

**AFRICAN DEVELOPMENT BANK  
AFRICAN DEVELOPEMENT FUND**



**GUINEA**

**2004-2005 Country Dialogue Paper**

**COUNTRY OPERATIONS  
WEST REGION**

**JANUARY 2005**

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### CURRENCY EQUIVALENTS

(January 2005)

Currency Unit = Guinean franc (GNF)

UA 1 = GNF 2941.76

UA 1 = US \$ 1.533.01

UA 1 = Euro 1.14016

### FINANCIAL YEAR

1 January – 31 December

### ACRONYMS AND ABBREVIATIONS

AFD	French Development Agency
ADB	African Development Bank
BCE	Building and Civil Engineering
CAE	Centre d'appui aux exportations (Exports Support Centre)
MTEF	Medium-term Expenditure Framework
ECOWAS	Economic Community of West African States
CNLC	National Anti-Corruption Committee
CNSS	National Social Security Fund
CSP	Country Strategy Paper
PRSP	Poverty Reduction Strategy Paper
PRS	Poverty reduction strategy
SDR	Special Drawing Rights
US	United States
ADF	African Development Fund
IMF	International Monetary Fund
PRGF	Poverty Reduction and Growth Facility
NTF	Nigeria Trust Fund
GNF	Guinean franc
NEPAD	New Partnership for Africa's Development
NGO	Nongovernmental organization
SAP	Structural Adjustment Program
GDP	Gross domestic product
SME/SMI	Small and medium-sized enterprises/small and medium-sized industries
PNRCG	National Capacity Building and Governance Programme
HIPC	Heavily indebted poor country
PRS	Poverty reduction strategy
GER	Gross enrolment ratio
VAT	Value added tax
UA	Bank Group Unit of Account
EU	European Union
NPV	Net present value
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome

## I. INTRODUCTION

1.1 The purpose of this Dialogue Paper is to provide the Boards with information on: i) recent economic and social developments in the Republic of Guinea; and ii) the status of the country's payment arrears to the Bank Group. In addition, the Paper proposes measures to strengthen dialogue with the Government to permit resumption of Bank Group operations within the country.

1.2 In preparing this paper, we drew on the results of two joint dialogue missions<sup>1</sup> with the Government, which took place from May 12-26, 2004, and December 12-19, 2004 in Conakry, within the context of efforts undertaken by the donor community to relaunch the implementation of reforms after the suspension, in December 2002, of the IMF's Poverty Reduction and Growth Facility (PRGF). The May and December missions were not conclusive as the government showed little willingness to commit to the implementation, under an interim programme, of measures designed to end non-priority spending slippages, fight inflation, and put an end to the sustained depreciation of the Guinean franc.

1.3 Apart from this introduction, the Paper is organized into the following sections: (II) recent economic developments and structural reforms; (III) the poverty situation; (IV) dialogue with the donor community; (V) the Bank Group's intervention strategy; (VI) strengthening dialogue with the Government; and (VII) conclusions and recommendations.

## II. RECENT POLITICAL AND ECONOMIC DEVELOPMENTS

### 2.1 Political Situation and Status of Governance

2.1.1 **Political Situation:** Since 1998, the political environment has been characterised by persistent tensions between the government and the opposition against a backdrop of sub-regional instability. Demonstrations against the arrest of representatives of the political opposition to the regime in power, the organisation in 2001 of a referendum that modified the Constitution; in particular, the provisions that limited the number of presidential terms of office to two and the numerous postponements of legislative elections which allowed the National Assembly to be renewed only in July 2002 have helped fuel this tension. The re-election, in December 2003, of the President of the Republic was not conducive to the initiation of dialogue between the government and the opposition. The significant degradation in the living conditions for the most vulnerable classes of the population, especially the jobless and the youth, led, in July 2004, to the looting of basic foodstuffs (rice) in Conakry and vandalism in other parts of the country as well as violent demonstrations in November 2004 to protest against the increase in electricity rates. This further widened the divisions within the political class in Guinea, making it more difficult for the Government to adopt fiscal consolidation and economic recovery measures. In December 2004, the political situation took on a positive outlook with the appointment of a new Prime Minister to replace the one who resigned in April 2004. This appointment is perceived as a positive sign for the coordination of government action.

2.1.2 **Status of governance:** Weaknesses in the area of governance, as well as corruption, which is very noticeable in the administrative, judicial and political systems, have increased the cost of business transactions and exacerbated risks for private investors, seriously hampering economic growth in Guinea. Conscious of the negative impact on private sector development and on sustainable development in the country, the Government

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<sup>1</sup> The missions were led by the IMF and included the World Bank and the ADB.

undertook, as of 2000, to fight corruption, on the one hand, and on the other hand, promote the devolution of responsibility for the implementation of development actions to local communities and the population. In this regard, the Government set up a national committee to fight corruption and ‘moralise’ economic and financial activity (*Comité national de lutte contre la corruption et de moralisation des activités économique et financière—CNLC*). The committee reported to the President of the Republic and consisted of members from the different national development stakeholders in Guinea: parliamentarians representing the main political groups in the country, magistrates, lawyers, law enforcement officials, civil servants, civil society and trade unions. The initial composition of the CNLC and the support it obtained from some donors lent credence to its effort to combat corruption. The legal and judicial system is characterised by a lack of independence from the executive branch, corrupt members, lack of transparency in its decisions, as well as dysfunctions resulting from very difficult working conditions: in particular, lack of appropriate facilities and inadequate resources. The country has a relatively free press. However, the liberalisation of the airwaves is not yet effective. Moreover, human rights, workers’ rights and the rights of vulnerable groups such as children and women are not always respected. Even though the excision of young girls has declined in big towns thanks to the efforts of women's associations, this practice continues in villages.

2.1.3 The fight against corruption had started to produce promising results (identification of a few cases of mismanagement and embezzlement of public funds, for which administrative sanctions and legal action were taken against some of the offenders,) thanks to CNLC activities, including: i) the adoption of its action plan in 2002; ii) the preparation and implementation, in 2002, of audits in various state-owned corporations; and iii) the preparation and monitoring, in 2003, of the implementation of the sociological survey on corruption, funded by the World Bank and the USAID. In spite of such progress, and against all expectations, the government decided in April 2004 to dismantle the CLNC and transfer its responsibilities to an administrative structure in the Presidency-based Ministry in charge of Economic and Financial Control. The national anti-corruption and economic activity moralization agency (*Agence nationale de lutte contre la corruption et de moralisation des activités économiques—ANLC*) replaced the CNLC in May 2004. The ANLC's role as a consultative agency could undermine the authorities’ credibility with respect to combating corruption, which might deepen private sector mistrust and thus hinder private sector investment in the country.

## **2.2 Macro-economic Context**

2.2.1 In May 2001, the Government and the IMF agreed on a 2001-2004 reform programme with a view to implementing the Poverty Reduction Strategy (PRS). The programme was supported by an IMF Poverty Reduction and Growth Facility (PRGF), by financial assistance from the World Bank, the ADF, the European Union, and other bilateral partners, and with debt relief under the Heavily Indebted Poor Countries Initiative (HIPC).

