GUINEA-BISSAU

JOINT WORLD BANK-IMF DEBT SUSTAINABILITY ANALYSIS

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GUINEA-BISSAU: JOINT BANK-FUND DEBT SUSTAINABILITY ANALYSIS	
Risk of external debt distress	High[3]
Overall risk of debt distress	High
Granularity in the risk rating	Sustainable
Application of judgment	No

Guinea-Bissau's risks of external and overall debt distress remain high, in line with the June 2022 Debt Sustainability Analysis (DSA). GDP growth accelerated in 2021 on the back of the gradual lifting of COVID containment measures and the record high cashew nut production, with positive spillovers on the fiscal and external accounts. The macroeconomic outlook underpinning the DSA assumes a gradual economic recovery in 2022-24 and sustained growth in the medium-term supported by an improvement of terms of trade, a more stable socio-political environment, and the ongoing governance .and structural reforms. The baseline assumes that the fiscal consolidation efforts will ensure convergence of the fiscal deficit to the West African Economic and Monetary Union's (WAEMU) convergence criterion of 3 percent of GDP by 2025, which creates fiscal space for higher social spending and growth-enhancing

[1] The previous DSA was dated June 2, 2022 (IMF Country Report No. 22/196) and accompanied the third review under Guinea-Bissau's Staff-Monitored Program (SMP).

[2] The DSA compares the evolution of debt-burden indicators against thresholds and benchmarks pre-determined by the country's debt-carrying capacity. Guinea-Bissau's Composite Indicator (CI) index, based on October 2022 WEO update and the World Bank's 2021 World Bank's Country Policy and Institutional Assessment (CPIA), indicates that the country's debt carrying capacity remains weak (Para.15).

[3] This DSA follows the Guidance Note of the Join Bank-Fund Debt Sustainability Framework for Low Income Countries, February 2018.

public investment. The ratio of public debt to GDP increased in 2021 but is projected to start falling in 2023 and converge to below the 70 percent of GDP debt ceiling by 2027.

Risks include an adverse political scenario, limited capacity, weaker cashew nut exports, tighter global financial conditions, volatile global food and oil prices, and climate change-related natural disasters. Financial stress in state-owned enterprises and high NPLs could generate contingent liabilities and pose macro financial risks.

The present value (PV) of public and publicly guaranteed (PPG) debt relative to GDP exhibits a prolonged and substantial breach of its indicative benchmark. However, considering that (i) the country benefits from WAEMU currency union safeguards that provide for financial and technical support from the regional debt market institutions and larger regional members with strong debt carrying capacity; (ii) the PV of public debt shows a consistent downward trend from 2022 onwards under the baseline scenario; and (iii) the external DSA indicators are consistent with sustainability following a downward trend over the medium-term, public debt is assessed as sustainable.

This conclusion is contingent on the authorities' continued commitment to an ambitious, yet feasible, fiscal adjustment that aims to bring the fiscal deficit within the 3 percent of GDP WAEMU convergence criterion by 2025. This fiscal adjustment was supported by the Fund's Staff Monitored Program (SMP) which is expected to continue during the Extended Credit Facility (ECF) arrangement. The downward trend of the baseline debt indicators would further improve with full multilateral donor re-engagement and a further shift towards debt obligations on concessional terms. The authorities are also following IMF/WB advice on improving debt management and dedicating efforts to resolve legacy external arrears.

DEBT COVERAGE

1. **The perimeter of public debt is limited to the central government, the central bank and government-guaranteed debt.**[4] Data limitations preclude the inclusion of other units of general government and state-owned enterprises (SOEs) (Text Table 1). In general, SOEs are not likely to represent a major contingent public liability. A notable exception is the electricity and water utility *Eletricidade e Águas da Guiné-Bissau* (EAGB), which has non-publicly guaranteed debts estimated at 2.7 percent of GDP in 2021.[5]

[4] Debt management was strengthened after the approval by the Council of Ministers in July 2021 of decrees related to the creation of a National Committee of Debt Policy and the organization and functioning of the Debt Directorate. The authorities use the Debt Management and Financial Analysis system (DMFAS) to record external debt and seek to start incorporating domestic debt into the system. The first annual debt bulletin was published in 2021, followed by an improved version in 2022, which will partially cover debt held by SOEs. Additionally, the World Bank implemented a Debt Management Performance Assessment (DeMPA) in 2022 that identified needed reforms to further strengthen debt management. Guinea-Bissau continues to receive technical assistance from the IMF and the World Bank to improve debt reporting to the International Debt Statistics (IDS) and the Quarterly External Debt Statistics (QEDS). Technical assistance from the IMF's statistics department planned for 2022-23 aims at expanding data coverage and improving public data debt according to international guidance.

[5] Government clearance of EAGB debt amounted to CFAF 6.6 billion in 2017, CFAF 2.5 billion in 2018, CFAF 5.9 billion in 2019, and CFAF 3.6 billion in 2020. There were no transfers in 2021. Also, the government guaranteed loans to EAGB with a total value of CFAF 5.6 billion in 2020 and CFAF 7.4 billion in 2021 as part of debt service restructuring agreements with local commercial banks. In 2022, guarantees increased to CFAF 11.9 billion. These guarantees are included in the DSA.

2. Debt classification follows a hybrid approach in which debt to the West African Bank for Development (*Banque Ouest Africaine de Développement* or BOAD) is classified as external and bonds issued in the regional market are classified as domestic. Since the previous Guinea-Bissau DSA, debt denominated in Communauté Financière Africaine francs (CFA francs or CFAF) to BOAD, amounting to 12.8 percent of GDP at end-2021, is classified as external whereas the remaining debt sources follow a currency-based classification. Treasuries issued in CFA francs in the regional market remain treated as domestic for the purpose of this DSA.[6] The stock of such treasury securities (held by both local and regional banks) at end-2021 was CFAF 193.3 billion, equivalent to 52 percent of domestic debt or 20.2 percent of GDP.

Text Table 1. Guinea-Bissau: Public Debt Coverage Under the Baseline Scenario

Subsectors of the public sector	Sub-sectors covered
Central government	X
State and local government	
Other elements in the general government	
o/w: Social security fund	
o/w: Extra budgetary funds (EBFs)	
Guarantees (to other entities in the public and private sector, including to SOEs)	X
Central bank (borrowed on behalf of the government)	X
Non-guaranteed SOE debt	

3. The authorities are seeking long-term technical assistance from international partners to improve their capacity for debt recording, monitoring, and overall debt management. In the context of the implementation of three decrees approved in June 2021,[7] the Directorate Generals of Treasury and Debt are holding weekly coordination meetings. Biannual meetings of the recently created National Committee of Public Debt start in 2022. The World Bank, through the Performance and Policy Actions supported under the Sustainable Development Finance Policy, is supporting authorities with the publication and expansion of the debt bulletin. Additionally, the Word Bank is supporting EAGB on implementing a Management Improvement Plan and a financial restructuring plan. Both plans have yielded a more accurate assessment of the utility's stock of debt by end-2022. The Statistics Department of the IMF has planned two technical assistance missions during 2022–23 to support the authorities to improve debt recording and data coverage expansion.

BACKGROUND

4. Guinea-Bissau's public debt rose to 78.9 percent of GDP in 2021. The ratio of public debt to GDP increased by an estimated 0.7 percentage points with respect to 2020. This increase was observed in the domestic debt side and is mostly explained by the resources of the Special Drawing Rights (SDR) allocation on-lent by the regional central bank (*Banque Centrale des États de l'Afrique de l'Ouest* or

[6] In 2021, local banks held 7 percent of outstanding domestic debt issued in the regional market.

[7] In June 2021 the Council of Ministers approved decrees related to: (i) the creation of a National Committee of Debt Policy; (ii) the organization and functioning of the Directorate-General for Public Debt (*Direção Geral da Dívida Publica*); and (iii) regulating the process of debt issuance and management.

BCEAO). External debt remained broadly stable in 2021 as a large part of those on-lent resources was allocated to pre-pay non-concessional external debt to BOAD due in 2022, which offset the budget support from the IMF's Rapid Credit Facility (RCF) and project financing from the World Bank. BOAD and the World Bank are the main holders of Guinea-Bissau's external debt (Text Table 2). On the domestic side, government financing has relied on the regional treasury market (Text Table 2 and Debt Holder Profile Table in Annex 1). Part of the resources raised on the regional market allowed for the payment of domestic expenditure arrears that were accumulated in 2019-20, but only recognized in 2021. The stock of debt also reflects the authorities' efforts to resolve legacy external arrears following advice from the IMF and the World Bank.

Text Table 2. Guinea-Bissau: Total Public Debt

	2019 Act.	2020 Act.	2021 Prel.	2022 Proj.	2019 Act.	2020 Act.	2021 Prel.	2022 Proj.
	(Billions of CFAF)				*(Percent of GDP)*			
Central Government Debt	**572.7**	**684.4**	**754.5**	**859.1**	**65.8**	**78.2**	**78.9**	**81.0**
External	**325.1**	**360.1**	**382.7**	**437.4**	**37.3**	**41.1**	**40.0**	**41.2**
Multilateral	249.6	282.7	303.3	351.0	28.7	32.3	31.7	33.1
IMF	18.5	15.8	26.4	25.9	2.1	1.8	2.8	2.4
IDA	67.4	78.0	97.9	119.2	7.7	8.9	10.2	11.2
BOAD	117.1	138.6	122.0	141.0	13.4	15.8	12.8	13.3
AfDB	22.4	22.5	27.7	31.9	2.6	2.6	2.9	3.0
Others (IDB, BADEA, IFAD, etc)	24.3	27.8	29.3	32.9	2.8	3.2	3.1	3.1
Bilateral	75.5	77.4	79.4	86.4	8.7	8.8	8.3	8.1
of which Legacy Arrears [1]	22.8	29.5	3.3	3.6	2.6	3.4	0.3	0.3
Paris Club	9.1	8.3	5.9	6.3	1.0	1.0	0.6	0.6
Non-Paris Club [2]	66.3	69.1	73.5	80.1	7.6	7.9	7.7	7.5
Domestic	**247.6**	**324.3**	**371.8**	**421.7**	**28.4**	**37.1**	**38.9**	**39.7**
Local Banking System	143.7	162.8	156.7	156.1	16.5	18.6	16.4	14.7
BCEAO	110.3	109.5	130.5	130.0	12.7	12.5	13.6	12.2
Loans local commercial banks	20.9	33.2	12.0	12.0	2.4	3.8	1.3	1.1
Treasury Securities held by local banks	12.5	20.2	14.2	14.2	1.4	2.3	1.5	1.3
Treasury Securities held by regional banks	73.7	119.9	179.2	235.8	8.5	13.7	18.7	22.2
Payment Arrears	26.3	31.0	22.8	12.2	3.0	3.5	2.4	1.2
Guarantees	3.9	10.6	13.1	17.5	0.4	1.2	1.4	1.7

Sources: Guinea-Bissau's authorities and IMF Staff estimates and projections.

