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2025 ARTICLE IV CONSULTATION, EIGHTH REVIEW UNDER THE EXTENDED CREDIT FACILITY, REQUESTS FOR REPHASING OF ACCESS, EXTENSION OF THE ARRANGEMENT, WAIVERS OF NONOBSERVANCE OF PERFORMANCE CRITERIA, MODIFICATION OF PERFORMANCE CRITERIA, AND FINANCING ASSURANCES REVIEW—PRESS RELEASE; STAFF REPORT; STAFF STATEMENT; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR GUINEA-BISSAU

In the context of the 2025 Article IV Consultation, Eighth Review Under the Extended Credit Facility, Requests for Rephasing of Access, Extension of the Arrangement, Waivers of Nonobservance of Performance Criteria, Modification of Performance Criteria, and Financing Assurances Review, the following documents have been released and are included in this package:

- A **Press Release** including a statement by the Chair of the Executive Board and summarizing the views of the Executive Board as expressed during its June 30, 2025 consideration of the staff report on issues related to the Article IV Consultation and the IMF arrangement.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on June 30, 2025, following discussions that ended on April 11, 2025, with the officials of Guinea-Bissau on economic developments and policies underpinning the IMF arrangement under the Extended Credit Facility. Based on information available at the time of these discussions, the Staff Report was completed on June 13, 2025.
- An **Informational Annex** prepared by the IMF staff.
- A **Debt Sustainability Analysis** prepared by the staffs of the IMF and the World Bank.
- A **Staff Statement** updating information on recent developments.
- A **Statement by the Executive Director** for Guinea-Bissau.

The IMF's transparency policy allows for the deletion of market-sensitive information and premature disclosure of the authorities' policy intentions in published staff reports and other documents.

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International Monetary Fund
Washington, D.C.

IMF Executive Board Concludes 2025 Article IV Consultation and Completes the Eight Review under the Extended Credit Facility with Guinea-Bissau

FOR IMMEDIATE RELEASE

- The IMF Executive Board today concluded the 2025 Article IV consultation and completed the eighth review under the Extended Credit Facility (ECF) for Guinea-Bissau. The completion of the review allows for an immediate disbursement of SDR 4.73 million (about US$ 6.5 million), bringing total disbursement under the arrangement to SDR 35.04 million (about US$ 48.1 million)
- Program performance was mixed. Seven out of nine Quantitative Performance Criteria and three out of four Structural Benchmarks for end-December 2024 were met. The continuous Structural Benchmark on debt service payments was met while the continuous Structural Benchmark on the expenditure committee (COTADO) was missed.
- Growth is expected to reach 5.1 percent in 2025 while inflation should average 2 percent. The current account deficit is expected to narrow to 5.8 percent of GDP in 2025, reflecting better terms of trade. The authorities are committed to achieving a fiscal deficit of 3.4 percent of GDP in 2025, to put public debt on a firm downward trajectory. The economic outlook is positive but remains subject to significant domestic and external risks.

Washington, DC – June 30, 2025: The Executive Board of the International Monetary Fund (IMF) concluded today the 2025 Article IV consultation[1] and completed the eighth review under Extended Credit Facility (ECF) arrangement for Guinea-Bissau. The three-year arrangement, approved on January 30, 2023, aims to secure debt sustainability, improve governance, and reduce corruption, while creating fiscal space to foster inclusive growth. The Executive Board granted an augmentation of access (140 percent of quota or SDR 39.76 million) on November 29, 2023. The completion of the eighth review enables the disbursement of SDR 4.73 million (about US$ 6.5 million) to help meet the country's balance-of-payments and fiscal financing needs. This brings total disbursement under the arrangement to SDR 35.04 million (about US$ 48.1 million). The authorities have consented to the publication of the Staff Report prepared for this consultation.[2]

[1] Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. A staff team visits the country, collects economic and financial information, and discusses with officials the country's economic developments and policies. On return to headquarters, the staff prepares a report, which forms the basis for discussion by the Executive Board.

[2] Under the IMF's Articles of Agreement, publication of documents that pertain to member countries is voluntary and requires the member consent. The staff report will be shortly published on the www.imf.org/guinea-bissau page.

Program performance was mixed. Seven out of nine Quantitative Performance Criteria and three out of four Structural Benchmarks for end-December 2024 were met. The continuous Structural Benchmark on debt service payments was met while the continuous Structural Benchmark on the expenditure committee (COTADO) was missed. In completing the eighth review, the Executive Board granted waivers for the non-observance of quantitative performance criteria based on corrective actions taken by the authorities [including the revenue and expenditure measures adopted as prior actions for the review], approved the authorities' request for modification of performance criteria and indicative targets, and completed the financing assurance review. The Executive Board also approved the authorities' request for the program extension until July 29, 2026, and rephasing of access to provide them with sufficient time to implement fiscal consolidation policies supported by the ECF program.

Economic growth is projected to reach 5.1 percent in 2025, supported by strong exports and investments, while inflation is expected to decelerate and average 2 percent. The current account deficit should narrow to 5.8 percent of GDP in 2025, reflecting a significant improvement in Guinea-Bissau's terms of trade. The authorities are committed to achieving a fiscal deficit of 3.4 percent of GDP in 2025 to put public debt on a firm downward trajectory. While the direct impact of recent global trade tensions on Guinea-Bissau is limited, the economy remains subject to significant downside risks amid a challenging socio-political climate in an election year and capacity constraints. The 2025 Article IV consultation discussions focused on policies aimed at supporting economic diversification to reduce dependency on cashew nuts, maintaining fiscal sustainability through domestic revenue mobilization, and bolstering social protection and human capital to promote inclusive growth.

Following the Executive Board discussion, Mr. Okamura, Deputy Managing Director and Acting Chair, issued the following statement:

"The economy of Guinea-Bissau has been resilient, supported by strong investment spending. While growth is projected to continue around its potential of 4½-5 percent over the medium term, significant challenges remain. In particular, the high export dependency on cashew nuts and the high risk of debt distress leave the country vulnerable to adverse changes in the international environment. Against this background, the authorities are focused on policies designed to diversify the economy and broaden the export base, including by supporting additional growth sectors such as mining and fishing.

"Achieving the fiscal consolidation target for 2025 is essential to reduce public debt vulnerabilities. In this context, the authorities remain committed to containing domestic primary spending within the 2025 budget and to maintain strict control over the wage bill. This is being supported by strong expenditure controls, including by ensuring that project disbursements are thoroughly verified and discretionary spending remains within agreed allocations. Measures to boost revenue mobilization to bring tax collection closer to its potential through a combination of tax policy measures and revenue administration reforms are vital to create fiscal space to support economic development while reducing fiscal risks.

"Good progress has been made in addressing financial sector vulnerabilities. The recent approval by the regional Banking Commission for the purchase offer for the undercapitalized bank, and the authorities' decision to divest the government's stake in the bank, are important steps in reducing systemic financial sector risks.

"Boosting inclusive growth calls for implementing sustained social protection programs to protect the poor, diversifying the economy, strengthening the business environment and governance, and improving the efficiency of education and health spending. Broadening the coverage of social protection programs and mainstreaming them within government structures would help reduce poverty indicators. At the same time, progressively reducing broad-based subsidies and moving towards more targeted programs would also boost the impact of social spending."

Executive Board Assessment[3]

Executive Directors agreed with the thrust of the staff appraisal. They welcomed the resilience of the economy and the significant progress in infrastructure development since the last Article IV consultation. Noting the mixed performance under the ECF and significant downside risks, they welcomed the strong corrective measures that have been implemented as prior actions for the eighth ECF review. They supported the authorities' request for a six-month extension of the ECF, to help anchor the fiscal targets for the whole of 2025 and reinforce the commitment to fiscal consolidation.

Given the high risk of debt distress, Directors underscored the critical importance of sustained fiscal consolidation and further reinforcing debt management to ensure that the debt to GDP ratio remains on a downward trajectory. They encouraged the authorities to boost revenue mobilization through tax policy and tax administration measures, thereby creating fiscal space for priority social and development spending while strengthening debt sustainability. They called for reinforcing expenditure controls and strengthening public financial management to contain the wage bill and prevent the recurrence of spending overruns. Continuing to refrain from nonconcessional borrowing while keeping further concessional borrowing within program targets remains important. Fiscal risks from the public utility company should also be addressed, including by speeding up its revenue mobilization.

Directors welcomed the approval of the sale of the undercapitalized bank, which paves the way for the government's disengagement. They called for a swift capitalization of the bank by its new owners to strengthen financial sector resilience.

Directors stressed the need for sustained structural reforms to underpin macroeconomic stabilization and boost growth. They highlighted the importance of efforts to strengthen the business environment, remove market distortions, and reduce informality. Diversifying the economy, notably in sectors with potential such as fishing, mining, and traditional agriculture, remains critical for inclusive growth and reducing dependence on cashew exports. They urged the authorities to expedite steps to strengthen governance, anti-corruption, and AML/CFT standards. They called for reforms to strengthen procurement transparency and enhance the robustness of the audit function, to help improve public sector transparency and efficiency.

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[3] At the conclusion of the discussion, the Managing Director, as Chairman of the Board, summarizes the views of Executive Directors, and this summary is transmitted to the country's authorities. An explanation of any qualifiers used in summings up can be found here: http://www.IMF.org/external/np/sec/misc/qualifiers.htm.

Directors positively noted the authorities' efforts to address gaps in the provision of macroeconomic data.

It is expected that the next Article IV consultation with Guinea Bissau will be held on a 24-month cycle in accordance with the Executive Board decision on consultation cycles for members with Fund arrangements.

Guinea-Bissau: Selected Economic Indicators, 2022-26

Population (2024): 2.0 million

Per capita GDP (2024): US$ 1,104

Main export product: cashew nuts

Key export markets: India, Vietnam

	2022	2023	2024 Prel.	2025 Proj.	2026 Proj.
Output					
Real GPD growth (%)	4.6	5.2	4.8	5.1	5.0
Prices					
Inflation (annual average, %)	7.9	7.2	3.7	2.0	2.0
Central government finances					
Revenue and grants (% GDP)	15.2	13.7	13.1	16.1	15.7
Expenditure (% GDP)	21.3	21.9	20.4	19.5	19.2
Fiscal balance (% GDP)	-6.1	-8.2	-7.3	-3.4	-3.5
Public debt (% GDP)	80.7	79.4	82.2	78.5	76.3
Money and credit					
Broad money (% change)	3.5	-1.1	6.2	5.6	5.4
Credit to economy (% change)	23.5	-9.4	-12.2	14.4	13.8
Balance of payments					
Current account (% GDP)	-8.6	-8.6	-8.2	-5.8	-5.0
FDI (% GDP)	1.2	1.2	1.2	1.2	1.2
WAEMU reserves (US$ billions)	25.2	26.1	…	…	…
External public debt (% GDP)	39.0	35.4	34.7	32.0	30.9
Exchange rate					
CFAF/US$ (average)	622.4	606.5	606.2	…	…

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

INTERNATIONAL MONETARY FUND

GUINEA-BISSAU

June 13, 2025

STAFFF REPORT FOR THE 2025 ARTICLE IV CONSULTATION, EIGHTH REVIEW UNDER THE EXTENDED CREDIT FACILITY, REQUESTS FOR REPHASING OF ACCESS, EXTENSION OF THE ARRANGEMENT, WAIVERS OF NONOBSERVANCE OF PERFORMANCE CRITERIA, MODIFICATION OF PERFORMANCE CRITERIA, AND FINANCING ASSURANCES REVIEW

EXECUTIVE SUMMARY

Context. Since the last Article IV of June 2022, economic growth has been resilient and the authorities have made significant progress in infrastructure development. The economic outlook for 2025 is positive supported by high international prices of cashew nuts and strong public and private investments. However, risks are on the downside and the country remains at high risk of debt distress. The presidential and legislative elections are scheduled for November 23, 2025, and the social situation remains relatively calm. Direct effects to Guinea Bissau from the elevated global trade uncertainty are relatively low, as prices of cashew nuts, which account for over 90 percent of exports, have so far not been adversely affected by recent global events and the country is benefiting from lower global fuel prices.

Program implementation. Performance under the program has been mixed. Seven out of nine Quantitative Performance Criteria (QPC) were met for December 2024. The QPCs on tax revenue and on the domestic primary balance were missed due to low tax collection and higher spending including for security. There were also significant fiscal slippages in the first quarter of 2025, reflecting mainly spending overruns on high priority road projects. Three December 2024 Structural Benchmarks (SB) were met, but one for December 2024 and two for March 2025 were missed. The continuous SB on the expenditure committee (COTADO) was missed, while the continuous SB on debt service payment has been met. The regional Banking Commission approved in February 2025 the purchase offer for the undercapitalized bank, a long-standing program issue.

Policy commitments. The authorities remain committed to the fiscal deficit target for 2025 and are implementing corrective measures that will fully compensate the impact of the spending overruns. The Article IV consultation focused on: (i) domestic revenue mobilization, to address the country's significant tax gaps; (ii) economic diversification, to harness economic potentials in the fishery, mining, and manufacturing sectors and revive the traditional agricultural sector; and (iii) bolstering social protection and human capital, to support vulnerable groups and inclusive growth within a limited fiscal space.

Staff views. Staff supports the authorities' requests for completion of the eighth review under the ECF arrangement, waivers for the missed QPCs, and modification of QPCs/ITs.