2.2.2 The main quantitative goals of the operational programme resulting from the PRS are to: i) achieve a real GDP growth rate of 5.2 percent per year for the 2001-2004 period; and ii) increase the investment rate from 21.9 percent in 2001 to 25 percent in 2006, thanks to private investment. On the social front, it was expected that the implementation of the programme would result in a significant increase in the supply and quality of basic social services (education, health, transport services, management of rural activities etc.), particularly in rural areas where 70 percent of the Guinean population lives and carries out mainly agricultural and animal rearing activities.

2.2.3 The results of the first three reviews of the PRS implementation were generally satisfactory. However, the fourth review, conducted in November 2002, revealed significant slippages in non- priority expenditure, especially in the areas of sovereignty and security, worsening the fiscal imbalance and exacerbating the vulnerability of public finance. This relaxation of fiscal policy led to the suspension by the IMF, in December 2002, of the current reform programme; as a result, external partners froze or failed to renew their fiscal assistance to Guinea and the expected debt relief from the IMF, the ADB and the ADF, under the HIPC Initiative, was suspended, except for the World Bank assistance for debt relief. This resulted in the deterioration of economic and social conditions, a decline in some of the achievements in the area of good governance, and the worsening of the political divide between the executive branch and the opposition. Furthermore, the worsening of public finance difficulties also led to the suspension, from February to November 2004, of Bank Group assistance to Guinea, because of an accumulation of debt repayment arrears to the ADB, ADF and the NTF. However, the arrears were settled on 3 December 2004 leading to the lifting of the sanctions.

2.2.4 **Economic growth:** The GDP recorded an average annual growth of 2.7 percent for the 2000-2004 period. This modest progress which contrasts with the rich potential of Guinea results from: (i) the fall in the prices of mining products, especially bauxite (ii) the freezing of assistance to the country by various external partners as a result of the unsatisfactory results posted in 1999 under the implementation of the 1998-2000 programme and the suspension, in December 2002, of the implementation of the 2001-2003 programme; (ii) the contraction of agricultural value added as a result of rebel incursions in 2000; (iv) frequent interruptions of water and electricity supply as well as difficulty in supplying building materials to the country in 2003; and (v) the drop in investments (9.9 percent of the GDP in 2003, compared to 22.0 percent in 2000) resulting from the period of uncertainty preceding the December 2003 presidential elections.

2.2.5 **Public finance:** The fiscal policy context was particularly difficult, with shortfalls on the contribution of mining companies, the maintenance of high levels of customs exemptions, low levels of fiscal revenue, absence of external fiscal assistance and unplanned expenditure in the area of defence and security. Revenue reached 10.9 percent of the GDP, with current expenditures at 10.1 percent of the GDP and capital expenditure at 5.4 percent of the GDP, while the percentage of the priority sectors in the revised budget law (LFR) 2004 stands at 37.2 percent, well below the 40 percent target laid down in the Poverty Reduction Strategy (PRS). Measures to reduce non-priority expenditure by 50 percent, for which the government made commitments in May 2004, were not implemented in a satisfactory manner. Extra budgetary expenditure that needs to be controlled continues to weigh heavily on public finances and is related for the most part to sovereignty and national defence expenditures. In spite of decisions taken under the revised budget law adopted in November 2004 with a view to adjusting expenditure and increasing allocations to priority sectors (education, health, rural development etc...), considering the revenue expected from the state, the execution of the budget was not rigorous enough to avoid slippages in the budget deficit, that stood, excluding grants, at 4.7 percent of the GDP. However, compared to the previous years, there was a slight improvement in the deficit. Indeed, it stood at 6.2 percent and 7.2 percent of the GDP in 2002 and 2003, respectively.

2.2.6 **Money, credit and inflation:** During the 2000-2003 period, there was an average annual increase of 23.1 percent in money supply, with a peak of 35.3 percent in 2003 because of the Government's strong demand for credit to compensate for lack of external financial assistance. Net foreign assets fell by 15 percent and 62 percent in 2002 and 2003,

respectively, to represent only 1.5 per month of imports at the end of 2003 compared to 2.3 and 3.1 per month in 2002 and 1998, respectively. During this period, the Guinean Franc depreciated, falling from GNF 1232.8 per dollar in 1997 to GNF 1950 per dollar in 2003, a depreciation of over 60 percent in 4 years. Inflation was reduced from 6.8 percent in 2000 to 3 percent in 2002. Finally, in 2004, the monetary financing of the budget deficit translated into inflationary pressures which rose to 27.4 percent on an annual basis in November, compared to the projected 14.3 percent, while the difference between the official exchange rate and that of the parallel market, which usually oscillates around 2 percent, now fluctuates around 20 percent.

**2.2.7 Balance of payments:** Guinean exports are composed of a variety of raw materials, in particular, agricultural produce (coffee, cotton), fishing resources (fish) and mining products (bauxite, alumina, diamond, gold). However, between 2000 and 2003, mining products alone represented on average 85 percent of exports, of which 60 percent was bauxite and alumina. Exports grew by 8.4 percent in 2001, but fell by 2.6 percent on average for the 2002-2003 period as a result of the drop in the average prices of bauxite, alumina and gold in the international market. At the same time, the level of imports remained constant between 2000 and 2001, but increased by more than 6 percent in 2002, primarily because of the increase in the cost of petroleum imports, before plummeting to -3 percent in 2003 as a result of the slowdown in the level of economic activity and foreign exchange reserves, the freezing of fiscal assistance and the uncertain political situation which prevailed before the presidential elections. The current account deficit, excluding transfers of 8.2 percent of the GDP in 2000, was reduced to 5.2 percent of the GDP in 2003. Guinea is thus suffering from the impact of a slight deterioration in the prices of mining products. In 2004, the balance of payments remained in deficit, with a current account balance (excluding official transfers) that stood at -6.4 percent of GDP.

**2.2.8 Sectoral developments:** The growth of the *agricultural sector* (18.3 percent of the GDP) was on average 5.2 percent per year between 1998 and 2004, a growth rate that was higher than that of the GDP. However, the increases in food crops (rice, maize and cassava) were achieved primarily through the expansion of cultivated areas. Improvements in output remained modest. Apart from food crops, Guinea also grows a number of cash crops, in particular, cocoa, coffee, cotton, etc. Low private investments and persistent traditional practices, due largely to the poor education of farmers, were not conducive to the development of the sector to allow poverty reduction in rural areas and the rational use of natural resources. The *secondary sector*, which made up 31.1 percent of the GDP in 2002, has been growing steadily since 1998, at an average annual rate of 5.3 percent. The mining sector (bauxite, diamond, gold) represents 52 percent of the secondary sector, or 16.3 percent of the GDP. As for the tertiary sector, which represents 40.1 percent of the GDP in 2004, the growth rate remains very low at 1.6 percent in 2004 as a result of the poor performances recorded in the trade and transport services.

