

Conakry, Guinea, October 18 (Infosplusgabon) - Guinean authorities and the International Monetary Fund (IMF) staff have reached a staff-level agreement on a programme of economic policies and reforms that could be supported by a three-year Extended Credit Facility (ECF) arrangement and support Guinea's 2016–20 National Social and Economic Development Plan to foster higher and broad-based growth, diversify the economy, and reduce poverty.

“The ECF-supported programme aims at strengthening the resilience of the Guinean economy, scaling-up public investments in infrastructure to foster growth while preserving medium-term debt sustainability,” remarked Ms. Giorgia Albertin, IMF Mission Chief for Guinea.

In a statement released on Wednesday, the IMF said that the agreement was a result of discussions between the Guinean authorities and IMF staff in Conakry from 31 July – 15 August 2017 and during the 2017 Annual Meetings in Washington in October 2017.

Subject to IMF management approval, the staff-level agreement is expected to be submitted to the IMF Executive Board for consideration in November 2017.

According to the statement, the ECF-supported programme aims at strengthening the resilience of the Guinean economy, increasing public investments in infrastructure to foster growth while

preserving medium-term debt sustainability, bolstering social safety nets to reduce poverty, and fostering the development of the private sector.

In the view of the IMF staff, a prudent borrowing strategy that aims at maximizing the concessionality of external loans will be key to preserving Guinea's medium-term debt sustainability. "To this end, strengthening debt capacity management will be important," they pointed out.

Ms. Albertin said that accumulation of foreign exchange reserves would reinforce Guinea's external buffers against shocks, while maintaining a prudent monetary policy will preserve moderate inflation and ensure liquidity in the banking sector to support a healthy private sector credit growth.

She further noted that achieving a basic fiscal surplus will limit budgetary financing needs, which will contribute to keeping inflation at a moderate level, increase banks' provision of credit to the private sector, and preserve medium-term debt sustainability.

"Mobilizing additional tax revenues and gradually reducing untargeted electricity subsidies will create fiscal space to increasing public investments in infrastructure and strengthening social safety nets to reduce poverty and foster inclusion.

“Improving the business climate, strengthening governance and financial inclusion will foster the development of the private sector, which is needed to generate more inclusive and broad-based growth for Guinea,” she added.

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