Approved By
Montfort Mlachila (AFR) and Jacques Miniane (SPR)

An IMF team consisting of Messrs. Hobdari (Head), Koshima and Ms. Bouzouita (all AFR), Mr. Sarr (Resident Representative), and Mr. Fonseca (local economist) held discussions with the authorities in Bissau during April 2-11, 2025. Mr. Varela (Advisor OED) participated in the discussions. Ms. Derrouis contributed to the preparation of this report. The mission met with President Mr. Sissoco, Prime Minister Mr. Barros, Minister of Finance Mr. Té, Minister of Economy Mr. Sambú, Minister of Energy Mr. Casimiro, Minister of Fisheries Mr. Silva, Minister of Transportation and Telecommunications Mr. Barbeiro, National Director of BCEAO Ms. Cassama, other senior officials of the government and BCEAO and representatives of development partners.

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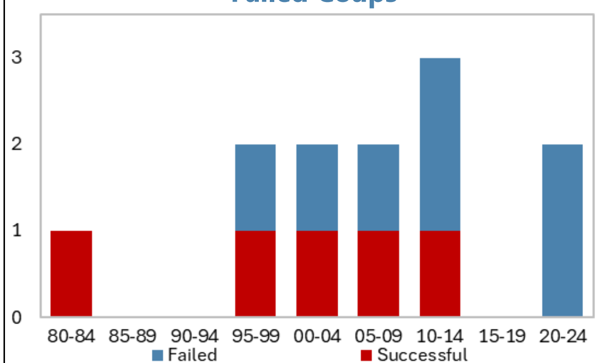
CONTEXT

1. **Political tensions are rising ahead of the elections scheduled for late-2025.** Guinea-Bissau is a fragile state with a long history of political instability, including a dozen successful or failed coups since independence (Text Figure 1). with the risks of coups tending to increase around elections. President Sissoco set the date of the presidential and legislative elections for November 23, 2025. While social situation has been relatively calm, underlying political tensions seem growing.

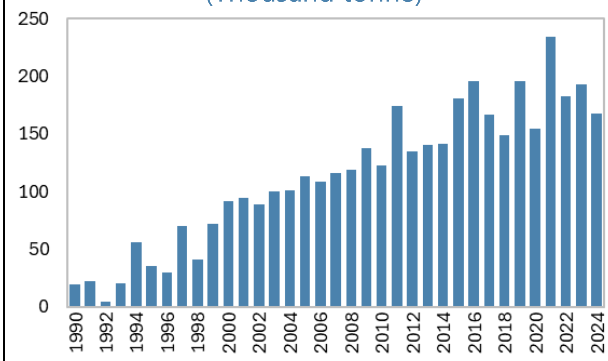
Text Figure 1. Number of Successful and Failed Coups



Source: IMF staff calculations.

Text Figure 2. Cashew Export Volume

(Thousand tonne)

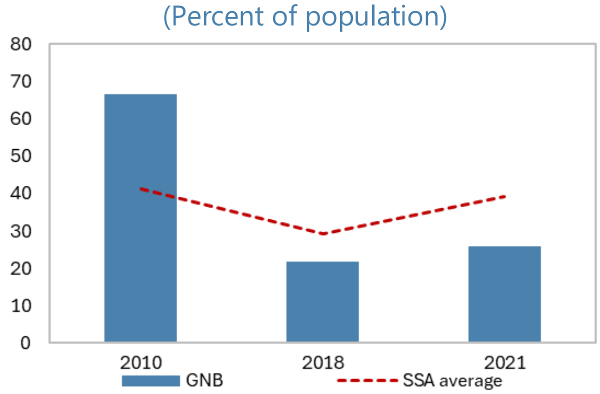


Source: IMF staff calculations.

2. **Guinea Bissau is heavily dependent on cashew exports, which benefit a large fraction of its population, but this exposes the country to the volatility of international cashew prices.** Cashew exports have increased rapidly since the late-1990s (Text Figure 2). They provide an important source of income and have contributed to the significant reduction of the share of population living below the extreme poverty line (Text Figure 3). However, reliance on cashew exports has increased exposure to external shocks, resulting in a higher current account volatility relative to the SSA average (Text Figure 4). Furthermore, the surge of cashew income has been associated with a decline of traditional agricultural production.

Text Figure 3. Population below Poverty Line of $2.15 per Day

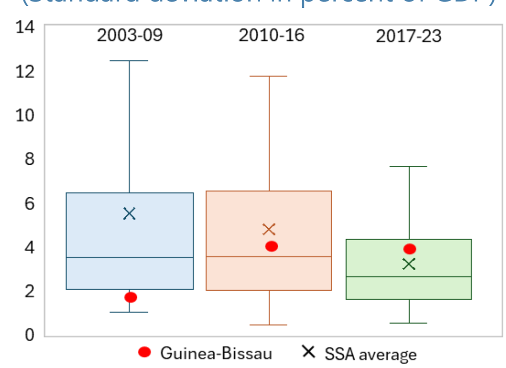
(Percent of population)



Source: IMF staff calculations.

Text Figure 4. Volatility of Current Account Balance, Sub-Saharan African Countries

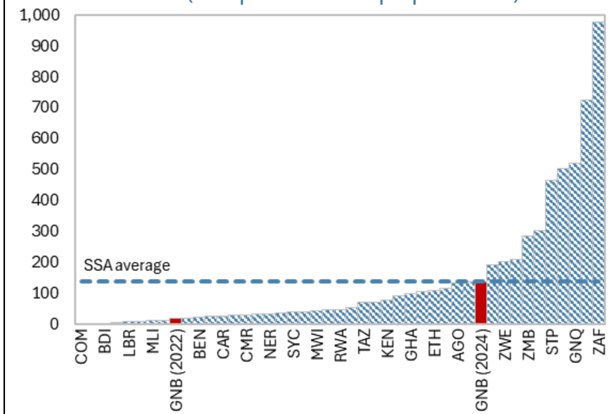
(Standard deviation in percent of GDP)



Source: IMF staff calculations.

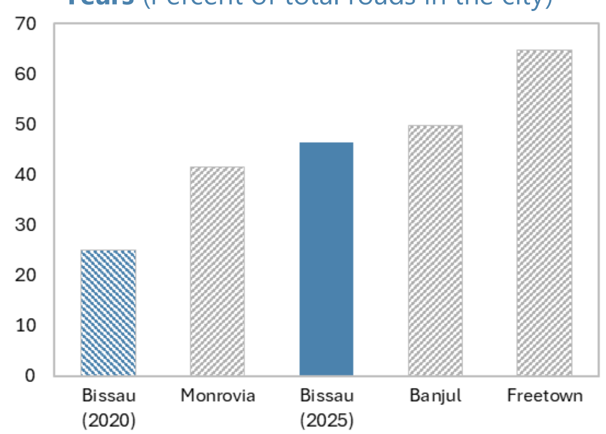
3. The government has made significant progress in infrastructure development. Since the 2022 Article IV consultation, the completion of a 240 km electricity transmission line has brought the country's power grid from being nearly non-existent to above the SSA average (Text Figure 5). This connected Bissau to the regional OMVG project, diversifying sources of power from a previously expensive fuel-generated source to much cheaper and fully renewable energy. In the transportation sector, completion of an urban road project has doubled the length of paved roads in Bissau (Text Figure 6). A new airport terminal is also expected to be completed by end-2025. These investments have been drivers of growth, which was higher than the SSA average in recent years (Text Figure 7). However, the Port of Bissau is facing severe constraints, and most of trunk roads are in dilapidated conditions.

Text Figure 5. Length of Power Lines, Recent Years (km per million population)



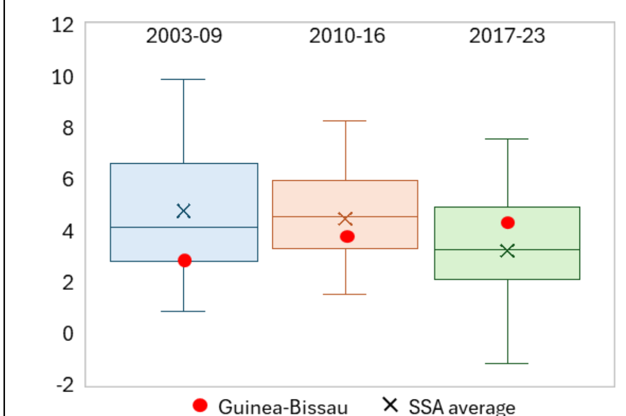
Source: IMF staff calculations based on openinframap.com.

Text Figure 6. Ratio of Paved Roads, Recent Years (Percent of total roads in the city)



Source: IMF staff calculations

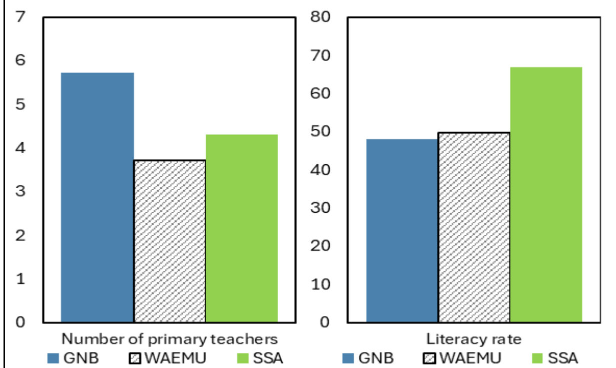
Text Figure 7. Average Growth, Sub-Saharan African Countries (Percent)



Source: IMF staff calculations.

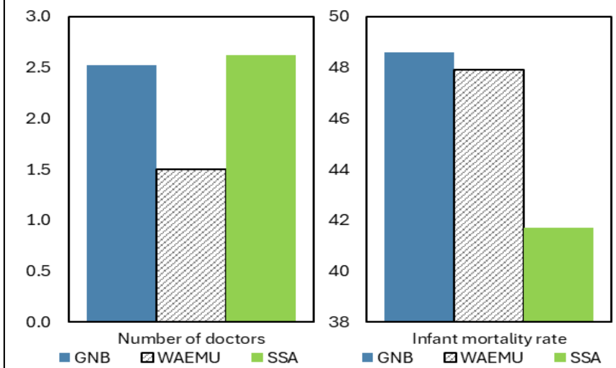
4. Social indicators remain worse than the regional and SSA average. The headcounts of education and health workers per capita are higher than the WAEMU average, but their outcomes such as literacy and infant mortality rates are worse (Text Figures 8 and 9). This is likely due to inefficiency in public spending, including chronic problems of public workers who are on the payroll but live abroad and/or do not show up for work.

Text Figure 8. Education Indicators Recent Years 1/



1/Number of primary teachers is per 1,000 population.
Source: IMF staff calculations based on UNICEF.

Text Figure 9. Health Indicators Recent Years 1/



1/Number of doctors is per 10,000 population.
Source: IMF staff calculations based on WHO.

RECENT ECONOMIC DEVELOPMENTS

5. Growth for 2024 was revised downward to 4.8 percent from 5 percent at the seventh review. In 2024, the actual export volume of cashew nuts (167,000 tonnes) was the lowest since the pandemic and much smaller than projected (190,000 tonnes). This was mainly due to low cashew production affected by extreme heat during a dry season. Growth of subsistence farming was also smaller than projected due to excessive rainfall during the rainy season. However, growth was resilient, supported by income effects of high cashew producer prices, which doubled from 2023, as well as continued strong growth of private investments.

6. Average inflation was 3.7 percent in 2024, slightly higher than the WAEMU average (3.5 percent). Monthly CPI inflation has been around 6 percent year-on-year in recent months, but this is due to base effect following suspension of rice subsidies in April 2024.

7. The current account deficit for 2024 is estimated at 8.2 percent of GDP, wider by 0.8 percentage points from the seventh review. As per the External Sector Assessment (Annex I), Guinea-Bissau's external position in 2024 was weaker than the level implied by fundamentals and desirable policies. The wider deficit was due mainly to lower cashew nut exports, and was financed mainly by increased issuance of Treasury securities in the regional market.

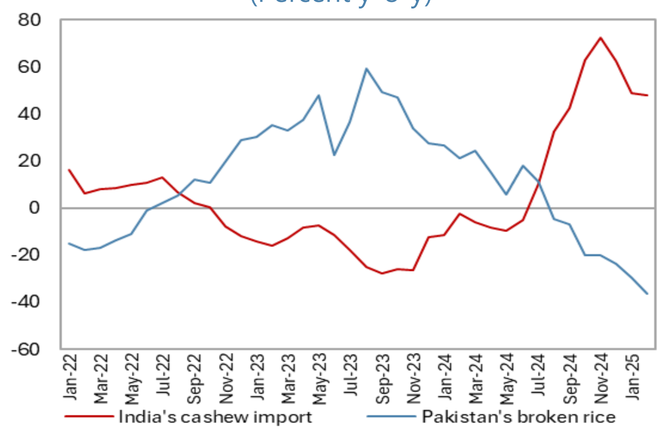
8. The financial sector soundness was broadly stable in 2024. The financial soundness indicators showed improvements to capital adequacy from December 2023 to June 2024, while the net NPL to total loan ratio remained unchanged. In June 2024, liquidity of the financial sector remained high, and the vulnerabilities stemming from exchange rate exposures continues to be low.

OUTLOOK AND RISKS

9. The economic outlook is positive for 2025. Import prices of cashew nuts by India, which is the largest export destination, have increased significantly – from $1,100/tonne in June 2024 to $1,760/tonne in February 2025 (Text Figure 10). Supported by high international prices and moderate heat during the dry season, the cashew export campaign has been progressing smoothly and maintaining high producer prices similar to the level in 2024. Growth of public and private investments is also expected to be strong. Based on these factors, growth is expected to be 5.1 percent in 2025, slightly higher than projected at the seventh review. Higher exports and better terms of trade supported by recent decline of international fuel and rice prices will also improve the external balance.

Text Figure 10. Change of International Cashew and Rice Prices

(Percent y-o-y)



Source: IMF staff calculations.