[1] Legacy Arrears are due to Brazil, Russia as well as Pakistan.

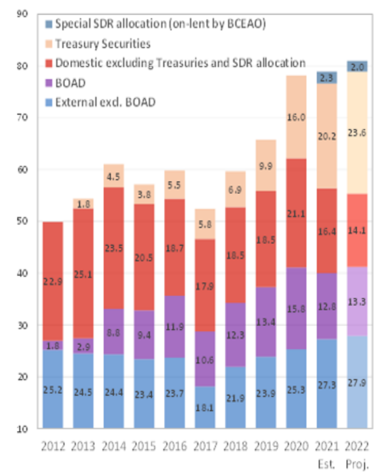
[2] Non-Paris Club: Angola, Exim Bank of India, Kuwait, Libya, Pakistan, Saudi Fund, Exim Bank of Taiwan, China.

5. **The special SDR allocation contributed to lower financing costs and closed the 2021 financing gap associated with the emergency response to the pandemic.** In line with the WAEMU agreement, the BCEAO on-lent the counterpart of the SDR allocation.[8] Despite being treated as domestic debt, the DSA calculates the present value of the loan to incorporate its highly concessional nature, which

[8] The end-August SDR 27.2 million allocation was transferred by the BCEAO, as a currency repo operation of CFAF 21.6 billion (2.3 percent of GDP) with 20-year maturity and a single bullet payment at end-period. With an interest rate fixed at 0.05 percent, this operation is equivalent to a loan with a grant element of 62 percent. At maturity, this operation could be renewed for 20-years at an interest rate linked to SDR interest rate.

reduces its initial impact on the DSA's assessment of the overall risk of debt distress.[9] The concessional terms of the on-lending operation provided an alternative to more costly financing such as contracting non-concessional debt and issuing Treasury bills in the WAEMU regional market. The authorities used most of those resources to pre-pay non-concessional debt to BOAD, due at end-2021 and in 2022.[10] The remaining amount financed part of the emergency response to the pandemic.

Public Debt Stock
(Percent of GDP)



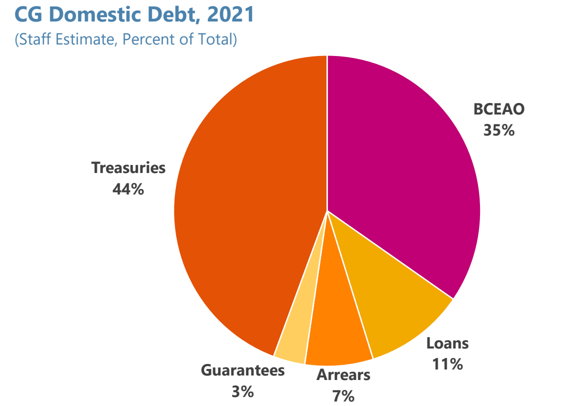
Sources: Guinea-Bissau authorities and IMF staff calculations

6. Non-concessional domestic borrowing slightly decreased in 2021 after the significant increase observed in 2020 to finance the response to the pandemic (Text Table 2). Excluding the SDR allocation, central government domestic debt amounted to 36.6 percent of GDP at end-2021. The largest source of net borrowing was Treasury securities, the stock of which rose by 5 percentage points of GDP between 2020 and 2021, with the bulk purchased by commercial banks from elsewhere in the WAEMU region.

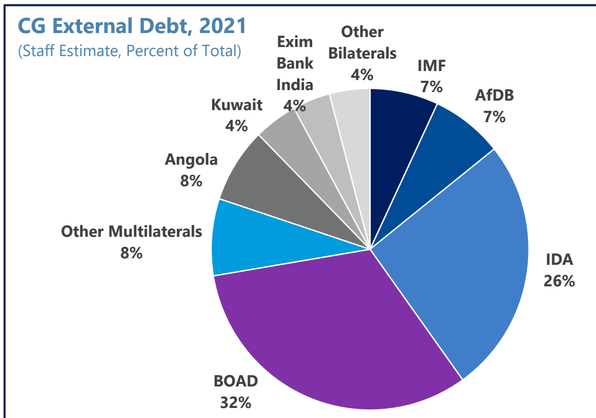
7. External borrowing remained broadly stable with an increase in concessional sources compensated by the pre-payment of non-concessional debt to BOAD. Debt to BOAD decreased by 3 percentage points of GDP in 2021 whereas more concessional external borrowing increased by 2.4 percentage points. Since 2017, the World Bank has been the main source of new concessional financing, promoting large regional telecommunications and energy projects as well as national projects to support rural transportation.[11] Altogether, multilaterals held 80 percent of Guinea-Bissau's external debt at end-2021. The remaining external debt was bilateral, mainly to non-Paris Club creditors. External debt includes legacy arrears that the authorities have been actively seeking to resolve. In July 2021, an

[9] In general, domestic debt is treated in nominal terms in the DSA.
[10] Out of the total amount, CFAF 14.8 billion (69 percent) was used to pre-pay BOAD principal due in September 2021–December 2022, and CFAF 2 billion (9 percent) to pre-pay BOAD interest due in the same period. The remaining amount, CFAF 4.8 billion (22 percent), was used to finance COVID-related expenditures.
[11] World Bank national operations also include projects to support food security, improve health service delivery, enhance the quality of education, and boost social safety nets. These operations are all grants.

agreement was reached with Angola, the main creditor in this context, bringing the stock of legacy arrears down from 3.4 percent of GDP in 2020 to 0.3 percent of GDP at end-2021.[12]



Sources: Guinea-Bissau authorities and IMF staff calculations.



Sources: Guinea-Bissau authorities and IMF staff calculations.

8. **Debt service has significantly increased in 2021 due to the pre-payment of debt to BOAD and payment of domestic arrears.** The ratio of debt service to revenue excluding grants increased from 78.7 percent in 2020 to 101 percent in 2021, of which 9.7 percent of revenues corresponds to the debt service to BOAD originally due in 2022. Additionally, payment of domestic arrears accumulated in 2019-20 represented 8.4 percent of revenues (4.3 percentage points above the corresponding amount in 2021). The Catastrophe Containment and Relief Trust (CCRT) grant helped alleviate the debt service burden, amounting to 1.3 percent of revenues. The authorities requested by end-2020 and again in 2021 to join the Debt Service Suspension Initiative (DSSI). Even without any debt suspension, debt sustainability prospects are expected to be enhanced through the commitment to limit non-concessional borrowing to levels agreed under IMF programs and the International Development Association's Sustainable Development Finance Policy and to disclose all public sector financial commitments involving debt.[13]

9. **Regional institutions with a strong capacity to help manage debt provide support to Guinea-Bissau's debt management capacity.** WAEMU currency union regional institutions manage both the debt issued by Guinea-Bissau in the regional sovereign treasury securities market (*UMOA-Titres*) as well as the debt held by the central bank (BCEAO). These two components account for almost 90 percent of Guinea-Bissau's domestic debt at end-2021. Moreover, Guinea-Bissau's borrowing through WAEMU sovereign securities market is expected to account for an insignificant share of available regional financing

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[12] Guinea-Bissau has external arrears, totaling US$5.7 million at end-2021, to Brazil, Russia, and Pakistan for longstanding debts that were not covered in the HIPC process and that are eligible for debt relief. In 2017, Guinea-Bissau secured extensive debt relief on arrears of US$43.2 million to Taiwan, China. In 2018, a debt rescheduling agreement was reached with Libya for arrears of US$6.9 million with limited net debt relief. In 2021, a debt rescheduling agreement was reached with Angola for arrears of US$49.2 million with limited net debt relief. Negotiations with Brazil resumed in 2022 (US$1.9 million) after the agreement reached in 2017 was never signed. A settlement was negotiated with Russia in 2018 (US$1.5 million) but the agreement is still pending signature. Negotiations with Pakistan (US$2.2 million) have been protracted. This DSA includes some conservative repayment assumptions that will be revised once rescheduling agreements are reached.

[13] Regarding the DSSI, the authorities declined to suspend the small debt service involved (0.7 percent of revenues) and some creditors did not respond.

to the eight countries in this currency union.

BASELINE SCENARIO

10. The near-term outlook projects a moderate recovery and sustained growth over the medium term, but risks are tilted to the downside. The main changes relative to the previous DSA of June 2022 (Text Table 3) include an upward revision on inflation, a reduction in GDP growth, and a depreciation of the currency in 2022 and 2023. The main macroeconomic assumptions are as follows:

Text Table 3. Guinea-Bissau: Key Macroeconomic Projections (Percent of GDP, Unless Otherwise Indicated)

	2020	2021 Prel.	2022 Proj.	2023 Proj.	2024 Proj.	2025 Proj.	2026 Proj.	2027 Proj.	Long Term[1]
Real GDP growth (percent)									
Previous DSA	1.5	5.0	3.8	4.5	5.0	5.0	5.0	5.0	4.2
Current DSA	1.5	6.4	3.5	4.5	5.0	5.0	5.0	5.0	4.2
CPI inflation (percent)									
Previous DSA	1.5	3.3	5.5	4.0	3.0	2.0	2.0	2.0	2.0
Current DSA	1.5	3.3	7.8	5.0	3.0	2.0	2.0	2.0	2.0
Primary fiscal balance									
Previous DSA	-8.1	-4.1	-3.0	-2.1	-1.5	-1.1	-1.1	-1.0	-0.7
Current DSA	-8.1	-4.0	-4.2	-1.7	-1.0	-0.9	-0.9	-0.8	-0.6
Overall fiscal balance (commitment)									
Previous DSA	-9.6	-5.7	-4.4	-4.0	-3.5	-3.0	-3.0	-3.0	-3.0
Current DSA	-9.6	-5.6	-5.5	-3.9	-3.2	-3.0	-3.0	-3.0	-3.1
Tax revenues									
Previous DSA	7.7	9.9	9.9	10.9	11.1	11.3	11.3	11.4	12.4
Current DSA	7.7	9.8	9.5	9.9	10.2	10.5	10.7	11.0	11.7
Domestic primary expenditures									
Previous DSA	16.0	14.9	14.2	14.3	13.6	13.5	13.7	13.7	14.4
Current DSA	16.0	14.7	14.9	12.9	12.4	12.6	12.8	12.9	13.5
Non-interest current account balance									
Previous DSA	-1.8	-2.1	-5.8	-3.5	-3.4	-3.1	-3.1	-2.9	-3.1
Current DSA	-1.7	0.3	-5.2	-3.5	-3.3	-3.2	-3.0	-2.8	-2.6
External debt									
Previous DSA[2]	40.4	40.1	40.3	37.7	35.4	32.8	30.4	28.3	20.8
Current DSA	41.1	40.0	41.2	38.4	36.1	34.1	31.6	29.4	21.7
Domestic debt									
Previous DSA[2]	36.1	38.4	38.1	38.7	38.5	38.4	38.4	38.4	39.8
Current DSA	37.1	38.9	39.7	39.8	39.3	38.6	38.6	38.5	40.0

Source: Bissau-Guinean authorities and staff estimates.
[1] Covers the period 2028-42 for current DSA, and 2028-42 for the previous DSA.
[2] Adjusted based on the reclassification of BOAD as external debt.

