															
PV of public sector debt	38.6	35.0	107.4			54.7	53.2	51.4	47.9	43.3	39.3		27.1	16.3	
o/w foreign-currency denominated	0.0	0.0	71.0			24.9	25.6	25.8	24.7	22.2	20.2		15.0	11.4	
o/w external	...	...	71.0			24.9	25.6	25.8	24.7	22.2	20.2		15.0	11.4	
PV of contingent liabilities (not included in public sector debt)	...	...	...			...	...	...	...	...	...		...	...	
Gross financing need 2/	25.1	22.4	14.5			15.8	10.8	8.0	8.4	8.8	7.9		5.0	3.1	
PV of public sector debt-to-revenue and grants ratio (in percent)	237.5	202.3	433.0			273.9	292.3	239.6	221.6	199.8	181.0		129.6	82.1	
PV of public sector debt-to-revenue ratio (in percent)	480.1	382.0	1193.2			528.1	495.6	474.7	435.8	392.3	354.6		239.9	141.1	
o/w external 3/	…	…	788.8			239.9	238.5	238.4	224.4	201.1	182.0		133.1	98.5	
Debt service-to-revenue and grants ratio (in percent) 4/	35.2	31.3	13.9			3.9	2.4	2.3	8.3	13.1	11.9		5.7	4.3	
Debt service-to-revenue ratio (in percent) 4/	71.1	59.1	38.2			7.5	4.1	4.5	16.3	25.6	23.4		10.5	7.5	
Primary deficit that stabilizes the debt-to-GDP ratio	35.8	14.8	6.5			97.4	3.9	3.1	4.1	5.3	4.4		3.2	2.6	
Key macroeconomic and fiscal assumptions															
Real GDP growth (in percent)	3.2	3.2	3.0	2.8	2.7	3.5	4.3	4.5	4.7	4.7	4.7	4.4	4.5	4.5	4.5
Average nominal interest rate on forex debt (in percent)	1.0	1.3	1.0	1.2	0.4	0.1	0.2	0.2	2.0	1.9	1.7	1.0	1.5	1.5	1.5
Average real interest rate on domestic debt (in percent)	-5.5	-9.3	-0.9	-1.6	4.9	-2.0	-1.6	-1.4	-1.5	-1.5	-1.5	-1.6	-1.7	-1.8	-1.7
Real exchange rate depreciation (in percent, + indicates depreciation)	-9.4	7.0	-6.7	-3.1	10.8	13.4	...	...	...	...	...	...	...	...	...
Inflation rate (GDP deflator, in percent)	6.0	10.5	1.1	2.4	4.9	2.4	2.1	2.0	2.0	2.0	2.0	2.1	2.0	2.0	2.0
Growth of real primary spending (deflated by GDP deflator, in percent)	0.1	0.0	0.1	0.1	0.3	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grant element of new external borrowing (in percent)	...	...	...	…	…	52.0	51.8	46.4	52.3	61.8	57.0	53.5	49.0	33.1	...

Sources: Country authorities; and staff estimates and projections.

1/ [Indicate coverage of public sector, e.g., general government or nonfinancial public sector. Also whether net or gross debt is used.]

2/ 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.

3/ Revenues excluding grants.

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

5/ Historical averages and standard deviations are generally derived over the past 10 years, subject to data availability.

Table 4. Guinea-Bissau: Sensitivity Analysis for Key Indicators of Public Debt 2010-2030