10. The medium-term outlook remains broadly unchanged. In the medium term, growth is projected to remain around its potential of 4½-5 percent, supported by a moderate growth of exports, strong private investments, and an improved business environment. Inflation is expected to converge to 2 percent. The current account deficit is projected to gradually narrow to 4 percent of GDP, in part due to more favorable terms of trade.

11. Risks to the outlook are on the downside (Annex II). The main risks stem from domestic security situation, weak state capacity, terms-of-trade shocks, and adverse weather conditions. Furthermore, prolonged tightening of regional financial conditions could increase debt risks. Financial risks from SOEs and the banking sector may also create contingent liabilities. If these risks materialize, the authorities should further rationalize expenditures and seek additional grants and budget support. Direct effects to Guinea Bissau from the elevated global trade uncertainty are relatively low. This reflects the fact that the direct trade exposure to the US is close to none and that Guinea Bissau is, on balance, benefitting from recent changes in international commodity prices, including higher cashew prices and lower rice and fuel prices. In addition, there are risks of a decline of project grants, which would be smaller than budgeted by 1.9 percent of GDP if the same rate of disbursements in 2025 Q1 continues. These project grants finance only development spending and thus are, a priori, deficit neutral (unless the government decides to bring some of this spending on budget) and do not affect budget financing, but would adversely affect the quality-of-service delivery in some sectors.

PROGRAM PERFORMANCE

12. **Seven out of nine Quantitative Performance Criteria (QPC) for December 2024 were met.** The QPC on tax revenue was missed due mainly to low tax collection from the largest taxpayers. The QPC on the domestic primary balance was missed mainly due to lower tax revenue but also higher expenditure and stock-flow discrepancy related to cash withdrawals (see below). The IT on disbursements of project loans was missed because of those of the energy projects, while the IT on targeted projects and activities was met.

13. **There were significant cash withdrawals in 2024, which have contributed to a sizeable stock-flow discrepancy.** The cash withdrawals amounted to CFAF 9.3 billion (0.7 percent of GDP) in 2024. Based on preliminary information, it appears that only part of the spending financed by such withdrawals has been recorded as expenditure above the line, contributing to the statistical discrepancy of CFAF 10.1 billion (0.8 percent of GDP) for 2024 (Tables 3a and 3b). To be conservative, all these cash withdrawals were added to the domestic primary deficit for monitoring the December 2024 QPC; as noted in ¶12 above, this QPC was missed, but this would have been the case even before adjusting spending for the cash withdrawals. The QPCs on the domestic primary balance for April and June 2024 would still have been met even after adding the cash withdrawals to spending above-the-line for these two test dates.[1]

14. **Three structural benchmarks (SBs) for December 2024 were met, and one was missed.** The two SBs for March 2025 were missed too. The missed SBs were completed with delay or replaced with new SBs. The regional Banking Commission approved in February 2025 the purchase offer by the investor of the undercapitalized bank, which is a long-standing program issue.

15. **Three ITs for March 2025 were missed.** While the IT on tax revenue was met with considerable margin, the IT on a domestic primary balance was missed by 0.6 percent of GDP. This was due to spending overrun of: (i) "other common expenditure", which is an unallocated appropriation for discretionary spending and exceeded the budget by 0.4 percent of GDP until March; and (ii) several priority road projects, contracts of which exceeded the budget by 1 percent of GDP and one third of the contracted amount was executed during the first quarter of 2025. The IT on the wage bill was missed slightly due to higher-than-expected wages of education seasonal workers. While not all data are available yet, the IT on social priority spending seems to have been missed due to very low externally financed spending, which was only 16 percent of the amount in 2024 Q1 (see ¶11).

16. **The continuous SB on the Technical Committee on Arbitration of Budget Expenditure (COTADO) was missed.** Most of "other common expenditure" between December 2024-March 2025 did not have the COTADO's approval. The non-compliance in December was due to exhaustion of budget resources by November, which resulted in the COTADO's December limit being unrealistically low. The non-compliance in January-March 2025 was mostly due to the overrun that

[1] The cumulative cash withdrawals were, respectively, CFAF 3.5 billion and 4.6 billion at end-April and end-June 2024.

breached both the budget and COTADO requirements. In addition, the priority road projects as well as purchases of several cars included in "other common expenditure" did not obtain the prior approval of the Prime Minister required under the Budget Law. The continuous SB on debt service payments has been met.

POLICY DISCUSSIONS

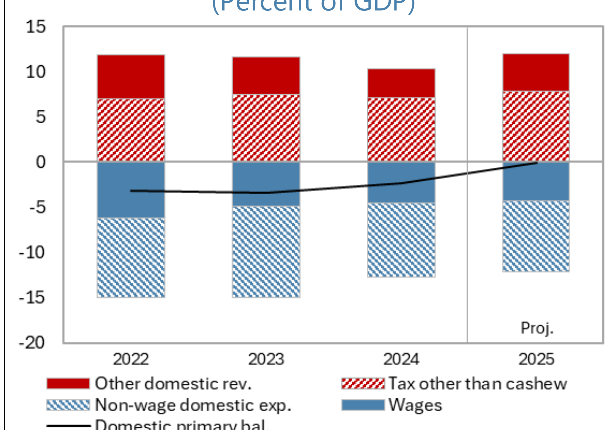
Under the ECF-supported program the authorities have generally maintained spending control, including a significant reduction in wage spending. However, progress in reducing the fiscal deficit and public debt has been limited, due to shocks to cashew and other revenue and high interest rates in the regional market. Despite significant slippage in the first quarter of 2025, the authorities renewed their commitment to the fiscal consolidation targets, which are crucial to put public debt on a downward trajectory, as demonstrated by the implementation of prior actions. Corrective action includes a series of revenue and expenditure measures, many of which have good quality with permanent impact and curtail recurrent expenditure in exchange for increased capital spending. The proposed program extension for six months will pin down the authorities' policy commitments for the rest of the year. The Article IV discussions focused on: (i) domestic revenue mobilization to support fiscal consolidation while creating space for development and social spending; (ii) policies for economic diversification, especially in the fishery, agriculture, mining, manufacturing, and port sectors; and (iii) bolstering social protection and human capital while pushing for the governance reforms. These discussions will support ongoing preparation of the new National Development Plan.

A. Maintaining Fiscal Sustainability

Progress in Fiscal Consolidation Under the Program

17. Significant spending restraint under the ECF supported program has anchored debt by offsetting the impact of shocks to cashew revenue and higher borrowing costs. Primary spending fell by about 2.8 percent of GDP between 2022 and 2024, with the largest decline coming from a reduction in the wage bill by 1.6 percent of GDP during this period (Text Figure 11). Non-cashew tax revenue also stayed at the same level despite shocks to large taxpayers in 2024. However, the impact of these gains on reducing debt has been offset by shocks to cashew and nontax revenue, as well as higher borrowing costs in the regional market, which contributed to an increase in interest expenses from 1.4 percent of GDP in 2022 to 3.3 percent of GDP in 2024.

Text Figure 11. Domestic Primary Deficits
(Percent of GDP)



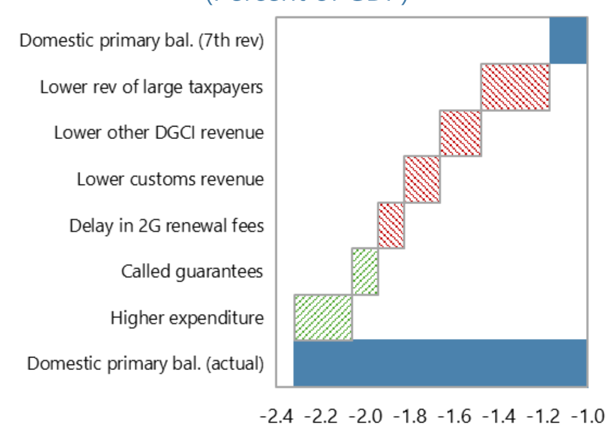
Source: IMF staff calculations.

18. The authorities are accelerating fiscal consolidation to put public debt on a downward trajectory. As discussed below, during 2025 the authorities will continue to reduce spending despite a further increase in interest expenses and boost revenue, which will contribute to a significant reduction of the fiscal deficit and public debt.

Short-Term Fiscal Policy Issues

19. The domestic primary deficit for 2024 was 1.1 percent of GDP higher than projected at the seventh review due mainly to revenue shocks (Text Figure 12). Tax revenue in 2024 was 0.7 percent of GDP lower than projected at the seventh review, primarily because of disappointing tax collection from a handful of the largest taxpayers experiencing sluggish business. Expenditure was also larger than projected at the seventh review by 0.4 percent of GDP due mainly to "other common expenditure" in December exceeding the COTADO's limits. The overall deficit was wider by 2.3 percent of GDP from the seventh review due to smaller budget support, including the delay in AfDB grant until January 2025 (0.5 percent of GDP), higher interest expenses (0.4 percent of GDP), and higher project loan disbursements (0.3 percent of GDP).

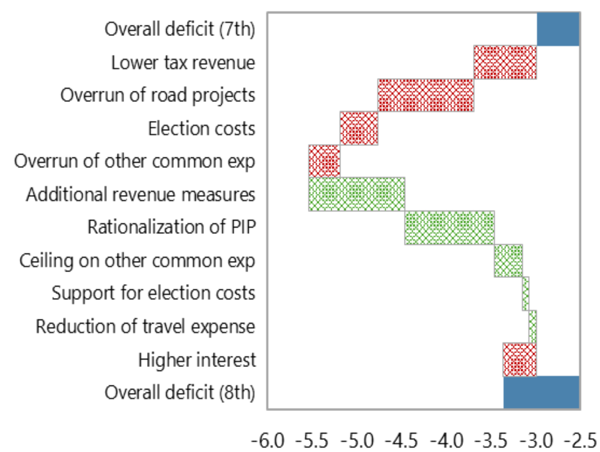
Text Figure 12. Changes in Domestic Primary Deficit for 2024 from Seventh Review
(Percent of GDP)



Source: IMF staff calculations.

20. During the first quarter of 2025 there was 1.8 percent of GDP of spending overruns relative to the program mostly due to slippages. This included 1.1 percent of GDP of spending for several priority road projects in excess of the budget allocations, 0.4 percent of GDP for the election census and logistics costs (which were not included in the budget given the uncertainty of the election date when the budget was approved in November 2024), and 0.4 percent of GDP of overrun of "other common expenditure" that reflected various discretionary spending, including the purchase of cars. The lower revenue base from 2024 and the spending overruns in the first quarter of 2025 together with higher interest payments would, in the absence of measures, have increased the overall deficit by 2.9 percent of GDP for the year relative to the seventh review.

Text Figure 13. Changes in Overall Deficit for 2025 from Seventh Review (Percent of GDP)



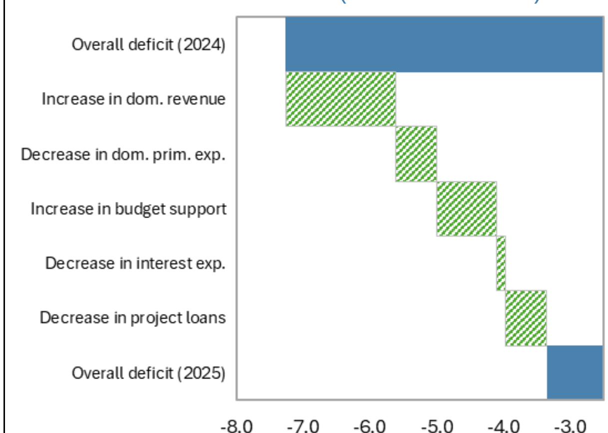
Source: IMF staff calculations.

21. The authorities remain committed to bringing public debt on a downward trajectory to maintain debt sustainability. Discussions focused on measures to offset the impact of the lower revenue base from 2024 and the spending overruns in the first quarter of 2025. Agreement was reached on revenue measures of about 1.1 percent of GDP in addition to the measures already taken at the time of the seventh review, and spending measures of about 1.5 percent of GDP (Text Figure 13). Specifically:

- ***On the revenue side***, the expected impact of the measures agreed at the seventh and eighth reviews will reach 1.8 percent of GDP (see MEFP Text Table 2). Most of these measures have already been implemented ahead of the eighth review (see MEFP ¶10 and 11). These include an increase in cashew taxes, which is very sensitive especially in an election year. The prior action includes issuance of orders of the single telecom licenses and mobile money taxes, collection of tax arrears and VAT on port fees, increases in tax reference prices of construction materials and tobacco, and the sale of a naval base. Many measures are of high-quality with a permanent impact.
- ***On the spending side***, the prior action includes the approval of a revised Public Investment Program to rationalize non-priority projects, reduction of "other common expenditure" to CFAF 300 million per month, and a census aimed at identifying ghost workers of the health ministry, and the continuous SB includes a reduction of travel expenses (see ¶24 below).

22. These measures will result in a reduction in the overall fiscal deficit in 2025 by 3.9 percent of GDP from 2024 (Text Figure 14 and Table 3b). The domestic primary deficit will be reduced by 2.3 percent of GDP, reflecting higher revenue of 1.6 percent of GDP and lower spending of 0.6 percent of GDP. Budget support is projected to increase by 0.9 percent of GDP, including the recently approved World Bank Development Financing Policy (DPF) grant (US$10 million or 0.4 percent of GDP). The overall deficit for 2025 will be 3.4 percent of GDP, compared to 3.0 percent of GDP at the seventh review, reflecting higher interest spending due to high interest rates in the regional market. A possible reduction of project grants has a priori no impact on the overall deficit (see ¶11), unless the government decides to bring some of this spending on budget.