- **Real GDP growth**. After a modest GDP growth of 1.5 percent in 2020, growth is estimated to have accelerated to 6.4 percent in 2021 on the back of record high cashew nut production, public investment in critical externally financed infrastructure, the gradual lifting of COVID containment measures, and an improvement in business confidence associated with a more stable political situation. Growth is projected to moderate to 3.5 percent in 2022 due to lower-than-expected cashew nut exports and spillovers from Russia's invasion of Ukraine, and gradually reach 5 percent by 2024-2027. In the medium term, growth will be supported by higher cashew nut export prices and volumes driven by a recovery in global trade, and a more stable political situation, with structural reforms and stronger business environment expected to support private investment growth. Long-term growth is projected at 4 percent in line with the growth potential of the economy.[14]

[14] Potential growth is estimated at around 4 percent for 2021 based on standard techniques such as the Hodrick-Prescott Filter and estimation using an aggregate production function.

- **Inflation.** Average price inflation reached 3.3 percent in 2021 reflecting pressures on prices of imported goods, especially food and oil. In 2022, average inflation is expected to reach 7.8 percent. This is substantially above the 3 percent convergence WAEMU criteria, reflecting persistent inflationary pressures due to supply chain disruptions, the impact of Russia's invasion of Ukraine on global commodity prices, and a stronger dollar.[15]

- **Fiscal deficit.** Greater revenue mobilization and expenditure controls reduced the overall fiscal deficit from 9.6 percent in 2020 to 5.6 percent of GDP in 2021. However, the overall fiscal deficit in 2022 is expected to reach 5.5 percent of GDP, higher than the 2022 Article IV report by 1.3 percentage points of GDP mainly due to higher-than-expected expenditures. The wage spending overrun was caused mainly by the irregular hiring of workers, which has already been addressed. The authorities are also rationalizing non-priority spending in the last three months of 2022. In addition, other current expenditure is higher mainly due to spending on the upcoming election as well as higher spending related to security and defense, social and diplomatic services. While budget support has been higher than expected, with France and Portugal each providing CFAF 3.3 billion in 2022, lower tax revenue has also impacted fiscal goals.

- **In the medium-term, the overall deficit is expected to converge to the WAEMU regional target of 3 percent of GDP by 2025.** Consistent with the authorities' commitment to consolidate and improve debt sustainability, an annual average of 1.1 percentage points of GDP adjustment in the domestic primary balance (on a commitment basis) is projected over three years (2022-25).[16] A balanced and durable growth-supportive fiscal consolidation would be supported by following measures:

  - **Enhancing revenue mobilization.** Tax revenues increased by 2.0 percentage points of GDP in 2021 compared to 2020 and are expected to further increase around 0.7 percentage points by 2025. Measures to enhance tax revenue mobilization cover both revenue administration and tax policy reforms, including the broadening of the tax base, simplifying the tax system, and strengthening tax administration and compliance. In 2022, the authorities promulgated a tax package to simplify and enhance transparency of the tax system and fully implemented a digital tax filling platform (the *Kontaktu* system). To further accelerate revenue mobilization and modernize the tax regime, authorities will submit to Parliament the revised law on the general exemption regime (structural benchmark (SB), end-December 2023) and the revised income tax and stamp duties bills (SB, end-June 2025). They will also implement the new VAT law and the action plans for improving the custom and tax administrations with support from continued technical assistance of the IMF. Notably, fiscal yield from the implementation of VAT is expected to be 2.6 percent of GDP by 2027. To improve revenue generation from natural resources and its transparency, authorities will prepare an action plan to develop a register of resource rights holders and undertake diagnosis of the fiscal regime for natural resources (SB, end-June 2024) with IMF technical assistance (TA) support.

  - **Strengthening PFM and expenditure control.** The government is committed to decrease domestic primary expenditures by around 2.3 percentage points of GDP between 2022 and 2025, of which 1.3 percentage points come from wage bill management measures. The recent FAD wage bill management mission provided additional reform options for wage bill management while protecting

[15] The WAEMU's CFA is pegged to the euro, which is expected to depreciate by 10.7 percent against the US dollar in 2022.

[16] The domestic primary balance excludes grants and foreign financed capital spending.

social priority spending.[17] To address the wage bill overrun in 2022, the government has taken a series of corrective actions: (i) the dismissal of irregular hirings[18]; (ii) total freezing of hirings; (iii) capping salary expenses for key ministries; (iv) full inventory-taking of health and education facilities to assess the personal needs and identify irregular workers; (v) a new decree was also issued which stipulated that all contracts should be carried out by submitting the vacancies authorized by the Ministry of Labor and the Ministry of Finance; and (vi) elimination of two-thirds of advisor positions at the Presidency, Prime Minister's Office, the Presidency of the Parliament, and the Presidencies of the Constitutional and Audit Courts. To meet the wage spending ceiling quantitative performance criteria in 2023, the authorities will undertake additional containment measures in 2023, including conducting new census of public administration[19] and redistribution of staff workload in the Ministry of Education -the ministry with the largest number of civil servants. They will also undertake reforms aim to strengthen PFM and expenditure control in line with the ECF structural benchmarks, including measures to reconcile the personnel and the payroll records[20], enhancing the treasury and cash management function with the implementation of a Treasury Single Account (TSA) and executing expenditure from the TSA, starting with the wage bill.

- **Improving SOE oversight and mitigating fiscal risks.** The IMF SOE oversight and fiscal risk TA mission identified the national utility company, EAGB, as one of the biggest sources fiscal risks amongst the four SOEs.[21] The authorities are taking several measures to improve the finanical sustainability of EAGB and mitigate fiscal risks.[22] Customer management and revenue collection will be improved with the instalation of 35,000 post- and pre-paid electricity meters. EAGB also plans to progress in the connection to the Gambia River Basin Development Organization (OMVG) regional project, supported by the World Bank, which will bring hydropower from neighboring Guinea and should lower the average generation costs and diversify Guinea-Bissau's sources of power generation. Fiscal oversight of EAGB and governance could also be enhanced with support from IMF TA. Support by the World Bank in revamping EAGB's management and operations, including a financial restructuring plan, will also enhance the performance of the electricity sector and mitigate fiscal risks over the medium term.

- **Safeguarding social and priority spending and investment.** The authorities are committed to safeguarding social and priority spending and public investment over the medium term. During 2022-27, social and priority spending is projected to increase by 0.7 percentage points of GDP compared to pre-COVID-19 period (2010-19). Public investment is projected to average around 7.4 percent of GDP per annum during 2022-27, 1.5 percentage points higher than pre-COVID-19 period (2010-19). Notably,

[17] The estimated fiscal saving of wage bill and expenditure control is about 1.9 percent of GDP by 2027.

[18] Except for regularized workers in the education sector and justice administration.

[19] The new census will be conducted within the framework of the World Bank project on capacity building in the public sector.

[20] This will be supported by the deployment of the blockchain technology-based solution supported by the IMF. The design of block-chain solutions will be interwoven into governance reforms.

[21] The other SOEs are Administration of the Ports of Guinea-Bissau (APGB); Civil Aviation Agency of Guinea-Bissau (AACGB); and National Petroleum Exploration and Exploration Company of Guinea-Bissau (PetroGuin).

[22] See Staff Report for the Request of a Three-Years Arrangement under the Extended Credit Facility (Annex III) and 2022 Article IV Consultation and Third Review of the SMP (Annex IX).

domestically financed capital investment is projected to be higher than historical average, underpinned by the fiscal space created.

11. **Current account deficit.** The non-interest current account deficit is estimated to have remained broadly stable in 2021 and is projected to widen by 5.5 percentage points in 2022, reaching 5.2 percent of GDP. The deterioration of the current account mostly reflects higher import prices and lower private transfers. Improvements in the trade balance, driven by an improvement in the terms of trade and a rebound in export volumes, are expected to reduce the current account deficit to 3.2 percent of GDP by 2025.

12. **Public debt to GDP is expected to increase by 2.1 percentage points in 2022.** The stock of domestic debt is projected to increase by 0.8 percentage points of GDP compared to 2021. The authorities will continue to seek financing through the issuance of treasury bills. As a result, the stock of securities (held by local and regional commercial banks) is projected to further grow by 3.3 percentage points of GDP. Except for guarantees, which increased due to new guarantees issued to debt of EAGB, the stock of other domestic debt sources is expected to fall in 2022. Debt to the regional central bank (BCEAO), loans from local commercial banks and domestic payment arrears are projected to jointly drop by 2.8 percentage points of GDP. The stock of external debt is projected to increase by 1.2 percentage points of GDP, mostly driven by a revaluation effect from the weaker domestic currency.

Text Table 4. Guinea-Bissau: 2022 Borrowing Plan

PPG external debt contracted or guaranteed	Volume of new debt in 2022[1] (US$ million)	Present value of new debt in 2022[1] (US$ million)
Sources of debt financing	**73.1**	**43.0**
Concessional debt[2]	73.1	43.0
Multilateral debt	73.1	43.0
Uses of debt financing	**73.1**	**43.0**
Education	17.0	8.7
Energy	40.3	26.2
Roads	15.8	8.1

Source: Guinea-Bissau authorities and IMF staff estimates.

1/ Contracting and guaranteeing of new debt excluding IMF. The present value of debt is calculated using the terms of individual loans and applying the 5 percent program discount rate.

2/ Debt with a grant element of at least 35 percent.

13. **The DSA assumes that authorities will implement a prudent borrowing strategy and medium-term investment-related borrowing is projected to prioritize concessional financing.** Given the large pipeline of contracted yet undisbursed investment project loans, bringing down public debt may require restructuring some projects. Contracting of new loans is expected to be also constrained. Gross annual project disbursements from loans and grants are assumed to between 65 and 75 percent of capital expenditure, which is expected to average 5.3 percent of GDP in the next five years, given the low absorption capacity. In the medium term, in line with the government's policy to prioritize low-cost funding, multilateral creditors are expected to provide most project financing on grant or concessional terms. Borrowing from BOAD, which is almost entirely non-concessional, is projected to decline significantly.[23] The baseline assumes better investment planning and execution to ensure value for money and better alignment with the budget process. Treasury securities with longer maturities are expected to fill most non-

[23] For 2022, staff estimate that only 34 percent of contracted BOAD loans were disbursed. For 2023, staff project that 41 percent of contracted BOAD loans will be disbursed. BOAD accounted for 20 percent of external disbursements in 2022. Authorities are committed to only borrow on concessional terms from BOAD and will finalize the execution of projects already contracted.

investment-related financing needs in the medium-term (2023 onwards). Interest rates are projected to increase to 6.2 percent for bonds with maturities of one to three years, to 6.5 percent for bonds with maturities of four to seven years, and to 6.7 percent for bonds with maturities beyond seven years. These interest rates reflect the effect of the recent tightening of financial conditions in the WAEMU.[24]

14. The macroeconomic scenario is broadly realistic. The non-interest current account deficit in 2022-27 is projected to contribute to external debt accumulation, in line with debt dynamics over the past five years. This driver of debt is expected to be offset by sustained growth, increased reliance on committed grants (captured in the residual of the drivers of debt dynamics in Figure 4[25]) and higher-than-expected inflation. It is assumed that multilateral donors will prioritize grant disbursements considering the structural fragility of the country, its large development needs, and limited access to alternative financing sources. Fiscal consolidation and improvements in governance are also expected to crowd in grants. The dynamics of total public debt are dominated by developments of the primary fiscal balance and real GDP growth. Both factors are expected to have a greater debt-containment effect than in the past, due to increased authorities' commitment to fiscal and governance reforms, as well as a stable political environment more conducive to growth. The projected three-year adjustment in the primary deficit is marginally larger than the 25th percentile observed in historical data from low-income countries (LICs) with Fund-supported programs (Figure 5), which is consistent with the authorities' commitment to continued fiscal consolidation during the IMF financial program. Actual fiscal results, however, tend to be highly volatile in Guinea-Bissau.[26] Real GDP growth is projected at 3.5 percent in 2022 consistent with a small fiscal multiplier (Figure 5), as presumed by a high import content of government spending and evidenced by essentially zero correlation between real GDP growth and changes in the fiscal primary balance since 2010.