## **2.3 Business Environment in the Private Sector**

**2.3.1** Since 1996, the following measures have been taken with a view to improving the legal and regulatory environment: introduction of a judicial structure for arbitration and revision of various legal instruments and codes (banking law, customs code, public contract code, mining code, land code, labour code). In addition, the institutional framework for support to the private sector was strengthened by the restructuring of the following agencies: Office for the Promotion of Private Investment (OPIP,) Agency for Assistance to Enterprises (3AE,) Exports Support Centre (CAE,) Office for Artisanal Development and Assistance (OPDA,) Centre for the Promotion and Development of Mining (CPDM,) the Chamber of

Commerce, the Chamber of Industry and Craft, the Chamber of Agriculture, the Chamber of Mines, the National Council of Employers, etc. Within the context of regional partnership, Guinea ratified the OHADA treaty in 2002, which ought to lead to the harmonisation of sub-regional policies, institutions and legal framework.

2.3.2 In spite of these efforts, private sector development continues to be hampered by the following persistent constraints: (i) difficulty for SMEs to obtain bank loans because of lack of long term resources and a reliable system to guarantee against risks; (ii) the high costs of production factors (power, water, telecommunication, transportation); (iii) the inefficiency of the judiciary system; (iv) the phenomenon of corruption and administrative bottlenecks; (v) the absence of basic economic and administrative infrastructures: roads, telecommunication, electricity, hotels, etc.; (vi) the narrow domestic market; (vii) the scale of fraud as well as contraband on competitive products from abroad. In addition, the implementation of the public enterprise privatisation strategy adopted in 2001 by the Government did not progress in spite of the approval by Parliament in October 2001, of the Privatisation Unit (UP) charged with the implementation of the said strategy. This hardly encourages private investors to take any initiatives in the areas concerned.

## **2.4 Public Debt and Arrears Position**

2.4.1 **Public Debt and the HIPC Initiative:** The internal debt stock reached about GNF 2,588.6 billion in 2004, approximately US\$1.056 million, or 30 percent of the GDP. The external debt stock stood at US \$3512.6 million at the end of 2004, or 99.7 percent of the GDP, while the debt service charges stood at US \$ 152.33 million, or 18.1 percent of exports of goods and services. Guinea reached the decision point of the enhanced HIPC Initiative in December 2000. In this regard, it qualified for debt relief amounting to US\$ 545 million in net present value (NPV) at the end of 1999 (equivalent to US\$ 800 million in nominal terms). In April 2001, the World Bank Group approved its own contribution to the debt relief, amounting to US\$75.4 million in net present value. The actual contribution of the Bank Group to interim debt relief for Guinea reached a total of US\$32.27 million in net present value at the end of December 2003, or 42.9 percent of the total amount agreed. In January 2004, the ADB and ADF suspended their respective debt relief assistance to Guinea because Guinea failed to reach the HIPC-Initiative completion point. It is worth noting that the IMF took a similar decision in June 2003. However, the World Bank continues to provide assistance for Guinean debt relief under the HIPC Initiative.

2.4.2 **Debt repayment arrears:** From 1 February to 3 December 2004, Guinea accumulated payment arrears on its debt to the ADB, ADF and the NTF. In November 2004 the arrears amounted to a total of US\$14,271,605.05, of which US\$ 8,962,381.95 owed to the ADB; US\$4,948,562.79 to the ADF; and US\$360,660.77 to the NTF. As a result of this situation, the Bank Group suspended disbursements for its current operations and stopped the processing of new projects, in particular, the Tombo-Gbessia road project. However, the Guinean Government settled its arrears as of 3 December 2004, thereby paving the way for resumption of Bank Group operations in the country.

## **III. POVERTY REDUCTION PROGRAMME**

### **3.1 Poverty Reduction Strategy (PRS)**

3.1.1 The main objective of the PRS is to reduce the incidence of income poverty at the national and rural levels from 40.3 percent in 1995 to 30 percent in 2010 and from 52.5 percent to 38 percent, respectively. To attain this, the Government's strategy is based on the following three priority areas (i) acceleration of economic growth; (ii) development of basic

services and equitable access thereto; and (iii) improvement of governance and strengthening of the institutional and human framework.

3.1.2 *Accelerate economic growth:* Poverty reduction requires strong growth with significant job opportunities and revenue for the poor. Thus the Government's objective is to attain a 5.2 percent average annual growth rate in the short term (2002-2004) and 10 percent per year by 2010. To this end, the Government should focus its efforts on maintaining a viable macro-economic framework, developing a basic infrastructure, supporting potential growth sectors and implementing an appropriate institutional framework. It should also focus on improving the quality and efficiency of public services.

3.1.3 *Develop basic services and equitable access to services:* To reduce the various disparities (regional, between the urban and the rural environment, between men and women, and between socio professional groups) noted under the poverty assessment framework, the Government strategy will seek to improve the population's access to basic services, especially education, health, water and sanitation, housing and habitat, social protection, and consideration for gender issues. With respect to education, the government's objectives are as follows: (i) a 100 percent primary school enrolment rate by 2012; (ii) promotion of pre-school education; (iii) widespread access to technical and vocational training, and (iv) equity between boys and girls and among the various regions of the country. In the area of health, the Government's objective is to provide quality health care to the whole population by 2010. With regard to safe water, the objective under the ten-year investment programme, is to increase access to drinking water to 90 percent by 2010 from 49 percent in 1999, increase the number of water points (boreholes, wells, tapping of springs and tanks) to 15,000 in rural areas by 2005 and to 20,000 by 2010, compared to 9,400 at the beginning 2000 as well as set up 300 mini water supply systems for schools.

3.1.4 *Improve governance and strengthen institutional and human framework:* In order to create an environment that is conducive to private sector investment and economic development, the authorities opted for a policy based on: (i) strengthening decentralisation and deconcentration of public administration (strengthen the financial and human resources of local communities); (ii) improving transparency and the fight against corruption; and (iii) participation and devolution to beneficiaries as well as strengthening stability and security.

## **3.2 Evaluation of the Poverty Reduction Strategy**

3.2.1 The poverty reduction strategy was prepared through a participatory approach and therefore reflects the major concerns of the population and of development partners. On the whole, the three main strategic thrusts of the PRS are consistent with the conclusions and recommendations of the various thematic groups that were set up and that constituted a representative sample of the population. To a large extent, the successful implementation of the strategy hinged on the implementation of an important ten-year investment programme for which private sector funding was not guaranteed. It is unlikely that the private sector can stimulate real GDP growth to reach 10 percent by 2010. The decentralisation programme could also be hampered by the absence of qualified human resources. Currently, Guinea has 38 urban councils, 5 of which are found in Conakry and 303 rural councils.

3.2.2 The major risks and challenges that have to be addressed to ensure successful implementation of the PRS are related to: (i) maintenance of a stable macroeconomic framework; (ii) persistent high levels of poor governance in general (non-transparent elections, limitations to freedom of association and demonstration, sub-optimal allocation of budgetary resources); and of corruption in particular (embezzlement of public funds and

inequitable justice); and (iii) weak institutional capacity of the country. Finally, the persistent instability in the sub-region could also hinder the attainment of the macro economic objectives of the PRS.