Text Figure 14. Changes in Overall Deficit from 2024 to 2025 (Percent of GDP)



Source: IMF staff calculations.

23. Risks to fiscal consolidation remain high in 2025. The risks are especially high on the spending side in the run up to the elections. In particular, it is expected to be very challenging to contain "other common expenditure" within the lower program target, as this item tends to spike in election years. The wage bill has been also facing strong upward pressures from judicial and social sector workers who threaten strikes. Giving in to these demands carries a high risk of prompting demands for salary increases by other sectors. These risks will be mitigated by the proposed program extension which will pin down the authorities' policy commitments through end-2025. The 2026 budget to be prepared after the elections should maintain tight controls on the wage bill and other expenditure and incorporate strong revenue measures including changes in the key tax legislation to mitigate these risks after the program period.

24. The new and revised QPCs will strengthen expenditure controls, while the authorities will implement the wage bill saving measures. While the COTADO has been central to expenditure controls, it was unable to stop overrun of other common expenditure. The new QPC on "other common expenditure" will enshrine the monthly ceiling of CFAF 300 million and reinforce the COTADO's controls.[2] The QPC on non-regularized spending (DNT) is expanded to include the purchase of cars and construction works that bypass the prior-approval of the Prime Minister, as well as unrecorded expenditure.[3] For the wage bill, the authorities will undertake a targeted census of public workers of two ministries that are likely to have a large number of ghost workers, as part of a prior action and a new proposed SB. For goods and services spending, the authorities have introduced a ban on non-essential travels, implementation of which is added to the revised continuous SB on the COTADO.

Medium-Term Challenges: Boosting Domestic Revenue Mobilization to Create Fiscal Space

25. There is significant room to increase tax revenue in Guinea-Bissau.[4] Such potential to increase tax revenue in 2023 is estimated to be 2.7 percent of GDP, which is lower than the regional average but significant given the country's structural constraints, which are taken into account in the model (Text Figure 15).

26. Sustained reform implementation is key to narrow the tax gaps. Tax efforts, which are ratios of actual tax collection to tax potentials, have been broadly unchanged in Guinea-Bissau for the last decade (Text Figure 16). This shows lack of sustained gains from the revenue reforms. Although the country has implemented significant revenue reforms under the Staff Monitored Program (SMP) and the ECF supported program, there have been also slippages and reform delays that offset the reform gains, including tax cuts of fuels introduced in 2022 and 2023 and those of rice in 2023. In 2025, a series of revenue-enhancing measures are expected to generate permanent revenue gains.

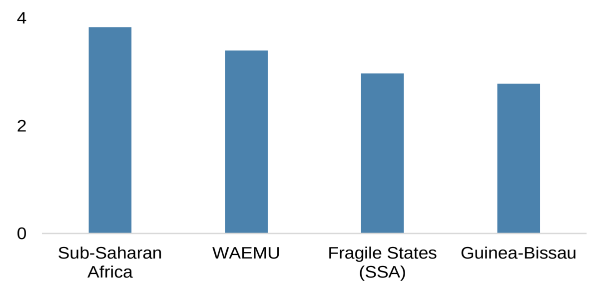
[2] This is achievable as long as non-priority discretionary spending, which comprises a majority of other common expenditure, is curtailed. This ceiling was met with a considerable margin in May 2025 as required by a prior action.

[3] In March 2025, the authorities paid but delayed recording of around 0.7 percent of GDP of spending. Following the reconciliation conducted during the eighth review mission, the stock-flow discrepancy for the first quarter of 2025 was reduced to nearly zero.

[4] See attached Selected Issues Paper (SIP) on domestic revenue mobilization.

Text Figure 15. Potential to Increase Tax Revenue, 2023

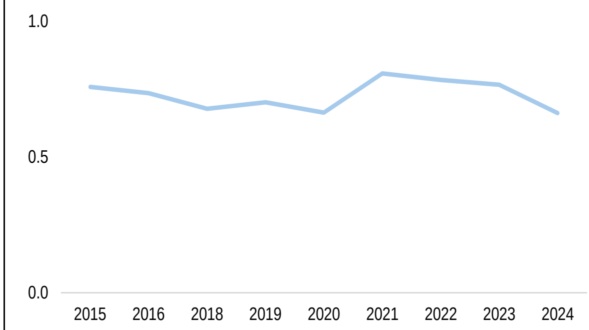
(Percent of GDP)



Source: IMF staff calculations.

Text Figure 16. Tax Effort

(Ratio to tax potentials)



Source: IMF staff calculations.

27. In the medium-term, filling tax gaps requires both tax policies and revenue administration reforms. For tax policy, the priority includes full implementation of VAT on food items, which currently pay VAT only at the border and are exempted from VAT on domestic value added. Reforming the tax legislation in the telecom and banking sectors is also needed to align the law with fast-changing business and compensate impact of regional-level tax exemptions. For inland revenue administration, it is critical to tackle the wide-spread under-declarations of VAT, for which most of large taxpayers declare deductions larger than sales. For the customs administration, construction of infrastructure at the border posts is essential to reduce smuggling.

Public Debt

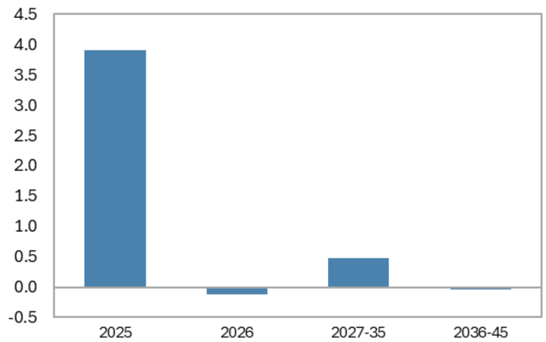
28. Guinea-Bissau is at a high risk of debt distress, but debt is assessed as sustainable.[5] Public debt reached 82.2 percent of GDP at end-2024, or 4.6 percent of GDP higher than projected at the seventh review. In addition to a wider overall deficit, the higher debt reflects mainly FX depreciation, cash accumulation, and residual stock-flow discrepancy. The DSA update shows that the PV of external debt-to-export ratio breaches the threshold from 2025 to 2027. The external debt service-to-exports ratio breaches the threshold from 2030 to 2032. The external debt service-to-revenue ratio is below the threshold throughout the projection period. The PV of public debt-to-GDP ratio is above its threshold throughout the projection period. However, both external and public debt will be on a steady downward trajectory under the program scenario.

29. The risks to the debt sustainability assessment are high. Staff's assessment that debt remains sustainable hinges on the large fiscal consolidation in 2025, as needed to put public debt on a downward trajectory (Text Figure 17). The debt outlook remains vulnerable to weaker economic performance, further tightening of financial conditions, and failure to adhere to prudent fiscal policies. Delays to fiscal consolidation would affect the debt trajectory and the sustainability assessment. As discussed above, the proposed program extension is an attempt to mitigate these risks.

[5] See attached an updated DSA.

30. The authorities will continue to adhere to the very tight ceiling on new concessional borrowing. The borrowing plan for 2025 includes only additional financing for the priority energy project ("15MW project"[6]) (Text Table 1).

Text Figure 17. Change in Overall Balance
(Percent of GDP)



Source: IMF staff calculations.

Text Table 1. External Borrowing Plan (US$ million)

PPG external debt contracted or guaranteed	Volume of new debt[1]		PV of new debt[1]	
	2025	2026	2025	2026
Sources of debt financing	**12.5**	**3.0**	**8.3**	**2.0**
Concessional debt[2]	12.5	3.0	8.3	2.0
Multilateral debt	12.5	3.0	8.3	2.0
Uses of debt financing	**12.5**	**3.0**	**8.3**	**2.0**
Energy	12.5	-	8.3	-
Transportation	-	3.0	-	2.0

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.

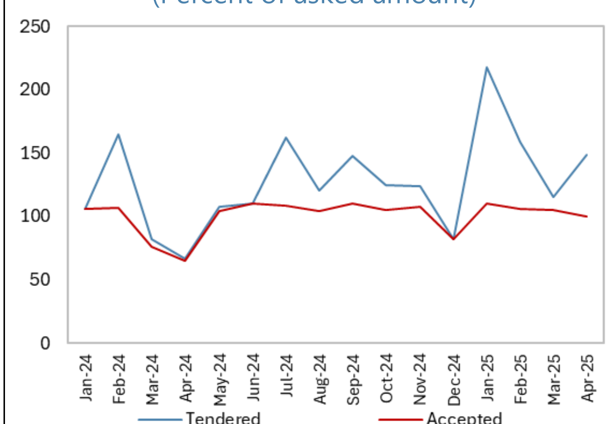
2/ Debt with a grant element of at least 35 percent.

Source: IMF staff calculations.

31. The authorities will strengthen controls of project loan disbursements. To compensate for the overrun of the priority road projects spending, the total disbursements of project loans are reduced by 0.3 percent of GDP from the seventh review. Within this reduced envelope, the priority energy projects require an increase in the budget allocations. To fit in the remaining space, the authorities have reduced allocations to other non-priority projects. To control disbursements within the budget allocations, the continuous SB is proposed to require the Director-General of Debt to validate all disbursement requests of project loans, beginning with the Islamic Development Bank, which already participates in this new process.

32. Fiscal consolidation is key to reducing borrowing costs from expensive short-term Treasury securities. Despite the tight regional financial conditions, demand in the regional markets has been high. The demands for Treasury securities have been far above the supplied amounts, except for in March and April 2024 when the monetary policy change took by surprise regional market participants (Text Figure 18). However, the demand has been concentrated on short-term T-bills, which account for above 80 percent of new issuance in recent months, as has been the case for other countries in the region. Given the strong demand of regional investors and insignificant

Text Figure 18. Auctions of Treasury Securities
(Percent of asked amount)



Source: IMF staff calculations.

[6] This project is financed by BOAD and constructing: (i) the southern half of the ring transmission line encircling City of Bissau; and (ii) a thermal powerplant of Bor with 15 MW of Capacity.

size of Guinea-Bissau's securities, rollover risks are considered manageable (see attached DSA). However, these T-bills are expensive, with yields exceeding 10 percent. Sticking to the overall deficit target and reducing financing needs are key to reducing the reliance on short-term T-bills and borrowing costs.

Fiscal Risks from the Public Utility Company

33. The public utility company (EAGB) should speed up its revenue mobilization. After the cancellation of Karpower contract in December 2024, EAGB restored the break-even point. In addition, the Treasury has provided 0.3 percent of GDP of financing to fill EAGB's financing gap created by the execution of US$7.8 million of the Letter of Credit by Karpower.[7] With this, EAGB has repaid arrears owed to the new supplier. While this solved EAGB's financial deadlock, improving its precarious financial situation requires revenue mobilization. To implement the SB, EAGB has increased the pace of installation of pre-paid meters from 200 to 1,300 meters per month and reduced stock of tariff arrears by CFAF 0.2 billion in the first quarter of 2025.

34. There remain severe concerns about the quality of infrastructure connecting Bissau to the OMVG. Recently, Bissau experienced multiple, prolonged blackouts caused by road maintenance works cutting underground transmission lines connecting the city to the OMVG. These lines were laid at an extremely sharrow level by the ring transmission line project and vulnerable to another cut. To avoid recurrence of blackout, the 15 MW project, which is constructing the remaining half of the "ring" around Bissau as backup, should be completed as soon as possible.

Financial Sector Policy

35. The regional Banking Commission approved the purchase offer for the undercapitalized bank in February 2025. Accordingly, the authorities have published the ministerial order on changes in the bank's shareholders and will sign the contract to transfer the government shareholding shortly. The government will receive CFAF 0.8 billion of accumulated dividends on completion of the transaction. The third-party audit to assess the viability and solvency of the undercapitalized bank has been completed, and its findings were little different from the regular audits of the annual financial statements.

Authorities' Views

36. The authorities are fully committed to the fiscal consolidation targets in 2025. The authorities have been implementing the agreed revenue and expenditure measures to compensate the impact of spending overrun without enlarging the overall deficit. Staff agrees with the authorities' views that these are good quality measures that would generate permanent impact on domestic revenue and curtail further recurrent spending that would create room for higher capital spending. The authorities agree that there is significant room for further domestic revenue

[7] This financing was provided through: (i) execution of a government guarantee on EAGB's overdraft (CFAF 3.0 billion); and (ii) advance electricity payments from the Treasury to EAGB (CFAF 2.0 billion). Both are below-the-line items and do not affect the deficit.

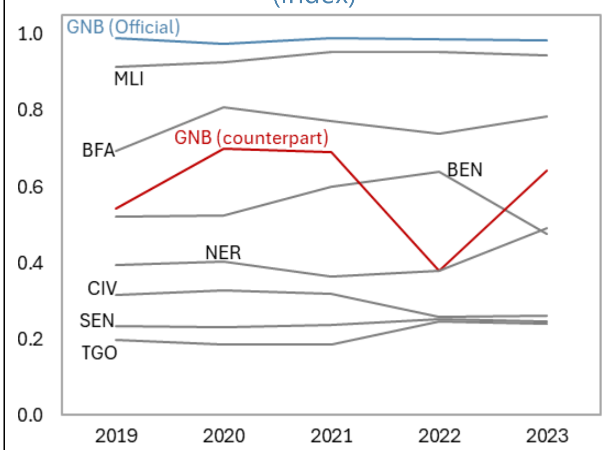
mobilization, and agree on the medium-term revenue reforms, which should be prioritized after the elections. The authorities are fully committed to safeguarding critical social priority spending (¶50).