COUNTRY CLASSIFICATION AND DETERMINATION OF STRESS TEST SCENARIOS

15. Guinea-Bissau is assessed to have weak debt carrying capacity, unchanged from the June 2022 DSA. The Composite Indicator (CI) score for Guinea-Bissau is 2.63, based on data on macroeconomic indicators from the October 2022 WEO and from the 2021 Country Policy and Institutional Assessment (CPIA) of the World Bank (Text Table 5). This score is below the 2.69 cutoff, thus resulting in a weak debt-carrying capacity.

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[24] In addition, interest rates on short-term T-bills are projected to increase to 6 percent from 2023 onwards.

[25] For 2017-2021, the reclassification of BOAD debt from domestic to external accounts for the large unexplained increase in external debt (Figure 4). For the 5-year forecast period, the residual is also affected by the financing from treasury securities in the regional market, which are considered domestic debt in the DSA, but account for sizable capital inflows in the financial account.

[26] Past debt forecast errors are mostly explained by unexpected changes in the primary deficit driven by cashew campaigns, the impact of political instability on reform implementation, and large investments. The country's structural fragility accounts for the large difference in unexpected debt changes compared to other LICs. Given efforts to diversify the economy, recent political stability, and commitments of the authorities to reform implementation, forecast errors are expected to subside in the future. For the 2017-2021 period, residuals, were also a large contributor to the unexpected increase in public debt (Figure 5). 2017 and 2020 account for most of these residuals. About three-fourth of the residuals are explained by unaccounted external debt, new guarantees, and BOAD's reclassification and membership rights. Most of these factors are not likely to reoccur.

Text Table 5. Guinea-Bissau: Calculation of the CI Index

Calculation of the CI Index

Components	Coefficients (A)	10-year average values (B)	CI Score components (A*B) = (C)	Contribution of components
CPIA	0.385	2.440	0.94	36%
Real growth rate (in percent)	2.719	4.280	0.12	4%
Import coverage of reserves (in percent)	4.052	44.277	1.79	68%
Import coverage of reserves^2 (in percent)	-3.990	19.604	-0.78	-30%
Remittances (in percent)	2.022	8.671	0.18	7%
World economic growth (in percent)	13.520	2.898	0.39	15%
CI Score			2.63	100%
CI rating			Weak	

16. **The magnitude of the combined contingent liability shock is higher than in most DSAs** (Text Table 6). This DSA runs a stress test with a contingent liability shock for SOE debt of 6.7 percent of GDP instead of the default value of 2 percent.[27] The increase in the shock mostly captures the potential liabilities related to the possible recapitalization needs of a systemic bank that does not meet the WAEMU's minimum capital requirements. The shock also reflects the potential fiscal costs of operational losses of the electricity utility (EAGB), contingent liabilities linked with increased public guarantees, and the possibility of the domestic arrears being larger than what is already included in the debt stock (2.4 percent of GDP at end-2021). The current estimate builds on audits that still need to be validated by the authorities. The authorities requested support from the World Bank to finalize those audits.

Text Table 6. Guinea-Bissau: Combined Contingent Liabilities Shock

		Default	Used for the analysis	Reasons for deviations from the default settings
1	The country's coverage of public debt	The central government, central bank, government-guaranteed debt		
2	Other elements of the general government not captured in 1.	0 percent of GDP	0	
3	SoE's debt (guaranteed and not guaranteed by the government)	2 percent of GDP	6.7	Increased from 2 to 6.7 to reflect potential liabilities linked to bank recapitalisation needs (2 percent), EAGB debt (2.7 percent) and domestic arrears (2 percent).
4	PPP	35 percent of PPP stock	0.00	
5	Financial market (the default value of 5 percent of GDP is the minimum value)	5 percent of GDP	5	
	Total (2+3+4+5) (in percent of GDP)		11.7	

DEBT SUSTAINABILITY

EXTERNAL DEBT SUSTAINABILITY ANALYSIS

17. **Guinea-Bissau's risk of external debt distress remains high, in line with the June 2022 DSA.** External debt reaches 40 percent of GDP at end-2021. A worsening external environment, including the sharp depreciation of the CFA, explains some of the increase in the external debt-to-GDP ratio compared to the June 2022 DSA. The external debt indicators based on PV ratios remain below the relevant indicative thresholds throughout the projection period (2022–42) under the baseline scenario (except for a one-year breach of the PV of debt-to-exports ratio in 2022, which becomes below the threshold in 2023).[28] However, the indicators based on the debt-service ratios breach their indicative thresholds under the baseline, which

[27] Breakdown of the SOE shock: bank recapitalization (2 percent), EAGB debt (2.7 percent) and domestic arrears (2 percent).

[28] Under the most extreme (combination) shock, the PV of debt-to-GDP ratio breaches the threshold until 2025, but steadily declines afterwards. The most extreme shocks for other indicators show a repeated breach of the threshold.

implies a mechanical ‘high’ risk rating (Figure 1 and Table 3).[29] That said, since Guinea-Bissau is in a currency union with FX reserve pooling, the effective impact of these indicators is rather limited.

18. The adverse commodity price stress test was designed to reflect Guinea-Bissau’s vulnerability to cashew price fluctuations. In 2020, cashew prices fell by 33 percent amid the global slowdown. In line with the June 2022 DSA, the analysis shows the debt sustainability prospects after a hypothetical 15 percent fall in cashew export prices in the first year of the projection (Figure 1).

PUBLIC DEBT SUSTAINABILITY ANALYSIS

19. Guinea-Bissau’s overall risk of debt distress is assessed as high. The PV of total public debt-to-GDP ratio stays above its indicative benchmark (35 percent) through 2032, a substantial and prolonged breach (Table 4 and Figure 2).[30] Moreover, debt service as a percentage of revenues and grants increases to 74 percent in 2028 from 66 percent in 2022. Despite the expected improvement in revenues and authorities’ efforts to shift to concessional financing, this increase is projected because of higher future amortization of existing debt in the medium run.

20. Public debt sustainability is vulnerable to a commodity price shock. After a 15 percent drop in cashew prices, the present value of the debt-to-GDP ratio reaches 78 percent in 2028 and keeps rising, and the debt service-to-revenue ratio reaches 116 percent in 2028 before stabilizing at around 90 percent.

CONCLUSIONS

21. Public debt is considered sustainable based on the authorities’ commitment to the fiscal consolidation towards the WAEMU deficit convergence criteria and the support provided by the regional institutions with strong capacity to help manage debt. Guinea-Bissau’s external debt burden indicators are consistent with sustainability in the sense of following a downward trend over the medium-term, but the present value of total public debt-to-GDP and indicators based on the external debt-service ratios show large and prolonged breaches of their indicative benchmarks. Nonetheless, the country benefits from financial and technical support from the regional institutions and debt markets and larger regional currency union members with stronger debt carrying capacity. The supportive WAEMU context bolsters the country’s capacity to carry domestic/regional debt beyond what is captured by the standard composite indicator. Taking this into consideration underpins the conclusion that Guinea-Bissau’s public debt is sustainable contingent on the authorities’ commitments to sound policies in the context of an engagement with the Fund and other development partners, together. This engagement should ensure

[29] For the standard export shock, nominal export growth is set to its historical average (5.5 percent) minus 0.5 standard deviation (SD), instead of 1 SD (default parameter, which amounts to 28 percent in Guinea-Bissau). This reflects the fact that the ten-year lagged standard deviation of export growth (excluding the covid-shock of 2020) is half of the historical standard deviation. This scenario results in an annual drop of 8.6 percent in exports both in 2023 and 2024 (as opposed to 5.8 percent average export growth in the baseline).

[30] Under the most extreme (commodity price) shock, the PV of debt-to-GDP ratio increases to 81 percent in 2032, and the PV of debt-to-revenue increases to 453 percent. The impact of the most extreme shock on debt service-to-revenue increases this ratio from 56 percent in 2022 to 120 percent in 2027.

that policies are in place that would put debt on a robust downward trajectory.

22. Under the staff's baseline scenario, Guinea-Bissau's public debt is kept on a sustainable path, with the overall public debt burden falling below the regional convergence criterion of 70 percent by 2027. If the policy agenda is successfully executed and barring a resurgence of the pandemic or unexpected external shocks, total public debt would decline steadily from 78.9 percent of GDP estimated at end-2021 to 68 percent of GDP by 2027.

23. A Fund-supported program and strong multilateral donor engagement will underpin the policy actions necessary for achieving the baseline projection. Key policy actions include (i) continued fiscal consolidation efforts including revenue enhancement measures, containing current spending below nominal GDP growth, a sharp reduction in the wage bill, and robust implementation of growth-enhancing reforms; (ii) prudent borrowing policies, including the avoidance of non-concessional project financing; (iii) enhanced debt management, with more rigorous compilation and monitoring of debt statistics, upgraded procedures and publication of regular debt reports to improve transparency; and (iv) improved management of the existing loan pipeline and application of recognized assessment procedures to ensure criticality of investment projects. The baseline debt dynamics could further improve with full donor re-engagement leading to (i) a substantial scaling up of grants by multilateral institutions; and (ii) a reprofiling of selected debt obligations to extend maturities and reduce interest rates when financing terms are favorable.

