

GUINEA COUNTRY REPORT 2008

<p>Background and debt sustainability</p>	<p>Guinea reached its HIPC decision point in December 2000. Its recent political instability and the resulting variable track record with IMF programmes has led to little progress on debt relief since then, and to a reduction in donor aid flows. Its debt has therefore become less sustainable (as judged by Guinea itself using HIPC indicators for external debt sustainability, and CBP indicators for domestic debt) due to the accumulation of both external and domestic arrears. Before the recent military coup, Guinea appeared to be on track for a completion point early in 2009, but current international non-recognition of the government makes further progress impossible. Even after completion point, additional measures will be needed to ensure domestic debt sustainability, reinforce coordination of aid policy, and mobilise a considerable increase in grants, in order to maintain debt sustainability point and make faster progress towards the MDGs.</p>
<p>CBP support and impact</p>	<p>The HIPC CBP's first activity with Guinea was a demand assessment mission in December 1997, which evaluated technical and institutional capacity and Government commitment to improve debt management. Following a regional workshop in 1998, a national workshop in July 1999 helped Guinea to analyse its debt sustainability and participate in tripartite analysis before its decision point. The CBP also assisted Guinea in lobbying for a decision point in 2000. In 2001, Guinea's Excel debt database was destroyed and there was considerable management and staff turnover. As a result, Government decided to switch to CS-DRMS for debt data, and has received support from Pole-Dette regional experts to build a database for strategy use. In addition, Government and the CBP agreed a 3-year capacity-building programme which has consisted of 6 missions training staff in basic debt management and renegotiation/relief concepts, and in the use of CS-DRMS and Debt Pro for debt strategy formulation, and providing advice on reinforcing institutional structures, including compiling a draft procedures manual and a guide to creditor/donor policies and procedures. Guinea has also participated in DRI/Pole-Dette regional workshops on domestic debt strategy and new financing.</p> <p>Due to political instability and reorganisation of institutional structures, support during phase 4 has been limited to two core-funded missions in October 2006 and February 2008 which provided advanced training in CS-DRMS and debt strategy database preparation and participation in 2 inter-regional and 2 regional workshops organised by the BCEAO-BEAC Pole-Dette (on the BWIs' new Debt Sustainability Framework, and the Role of Parliamentarians in Debt Management).</p> <p>As can be seen in the table below, CBP support has considerably improved debt strategy technical capacity, though Guinea's debt strategy urgently needs updating, formal approval and implementation. It has strongly improved legal and institutional arrangements, through the creation of a national debt and aid department, drawing on CBP recommendations. Availability of trained personnel capable of formulating a debt strategy has been reinforced through training in using CS-DRMS and Debt Pro to simulate debt renegotiations, as well as training at regional workshops. Guinea also developed a clear multi-year capacity-building plan, though this now needs updating.</p>

Objectives and content of proposed country assistance	<p>The priority aims of proposed assistance are:</p> <ul style="list-style-type: none"> • An institutional mission to improve scores for indicators MT2b and ST3c. This mission will reinforce the national institutional framework by updating the procedures manual and capacity-building plan, and finalising a domestic debt procedures manual. • Designing a national debt strategy for HIPC/MDRI completion point, through a workshop for technicians, and sensitisation seminar for policymakers; and enhancing the strategy by including domestic debt, new external financing and risk management. This workshop is expected to improve scores for indicators MT2a and ST3a <p>These activities are expected to move Guinea substantially towards its targets shown in the table below.</p>
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Country Debt Strategy Progress					
Progress and Intended Results	CBP Logical Framework Performance Indicators	Initial Score (Dec 97)	Phase IV Baseline	Current (August 08)	Phase IV Target
	LT 1. Debt sustainability	1	1	1	3
	MT 2a. Debt management strategy updated at least once a year.	2	2.4	3.20	4.2
	MT2b. High-quality legal and institutional frameworks for debt strategy	1	3.4	3.20	4
	ST 3a Availability of trained personnel capable of formulating and executing national debt strategies	1	2.5	5	4
	ST 3c. High-quality capacity building plans which are implemented and annually updated.	1	2.4	4.2	4
Expenditure and Budget	Overall spending on Guinea since the start of CBP activity has been US\$253,117. The budget allocated to events to support Guinea in phase 4 is US\$323,200, which is to be financed from core funds. Guinea has provided US\$50,000 of national cofinancing for support missions.				