### **3.3 Main Results of the PRS Implementation**

3.3.1 The implementation of the PRS was hampered in 2002 and even more significantly in 2003 by the freeze or non renewal by Guinea's development partners of approved or programmed fiscal assistance to Guinea, including debt relief under the HIPC Initiative, following the suspension of the PRGF by the IMF. The Country Procurement Assessment Review (CPAR), the public expenditure review (PER) and the Country Financial Accountability Assessment (CFAA) carried out in 2002 and 2003 all confirmed the weaknesses of the Guinean economy; in particular, poor spending and inefficient execution of the government budget. This situation, caused primarily by fiscal indiscipline on the part of the Guinean government, led, in 2002 and 2003, to an increase in security and defence spending to the detriment of poverty reduction expenditure. This resulted in a significant deterioration of macro-economic indicators during the 2002 and 2003 period as mentioned in sections 2.2.4 to 2.2.7, and in unsatisfactory progress with respect to strengthening basic social services.

3.3.2 According to a survey carried out in 2002 on the welfare of the population, by the government, with support from the World Bank, poverty has risen in Guinea: 49 percent of the population is considered to be poor compared to 40.3 percent in 1994/95 and 27.2 percent are very poor compared to 13 percent in 1994/95, or double the population living in extreme poverty. The deterioration of the welfare of the population is also corroborated by the traceability carried out in 2003 under the review of priority sector expenditure. This exercise showed that only 16 percent of non-salary-related expenditure actually reaches the schools for which they are destined and 30 percent of funds reach health centres. Finally, the UNDP 2003 human development index ranks Guinea 157th out of 173.

3.3.3 With respect to education, the Guinean system is still characterised by low ratios in spite of some progress (gross school enrolment ratio rose to 74 percent in 2002 compared to 62.3 in 1999). Regarding public health, little improvement was recorded. The levels of infant, child (children under five) and maternal mortality rates hardly differed from the rates recorded in 1999: 98 percent, 177 percent, 528 per 100,000, respectively. Life expectancy at birth, estimated at 54 years in 1999, remained the same and the rate of vaccination coverage is stationary or falling for some illnesses (BCG: 71 percent in 2002 compared to 82 percent in 2000; and DTC: 58 percent in 2002 compared to 43 percent in 2000), leading to the spread of some endemic diseases. Although HIV/AIDS prevalence is low (2.8 percent according to a 2001 survey that covered the whole of Guinea), the illness is a major source of concern for the Guinean Government because of its generally rapid transmission and the subsequent risks for the country's economic and social development. In spite of the progress achieved, (740 water points have been provided per year since 2000 out of an average annual objective of 800), access to drinking water is insufficient, resulting in the propagation of parasites and gastrointestinal infections. Finally, except for the increase in the gross enrolment ratio for girls (67 percent in 2002 compared to 44.3 percent in 1999), the status of the Guinean woman has not improved: illiteracy among women rose from 75 percent in 1996 to 80 percent in 2002 and their health status continues to be precarious .

3.3.4 Finally, as mentioned in paragraph 2.2.2, the situation with respect to governance has regressed with the suppression of the national committee to fight corruption and 'moralise' economic and financial activity (CNLC). In addition, with assistance from its

external partners, especially ADF (Upper and Central Guinea Sustainable Social Development Project and the Second National Rural Infrastructure Support Project) and the World Bank (Grassroots Communities Support Programme and Institutional Capacity Building Project) the government has embarked on the strengthening of institutional capacities of the central economic and financial administration as well as of decentralised and deconcentrated entities. However, the implementation of the institutional capacity building programme (PRCI) was suspended from January to June 2004 because of financial mismanagement discovered during an audit of the project. The implementation of ADF projects was interrupted between February and November 2004 when disbursements were suspended because of debt service payment arrears to the Bank Group.

3.3.5 This situation hampered the pursuit of the capacity building process that had been launched, a process that was indispensable for Guinea to be able to address the major challenge of poverty reduction by accelerating economic growth, improving access by the poor to basic services and improving governance in the country. Failure to restart these projects in the near future could affect Guinea's capacity to efficiently implement its PRS and to rigorously implement its future reform programmes.

3.3.6 Conscious of the negative impact on Guinea's economic and social development of the poor implementation of reform programmes related to the PRS, the Government has resolved to be more rigorous in implementing, in 2005, the public finance adjustment measures adopted by the National Assembly in November 2004 under the revised budget law: i) intensify efforts to collect non-mining tax revenue ii) limit customs exemptions and implement in January 2005 the common external tariff applicable in the West African Economic and Monetary Union (WAEMU) member countries in order to increase state revenue, on the one hand, and on the other hand iii) improve efficiency in the management of wages and salaries to reduce expenditure. Furthermore, the authorities have indicated their intention to increase budgetary resources allocated to priority sectors and to ensure their efficient execution. In this regard, and taking into account the projected increase in state revenue expected as a result of continuation of the period of prosperity in the mining sector (bauxite, gold) that began in 2004, economic growth, according to the Guinean authorities, should be about 3.1 percent in 2005.

## **IV. DIALOGUE WITH THE DONOR COMMUNITY**

### **4.1 Dialogue with bilateral and multilateral donors**

4.1.1 Since the 1998 presidential elections, relations between bilateral development partners and the Government of Guinea have been strained because of the continued degradation of governance in the country due to the lack of transparency in most elections and referendums between 1998 and 2003, on the one hand, and on the other, repeated arrests of representatives of the political opposition. Nonetheless, some bilateral partners had resumed financial relations with Guinea in December 2000 following Guinea's attainment of the HIPC Initiative decision point and the approval in May 2001 of the IMF PRGF to support the implementation of the government's poverty reduction strategy (PRS). In this regard, Guinea benefited from debt relief amounting to US\$ 215 million in real net value from its bilateral creditors, including the Paris Club, in support of the Government's efforts to consolidate public finances, to revive growth and reduce poverty. However, these relations were affected by the suspension of the IMF PRGF at the end of 2002.

4.1.2 Cooperation between the European Union and the Guinean Government also slowed down significantly due to the degradation of governance in the country. Consequently, since 2002, the European Union has interrupted the implementation of several assistance programmes to Guinea, especially budgetary assistance. In compliance with the provisions of the Cotonou Agreement on partnership between the ACP countries and the EU, relations will be normalised if the government succeeds in organising council and local elections as well as anticipated legislative elections before June 2005 with a view to ensuring the pluralistic representation of the different political parties in the National Assembly. This resumption would allow Guinea to benefit from the 230 million Euros envelope funded by the EDF 6, but which have not been disbursed because of poor governance. This amount was meant for the funding of infrastructure and for budget support.

4.1.3 Finally, since Guinea has accrued significant debt repayment arrears to many of its lenders (except for the IMF and the World Bank, and recently the ADB,) amounting in May 2004 to US\$ 45 million, many of the country's creditors, including the French Development Agency (AFD) and the Arab Fund, have suspended processing of their new operations and/or disbursements for approved projects while waiting for the arrears to be settled.

## **4.2 Dialogue with Bretton Woods Institutions**

4.2.1 Relations between the government of Guinea and the Bretton Woods Institutions have often been unstable because of the lack of continuity in government implementation of reforms undertaken since the 90s. During the 1991-2000 period, the Government implemented three economic and structural reform programmes covering, successively, the 1991-95, 1997-2000, and 2001-2003 periods, and supported by two ESAF and one PRGF from the IMF, 4 World Bank structural adjustment credits and debt relief from two institutions.