24. There are significant downside risks to the baseline scenario. Strong and sustained political commitment is needed to deliver the envisaged medium-term fiscal adjustment embedded in this DSA. The debt outlook remains highly vulnerable to a weaker economic recovery as well as the materialization of unexpected contingent liabilities, a potential wage-bill overrun, and renewed political conflict after the parliamentary elections. Since the June 2022 DSA, downside risks from a deteriorating global outlook have intensified. A further tightening of financial conditions in the regional bond market, weakening global demand, and continued pressure on exchange rate pose risks for debt sustainability. If realized, these downside risks could lead to higher external and public debt burden indicators and increase the risk of arrears accumulation. It is also contingent on the limited impact of the pandemic with its effects mitigated by a relatively high vaccination rate.[31] Risks also arise from high global food and oil prices, including the effects of a protracted political security crisis in Europe, and climate change-related natural disasters. Financial stress in state-owned enterprises could generate contingent liabilities, adding to fiscal pressures. If these risks materialize, social tensions could increase, triggering political instability that may constrain the fiscal adjustment and increase debt vulnerabilities.

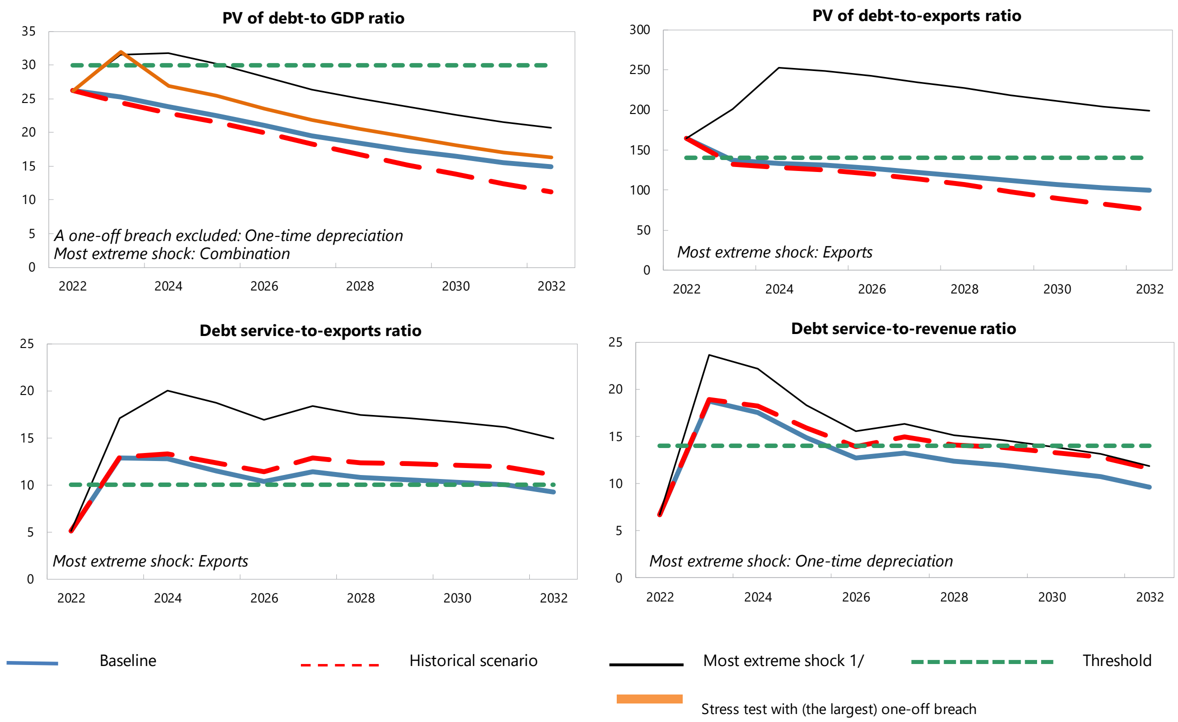
AUTHORITIES' VIEWS

25. The authorities broadly concur with staff's views on debt sustainability and the recommendations. They agree that debt sustainability depends crucially on sound macroeconomic

[31] By December 2022, there were 8,931 confirmed cases and 176 deaths. The authorities contained infections and limited the economic impact of the pandemic. About 58 percent of the adult population has been vaccinated. Donors have supported vaccine procurement and rollout.

policies including the fiscal consolidation envisioned during the program. They emphasized (i) their commitment to the agreed fiscal path and reforms, while relying on concessional borrowing and (ii) the need to carefully calibrate the financing of the public investment plan and select investment projects with critical contributions to growth that are aligned with the budget targets and improved coordination among the different agencies involved in the Debt Committee. The authorities recognize the risks to the debt outlook and expect that satisfactory performance during the Extended Credit Facility (ECF) will contribute to mitigate the country's high risk of debt distress.

Figure 1. Guinea-Bissau: Indicators of Public and Publicly Guaranteed External Debt Under Alternatives Scenarios, 2022–32[1]



Customization of Default Settings	Size	Interactions
Standardized Tests	Yes	
Tailored Stress		
Combined CL	Yes	
Natural disaster	n.a.	n.a.
Commodity price	Yes	No
Market financing	n.a.	n.a.

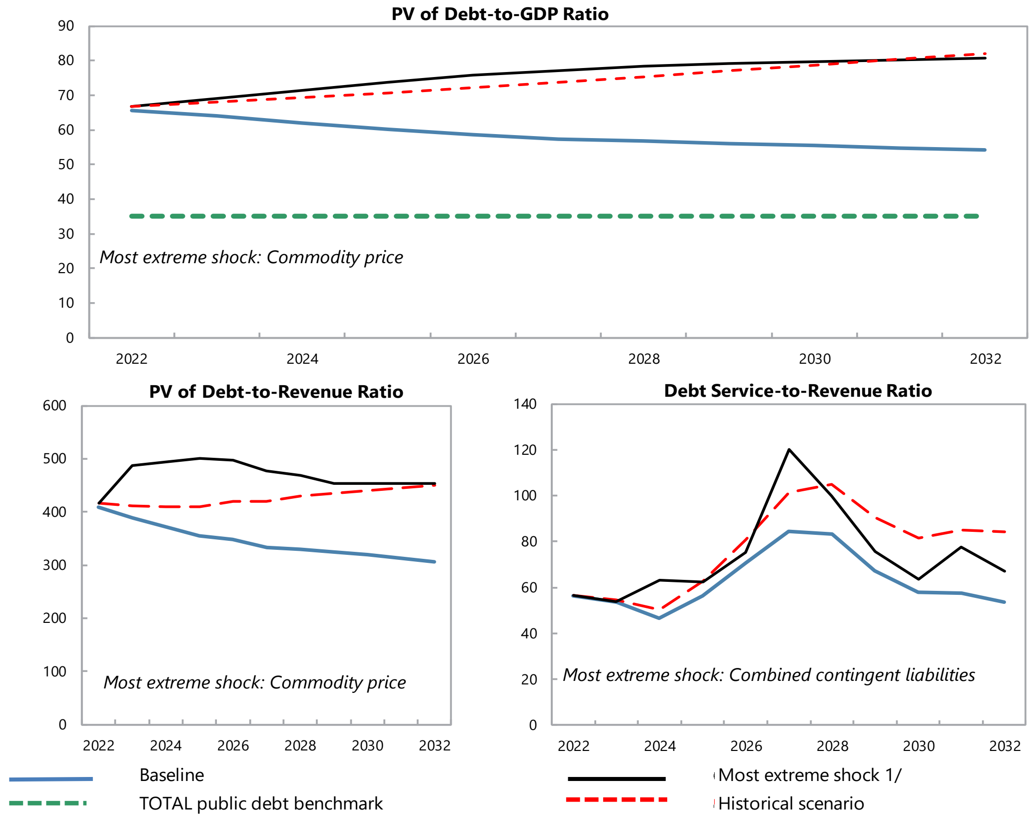
Note: "Yes" indicates any change to the size or interactions of the default settings for the stress tests. "n.a." indicates that the stress test does not apply.

Borrowing assumptions on additional financing needs resulting from the stress tests*	Default	User defined
Shares of marginal debt		
External PPG MLT debt	100%	
Terms of marginal debt		
Avg. nominal interest rate on new borrowing in USD	1.3%	1.3%
USD Discount rate	5.0%	5.0%
Avg. maturity (incl. grace period)	29	30
Avg. grace period	6	10

* Note: All the additional financing needs generated by the shocks under the stress tests are assumed to be covered by PPG external MLT debt in the external DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.
1/ The most extreme stress test is the test that yields the highest ratio in or before 2032. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

Figure 2. Guinea-Bissau: Indicators of Public Debt Under Alternative Scenarios, 2022–32



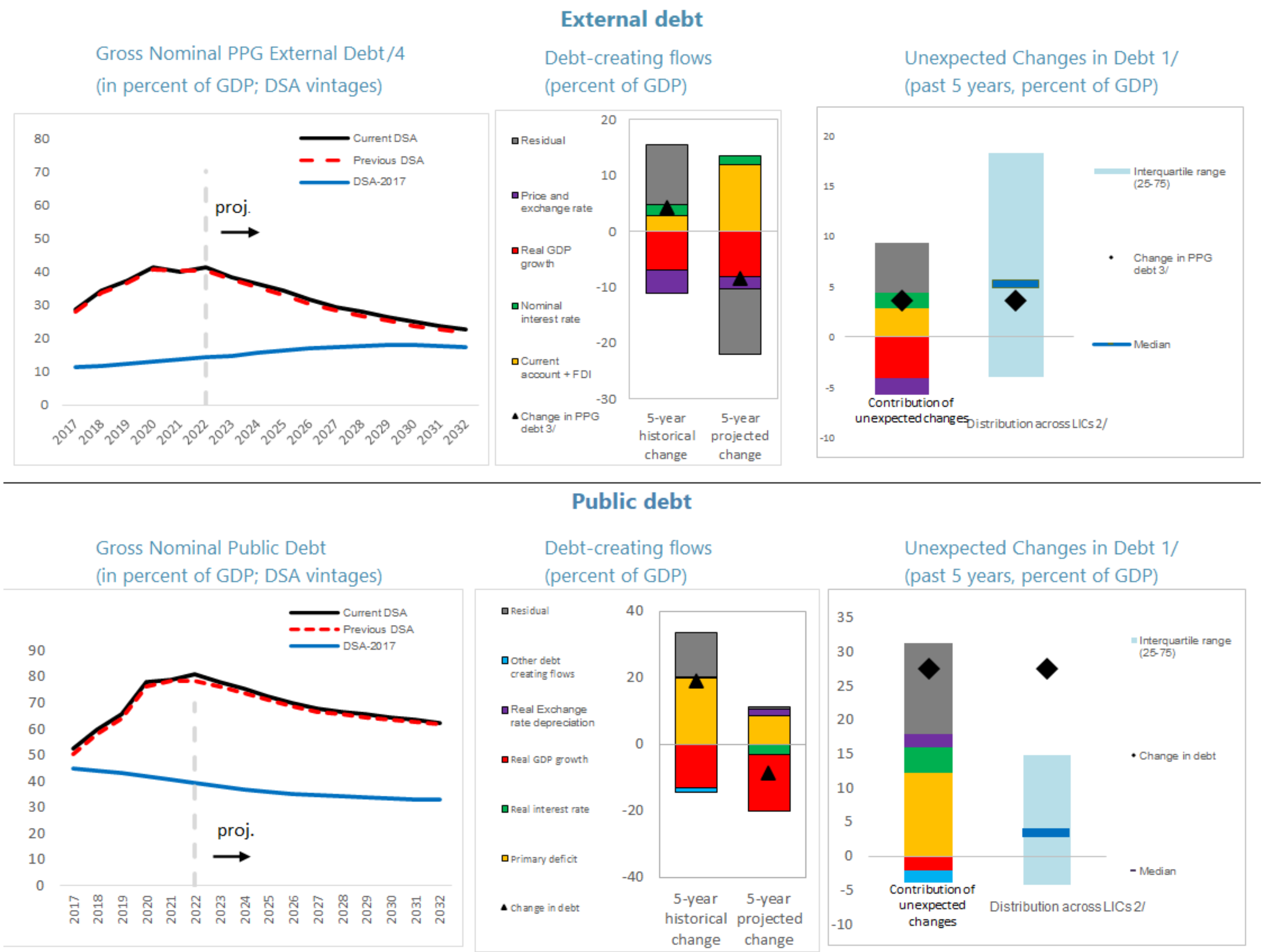
Borrowing assumptions on additional financing needs resulting from the stress tests*	Default	User defined
Shares of marginal debt		
External PPG medium and long-term	17%	17%
Domestic medium and long-term	63%	63%
Domestic short-term	20%	20%
Terms of marginal debt		
External MLT debt		
Avg. nominal interest rate on new borrowing in USD	1.3%	1.3%
Avg. maturity (incl. grace period)	29	30
Avg. grace period	6	10
Domestic MLT debt		
Avg. real interest rate on new borrowing	3.4%	3.4%
Avg. maturity (incl. grace period)	4	4
Avg. grace period	3	3
Domestic short-term debt		
Avg. real interest rate	3.0%	3.0%