B. Harnessing Potentials of Economic Diversification

37. The commonly perceived dominance of cashew exports does not adequately represent the true situation of economic diversification of Guinea-Bissau.[8] Following up on the 2022 Article IV consultation, updated export concentration indexes show little changes in the degree of concentration in cashew nuts (Text Figure 19). However, this observation varies significantly when using import data reported by trade counterparts, instead of the authorities' official export data. Export concentration would be much lower based on trade counterparts' data, essentially below that of Mali and Burkina Faso and broadly in par with Benin and Niger, but still much higher than the more advanced countries in the region. This lower concentration is due to exports of fish, which are not captured in the official data, but have value equivalent to 21 percent of GDP based on market prices (Text Figure 20).

Text Figure 19. Export Concentration Index

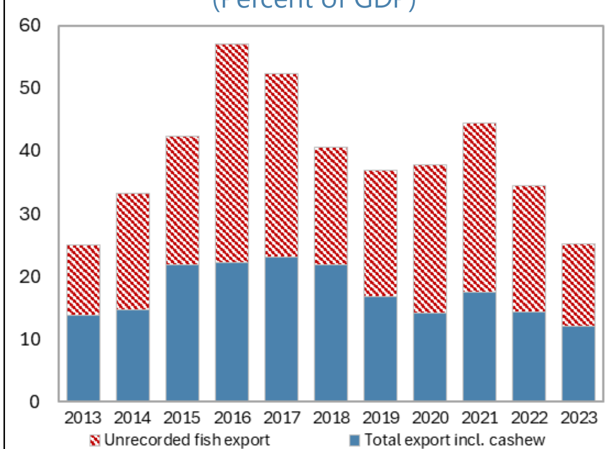
(Index)



Source: IMF staff calculations.

Text Figure 20. Export Value

(Percent of GDP)



Source: IMF staff calculations.

38. The government should prioritize the reforms needed to formalize exports of fish, which have an immediate impact on the economic diversification. Currently, fish exports are not recognized in the official data because in absence of infrastructure, the fish catch cannot be offloaded at the port of Bissau, but instead is offloaded to ports in third-countries in transit before being exported to final destinations. This has been detrimental to the sector, including predatory pricing by buyers. To regularize the situation, the reforms to obtain the quality certificate for exports to EU should be prioritized. In the medium-term, construction of an industrial fishing port is needed to offload fish in Bissau.

39. It is urgent to improve effectiveness of agricultural policies to revamp production of traditional staple foods that has been adversely affected by the expansion of cashew nut

[8] See attached SIP on economic diversification in Guinea Bissau.

production. Despite optimistic estimates of the official data, a novel dataset from satellite imaging shows that the vast majority of rice farmlands have been abandoned. The empirical analysis based on the dataset finds a strong negative relationship between income from cashew nuts and cultivation of rice farms, implying that expansion of cashew exports has been causing a decline of traditional agriculture. To revive staple food production, the government should intensify controls of the large but ineffective agriculture projects, while prioritize those with high outcome, including the experimental farm project included in the IT of the ECF supported program.

40. Other priorities include the development of the mining and manufacturing sectors and address the dilapidated port infrastructure. In the mining sector, the government should facilitate operationalization of the Farim phosphate mine, which alone can generate 11 percent of GDP of additional exports. The manufacturing sector is concentrated in cashew processing factories, the majority of which have been closed down in recent years. Identifying niche markets is needed for their survivals. Infrastructure of the Port of Bissau is also obsolete and dilapidated, causing the turnaround time to be the longest in the region. Financing through a concession similar to the ongoing airport project would need to be explored for substantial investments in the Bissau port.

41. Economic diversification would create potential for revenue mobilization beyond tax gaps, which are based on the current economic structure. Offloading fish catch at Bissau and formalizing the exports will enable a shift from the existing flat-rate fees to per-catch fees, which are likely to increase significantly fishing revenue without creating any financial burden on operators. Operationalizing the mines will also materialize important fiscal revenue. Investments in the Port of Bissau are critical to bring back import flows from land roads to the port and prevent revenue losses from smuggling.

Authorities' Views

42. The authorities agreed on the importance of economic diversification. In particular, the authorities intend to raise political awareness of benefits of an industrial fishing port, which has been sidelined by other priorities. The authorities are committed to facilitating operationalization of the exiting mines, while emphasizing the needs of capacity development to complete national mineral resource mapping. For the manufacturing sector, the authorities highlighted the importance of financing for industrial technical assistance to provide managerial advice on factories. For the agricultural sector, the authorities are committed to the program target of spending for priority projects and activities.

C. Achieving Inclusive Growth and Improving Governance

Social Protection

43. Guinea-Bissau's social sectors face persistent challenges despite the progress made over the past few years. [9] According to the UNDP's 2024 Multidimensional Poverty Index,

[9] See attached SIP on bolstering social protection and human capital.

approximately 65 percent of the population experience multidimensional poverty, with 53 percent living in a situation of severe deprivation. The absence of essential health services and educational opportunities in Guinea-Bissau has hindered human capital development thus perpetuating intergenerational cycles of poverty while affecting productivity and growth. Government spending on health, education, and social protection has been low compared to regional peers, which partly reflects weak domestic revenue mobilization and volatile donor support.

44. Expenditures on social protection are mainly devoted to contributory schemes, which are limited to workers in the formal sector. The overwhelming majority of the active population works in the informal sector and therefore lacks social insurance coverage. According to data from the Ministry of Finance, less than 4 percent of the working-age population (15 to 59) actively contribute to a pension scheme. At the same time, only a small minority of the population over retirement age (60) receives an old-age pension. Total expenditures on public pensions excluding transfers to freedom fighters reached FCFA 9 billion in 2023 (0.8 percent of GDP).

45. State funds allocated to social assistance are limited, and existing programs consist of dispersed short-term projects supported by international donors. Most social assistance programs are funded by development partners and are concentrated on food for education. Cash transfer programs are implemented on a small scale, and a few projects have been executed in recent years with the support of development partners. These programs are characterized by dependence on external funding, short-term implementation, management mechanisms outside the civil service system, and weak coordination between projects. These issues are compounded by the recent cuts in international donor funding, which particularly may affect the continuity of the school feeding programs.

46. Guinea-Bissau would benefit from implementing sustainable and well-targeted social protection programs and moving away from untargeted subsidies. There is a pressing need to develop social programs aimed at providing support for the poorest and most vulnerable populations. With donors' support, such as the World Bank, conditional cash transfers for primary and secondary education could be introduced in order to increase school attendance and reduce school dropouts. Building adaptive social-protection systems capable of rapidly responding to shocks would ensure continued access to basic services for those most in need.

Human Capital

47. The education and health systems face multiple challenges, such as poor infrastructure, low salaries, and governance issues. While access to primary education has improved markedly in recent years, the sector faces ongoing challenges due to low capacity and delays in the payment of teachers' salaries. The health system is ill-equipped to deal with a growing demand for quality health services. In this context, the education and health systems are often paralyzed by repeated strikes, leading to low efficiency in resource utilization and poor educational and health outcomes.

48. Enhancing the quality of health and education spending is critical to ensuring fiscal sustainability, while supporting growth and competitiveness. Health and education services need to be expanded to cover a larger segment of the population. These factors are expected to generate significant structural fiscal pressures, underscoring the need to enhance value for money in social spending. Additionally, strengthening macroeconomic policies will be key to mobilize additional donor support. In the medium-term, advancing public financial management reforms and creating fiscal space to allocate more domestic resources to social sectors should be a key government priority.

49. Improving transparency and accountability in the health and education sectors, along with a rebalancing of spending towards investment in equipment and facilities would result in efficiency gains. The remarkably high spending level on the wage bill is crowding out investment in equipment, health and school facilities, underscoring the need to review the composition of spending. The 2022 civil servants census revealed the existence of ghost workers, and the government should continue closely monitoring the wage bill management. Spending adjustments should concentrate on boosting spending efficiency given the additional spending needs required to meet the sustainable development goals.

Governance

50. The authorities should accelerate the governance reforms. The Directorate-General of Public Tender continues to publish beneficial ownership information of public contracts and has met the SB to publish the concession register. The Center of Formalization of Enterprises (CFE) has been preparing for the census of companies to meet the SB on beneficial ownership information in the company register. The terms of reference will be approved shortly and the census is expected to begin in June 2025. The government has introduced new controls over use of government cars and confiscated several abused cars to date and is committed to a new SB to introduce the GPS system for real-time monitoring of government cars, abuse of which tends to increase during the election period. For external audits, the Audit Court published the audit reports of the government final accounts for 2014, 2015, and 2016 in March 2025, but there remains a long way to go to complete several pending audits including the COVID-19 spending and the 2021-22 hiring process. In the medium-term, the authorities should continue implementation of the key reforms included in their anti-corruption strategy (Annex VI).

Authorities' Views

51. The authorities agreed with the importance of improving social protection and governance. The authorities are fully committed to meeting the program targets for social priority spending as well as spending for targeted projects and activities, including purchases of school furniture and medicines, regardless of an extremely tight fiscal space. Despite the absence of Parliament and limited fiscal space, which limit options for governance reforms, the authorities are committed to additional SB in this area and continue to expand beneficial ownership transparency.

PROGRAM MODALITIES AND OTHER ISSUES

52. The authorities request the program extension for six months until July 29, 2026 to provide them with sufficient time to implement fiscal consolidation policies anchored in the ECF-supported program. This extension will involve establishment of a new tenth review. The authorities also request rephasing of access to split the last disbursement into two reviews.

53. Staff and the authorities agreed on the following proposed revisions to the QPCs and ITs. Program performance will be monitored through semi-annual reviews:

- New QPCs and ITs are proposed for December 2025 (MEFP Table 1).
- A new QPC on "other common expenditure" for June and December 2025 is proposed to limit this spending under this item to CFAF 300 million per month.
- The QPC of the zero ceiling on non-regularized expenditure (DNT) for June and December 2025 is proposed to include not only DNT but also unrecorded expenditure and expenditure that fails to obtain the required prior approval of the Prime Minister (DSAP).
- The QPC on social priority spending for June and December 2025 is proposed to exclude externally financed spending, which is outside the authorities' control.
- The IT on targeted projects and activities for June and December 2025 is proposed to include the new priority projects for school furniture and medicine to protect them from a possible drop of external financing. These projects also constitute conditions on budget support from France.
- The QPC on the domestic primary balance for June 2025 is proposed to be revised to include the impact of spending overruns which cannot be compensated until gains from corrective measures fully materialize towards the end of the year.
- The QPC on new concessional borrowing between June and December 2025 is proposed to be revised to accommodate additional financing of CFAF 7.5 billion for the 15MW energy project.
- The QPC on tax revenue for June 2025 is proposed to be revised based on the updated macroeconomic framework.

54. Prior actions and structural benchmarks. Two prior actions include implementation of: (i) several revenue-raising measures specified in MEFP ¶11; and (ii) three expenditure measures specified in MEFP ¶12. Four new SBs for September and December 2025 are proposed for revenue mobilization, wage bill controls, and governance. The SB on public contracts is proposed to be replaced with a new SB to implement the measure first for purchase of fuels before rolling it out to the purchase of foods. The SBs on pavement of the Safim Entry Post and Sydonica World are reprogrammed. The continuous SB on the COTADO is proposed to be revised to include execution of travel expenses within the quarterly limits. The continuous SB is also proposed to require the Director-General of Debt to approve all disbursement requests of project loans.

55. The program is fully financed. There are firm commitments of financing for the next 12 months and there are good prospects that financing will be adequate for the remaining program period, including the proposed extension. Since the seventh review, additional budget support from the World Bank Development Policy Financing has been approved. For the rest of 2025, Guinea-Bissau is likely to receive further additional budget support.[10]

56. Guinea-Bissau's capacity to repay is adequate but subject to significant risks. Outstanding Fund credit would peak in 2025 at 3.2 percent of GDP. Debt service to the Fund based on existing and prospective drawings would peak at 22.1 percent of overall debt service, 2.9 percent of revenues (excluding grants) or 2.7 percent of exports in 2030. Capacity to repay the Fund is subject to significant downside risks including those from shocks to cashew exports. Risks are mitigated by the government's commitment to fully implement the program as well as its strong track record of servicing debt to the Fund. Reforms in the financial and energy sectors have reduced contingent liability risks significantly.

57. Safeguards assessment. The last assessment of the BCEAO, completed in August 2023, found that the central bank continues to have well-established audit arrangements and a strong control environment. The BCEAO is in the process of addressing the safeguards assessment's recommendation to align its Statute with changes in the 2019 cooperation agreement with France.

58. Legacy external arrears. Guinea-Bissau has legacy external arrears, totaling US$4.1 million at end-2024, to Brazil and Pakistan. Negotiations with Brazil (US$1.9 million) are pending final approval from the Brazilian Parliament. Since November 2021, requests have been sent to Pakistan (US$2.2 million) to resolve such arrears.[11]

59. Data provision and capacity devleopment. Data provision has serious shortcomings that significantly hamper surveillance (Annex III). The authorities are addressing data gaps through technical assistance. The CD strategy will continue to focus on: (i) revenue mobilization; (ii) public debt management; (iii) macroeconomic statistics; and (iv) AML/CFT (Annex IV).

STAFF APPRAISAL

60. Guinea-Bissau has been making further progress on economic reforms, despite delays in some areas reflecting a complex domestic situation. Since the beginning of the ECF supported program, the authorities have expanded the electricity grid and the paved urban roads from near non-existence to the regional average and are about to complete the new airport terminal. While the economy still relies heavily on cashew nuts production and exports, the infrastructure development has enhanced economic resilience and created a new backbone for growth. However, the fragility continues to arise from a precarious domestic security situation in the run up to

[10] The updated framework includes the following budget support for 2025: AfDB (CFAF 7.3 billion including grant delayed from 2024), France (CFAF 3.3 billion), Spain (CFAF 0.7 billion), and World Bank DPF grant (US$10 million).