	Projections							
	2010	2011	2012	2013	2014	2015	2020	2030
PV of Debt-to-GDP Ratio								
Baseline	55	53	51	48	43	39	27	16
A. Alternative scenarios								
A1. Real GDP growth and primary balance are at historical averages	55	55	55	55	53	51	46	41
A2. Primary balance is unchanged from 2010	55	53	52	50	47	44	35	25
A3. Permanently lower GDP growth 1/	55	54	52	49	45	41	31	26
Topping up	45	44	42	39	36	33	23	15
B. Bound tests								
B1. Real GDP growth is at historical average minus one standard deviations in 2011-2012	55	56	57	54	49	46	35	27
B2. Primary balance is at historical average minus one standard deviations in 2011-2012	55	56	58	54	49	45	32	19
B3. Combination of B1-B2 using one half standard deviation shocks	55	56	59	56	51	47	35	26
B4. One-time 30 percent real depreciation in 2011	55	63	61	57	51	47	32	18
B5. 10 percent of GDP increase in other debt-creating flows in 2011	55	61	59	54	49	45	32	20
PV of Debt-to-Revenue Ratio 2/								
Baseline	274	292	240	222	200	181	130	82
A. Alternative scenarios								
A1. Real GDP growth and primary balance are at historical averages	274	297	254	247	235	225	204	176
A2. Primary balance is unchanged from 2010	274	291	244	232	216	203	168	127
A3. Permanently lower GDP growth 1/	274	294	242	225	204	187	144	126
Topping up	225	240	197	182	166	151	110	76
B. Bound tests								
B1. Real GDP growth is at historical average minus one standard deviations in 2011-2012	274	301	254	239	219	202	161	133
B2. Primary balance is at historical average minus one standard deviations in 2011-2012	274	307	271	251	226	206	151	97
B3. Combination of B1-B2 using one half standard deviation shocks	274	305	267	249	227	209	163	125
B4. One-time 30 percent real depreciation in 2011	274	346	283	262	237	215	152	91
B5. 10 percent of GDP increase in other debt-creating flows in 2011	274	333	273	251	228	208	153	98
Debt Service-to-Revenue Ratio 2/								
Baseline	4	2	2	8	13	12	6	4
A. Alternative scenarios								
A1. Real GDP growth and primary balance are at historical averages	4	2	2	10	17	17	12	11
A2. Primary balance is unchanged from 2010	4	2	2	8	15	15	9	8
A3. Permanently lower GDP growth 1/	4	2	2	8	13	12	7	8
Topping up	3	2	2	6	9	8	4	4
B. Bound tests								
B1. Real GDP growth is at historical average minus one standard deviations in 2011-2012	4	2	2	9	15	14	8	9
B2. Primary balance is at historical average minus one standard deviations in 2011-2012	4	2	3	14	21	14	6	6
B3. Combination of B1-B2 using one half standard deviation shocks	4	2	3	12	19	15	8	8
B4. One-time 30 percent real depreciation in 2011	4	3	3	11	18	17	9	8
B5. 10 percent of GDP increase in other debt-creating flows in 2011	4	2	4	22	14	16	6	6

Sources: Country authorities; and staff estimates and projections.
1/ Assumes that real GDP growth is at baseline minus one standard deviation divided by the square root of the length of the projection period.
2/ Revenues are defined inclusive of grants.

THE WORLD BANK

Working for a World Free of Poverty

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International Monetary Fund
Washington, D.C. 20431 USA

IMF and World Bank Announce US$1.2 Billion in Debt Relief for Guinea-Bissau

WASHINGTON, D.C., Dec. 16, 2010—The International Monetary Fund (IMF) and the World Bank's International Development Association (IDA) have decided to support US$1.2 billion in debt relief for Guinea-Bissau. In addition to debt relief agreed at the decision point under the Enhanced Initiative for Heavily Indebted Poor Countries (HIPC), the Boards of Directors of both institutions[1] agreed to topping-up assistance, including from IDA and the African Development Bank (AfDB) Group, to further reduce the debt of Guinea-Bissau to 150 percent of exports at completion point.[2] In reaching the HIPC completion point, Guinea-Bissau also became eligible for further debt relief under the Multilateral Debt Relief Initiative (MDRI).

The Boards agreed that Guinea-Bissau has taken the necessary policy actions ("triggers") to reach the completion point under the HIPC Initiative, a stage in which debt relief under both the HIPC Initiative and MDRI becomes irrevocable. These triggers included implementing a national poverty reduction strategy; maintaining macroeconomic stability; strengthening public expenditure management; improving education, healthcare and HIV/AIDS prevention; and demobilizing former combatants.