4.2.2 In December 2002, the IMF suspended its assistance to the implementation of the 2001-2004 programme under the Government's PRS because of significant slippages in non-priority expenditure, especially in the area of sovereignty and security. In June 2003, it also suspended its assistance to debt relief in Guinea under HIPC. Discussions that were launched in July 2003 and continued in September 2003, May and December 2004 in Conakry, Guinea, between an IMF/World Bank/ADB joint mission and the Guinean Government did not result in an agreement for the redeployment of reforms within the framework of an interim programme monitored by Fund staff. With respect to the World Bank, it is pursuing its project assistance to Guinea through a limited programme. Although Guinea did not attain the completion point under the HIPC Initiative at the end of 2003, this institution has maintained its assistance to debt relief for the country. However, it shall only approve further budget assistance to Guinea when the country is resolutely committed to implementing a formal reform programme focused on the consolidation of public finances and the development of priority sectors with a view to effectively fighting poverty.

## **V. BANK GROUP ASSISTANCE STRATEGY**

### **5.1 Management of Bank Group Portfolio**

5.1.1 The Bank Group's active portfolio in Guinea comprises 11 ongoing operations amounting to a total commitment amount of UA 94.0 million. The average age of current operations stands at 4 and-a-half years, and the disbursement rate of the active portfolio was about 31.5 percent in November 2004--a very low rate. The implementation of current

projects slowed down or was suspended between February and November 2004 further to the suspension of Bank Group disbursements as a result of protracted arrears on the debt service. Several suppliers or service providers suspended the execution of contracts agreed with the Government for fear of not being paid. However, Bank Group disbursements restarted in December 2004 after sanctions were lifted.

5.1.2 Apart from the problem of arrears, the implementation status of ongoing Bank Group operations in Guinea faces the following persistent constraints: i) slow launching of implementation of some projects as a result of the long delays on the part of the Government to fulfil conditions precedent to the implementation of loan agreements and grant memoranda of understanding; ii) poor coordination between the Ministry of Economy and Finance, and the Ministry responsible for the project executing agencies; iii) failure to produce regular audit reports; and iv) failure to release Government contributions to project financing within the required timeframe.

5.1.3 To improve the quality of the Bank Group portfolio, the Government has mandated the Directorate National for Debt and Public Investment (*Direction nationale de la dette et des investissements publics (DNDIP)*) to coordinate and monitor Bank Group operations in Guinea. However, DNDIP lacks the means to fully play this role. The Bank has increased its project supervision missions and regularly consolidates its portfolio, on the one hand, and, on the other hand, has strengthened cooperation with other donors operating in Guinea.

## **5.2 Strategy and Instruments for Strengthening Economic Policy Dialogue.**

5.2.1 Since May 2003, the donor community has made regular efforts to relaunch the implementation of reforms under an interim programme. The Bank has contributed to this effort by participating in the joint dialogue missions in May and December 2004. It intends to pursue and deepen its relationship with the Bretton Woods Institutions, strengthen dialogue with the Government to facilitate the relaunching of the reform programme under an interim programme monitored by the Fund. The main objectives of this programme are to:

- i) Stabilize the macro-economic framework and re-establish the credibility of the country vis-à-vis its external partners by reinstatement budgetary discipline, reducing security spending and mobilizing domestic resources;
- ii) Increase priority spending and improve implementation rate so as to reduce poverty; and
- iii) Promote good governance.

5.2.2 Another joint mission (IMF/World Bank/ADB) to Conakry is planned for February 2005 to reach an agreement with the Guinean Government regarding the rapid implementation of the Interim Programme that is likely to relaunch the implementation of the poverty reduction strategy.

5.2.3 In December 2004, the Government cleared its arrears on debt service payments, making it possible for the Bank to resume financial cooperation with Guinea. The Bank, on its own, and in collaboration with Guinea's other external partners, in particular the Bretton Woods Institutions and the European Union, aims to strengthen dialogue with the Government so as to avoid an accumulation of arrears and facilitate the pursuit of its operational activities in the country in 2005.

5.2.4 In this regard, the Bank has already taken the necessary actions to accelerate disbursements for ongoing projects and will, in March 2005, conduct a general review of its project portfolios with a view to determining, in close collaboration with the Government, the necessary consolidation measures and thus ensure improvement in current operations. Furthermore, during the first quarter of 2005, the Bank intends to review the terms of reference for projects frozen because of persistent debt service arrears and prepare, during the same period, an interim country strategy paper to present the projects to the Boards.

5.2.5 Within the framework of the next ADF X resource allocation, the Bank will prepare, in collaboration with the Government and with Guinea's other development partners, its Country Strategy Paper for 2005-2007, which will focus on poverty reduction and sustainable economic development, in conformity with the Poverty Reduction strategy (PRS) adopted in January 2002 by the Government. The main intervention priorities will include: i) capacity building and promotion of good governance; ii) improving access to primary education; and iii) supporting rural electrification.

5.2.6 To increase the development effectiveness of its current and future operations in Guinea, the Bank Group intends to continue strengthening collaboration with Guinea's major partners, notably by co-financing development projects or programmes. In this regard, the Bank Group intends to co-finance, with the French Development Agency (AFD) and several Arab Funds, the Tombo-Gbessia Road Project, which is vital for the economic and social development of the Conakry area. It may also co-finance, with the World Bank, the Islamic Development Bank and AFD, a rural electrification project, which would result from its current study in this area. Finally, the Bank Group's envisaged support for capacity building in Guinea should result in collaboration with the United Nations Development Programme (UNDP).

## **VI. CONCLUSIONS AND RECOMMENDATIONS**

### **6.1 Conclusions**

6.1.1 Efforts made by the Government between 2001 and September 2003, with the support of the IMF, the World Bank, ADF and the European Union allowed Guinea to start consolidating its public finances, revive economic growth and undertake the implementation of its PRS aimed at reducing the incidence of poverty in terms of national and rural incomes.

6.1.2 The suspension in December 2002 of the reform programme as a result of the Government's budget indiscipline and the significant increase in security spending to the detriment of spending on poverty reduction accelerated Guinea's descent into a serious financial, economic and social crisis.

6.1.3 The outcome of discussions held in December 2004 between the Guinean Government and the IMF, the World Bank and the ADB, during their joint mission to relaunch reforms under an interim programme hint at a positive outcome to the negotiations slated for February 2005, in which the Bank will participate.

6.1.4 The settlement in December 2004 of Guinea's payment arrears to the Bank Group has allowed the Bank to resume financial cooperation with Guinea, restart disbursements on current projects and take the necessary measures to consolidate its active portfolio, relaunch the projects frozen in 2004 because of debt service payment arrears, for presentation to the Boards, and to envisage, in close collaboration with other development partners, in particular, the IMF, the World Bank and the European Union, strengthening cooperation with Guinea during the 2005-2007 period.

6.1.5 In this perspective, Guinea's resumption in 2005 of the implementation of reforms under the interim IMF staff-monitored programme is a strong signal of the willingness of the Guinean Government to work to stabilize the macroeconomic framework, on the one hand, and on the other hand, to restore and/or consolidate Guinea's credibility vis-à-vis its main external partners, including the Bank Group, in order to revive growth and reduce poverty in the country.

**6.2 Recommendation**

The Board is invited to take note of this document.