* Note: The public DSA allows for domestic financing to cover the additional financing needs generated by the shocks under the stress tests in the public DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2032. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

Figure 3. Guinea-Bissau: Drivers of Debt Dynamics – Baseline Scenario



1/ Difference between anticipated and actual contributions on debt ratios.

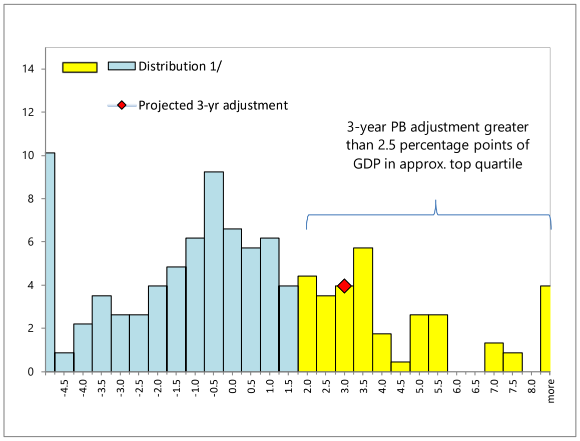
2/ Distribution across LICs for which LIC DSAs were produced.

3/ Given the relatively low private external debt for average low-income countries, a ppt change in PPG external debt should be largely explained by the drivers of the external debt dynamics equation.

4/ Difference between current and previous DSA due to the reclassification of debt to BOAD as external.

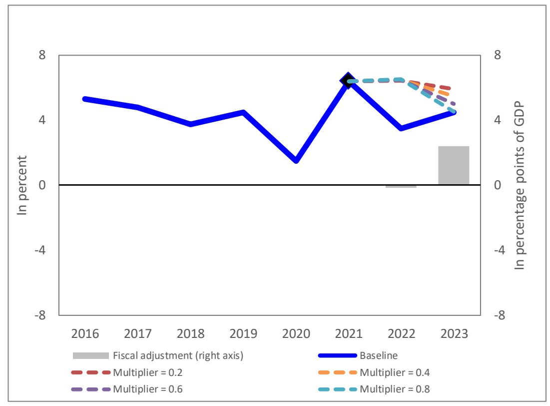
Figure 4. Guinea-Bissau: Realism Tools

3-Year Adjustment in Primary Balance
(Percentage points of GDP)



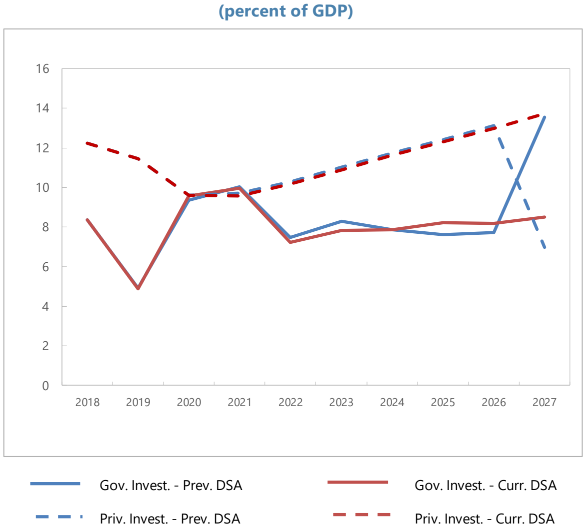
1/ Data cover Fund-supported programs for LICs (excluding emergency financing) approved since 1990. The size of 3-year adjustment from program inception is found on the horizontal axis; the percent of sample is found on the vertical axis.

Fiscal Adjustment and Possible Growth Paths 1/



1/ Bars refer to annual projected fiscal adjustment (right-hand side scale) and lines show possible real GDP growth paths under different fiscal multipliers (left-hand side scale).

Public and Private Investment Rates
(percent of GDP)



Contribution to Real GDP growth
(percent, 5-year average)

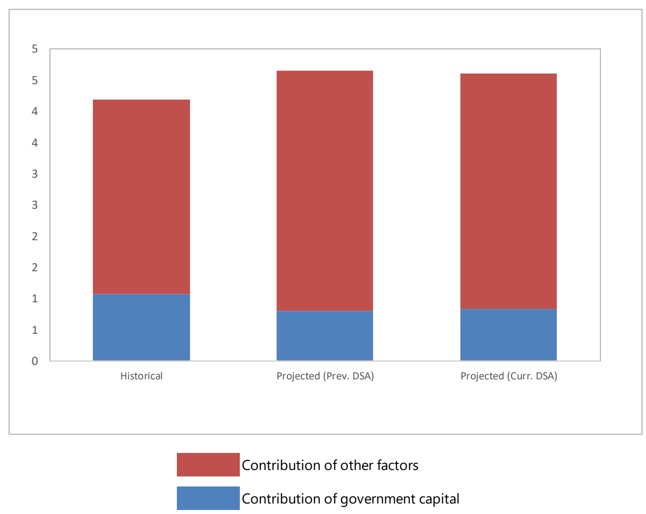
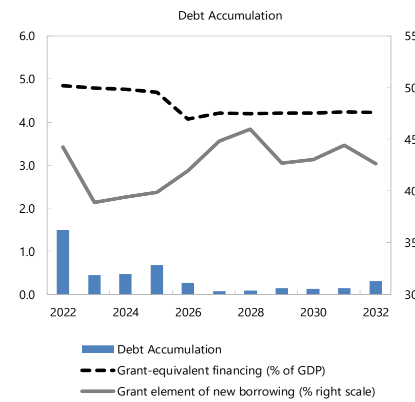
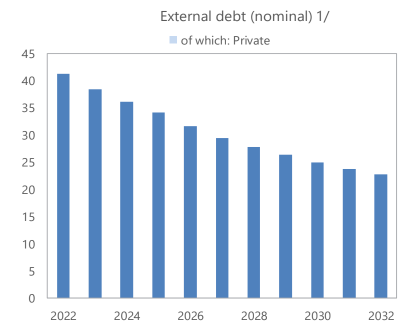


Table 1. Guinea-Bissau: External Debt Sustainability Framework, Baseline Scenario, 2019–42
(In percent of GDP, unless otherwise indicated)