[11] Staff has obtained from the relevant Executive Directors consent to move ahead with the completion of the review notwithstanding the arrears. In addition, the bilateral agreement with Portugal covering the pre-HIPC arrears is being finalized and, in the meantime, Portugal consents to move ahead with the completion of the review.

elections in late-2025. These domestic risks require careful calibration of policies and reforms to avoid causing turbulence.

61. The economic outlook for 2025 is positive, although significant downside risks remain. High producer prices of cashew nuts, which have been close to their historic high level in 2024, are promising signs for the export campaign, which was launched in March 2025. Guinea-Bissau's external position in 2024 was weaker than the level implied by fundamentals and desirable policies. However, in 2025, external balances are likely to improve by recent strong increases in cashew prices and lower prices in global markets for imported fuel and rice. Risks to outlook remain tilted toward the downside. Specifically, persistence of high interest rates in the regional markets poses a heavy burden on budget financing and creates significant risks to the debt reduction objective.

62. The authorities faced some setbacks in the program implementation. The program performance for December 2024 was weaker than expected. The QPCs on tax revenue and domestic primary deficits were missed mainly because of the revenue shocks from sluggish turnovers of large taxpayers. In the first quarter of 2025, there were significant spending overruns from the priority road projects, the election census and logistic costs, and "other common expenditure" including purchase of cars. Without taking new measures, these would have created a significant fiscal gap and hindered achievements of the program objectives.

63. Meeting the fiscal consolidation targets for 2025 is essential to put public debt on a downward trajectory. In 2024, a wider-than-expected deficit and other factors resulted in public debt much higher than projected at the seventh review. While the country is at high risks of debt distress, debt remains assessed as sustainable but only based on the authorities' commitments to fiscal consolidation, especially in 2025 when most of consolidation gains are expected to be achieved. Therefore, it is critical for the authorities to stick to the overall deficit target of the 2025 budget.

64. Staff commends the authorities for restoring their commitment to the program. Staff supports the authorities' request for the program extension, which anchors the program's fiscal targets for the whole 2025 and reinforces the commitments to fiscal consolidation. Staff commends the authorities for implementing a long list of ambitious revenue and expenditure measures as prior actions that would put debt on a downward trajectory. To achieve program objectives, staff urges the authorities to keep a tight grip on the wage bill, which is experiencing very strong upward pressures. The authorities should also strictly adhere to the spending approval by the COTADO and the Prime-Minister, which is the essential process to control discretional spending and prevent recurrence of spending overruns. To that end, staff welcomes the new QPC on "other common expenditure", which would help achieve the targeted fiscal consolidation. Staff also urges the authorities to improve the consistency of the recording of above- and below-the-line transactions in the budget to minimize the statistical discrepancy in fiscal accounts.

65. The authorities should continue to push for structural reforms. Staff welcomes the recent approval of the government's disengagement from the undercapitalized bank, which is an important step for the financial sector reforms, and it will now be important for the new owners to promptly recapitalize the bank for financial sector risks to be properly mitigated. There has been also progress in the energy sector reforms. With the government's support, EAGB has resolved a financial gap created by Karpower's execution of the Credit Letter and has repaid arrears to the new supplier. The authorities should bolster efforts to implement on time the reforms targeted by the various SBs. Shortcoming of data provision should be resolved especially through publication of delayed national accounts.

66. The authorities should prioritize policies and reforms for domestic revenue mobilization, economic diversification, and social protection. Expanding the taxpayer base, which is currently concentrated on the port, cashew nuts, and handful of large taxpayers, is key for revenue mobilization. The authorities should continue VAT implementation especially for food items and through enforcements against delinquent taxpayers, while taking measures to realize tax potentials in the telecom and banking sectors. For economic diversification, formalizing the fish exports will have a transformative impact in the short-to medium-run. The authorities should develop the port infrastructure needed for offloading fish in the country. Ultimately, boosting inclusive growth calls for implementing sustained social protection programs to protect the poor, and improving the efficiency of education and health spending.

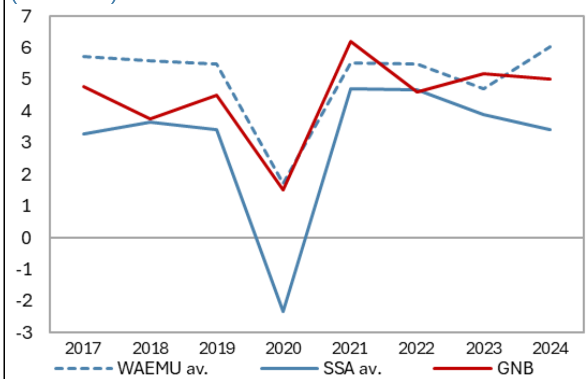
67. Staff supports the authorities' requests for completion of the 2025 Article IV consultation and the eighth review under the ECF arrangement. Staff also supports: (i) the waivers for the non-observance of the missed QPCs based on corrective actions taken by the authorities including the revenue and expenditure measures adopted as prior actions for the review; (ii) the request for extending the ECF arrangement for six months through July 29, 2026 and for rephasing of access by splitting the disbursement associated with the original ninth review into two equal disbursements; (iii) modification of performance criteria and indicative targets as mentioned in ¶52; (iv) the disbursement of SDR 4.73 million, and; (v) completion of the financing assurance review. Policies outlined in the attached MEFP are overall adequate to achieve the program's goals. Staff recommend that the next Article IV consultation be held on a 24-month cycle in accordance with the Executive Board decision on consultation cycles for members with Fund arrangements.

Figure 1. Guinea-Bissau: Growth and Inflation

Growth has been resilient, supported by public and private investments as well as consumption…

Real GDP Growth

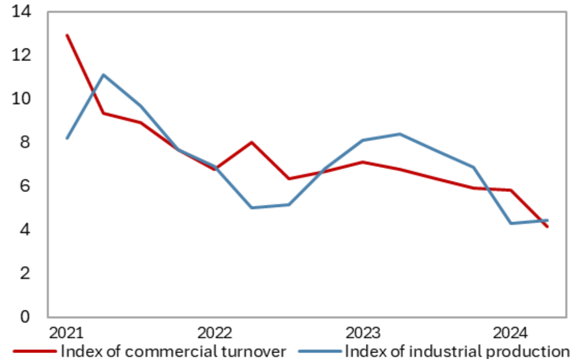
(Percent)



…and growth of manufacturing and commercial activities has been stable…

Indicators of Economic Activities

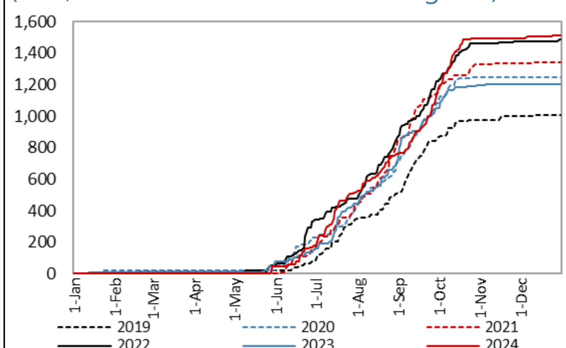
(Quarterly growth rate)



…but excessive heat and rainfall affected agricultural production in 2024…

Cumulative Precipitation

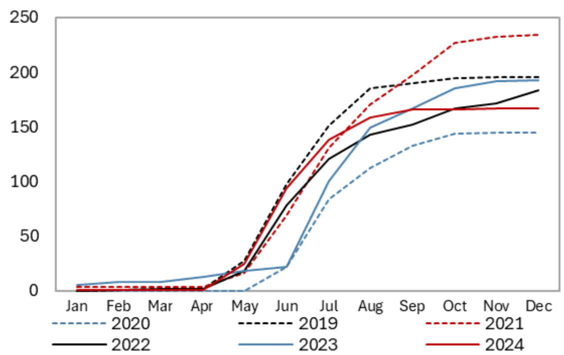
(mm, north of Bafata and Gabu regions)



…resulting in lower-than-expected exports of cashew nuts.

Export Volume of Cashew Nuts

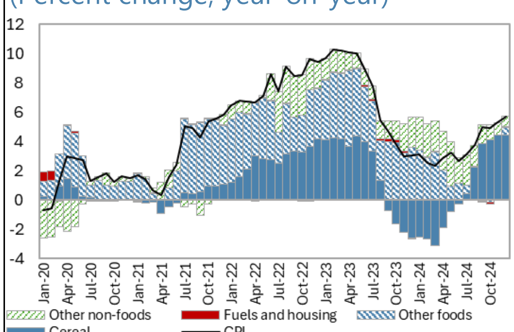
(Thousand tonne)



Inflation has been driven by the reversal of rice subsidies…

CPI Inflation

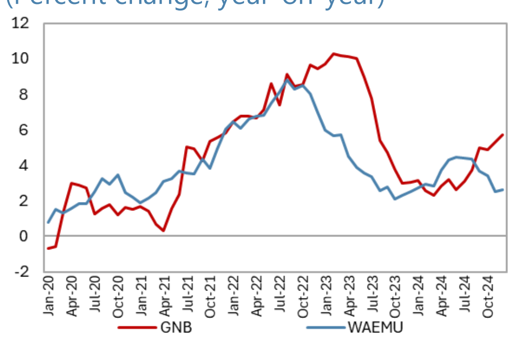
(Percent change, year-on-year)



…resulting in higher inflation relative to the WAEMU average.

CPI Inflation

(Percent change, year-on-year)



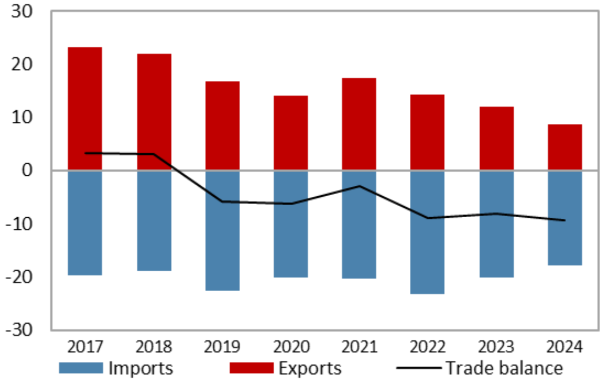
Source: Guinea-Bissau authorities and staff calculations

Figure 2. Guinea-Bissau: External Sector

A relatively large negative trade balance continued in 2024 mainly due to a drop of cashew exports…

Trade Balance

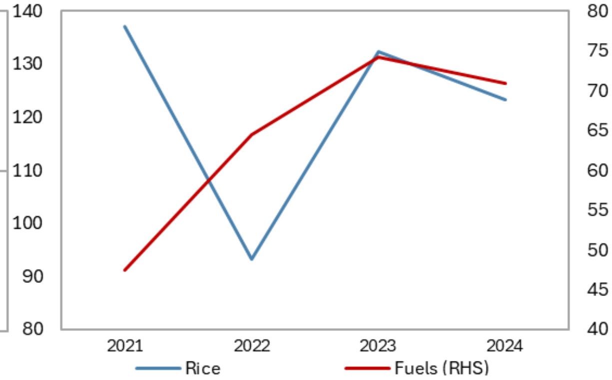
(Percent of GDP)



…although the impact was partially offset by a decrease in imports of rice and fuels after reversal of subsidies.

Import Volume

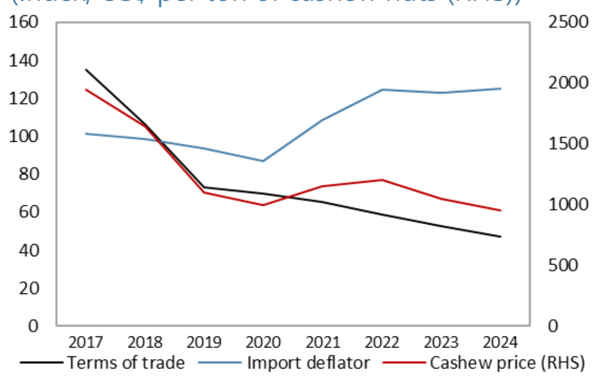
(Thousand tonne)



A negative terms of trade shock continued in 2024 because of a decline of cashew prices.

Terms of Trade

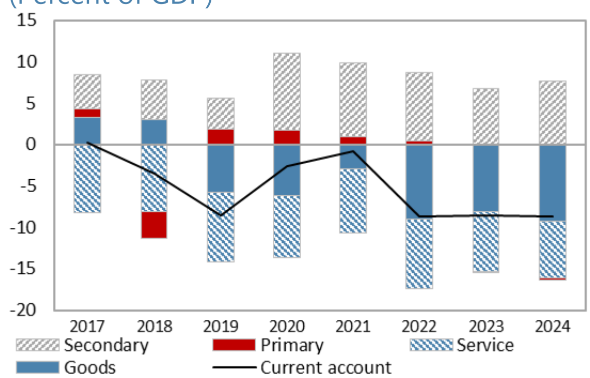
(Index, US$ per ton of cashew nuts (RHS))



The current account deficit in 2024 was as wide as in 2022 and 2023.

Current Account Balance

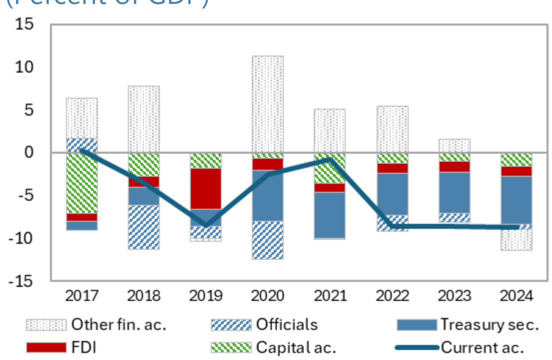
(Percent of GDP)



The current account deficit was financed by issuance of Treasury securities in the regional market.