Debt relief for Guinea-Bissau will lead to debt service savings consisting in nominal terms[3] of US$703.0 million from the HIPC Initiative, US$107.9 million in expected additional assistance from Paris Club creditors beyond the HIPC Initiative, US$230.3 million in

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[1] The IMF Executive Board met on December 13; the IDA Executive Board met on December 16.
[2] Other HIPCs that received this additional debt relief at completion point are Burkina Faso, Ethiopia, Malawi, Niger, Rwanda, and São Tomé and Príncipe.
[3] The *nominal value* of debt is the amount that the debtor owes to creditors at a moment in time; the *present value* is the discounted sum of all future debt service (principal and interest) at a specific market rate of interest (called the discount rate). In debt-reorganization discussions, the present value concept is used to measure, in a consistent manner, the burden sharing of debt reduction among creditors.
For further explanation click here to see entries for *Nominal* Value and *Present* Value in Appendix III—Glossary of External Debt Terms IMF, External Debt Statistics: Guide for Compilers and Users, (2003) IMF, Washington DC.

topping-up assistance, and US$139.2 million from the MDRI. Debt relief from the IMF and IDA, the World Bank's fund for the poorest, will total US$15.0 million and US$347.2 million, respectively, with the remaining relief expected to come from bilateral, commercial, and other multilateral creditors. As a result of this relief, Guinea-Bissau's external debt outlook will improve significantly.

"Reaching the HIPC completion point and getting debt relief demonstrates and recognizes the progress achieved by Guinea-Bissau in the last two years in strengthening macroeconomic policies and performance following a prolonged period of political instability," said Paulo Drummond, IMF mission chief for Guinea-Bissau. "It will help Guinea-Bissau improve further its relations with its external creditors, send a positive signal to donors and potential investors, and greatly enhance debt sustainability."

"This rewards the country's tremendous efforts to reestablish economic, social and institutional stability, and permits Guinea-Bissau and its partners to shift their focus toward meeting the enormous challenges of regaining what was lost over the past conflict-afflicted decades," **said Habib Fetini, World Bank Country Director for Guinea-Bissau.** *"There is great momentum of hope and we urge the authorities and the people of Guinea-Bissau to protect it and use it for further progress in terms of political stability and the rule of law, and break the vicious circle of economic and social degradation, political instability, and institutional destruction."*

Guinea-Bissau becomes the 32nd country to reach the completion point under the HIPC Initiative. The completion point marks the end of the HIPC Initiative process, which started in December 2000 when the Executive Boards of the IMF and IDA agreed that Guinea-Bissau had met the requirements for reaching the decision point—a point in which countries start receiving debt relief on an interim basis.

ANNEX (Note to Editors)

The HIPC Initiative. In 1996, the World Bank and IMF launched the HIPC Initiative to create a framework in which all creditors, including multilateral creditors, can provide debt relief to the world's poorest and most heavily indebted countries to ensure debt sustainability, and thereby reduce the constraints on economic growth and poverty reduction imposed by the unsustainable debt-service burdens in these countries.

To date, 36 HIPC countries have reached their decision points, of which 32 (including Guinea-Bissau today and Togo on December 14) have reached the completion point.

The MDRI. Created in 2005, the aim of the Multilateral Debt Relief Initiative (MDRI) is to reduce further the debt of eligible low-income countries and provide additional resources to help them reach the Millennium Development Goals (MDGs). Under the MDRI, three multilateral institutions—the World Bank's International Development Association, the International Monetary Fund and the African Development Fund—provide 100 percent debt relief on eligible debts to qualifying countries normally at the time they reach the HIPC Initiative completion point.

For more information on Guinea-Bissau, please visit:
http://www.imf.org/external/country/GNB/index.htm

For more information on debt relief, click:

http://www.imf.org/external/np/exr/facts/hipc.htm,

http://www.imf.org/external/np/exr/facts/mdri.htm and

http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTDEBTDEPT/0,,contentMDK:21701931~menuPK:64166739~pagePK:64166689~piPK:64166646~theSitePK:469043,00.html.

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