	Actual			Projections								Average 8/	
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2032	2042	Historical	Projections
External debt (nominal) 1/	37.3	41.1	40.0	41.2	38.4	36.1	34.1	31.6	29.4	22.7	18.9	33.2	30.6
of which: public and publicly guaranteed (PPG)	37.3	41.1	40.0	41.2	38.4	36.1	34.1	31.6	29.4	22.7	18.9	33.2	30.6
Change in external debt	3.0	3.8	-1.1	1.2	-2.8	-2.3	-2.0	-2.5	-2.2	-1.0	-0.2		
Identified net debt-creating flows	5.1	0.0	-5.5	2.7	0.9	0.7	0.6	0.5	0.4	0.7	0.7	-0.9	0.8
Non-interest current account deficit	8.1	1.7	-0.3	5.2	3.5	3.3	3.2	3.0	2.8	2.8	2.5	1.9	3.2
Deficit in balance of goods and services	14.2	13.6	10.6	13.9	12.1	11.8	11.5	11.2	10.9	10.5	9.0	8.4	11.3
Exports	19.6	15.3	19.4	15.9	18.4	17.9	17.2	16.5	16.0	14.8	12.7		
Imports	33.8	28.9	30.0	29.9	30.6	29.7	28.7	27.7	26.9	25.4	21.7		
Net current transfers (negative = inflow)	-3.8	-9.4	-8.8	-7.4	-7.3	-7.1	-6.9	-6.5	-6.4	-6.0	-5.0	-5.4	-6.6
of which: official	-1.1	-3.2	-2.6	-2.1	-2.4	-2.4	-2.3	-2.0	-2.1	-2.1	-1.8		
Other current account flows (negative = net inflow)	-2.2	-2.5	-2.1	-1.3	-1.3	-1.4	-1.5	-1.6	-1.6	-1.8	-1.5	-1.1	-1.6
Net FDI (negative = inflow)	-4.8	-1.4	-1.0	-1.3	-1.3	-1.3	-1.3	-1.3	-1.3	-1.3	-1.3	-1.8	-1.3
Endogenous debt dynamics 2/	1.8	-0.3	-4.2	-1.3	-1.3	-1.3	-1.3	-1.3	-1.1	-0.8	-0.5		
Contribution from nominal interest rate	0.2	0.6	0.6	0.1	0.5	0.4	0.3	0.3	0.3	0.2	0.2		
Contribution from real GDP growth	-1.6	-0.5	-2.3	-1.4	-1.8	-1.8	-1.7	-1.6	-1.5	-1.0	-0.7		
Contribution from price and exchange rate changes	3.2	-0.3	-2.5	...	...	...	...	...	...	...	...		
Residual 3/	-2.1	3.8	4.4	-1.5	-3.8	-2.9	-2.6	-3.0	-2.6	-1.7	-0.8	2.4	-2.4
of which: exceptional financing	0.0	-0.2	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Sustainability indicators													
PV of PPG external debt-to-GDP ratio	...	...	24.5	26.2	25.3	23.8	22.5	21.0	19.5	14.9	12.4		
PV of PPG external debt-to-exports ratio	...	...	126.0	164.5	137.1	133.2	131.1	127.0	122.0	100.2	97.1		
PPG debt service-to-exports ratio	3.1	14.1	17.8	5.1	12.8	12.8	11.5	10.4	11.4	9.2	6.8		
PPG debt service-to-revenue ratio	5.0	18.9	27.1	6.7	18.7	17.6	14.9	12.7	13.2	9.7	5.7		
Gross external financing need (Million of U.S. dollars)	58.5	37.5	37.2	81.1	82.9	83.8	82.1	79.9	83.5	97.3	125.3		
Key macroeconomic assumptions													
Real GDP growth (in percent)	4.5	1.5	6.4	3.5	4.5	5.0	5.0	5.0	5.0	4.5	4.0	3.5	4.6
GDP deflator in US dollar terms (change in percent)	-8.5	0.9	6.5	-4.3	1.0	3.1	3.4	3.5	2.8	2.0	2.0	0.8	1.8
Effective interest rate (percent) 4/	0.7	1.6	1.7	0.4	1.2	1.2	1.0	1.0	1.1	1.1	1.3	1.1	1.0
Growth of exports of G&S (US dollar terms, in percent)	-24.8	-20.2	44.0	-18.7	22.0	4.9	4.5	4.5	4.4	5.2	4.4	5.7	4.2
Growth of imports of G&S (US dollar terms, in percent)	7.6	-12.4	17.8	-1.5	8.0	5.1	5.1	4.7	4.7	5.6	3.8	5.3	4.8
Grant element of new public sector borrowing (in percent)	...	...	...	44.3	38.9	39.4	39.9	42.0	44.9	42.7	40.5	...	42.6
Government revenues (excluding grants, in percent of GDP)	12.1	11.4	12.8	12.1	12.7	13.0	13.3	13.5	13.7	14.2	15.1	11.1	13.4
Aid flows (in Million of US dollars) 5/	65.8	156.3	151.9	90.2	84.3	87.9	97.2	101.5	113.7	150.8	255.6		
Grant-equivalent financing (in percent of GDP) 6/	...	...	...	4.8	4.8	4.8	4.7	4.1	4.2	4.2	4.1	...	4.4
Grant-equivalent financing (in percent of external financing) 6/	...	...	...	81.7	75.6	75.4	75.7	81.5	82.2	82.0	81.5	...	80.5
Nominal GDP (Million of US dollars)	1,487	1,523	1,725	1,710	1,804	1,952	2,119	2,303	2,485	3,420	6,171		
Nominal dollar GDP growth	-4.4	2.4	13.3	-0.9	5.5	8.2	8.6	8.6	7.9	6.6	6.1	4.3	6.4
Memorandum items:													
PV of external debt 7/	...	...	24.5	26.2	25.3	23.8	22.5	21.0	19.5	14.9	12.4		
In percent of exports	...	...	126.0	164.5	137.1	133.2	131.1	127.0	122.0	100.2	97.1		
Total external debt service-to-exports ratio	3.1	14.1	17.8	5.1	12.8	12.8	11.5	10.4	11.4	9.2	6.8		
PV of PPG external debt (in Million of US dollars)			422.3	448.1	455.7	464.3	477.5	483.3	484.9	508.6	762.4		
(PVt-PVt-1)/GDPt-1 (in percent)				1.5	0.4	0.5	0.7	0.3	0.1	0.3	0.7		
Non-interest current account deficit that stabilizes debt ratio	5.1	-2.1	0.8	4.0	6.3	5.6	5.2	5.6	5.0	3.7	2.6		

Definition of external/domestic debt	**Currency-based**
Is there a material difference between the two criteria?	**Yes**





Sources: Country authorities; and staff estimates and projections.

1/ Public sector external debt only. With respect to DSA 2018, coverage expanded to include legacy arrears.

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, including IMF CCRT 2020-2022); changes in gross foreign assets; and valuation adjustments. For projections also includes contribution from price and exchange rate changes. The residual is also affected by grants and the financing from treasury securities in the regional market, which are considered domestic debt in the DSA.

4/ Current-year interest payments divided by previous period debt stock.

5/ Defined as grants, concessional loans, and debt relief.

6/ 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).

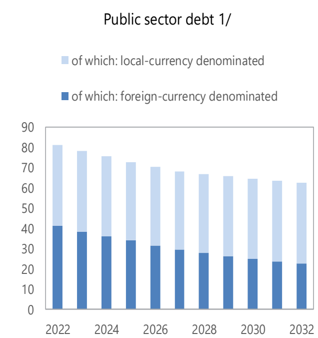
7/ Assumes that PV of private sector debt is equivalent to its face value.

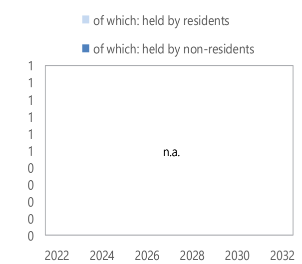
8/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

Table 2. Guinea-Bissau: Public Sector Debt Sustainability Framework, Baseline Scenario, 2019–42
(In percent of GDP, unless otherwise indicated)

	Actual			Projections								Average 6/	
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2032	2042	Historical	Projections
Public sector debt 1/	65.8	78.2	78.9	81.0	78.2	75.4	72.7	70.1	68.0	62.5	59.2	61.1	69.8
of which: external debt	37.3	41.1	40.0	41.2	38.4	36.1	34.1	31.6	29.4	22.7	18.9	33.2	30.6
Change in public sector debt	6.1	12.4	0.7	2.1	-2.8	-2.7	-2.7	-2.6	-2.2	-0.9	-0.1		
Identified debt-creating flows	4.0	7.2	2.2	1.5	-2.8	-2.7	-2.7	-2.6	-2.2	-0.9	-0.1	1.1	-1.5
Primary deficit	2.8	8.1	4.0	4.2	1.7	1.0	0.9	0.9	0.8	0.6	0.6	3.3	1.2
Revenue and grants	14.9	15.4	19.1	16.0	16.5	16.7	17.0	16.9	17.2	17.7	18.5	15.7	17.0
of which: grants	2.8	4.0	6.3	4.0	3.8	3.7	3.7	3.4	3.5	3.5	3.5		
Primary (noninterest) expenditure	17.7	23.5	23.1	20.2	18.2	17.7	17.9	17.8	18.0	18.3	19.2	18.9	18.2
Automatic debt dynamics	1.2	-2.1	-2.1	-2.6	-4.5	-3.7	-3.7	-3.5	-3.0	-1.5	-0.8		
Contribution from interest rate/growth differential	-1.4	0.4	-5.6	-6.4	-4.2	-3.3	-3.1	-3.0	-2.7	-1.1	-0.4		
of which: contribution from average real interest rate	1.2	1.4	-0.9	-3.8	-0.7	0.4	0.4	0.5	0.6	1.7	1.9		
of which: contribution from real GDP growth	-2.6	-1.0	-4.7	-2.7	-3.5	-3.7	-3.6	-3.5	-3.3	-2.7	-2.3		
Contribution from real exchange rate depreciation	2.6	-2.5	3.5	...	...	...	...	...	...	...	...		
Other identified debt-creating flows	0.0	1.2	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	0.0
Privatization receipts (negative)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Recognition of contingent liabilities (e.g., bank recapitalization)	0.0	0.8	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Debt relief (HIPC and other)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Other debt creating or reducing flow (please specify)	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Residual	2.1	5.2	-1.5	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.2	-0.1
Sustainability indicators													
PV of public debt-to-GDP ratio 2/	...	...	63.1	65.6	63.9	62.1	60.2	58.7	57.3	54.3	52.6		
PV of public debt-to-revenue and grants ratio	...	...	330.6	409.1	388.4	371.0	354.5	347.4	333.1	306.7	283.9		
Debt service-to-revenue and grants ratio 3/	54.7	58.9	67.7	56.5	53.7	46.7	56.2	71.0	84.5	53.5	49.0		
Gross financing need 4/	10.9	18.3	17.2	13.2	10.6	8.8	10.5	12.9	15.3	10.0	9.7		
Key macroeconomic and fiscal assumptions													
Real GDP growth (in percent)	4.5	1.5	6.4	3.5	4.5	5.0	5.0	5.0	5.0	4.5	4.0	3.5	4.6
Average nominal interest rate on external debt (in percent)	0.7	1.6	1.6	0.4	1.2	1.2	1.0	1.0	1.1	1.1	1.2	1.1	1.0
Average real interest rate on domestic debt (in percent)	6.3	4.3	0.2	-3.6	0.4	1.9	2.0	2.2	2.4	3.7	4.3	-0.5	2.1
Real exchange rate depreciation (in percent, + indicates depreciation)	8.0	-6.6	9.2	...	...	...	...	...	...	...	...	1.6	...
Inflation rate (GDP deflator, in percent)	-3.5	-1.0	2.7	7.2	4.1	2.8	2.8	2.8	2.8	2.0	2.0	2.4	3.0
Growth of real primary spending (deflated by GDP deflator, in percent)	-1.7	34.6	4.5	-9.5	-5.8	2.3	6.0	4.2	6.3	5.2	4.0	9.6	2.5
Primary deficit that stabilizes the debt-to-GDP ratio 5/	-3.3	-4.3	3.3	2.1	4.5	3.7	3.7	3.5	3.0	1.5	0.8	-1.4	2.6
PV of contingent liabilities (not included in public sector debt)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		

Definition of external/domestic debt	**Currency-based**
Is there a material difference between the two criteria?	**Yes**





Sources: Country authorities; and staff estimates and projections.

1/ Coverage of debt: The central government, central bank, government-guaranteed debt . Definition of external debt is Currency-based. Includes external legacy arrears.

2/ The underlying PV of external debt-to-GDP ratio under the public DSA differs from the external DSA with the size of differences depending on exchange rates projections.

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

4/ 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 and other debt creating/reducing flows.

5/ Defined as a primary deficit minus a change in the public debt-to-GDP ratio ((-): a primary surplus), which would stabilizes the debt ratio only in the year in question.