Current Account Deficit and Financing

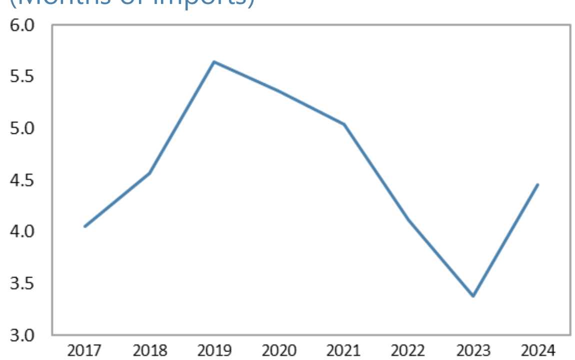
(Percent of GDP)



At the WAEMU level, the regional reserve recovered to 4.5 months of imports at end-2024.

WAEMU Regional Reserve

(Months of imports)



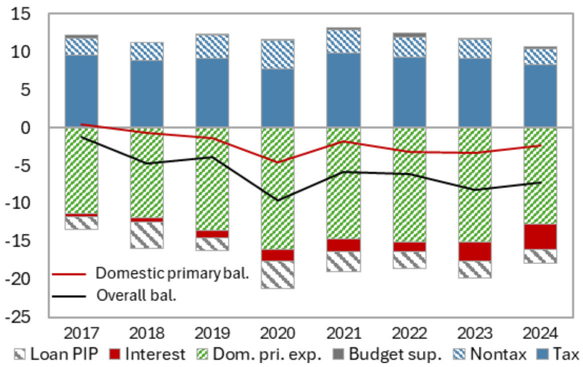
Source: Guinea-Bissau authorities and staff calculations.

Figure 3. Guinea-Bissau: Fiscal Development

In 2024, consolidation effects of spending cuts were offset by declined tax revenue and increased interest expense.

Fiscal Balance

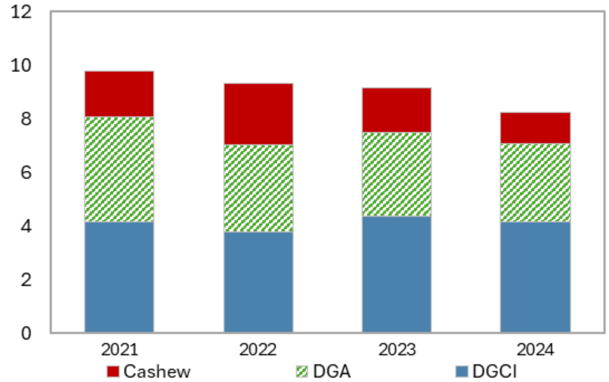
(Percent of GDP)



Tax revenue from cashew nuts, DGCI, and DGA was all decreased from 2023 to 2024...

Tax Revenue

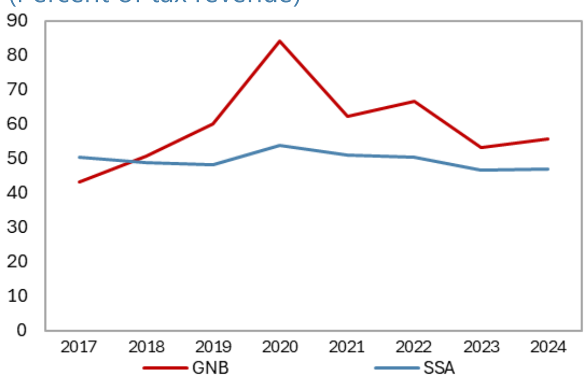
(Percent of GDP)



...and caused the wage bill to tax ratio to increase, despite a continued decline of wage spending.

Wage Bill

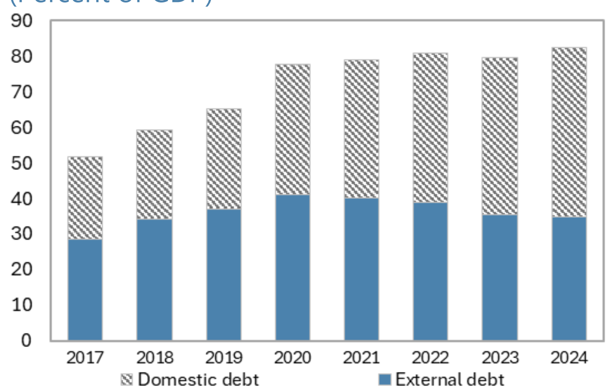
(Percent of tax revenue)



Despite a smaller deficit, public debt increased in 2024, although external debt continued to decline.

Public Debt

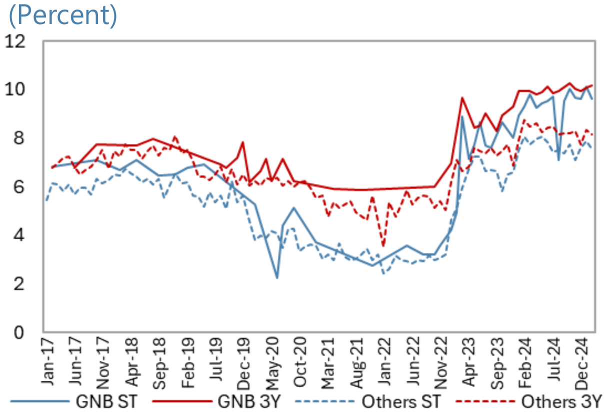
(Percent of GDP)



Tightening of regional financial conditions shot up interest rates of Treasury securities and widened spreads...

Yield of Treasury Securities

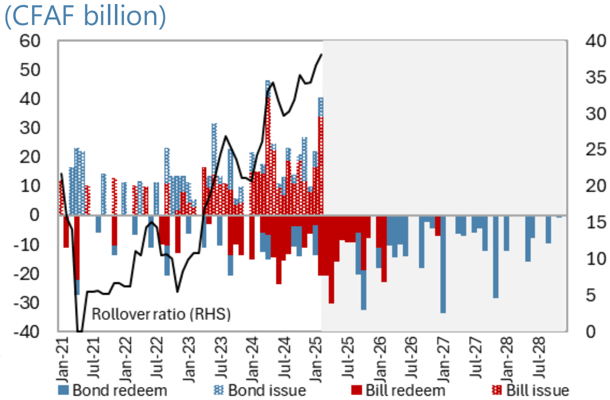
(Percent)



and heavy reliance on short-term T-bills rapidly increased the rollover ratio.

Issuance and Redemption of Treasury Securities

(CFAF billion)



Source: Guinea-Bissau authorities and staff calculations.

Table 1. Guinea-Bissau: Selected Economic and Financial Indicators, 2022–30

	2022	2023	2024 7th Review	2024 Prel.	2025 7th Review	2025 Proj.	2026 Proj.	2027 Proj.	2028 Proj.	2029 Proj.	2030 Proj.
	(Annual percent change, unless otherwise indicated)										
National accounts and prices											
Real GDP at market prices	4.6	5.2	5.0	4.8	5.0	5.1	5.0	5.0	4.5	4.5	4.2
Real GDP per capita	2.3	3.0	2.8	2.6	2.9	3.0	2.9	2.9	2.4	2.5	2.2
GDP deflator	7.3	7.9	4.0	4.0	2.8	3.0	2.8	2.8	2.8	2.8	3.1
Consumer price index (annual average)	7.9	7.2	4.2	3.7	2.0	2.0	2.0	2.0	2.0	2.0	2.0
External sector											
Exports, f.o.b. (CFA francs)	-8.1	-4.8	-12.8	-4.3	9.7	1.3	25.5	8.2	8.1	8.2	8.2
Imports, f.o.b. (CFA francs)	28.2	-1.8	-1.4	2.7	3.6	2.2	8.9	6.3	5.0	7.5	8.0
Terms of trade (deterioration = -)	-10.2	-10.6	-10.6	-10.1	8.4	11.2	21.2	2.4	2.2	3.0	3.0
Real effective exchange rate (depreciation = -)	-2.1	5.8	...	...	...	...	...	...	...	...	...
Exchange rate (CFAF per US$; average)	622.4	606.5	...	606.2	...	...	...	...	...	...	...
Government finances											
Revenue excluding grants	3.4	11.8	4.2	-2.8	13.4	25.4	9.6	10.2	8.4	7.7	7.9
Expenditure	-4.5	16.8	-1.3	1.4	0.2	3.5	6.5	8.6	6.8	7.9	7.6
Current expenditure	8.0	21.6	-4.3	2.0	-2.1	-3.2	5.2	7.4	5.3	5.6	3.9
Capital expenditure	-25.0	5.3	6.7	-0.4	5.6	22.4	9.3	11.2	9.7	12.5	14.4
Money and credit											
Domestic credit	26.5	9.4	9.1	3.0	6.3	6.8	5.7	5.3	5.7	4.7	5.0
Credit to the government (net)	32.8	46.0	7.9	21.5	1.6	0.1	-2.5	-3.9	-3.5	-5.0	-7.0
Credit to the economy	23.5	-9.4	9.8	-12.2	9.5	14.4	13.8	13.1	12.3	10.7	11.4
Net domestic assets	52.5	7.7	11.4	7.8	7.8	8.2	6.7	6.2	6.6	5.4	5.7
Broad money (M2)	3.5	-1.1	7.0	6.2	4.7	5.6	5.4	6.1	6.6	6.9	7.7
	(Percent of GDP, unless otherwise indicated)										
Investments and savings											
Gross investment	18.1	17.2	17.8	17.5	18.3	18.5	19.1	19.9	20.8	21.8	22.9
Of which: government investment	4.3	4.0	3.9	3.6	3.8	4.1	4.1	4.3	4.4	4.6	4.9
Gross domestic savings	0.4	2.0	2.7	2.4	4.5	4.3	6.4	7.7	9.2	10.4	11.7
Of which: government savings	-4.6	-6.2	-4.0	-6.1	-2.1	-2.2	-2.3	-2.0	-1.7	-1.5	-1.2
Gross national savings	9.4	8.6	10.3	9.3	12.2	12.7	14.2	15.3	16.5	17.7	18.9
Government finances											
Revenue excluding grants	11.8	11.6	11.1	10.4	11.7	12.0	12.2	12.5	12.6	12.6	12.7
Domestic primary expenditure	15.0	15.0	12.3	12.7	11.1	12.1	11.2	11.3	11.6	11.5	11.6
Domestic primary balance	-3.2	-3.4	-1.2	-2.3	0.6	-0.1	1.0	1.2	1.0	1.1	1.1
Overall balance (commitment basis)											
Including grants	-6.1	-8.2	-5.0	-7.3	-3.0	-3.4	-3.5	-3.3	-3.0	-3.0	-3.0
Excluding grants	-9.5	-10.3	-8.7	-10.0	-6.7	-7.4	-7.0	-6.8	-6.6	-6.7	-6.6
External current account	-8.6	-8.6	-7.4	-8.2	-6.1	-5.8	-5.0	-4.7	-4.3	-4.1	-4.0
Excluding official current transfers	-11.0	-10.0	-10.0	-9.9	-8.6	-8.7	-7.3	-7.0	-6.7	-6.5	-6.4
Stock of public and publicly guaranteed debt	80.7	79.4	77.6	82.2	74.8	78.5	76.3	74.0	71.9	70.0	68.1
Of which: external debt	39.0	35.4	33.9	34.7	32.7	32.0	30.9	29.7	28.5	27.6	26.5
Memorandum items:											
Nominal GDP at market prices (CFAF billions)	1071.3	1216.1	1327.9	1325.4	1433.4	1434.7	1548.7	1671.6	1795.8	1929.1	2072.4
WAEMU gross official reserves (billions of US$)	25.2	26.1	...	...	...	...	...	...	...	...	...
(percent of broad money)	30.6	32.6	...	...	...	...	...	...	...	...	...