**Annex 1****Guinea: Key Macro-economic Indicators**

	1998	1999	2000	2001	2002	2003 <i>Proj.</i>	2004 <i>Proj.</i>
(Annual percentage change, unless otherwise indicated)							
<b>Gross domestic product and prices</b>							
GDP in real terms	4.8	4.6	1.9	4.0	4.2	1.2	2.6
GDP deflator	2.2	3.5	11.1	4.7	2.8	12.3	16.9
Consumer price (yearly average)	5.1	4.6	6.8	5.4	3.0	12.9	14.3
<b>External Sector</b>							
Exports, f.o.b. (in US dollars)	3.7	-2.7	4.9	3.7	-0.5	2.5	5.5
Imports, CIF (in US dollars)	7.4	-4.1	4.3	-3.7	4.5	-6.7	0.9
Terms of trade (deterioration)	8.0	-8.5	-7.9	7.7	2.3	-2.9	-4.1
<b>Government finance</b>							
Total revenue	4.4	4.1	14.9	12.7	14.0	-1.3	
Total expenditure and net lending	-9.7	18.0	15.4	24.7	3.9	14.3	
Current expenditure	2.7	10.8	17.3	35.8	13.4	19.7	
Capital expenditure	-23.2	28.4	13.0	10.3	-11.2	5.0	
<b>Money and Credit</b>							
Net foreign assets	0.5	10.1	28.2	2.1	31.2	44.7	15.8
Government sectors (net)	-3.4	10.8	21.5	3.7	34.2	34.0	9.2
Private sector	7.9	8.6	5.0	4.3	3.5	8.6	5.2
Money supply	6.1	8.8	23.4	14.8	19.2	35.3	18.0
Velocity of money	10.5	10.6	10.3	9.4	8.6	7.7	7.2
(In percentage of GDP, unless otherwise indicated)							
<b>Government finance</b>							
Total revenue	14.1	10.8	10.9	11.3	12.0	10.5	12.7
Current expenditure	8.7	8.9	9.3	11.6	12.2	12.9	10.1
Capital expenditure	6.0	7.2	7.2	7.2	6.0	5.5	5.4
Primary balance	2.6	2.4	2.5	0.6	0.0	-1.6	1.7
Overall balance (base engagements, grants excluded)	-3.6	-5.3	-5.5	-7.5	-6.2	-7.9	-4.7
<b>Savings and Investments</b>							
Gross fixed asset formation	21.0	22.1	22.0	12.6	12.8	10.0	91.4
Domestic savings	15.3	17.0	16.8	20.0	9.1	7.4	8.1
<b>Balance of payments</b>							
Current account, transfers included	-8.5	-7.6	-6.4	-2.7	-6.5	-5.0	-4.2
Current account, transfers excluded	-10.2	-8.3	-8.2	-6.5	-7.2	-4.8	-6.4
GDP at market price (billion GNF)	4,438.2	4,802.2	5,436.9	5,909.6	6,328.5	7,193.6	8,628.7

Sources: Guinea authorities, IMF and joint mission estimates and projections

**Guinea: National Accounts**  
(in billion Guinean Francs 1996 constant)

	1998	1999	2000	2001	2002	2003	2004
<b>GDP at factor cost</b>	4 106.2	4 302.4	4 390.5	4 560.7	4 716.7	4 783.4	4 907.0
<i>Primary sector</i>	749.3	808.9	806.5	857.2	900.1	925.95	959.63
Agriculture	493.9	528.1	514.7	549.4	582.2	598.2	621.7
Animal husbandry	140.9	149.7	159.2	164.8	171.1	177.9	183.7
Fishing	27.6	29.9	32.6	35.8	37.1	38.2	39.0
Forestry	86.8	93.2	100.0	107.3	110.5	111.6	115.2
<i>Secondary sector</i>	1 261.1	1 342.0	1 390.7	1 464.8	1 533.8	1 539.9	1 592.8
Mines	703.3	740.1	751.9	778.5	801.2	821.2	840.1
Manufacturing sector	157.7	168.0	179.7	189.6	200.8	192.7	198.5
Water and electricity	25.0	26.5	27.5	28.3	29.1	27.5	29.2
Building and construction	375.1	407.4	431.6	468.4	502.7	497.7	525.1
<i>Tertiary sector</i>	2 095.8	2 151.5	2 193.3	2 238.7	2 282.8	2 317.6	2 354.5
Trade	1 143.0	1 179.6	1 201.7	1 227.0	1 249.5	1 268.3	1 287.3
Transportation	257.3	266.3	270.3	275.3	281.1	283.9	287.6
Administration	249.3	246.0	249.3	250.7	257.0	260.9	263.5
Other	446.2	459.6	472.2	485.7	495.1	504.6	516.1
<i>Indirect taxes</i>	164.7	166.3	161.5	166.2	207.5	201.8	207.1
<b>GDP at market prices</b>	4 270.9	4 488.7	4 552.0	4 726.2	4 924.2	4 985.3	5 114.0

Source: Guinean authorities, IMF and ADF estimates and projections

## Guinea: Government's Financial Operations Table, 1998-2004

(in billion GNF)

	1998	1999	2000	2001	2002	2003	2004
Total revenue, including grants	624.5	628.3	719.8	873.0	909.7	1 136.9	1 230.6
Revenue	496.7	517.2	594.5	670.2	763.9	850.4	933.4
Mining sector	126.4	117.3	146.4	166.6	145.4	114.0	126.8
Non-mining sector	370.4	399.9	448.1	503.6	618.1	736.3	806.5
Direct taxes	48.1	57.7	58.3	78.1	94.9	110.6	127.1
Indirect taxes	289.3	309.4	335.9	362.5	452.4	548.4	608.8
Taxes on international trade	71.9	80.8	119.1	114.0	139.1	169.6	184.0
Non-tax revenue	32.9	32.8	53.9	63.1	71.3	77.3	70.6
Grants	127.8	111.1	125.3	202.8	145.8	286.6	297.3
Expenditure and net lending	655.6	773.6	893.0	1 113.8	1 281.8	1 374.3	1 408.2
Current expenditures	387.7	429.5	504.0	684.7	776.1	790.2	816.2
Wages	181.2	194.7	206.2	215.1	236.9	248.6	261.0
Other goods and services	89.4	89.6	110.4	133.9	209.9	176.8	216.7
Transfers	53.0	70.7	97.6	246.1	224.0	245.1	217.4
Payment of interest (foreign debt)	55.2	59.5	73.9	62.1	74.1	82.8	82.2
Payment of interest (domestic debt)	8.9	15.0	15.9	27.5	31.2	36.9	38.8
Capital expenditure	250.4	343.9	386.6	423.4	493.4	543.7	584.4
External financing of investment	209.0	295.0	345.0	388.7	415.0	425.0	457.5
Domestic financing of investment	41.4	48.9	41.6	34.7	78.4	118.7	126.9
Bank financing	13.6	0.0	0.0	4.5	7.9	10.3	4.4
Net lending	3.9	0.2	2.4	1.3	4.4	3.1	3.3
Overall balance (commitment basis)							
Grants included	-31.1	-145.3	-173.2	-240.8	-372.1	-210.3	-177.6
Grants excluded	-158.8	-256.4	-298.5	-443.6	-517.9	-496.9	-474.9
Overall balance (cash basis)	-104.7	-148.4	-200.3	-261.1	-451.2	-190.3	-177.6
Financing	104.7	148.4	200.3	261.1	457.3	190.3	65.2
External financing(net)	93.7	105.7	110.4	244.8	196.2	72.6	108.1
Drawings	153.1	203.4	224.3	346.5	307.5	214.4	220.1
Project loans	115.7	200.9	221.2	229.1	305.5	204.5	220.1
Programmes	37.7	2.5	3.1	117.4	1.9	9.9	0.0
Depreciation of external debt	-75.4	-88.2	-140.0	-234.1	-191.1	-267.6	-244.8
Change in arrears (reduction -)	15.9	-9.5	26.1	0.5	-1.7	0.0	0.0
Debt relief	0.0	0.0	0.0	39.8	28.1	19.2	30.0
Rescheduling				93.8	55.1	117.2	114.0
Debt repurchase	0.0	0.0	0.0	-1.6	-1.7	-10.6	-11.2
Net internal financing	11.0	42.7	89.9	16.2	261.1	457.3	190.3
Banking sector	-12.7	47.0	105.5	21.8	230.3	91.4	-35.4
Non-banking sector	23.7	-4.3	-15.6	-5.6	30.8	26.4	-7.5
Errors and omissions/ net financing gap	0.0	0.0	0.0	0.0	-6.1	0.0	112.4