6/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

Table 3. Guinea-Bissau: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2022–32 (In percent)

	Projections 1/										
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
PV of debt-to GDP ratio											
Baseline	26	25	24	23	21	20	18	17	16	16	15
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2022-2032 2/	26	24	23	22	20	18	17	15	14	12	11
B. Bound Tests											
B1. Real GDP growth	26	27	27	25	24	22	21	20	19	18	17
B2. Primary balance	26	26	25	23	22	21	20	19	18	17	17
B3. Exports	26	28	**30**	29	27	25	24	23	22	21	20
B4. Other flows 3/	26	28	29	28	26	24	23	22	21	20	19
B5. Depreciation	26	**32**	27	25	24	22	20	19	18	17	16
B6. Combination of B1-B5	26	**32**	**32**	**30**	28	26	25	24	23	22	21
C. Tailored Tests											
C1. Combined contingent liabilities	26	26	25	24	22	21	20	19	18	18	17
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	26	26	25	23	22	20	18	17	16	14	13
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	30	30	30	30	30	30	30	30	30	30	30
PV of debt-to-exports ratio											
Baseline	**164**	137	133	131	127	122	117	112	107	103	100
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2022-2032 2/	**164**	133	128	125	121	114	106	98	90	83	76
B. Bound Tests											
B1. Real GDP growth	**164**	137	133	131	127	122	117	112	107	103	100
B2. Primary balance	**164**	139	138	136	132	128	126	121	117	113	111
B3. Exports	**164**	**201**	**252**	**249**	**243**	**235**	**227**	**218**	**211**	**205**	**199**
B4. Other flows 3/	**164**	**153**	**164**	**162**	**158**	**152**	**148**	**142**	137	133	129
B5. Depreciation	**164**	137	119	117	113	108	103	98	94	90	87
B6. Combination of B1-B5	**164**	**197**	**158**	**206**	**200**	**193**	**187**	**179**	**173**	**168**	**163**
C. Tailored Tests											
C1. Combined contingent liabilities	**164**	**143**	**140**	139	135	133	130	125	121	118	116
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	**164**	137	137	135	131	124	117	109	102	95	89
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	140	140	140	140	140	140	140	140	140	140	140
Debt service-to-exports ratio											
Baseline	5	**13**	**13**	**12**	**10**	**11**	**11**	**11**	**10**	**10**	9
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2022-2032 2/	5	**13**	**13**	**12**	**11**	**13**	**12**	**12**	**12**	**12**	**11**
B. Bound Tests											
B1. Real GDP growth	5	**13**	**13**	**12**	**10**	**11**	**11**	**11**	**10**	**10**	9
B2. Primary balance	5	**13**	**13**	**12**	**10**	**11**	**11**	**11**	**10**	**10**	9
B3. Exports	5	**17**	**20**	**19**	**17**	**18**	**17**	**17**	**17**	**16**	**15**
B4. Other flows 3/	5	**13**	**13**	**12**	**11**	**12**	**11**	**11**	**11**	**11**	10
B5. Depreciation	5	**13**	**13**	**11**	**10**	**11**	**10**	**10**	**10**	10	9
B6. Combination of B1-B5	5	**16**	**17**	**16**	**14**	**16**	**15**	**15**	**14**	**14**	**13**
C. Tailored Tests											
C1. Combined contingent liabilities	5	**13**	**13**	**12**	**11**	**12**	**11**	**11**	**11**	**10**	10
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	5	**13**	**13**	**12**	**11**	**12**	**11**	**11**	**11**	**10**	10
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	10	10	10	10	10	10	10	10	10	10	10
Debt service-to-revenue ratio											
Baseline	7	**19**	**18**	**15**	13	13	12	12	11	11	10
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2022-2032 2/	7	**19**	**18**	**16**	14	**15**	**14**	14	13	13	12
B. Bound Tests											
B1. Real GDP growth	7	**20**	**20**	**17**	**14**	**15**	14	13	13	12	11
B2. Primary balance	7	**19**	**18**	**15**	13	13	12	12	12	11	10
B3. Exports	7	**19**	**18**	**16**	14	**14**	13	13	12	12	10
B4. Other flows 3/	7	**19**	**18**	**16**	13	14	13	13	12	11	10
B5. Depreciation	7	**24**	**22**	**18**	**16**	**16**	**15**	**15**	14	13	12
B6. Combination of B1-B5	7	**20**	**20**	**18**	**15**	**16**	**14**	14	13	13	11
C. Tailored Tests											
C1. Combined contingent liabilities	7	**19**	**18**	**15**	13	13	13	12	12	11	10
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	7	**23**	**22**	**19**	**15**	**15**	14	13	12	11	10
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	14	14	14	14	14	14	14	14	14	14	14

Sources: Country authorities; and staff estimates and projections.
1/ A bold value indicates a breach of the threshold.
2/ Variables include real GDP growth, GDP deflator (in U.S. dollar terms), non-interest current account in percent of GDP, and non-debt creating flows.
3/ Includes official and private transfers and FDI.

Table 4. Guinea-Bissau: Sensitivity Analysis for Key Indicators of Public Debt, 2022–32
(In percent)

	Projections 1/										
	2022	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**
PV of Debt-to-GDP Ratio											
Baseline	**66**	**64**	**62**	**60**	**59**	**57**	**57**	**56**	**56**	**55**	**54**
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2022-2032 2/	**67**	**68**	**69**	**71**	**72**	**74**	**75**	**77**	**79**	**80**	**82**
B. Bound Tests											
B1. Real GDP growth	**67**	**69**	**73**	**72**	**72**	**72**	**73**	**73**	**74**	**74**	**75**
B2. Primary balance	**67**	**68**	**70**	**68**	**66**	**65**	**64**	**63**	**62**	**61**	**60**
B3. Exports	**66**	**66**	**68**	**66**	**64**	**62**	**62**	**61**	**60**	**59**	**59**
B4. Other flows 3/	**66**	**67**	**68**	**65**	**64**	**62**	**61**	**61**	**60**	**59**	**59**
B5. Depreciation	**67**	**69**	**66**	**63**	**60**	**57**	**56**	**54**	**53**	**51**	**50**
B6. Combination of B1-B5	**67**	**66**	**67**	**64**	**62**	**60**	**60**	**59**	**58**	**57**	**57**
C. Tailored Tests											
C1. Combined contingent liabilities	**67**	**76**	**73**	**71**	**69**	**67**	**66**	**65**	**64**	**63**	**62**
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	**67**	**69**	**71**	**74**	**76**	**77**	**78**	**79**	**80**	**80**	**81**
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
TOTAL public debt benchmark	35	35	35	35	35	35	35	35	35	35	35
PV of Debt-to-Revenue Ratio											
Baseline	409	388	371	354	347	333	330	325	319	312	307
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2022-2032 2/	417	411	410	409	419	420	429	435	441	445	451
B. Bound Tests											
B1. Real GDP growth	417	416	426	415	416	408	412	412	413	412	412
B2. Primary balance	417	415	420	401	393	376	371	363	356	348	341
B3. Exports	409	403	405	387	378	362	359	352	346	338	332
B4. Other flows 3/	409	406	404	385	377	361	358	351	345	337	331
B5. Depreciation	417	429	400	375	360	339	330	318	307	295	285
B6. Combination of B1-B5	417	405	399	374	366	351	348	340	334	326	321
C. Tailored Tests											
C1. Combined contingent liabilities	417	461	439	419	410	391	386	378	370	361	353
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	417	487	494	501	497	477	469	453	454	453	453
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Debt Service-to-Revenue Ratio											
Baseline	56	54	47	56	71	84	83	67	58	57	53
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2022-2032 2/	56	55	50	63	81	101	105	90	82	85	84
B. Bound Tests											
B1. Real GDP growth	56	56	52	64	81	99	101	86	76	78	76
B2. Primary balance	56	54	52	65	75	97	102	77	63	66	65
B3. Exports	56	54	47	57	72	85	84	68	58	58	54
B4. Other flows 3/	56	54	47	57	72	85	84	68	58	58	54
B5. Depreciation	56	53	49	57	70	83	81	67	57	57	53
B6. Combination of B1-B5	56	53	47	60	73	86	91	72	60	59	59
C. Tailored Tests											
C1. Combined contingent liabilities	56	54	63	63	75	120	100	76	64	78	67
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	56	63	60	76	92	114	116	99	88	91	89
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Sources: Country authorities; and staff estimates and projections.

1/ A bold value indicates a breach of the benchmark.

2/ Variables include real GDP growth, GDP deflator and primary deficit in percent of GDP.

3/ Includes official and private transfers and FDI.

ANNEX I. DEBT HOLDER PROFILE TABLE

Guinea-Bissau: Decomposition of Public Debt and Debt Service by Creditor, 2021-23[1/]

	Debt Stock (end of period)			Debt Service					
	2021			2021	2022	2023	2021	2022	2023
	(In US$ million)	*(Percent of total debt)*	*(Percent of GDP)* [5]	*(In US$ million)*			*(Percent of GDP)*		
Total	1,300.1	100.0	78.9	142.5	154.0	120.9	8.3	9.0	6.7
External	659.5	50.7	40.0	61.1	13.8	42.2	3.5	0.8	2.3
Multilateral creditors[2]	522.6	40.2	31.7	57.6	10.7	38.2	3.3	0.6	2.1
IMF	45.5	3.5	2.8						
World Bank	168.7	13.0	10.2						
AfDB	47.7	3.7	2.9						
BOAD	210.2	16.2	12.8						
Other Multilaterals	50.5	3.9	3.1						
o/w: Islamic Development Bank	21.8	1.7	1.3						
BADEA	9.7	0.7	0.6						
Bilateral Creditors	136.8	10.5	8.3	3.6	3.1	4.0	0.2	0.2	0.2
Paris Club	10.1	0.8	0.6	0.0	0.3	0.7	0.0	0.0	0.0
o/w: Brazil	1.9	0.1	0.1						
Russia	1.5	0.1	0.1						
Non-Paris Club	126.7	9.7	7.7	3.6	2.8	3.3	0.2	0.2	0.2
o/w: Angola	49.1	3.8	3.0						
Kuwait	28.9	2.2	1.8						
Domestic	640.6	49.3	38.9	81.4	140.2	78.7	4.7	8.2	4.4
Held by residents, total	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Held by non-residents, total	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Regional T-bills	333.1	25.6	20.2	-	121.2	69.4	-	7.1	3.8
BCEAO	224.9	17.3	13.6	1.3	1.2	1.2	0.1	0.1	0.1
Loans local commercial banks[3]	43.3	3.3	2.6	61.7	0.7	1.9	3.6	0.0	0.1
Payment Arrears	39.3	3.0	2.4	18.3	17.1	6.3	1.1	1.0	0.4
Memo items:									
Collateralized debt[4]	0	0.0	0.0						
Contingent liabilities	22.5	1.7	1.4						
Public guarantees	22.5	1.7	1.4						
Nominal GDP	1,725.5			1,725.5	1,709.7	1,803.6			

1/ As reported by Country authorities according to their classification of creditors, including by official and commercial. Debt coverage is the same as the DSA.

2/ "Multilateral creditors" are simply institutions with more than one official shareholder and may not necessarily align with creditor classification under other IMF policies (e.g. Lending Into Arrears).

3/ Including public guarantees.

4/ Debt is collateralized when the creditor has rights over an asset or revenue stream that would allow it, if the borrower defaults on its payment obligations, to rely on the asset or revenue stream to secure repayment of the debt. Collateralization entails a borrower granting liens over specific existing assets or future receivables to a lender as security against repayment of the loan. Collateral is “unrelated” when it has no relationship to a project financed by the loan. An example would be borrowing to finance the budget deficit, collateralized by oil revenue receipts. See the joint IMF-World Bank note for the G20 “Collateralized Transactions: Key Considerations for Public Lenders and Borrowers” for a discussion of issues raised by collateral.

5/ Calculated based on the amounts in CFA francs.