Source: Guinean authorities, IMF and ADF estimates and projections

## Guinea: Balance of Payments (1998-2004)

(in million US dollars)

	1998	1999	2000	2001	2002	2003	2004
Trade balance	69.8	76.2	83.3	160.9	50.8	89.8	130.9
Exports, fob	653.0	635.7	666.6	722.8	700.4	775.9	832.5
Including mining products	544.5	537.8	570.6	636.5	611.8	669.0	709.4
Imports, fob	-583.3	-559.4	-583.3	-561.9	-649.6	-686.1	-701.5
Services (net)	-272.1	-251.6	-242.5	-219.1	-227.6	-212.4	-211.5
Income	-123.5	-82.3	-77.6	-66.2	-59.2	-66.4	-83.3
Including payment of dividends	-60.1	-32.4	-8.4	-20.0	-20.0	-19.8	19.9
Interest on public debt	-53.5	-50.0	-55.0	-31.9	-37.5	-39.9	-38.1
Transfers	22.1	-4.3	10.5	51.5	27.9	21.6	16.7
Private transfers nets	-38.9	-31.0	-15.0	-12.9	-15.9	-15.8	-16.8
Official transfers	61.0	26.7	25.5	43.8	25.5	7.7	5.7
HIPC assistance (multilat.)	0.0	0.0	0.0	20.6	18.3	29.7	27.8
<b>Current account balance; official transfers included</b>	<b>-303.7</b>	<b>-261.9</b>	<b>-226.4</b>	<b>-72.8</b>	<b>-208.1</b>	<b>-167.4</b>	<b>-147.2</b>
<b>Current account, official tra. excluded</b>	<b>-364.7</b>	<b>-288.6</b>	<b>-251.9</b>	<b>-116.6</b>	<b>-251.9</b>	<b>-204.8</b>	<b>-180.7</b>
<b>Capital account</b>	<b>209.5</b>	<b>122.4</b>	<b>71.7</b>	<b>81.9</b>	<b>55.4</b>	<b>106.4</b>	<b>110.1</b>
Official transfers (project grants)	75.4	80.1	71.7	81.9	55.4	106.4	110.1
Debt cancellation	134.1	42.2	0.0	0.0	0.0	0.0	0.0
<b>Financial operations</b>	<b>111.9</b>	<b>121.7</b>	<b>-1.2</b>	<b>-0.3</b>	<b>90.1</b>	<b>-2.1</b>	<b>23.8</b>
Public (medium and long terms)	62.8	83.0	48.3	57.7	58.9	-25.7	-11.5
Project loans	93.6	144.8	126.6	117.6	154.7	98.7	102.1
Programmes	30.2	1.8	1.8	60.3	1.0	4.8	0.0
Depreciation	-60.9	-63.6	-80.1	-120.2	-96.8	-129.1	-113.6
Investments - direct and private (nets)	62.1	53.7	-47.2	-58.0	31.2	23.6	35.3
Errors and omissions	58.9	-13.2	94.6	-23.9	-20.9	0.0	0.0
<b>Overall balance</b>	<b>76.7</b>	<b>-31.0</b>	<b>-63.3</b>	<b>-15.1</b>	<b>-83.5</b>	<b>-63.1</b>	<b>-13.3</b>
<b>Financing</b>	<b>-76.7</b>	<b>31.0</b>	<b>63.3</b>	<b>15.1</b>	<b>83.5</b>	<b>63.1</b>	<b>-46.8</b>
Change in reserves	-6.7	38.7	51.4	-58.1	38.5	12.1	-92.9
IMF (net)	12.3	1.9	-8.0	4.6	5.2	-14.6	-20.7
Change in arrears and in Government assets (net)	-82.3	-9.6	18.0	0.1	-2.3	0.0	0.0
Debt relief	0.0	0.0	0.0	68.6	42.1	65.8	66.8
Including HIPC assistance (Cologne terms)	0.0	0.0	0.0	20.4	14.2	9.3	13.9
<b>Residual Gap</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>60.1</b>
Current account, transfers included (percent GDP)	-8.5	-7.6	-7.4	-2.4	-6.5	-5.0	-4.2
Current account, transfers excluded (percent GDP)	-10.2	-8.3	-8.2	-3.8	-7.8	-6.1	-6.4
Reserves in months of imports	3.1	2.8	2.0	2.6	2.0	1.9	

Source: Guinean authorities, IMF and ADF estimates and projections

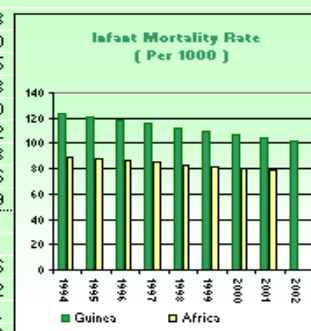
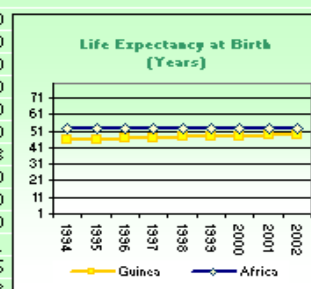
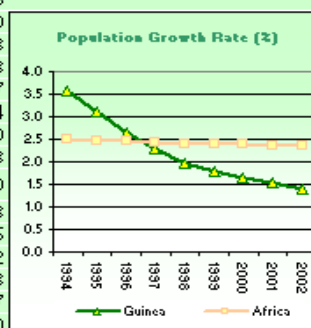
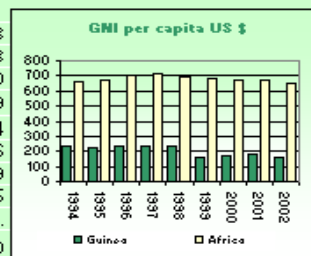
**Annex 5****Status of Bank Group Project Portfolio (November 2004)**

<b>Title of Project</b>	<b>Date of approval</b>	<b>Date of signature</b>	<b>Date of effectiveness</b>	<b>Last disbursement</b>	<b>Amount approved</b>	<b>Amount disbursed</b>	<b>Percent disbursed</b>
<b>AGRICULTURE</b>							
1. BEYLA-KEROU DEVELOPMENT PROJECT	02.09.1993	10.12.1993	27.05.1994	31.12.2003	9.21	8.21	90.50
2. ARTISANALE FISHERY PROJECT	07.06.2000	17.08.2000	18.08.2000	31.12.2005	5.00	3.78	75.68
3. UPPER GUINEA DEVELOPMENT PROJECT	15.06.2000	18.08.2000	29.08.2000	31.12.2007	10.00	2.14	21.45
4. PNIR 2	02/10/2002	16/01/2003		31.12.2003	8.10	0.00	0.00
5. VILLAGE HYRAULICS PROJECT	04.09.2002	09.12.2002	31.07.2002	31.12.2008	15.00	0.00	0.00
6. PALM OIL STUDY	26.03.2001	05.12.2001	25.01.2002	31.12.2004	1.98	1.38	69.75
<b>ENERGY</b>							
7. ELECTRICITY PLAN STUDY	11.09.2002	15.10.2002	24.01.2003	31.12.2003	1.35	0.25	18.70
<b>SOCIAL</b>							
8. EDUCATION PROJECT III	23.03.1997	03.02.1997	02.11.1999	31.12.2003	11.50	11.18	97.25
9. SUSTAINABLE SOCIAL DEVELOPMENT PROJECT	05.12.2001	07.12.2001	26.07.2002	31.12.2008	20.00	0.65	3.27
	05.12.2001	07.12.2001	26.07.2002	31.12.2008	1.75	0.31	17.96
10. HEALTH PROJECT III	04.10.2000	01.12.2000	27.09.2001	31.12.2007	6.50	0.61	9.51
	04.10.2000	01.12.2000	27.09.2001	31.12.2007	0.60	0.50	84.08
11. SUPPORT FOR WOMEN'S ECONOMIC ACTIVITIES	27.10.1998	22.01.1997	29.03.1999	31.12.2003	3.00	0.59	19.94
<b>TOTAL</b>					93.99	29.60	31.50

## Guinea

### COMPARATIVE SOCIO-ECONOMIC INDICATORS

	Year	Guinea	Africa	Developing Countries	Developed Countries
<b>Basic Indicators</b>					
Area ( '000 Km <sup>2</sup> )		246	30 061	30 976	54 653
Total Population (millions)	2002	8.4	331.0	5,024.6	1,200.3
Urban Population (% of Total)	2002	32.0	33.6	43.1	73.0
Population Density (per Km <sup>2</sup> )	2002	34.0	27.6	60.6	22.9
GNI per Capita (US \$)	2002	150	650	1 154	26 214
Labor Force Participation - Total (%)	2002	49.4	43.1	45.6	54.6
Labor Force Participation - Female (%)	2002	47.1	33.3	39.7	44.9
Gender -Related Development Index Value	1997	0.381	0.484	0.655	0.905
Human Develop. Index (Rank among 174 countries)	2001	157	n.a.	n.a.	n.a.
Popul. Living Below \$ 1 a Day (% of Population)	1991	26.3	46.7	23.0	20.0
<b>Demographic Indicators</b>					
Population Growth Rate - Total (%)	2002	1.4	2.2	1.7	0.6
Population Growth Rate - Urban (%)	2002	4.7	3.9	2.9	0.5
Population < 15 years (%)	2002	44.3	43.2	32.4	13.0
Population >= 65 years (%)	2002	2.9	3.3	5.1	14.3
Dependency Ratio (%)	2002	33.6	36.6	61.1	43.3
Sex Ratio (per 100 female)	2002	101.3	98.9	103.3	94.7
Female Population 15-49 years (% of total population)	2000	...	24.0	26.9	25.4
Life Expectancy at Birth - Total (years)	2002	49.1	50.6	62.0	73.0
Life Expectancy at Birth - Female (years)	2002	49.5	51.7	66.3	79.3
Crude Birth Rate (per 1,000)	2002	42.9	37.3	24.0	12.0
Crude Death Rate (per 1,000)	2002	16.1	15.3	8.4	10.3
Infant Mortality Rate (per 1,000)	2002	101.7	81.9	60.9	7.5
Child Mortality Rate (per 1,000)	2002	176.0	135.6	79.3	10.2
Maternal Mortality Rate (per 100,000)	1999	523	641	440	13
Total Fertility Rate (per woman)	2002	5.3	4.9	2.3	1.7
Women Using Contraception (%)	1999	6.2	40.0	59.0	74.0
<b>Health &amp; Nutrition Indicators</b>					
Physicians (per 100,000 people)	1999	10.7	57.6	73.0	237.0
Nurses (per 100,000 people)	1995	55.7	105.3	93.0	732.0
Births attended by Trained Health Personnel (%)	1999	35.0	33.0	56.0	99.0
Access to Safe Water (% of Population)	2000	43.0	60.3	73.0	100.0
Access to Health Services (% of Population)	1992	45.0	61.7	30.0	100.0
Access to Sanitation (% of Population)	2000	53.0	60.5	52.0	100.0
Percent. of Adults (aged 15-49) Living with HIV/AIDS	1999	1.5	5.7	1.3	0.3
Incidence of Tuberculosis (per 100,000)	1999	63.0	193.0	144.0	11.0
Child Immunization Against Tuberculosis (%)	2002	71.0	76.4	32.0	93.0
Child Immunization Against Measles (%)	2002	61.0	67.7	73.0	90.0
Underweight Children (% of children under 5 years)	1999	23.2	25.9	31.0	...
Daily Calorie Supply per Capita	2001	2 362	2 444	2 675	3 235
Public Expenditure on Health (as % of GDP)	1993	2.2	3.3	1.3	6.3
<b>Education Indicators</b>					
Gross Enrolment Ratio (%)					
Primary School - Total	2000	67.0	39.2	91.0	102.3
Primary School - Female	2000	56.0	33.7	105.0	102.0
Secondary School - Total	1993	13.3	40.3	33.0	99.5
Secondary School - Female	1999	7.3	33.2	45.3	100.3
Primary School Female Teaching Staff (% of Total)	1999	25.0	49.9	51.0	32.0
Adult Illiteracy Rate - Total (%)	2000	...	37.9	26.6	1.2
Adult Illiteracy Rate - Male (%)	2002	...	29.2	19.0	0.3
Adult Illiteracy Rate - Female (%)	2000	...	46.4	34.2	1.6
Percentage of GDP Spent on Education	1993	1.3	3.5	3.9	5.9
<b>Environmental Indicators</b>					
Land Use (Arable Land as % of Total Land Area)	2002	3.6	6.2	9.9	11.6
Annual Rate of Deforestation (%)	1995	1.1	0.7	0.4	-0.2
Annual Rate of Reforestation (%)	1990	5.0	4.0	...	...
Per Capita CO2 Emissions (metric tons)	1993	0.2	1.1	1.9	12.3



Source : Compiled by the Statistics Division from ADB databases; UNAIDS; World Bank Live Database and United Nations Population Division.

Notes : n.a. Not Applicable ; ... Data Not Available.