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

Table 2a. Guinea-Bissau: Balance of Payments, 2022–30
(CFAF billions)

	2022	2023	2024		2025		2026	2027	2028	2029	2030
			7th Review	Prel.	7th Review	Proj.			Proj.		
Current Account Balance	-92.4	-104.5	-98.7	-108.5	-87.3	-83.4	-77.2	-77.8	-76.9	-79.5	-82.8
Goods and services	-185.9	-186.5	-205.0	-201.0	-205.1	-208.3	-198.8	-205.7	-209.2	-219.8	-232.2
Goods	-96.0	-98.8	-114.1	-111.6	-110.5	-115.2	-102.0	-105.1	-104.4	-110.8	-119.1
Exports, f.o.b	152.8	145.4	126.8	139.1	139.1	141.0	176.9	191.5	207.0	224.1	242.5
Of which: cashew nuts	138.6	128.8	108.7	121.4	119.5	121.8	156.3	169.2	183.1	198.0	214.2
Imports, f.o.b.	-248.8	-244.2	-240.9	-250.7	-249.6	-256.2	-278.9	-296.5	-311.4	-334.8	-361.6
Of which: food products	-71.6	-69.2	-70.1	-67.0	-74.3	-72.2	-74.8	-78.0	-81.9	-83.2	-90.0
petroleum products	-52.5	-54.1	-54.8	-56.5	-52.8	-56.0	-54.5	-57.7	-61.1	-63.9	-67.8
Services	-89.9	-87.7	-90.9	-89.4	-94.6	-93.0	-96.8	-100.6	-104.8	-109.1	-113.0
Credit	21.8	27.2	29.7	28.9	32.1	31.3	33.8	36.4	39.2	42.1	45.2
Debit	-111.7	-114.9	-120.6	-118.3	-126.7	-124.3	-130.5	-137.1	-143.9	-151.1	-158.2
Incomes	5.2	-0.2	-1.4	-2.7	-0.9	1.8	0.4	0.1	1.0	1.9	2.4
Credit	20.9	22.0	22.6	22.8	23.0	23.3	24.6	26.1	27.5	28.6	30.2
Of which: EU fishing compensation	8.9	11.5	12.1	12.1	11.1	11.1	11.1	11.1	11.1	11.1	11.1
Other license fees	6.6	4.3	4.0	4.1	5.0	5.3	6.4	7.5	8.5	9.2	10.3
Debit	-15.6	-22.1	-24.0	-25.5	-23.9	-21.5	-24.2	-26.0	-26.4	-26.7	-27.7
Of which: government interest	-7.5	-15.6	-17.5	-19.0	-19.7	-21.5	-24.2	-26.0	-26.4	-26.7	-27.7
Current transfers (net)	88.2	82.2	107.7	95.2	118.7	123.1	121.2	127.8	131.3	138.4	146.9
Official	25.6	17.1	33.7	23.1	36.3	41.8	36.1	39.8	42.7	46.8	50.3
Private	62.6	65.1	74.0	72.2	82.4	81.3	85.0	88.1	88.5	91.6	96.6
Of which: remittances	59.4	61.8	70.0	70.0	76.4	75.3	78.9	81.7	82.1	84.9	89.6
Capital account	12.8	10.9	19.8	16.5	21.0	19.4	20.8	22.7	24.3	26.4	28.2
Of which: official transfers	10.8	8.4	15.7	13.9	16.8	16.8	18.1	19.9	21.4	23.4	25.2
Financial account	-32.9	-68.6	-65.1	-121.3	-59.5	-61.6	-56.8	-61.4	-61.9	-69.3	-77.5
FDI	-13.2	-15.0	-15.4	-15.9	-16.6	-17.2	-18.6	-20.1	-21.5	-23.1	-24.9
Other investment	-19.7	-53.6	-49.7	-105.4	-42.9	-44.4	-38.2	-41.3	-40.4	-46.2	-52.7
Official medium- and long-term disbursements	-23.8	-26.8	-21.5	-24.9	-22.0	-18.2	-28.3	-31.3	-30.7	-37.7	-42.4
Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Projects	-23.8	-26.8	-21.5	-24.9	-22.0	-18.2	-28.3	-31.3	-30.7	-37.7	-42.4
Amortization	3.8	13.6	7.7	16.3	7.7	7.6	7.9	10.2	11.7	11.5	18.5
Treasury bills (regional financing)	-58.1	-58.7	-56.0	-74.3	-28.6	-43.8	-37.9	-40.3	-41.4	-40.1	-48.8
Commercial bank net foreign assets	-12.8	-7.4	20.0	-24.8	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Other net foreign assets	71.1	25.9	0.0	2.3	-10.0	0.0	10.0	10.0	10.0	10.0	10.0
Errors and Omissions	-3.7	9.1	0.0	6.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	-50.4	-15.9	-13.8	35.9	-6.8	-2.4	0.4	6.3	9.3	16.3	22.9
Financing	50.4	15.9	13.8	-35.9	6.8	2.4	-0.4	-6.3	-9.3	-16.3	-22.9
Net foreign assets excluding IMF (increase -)	53.5	8.3	3.4	-46.1	1.9	-0.6	1.2	-2.5	-6.4	-11.3	-15.3
IMF purchases	0.0	10.7	13.7	13.6	7.6	5.8	1.9	0.0	0.0	0.0	0.0
IMF repurchases	-3.1	-3.1	-3.3	-3.3	-2.7	-2.8	-3.4	-3.8	-2.9	-5.0	-7.6
Grant for debt relief under the IMF CCRT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in arrears	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Residual financing gap	0.0	0.0	0.0	0.0	0.0	0.0	1.9	0.0	0.0	0.0	0.0
Memorandum items:											
Cashew export quantity (thousands of tons)	183	193	190	167	200	200	215	226	237	249	261
Cashew export prices (US$ per ton)	1,200	1,050	950	950	1,000	1,000	1,200	1,236	1,273	1,311	1,351
Import volume of goods (annual percentage change)	-2.7	3.9	-0.6	2.1	7.7	8.0	9.8	5.3	4.1	7.0	7.4
Oil prices (international, US$ per barrel)	96.4	80.6	81.3	79.2	72.8	66.9	62.4	62.7	63.6	64.3	64.9
Scheduled debt service											
Percent of exports and service credits	5.0	12.2	9.0	8.9	7.9	8.3	9.2	9.0	9.1	12.0	12.0
Percent of total government revenue	6.8	14.9	9.2	8.9	8.9	9.2	10.0	9.8	10.0	13.1	13.1
Current account balance (percent of GDP)	-8.6	-8.6	-7.4	-8.2	-6.1	-5.8	-5.0	-4.7	-4.3	-4.1	-4.0
Official transfers (percent of GDP)	3.4	2.1	3.7	2.8	3.7	4.1	3.5	3.6	3.6	3.6	3.6
WAEMU gross official reserves (billions of US$)	25.2	26.1	…	…	…	…	…	…	…	…	…
(percent of broad money)	30.6	32.6	…	…	…	…	…	…	…	…	…

Sources: BCEAO; and IMF staff estimates and projections.

Table 2b. Guinea-Bissau: Balance of Payments, 2022–30
(Percent of GDP)

	2022	2023	2024		2025		2026	2027	2028	2029	2030
			7th Review	Prel.	7th Review	Proj.	Proj.				
Current Account Balance											
Including all official transfers	-8.6	-8.6	-7.4	-8.2	-6.1	-5.8	-5.0	-4.7	-4.3	-4.1	-4.0
Excluding official transfers	-11.0	-10.0	-10.0	-9.9	-8.6	-8.7	-7.3	-7.0	-6.7	-6.5	-6.4
Goods and services	-17.3	-15.3	-15.4	-15.2	-14.3	-14.5	-12.8	-12.3	-11.6	-11.4	-11.2
Goods	-9.0	-8.1	-8.6	-8.4	-7.7	-8.0	-6.6	-6.3	-5.8	-5.7	-5.7
Exports, f.o.b	14.3	12.0	9.5	10.5	9.7	9.8	11.4	11.5	11.5	11.6	11.7
Of which: cashew nuts	12.9	10.6	8.2	9.2	8.3	8.5	10.1	10.1	10.2	10.3	10.3
Imports, f.o.b.	-23.2	-20.1	-18.1	-18.9	-17.4	-17.9	-18.0	-17.7	-17.3	-17.4	-17.5
Of which: food products	-6.7	-5.7	-5.3	-5.1	-5.2	-5.0	-4.8	-4.7	-4.6	-4.3	-4.3
petroleum products	-4.9	-4.5	-4.1	-4.3	-3.7	-3.9	-3.5	-3.4	-3.4	-3.3	-3.3
Services (net)	-8.4	-7.2	-6.8	-6.7	-6.6	-6.5	-6.2	-6.0	-5.8	-5.7	-5.5
Credit	2.0	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Debit	-10.4	-9.4	-9.1	-8.9	-8.8	-8.7	-8.4	-8.2	-8.0	-7.8	-7.6
Incomes (net)	0.5	0.0	-0.1	-0.2	-0.1	0.1	0.0	0.0	0.1	0.1	0.1
Credit	1.9	1.8	1.7	1.7	1.6	1.6	1.6	1.6	1.5	1.5	1.5
EU fishing compensation	0.8	0.9	0.9	0.9	0.8	0.8	0.7	0.7	0.6	0.6	0.5
Other license fees	0.7	0.4	0.3	0.3	0.4	0.4	0.5	0.5	0.5	0.5	0.6
Debit	-1.5	-1.8	-1.8	-1.9	-1.7	-1.5	-1.6	-1.6	-1.5	-1.4	-1.3
Of which: external interest	-0.7	-1.3	-1.3	-1.4	-1.4	-1.5	-1.6	-1.6	-1.5	-1.4	-1.3
Current transfers (net)	8.2	6.8	8.1	7.2	8.3	8.6	7.8	7.6	7.3	7.2	7.1
Official[2]	2.4	1.4	2.5	1.7	2.5	2.9	2.3	2.4	2.4	2.4	2.4
Private	5.8	5.4	5.6	5.4	5.7	5.7	5.5	5.3	4.9	4.7	4.7
Of which: remittances	5.5	5.1	5.3	5.3	5.3	5.2	5.1	4.9	4.6	4.4	4.3
Capital account	1.2	0.9	1.5	1.2	1.5	1.4	1.3	1.4	1.4	1.4	1.4
Financial account	-3.1	-5.6	-4.9	-9.2	-4.2	-4.3	-3.7	-3.7	-3.4	-3.6	-3.7
FDI	-1.2	-1.2	-1.2	-1.2	-1.2	-1.2	-1.2	-1.2	-1.2	-1.2	-1.2
Other investment	-1.8	-4.4	-3.7	-8.0	-3.0	-3.1	-2.5	-2.5	-2.2	-2.4	-2.5
Official medium- and long-term disbursements	-2.2	-2.2	-1.6	-1.9	-1.5	-1.3	-1.8	-1.9	-1.7	-2.0	-2.0
Amortization	0.4	1.1	0.6	1.2	0.5	0.5	0.5	0.6	0.7	0.6	0.9
Treasury bills and regional financing	-5.4	-4.8	-4.2	-5.6	-2.0	-3.1	-2.4	-2.4	-2.3	-2.1	-2.4
Commercial bank net foreign assets	-1.2	-0.6	1.5	-1.9	0.7	0.7	0.6	0.6	0.6	0.5	0.5
Other net foreign assets	6.6	2.1	0.0	0.2	-0.7	0.0	0.6	0.6	0.6	0.5	0.5
Errors and Omissions	-0.3	0.8	0.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	-4.7	-1.3	-1.0	2.7	-0.5	-0.2	0.0	0.4	0.5	0.8	1.1
Financing	4.7	1.3	1.0	-2.7	0.5	0.2	0.0	-0.4	-0.5	-0.8	-1.1
Net foreign assets excluding IMF (increase -)	5.0	0.7	0.3	-3.5	0.1	0.0	0.1	-0.2	-0.4	-0.6	-0.7
IMF purchases	0.0	0.9	1.0	1.0	0.5	0.4	0.1	0.0	0.0	0.0	0.0
IMF repurchases	-0.3	-0.3	-0.2	-0.3	-0.2	-0.2	-0.2	-0.2	-0.2	-0.3	-0.4
Grant for debt relief under the IMF CCRT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in arrears	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Residual financing gap	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Sources: BCEAO; and IMF staff estimates and projections.

Table 2c. Guinea-Bissau: Financing Needs and Sources, 2022–30
(CFAF billions)

	2022	2023	2024		2025		2026	2027	2028	2029	2030
			7th Review	Prel.	7th Review	Proj.	Proj.				
Financing requirements	**-71.4**	**-130.0**	**-140.1**	**-197.3**	**-132.1**	**-136.2**	**-123.6**	**-134.1**	**-140.6**	**-154.1**	**-174.6**
Current account deficit excl. official transfers	-118.0	-121.6	-132.4	-131.6	-123.6	-125.2	-113.3	-117.6	-119.6	-126.3	-133.2
Public debt amortization	-3.8	-13.6	-7.7	-16.3	-7.7	-7.6	-7.9	-10.2	-11.7	-11.5	-18.5
Changes in arrears	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Changes in official reserves	53.5	8.3	3.4	-46.1	1.9	-0.6	1.2	-2.5	-6.4	-11.3	-15.3
IMF repurchases	-3.1	-3.1	-3.3	-3.3	-2.7	-2.8	-3.4	-3.8	-2.9	-5.0	-7.6
Available financing	**64.9**	**118.6**	**116.1**	**180.2**	**113.3**	**113.7**	**112.6**	**124.2**	**130.0**	**142.4**	**162.1**
Project grants	29.8	24.9	39.2	33.5	41.9	41.9	45.2	49.8	53.5	58.6	63.0
Net foreing direct investment	13.2	15.0	15.4	15.9	16.6	17.2	18.6	20.1	21.5	23.1	24.9
Treasury bills (regional financing)	58.1	58.7	56.0	74.3	28.6	43.8	37.9	40.3	41.4	40.1	48.8
Official creditors	23.8	26.8	21.5	24.9	22.0	18.2	28.3	31.3	30.7	37.7	42.4
Other net flows[1]	-60.1	-6.8	-15.9	31.7	4.2	-7.4	-17.3	-17.2	-17.1	-17.0	-16.9
Financing needs	**6.6**	**11.4**	**23.9**	**17.1**	**18.8**	**22.5**	**10.9**	**9.9**	**10.6**	**11.7**	**12.5**
Budget support grants	6.6	0.7	10.2	3.5	11.2	16.7	9.0	9.9	10.6	11.7	12.5
o/w Multilateral grants	0.0	0.0	3.7	0.0	3.8	12.8	0.0	0.0	0.0	0.0	0.0
IMF disbursements	0.0	10.7	13.7	13.6	7.6	5.8	1.9	0.0	0.0	0.0	0.0
o/w ECF program	0.0	10.7	13.7	13.6	7.6	5.8	1.9	0.0	0.0	0.0	0.0
Residual financing gap	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: BCEAO, IMF staff estimates and projectic

[1] Includes net private capital transfers, changes in NFA of commercial banks and non-financial private sector, SDR allocations, and errors and omissions

Table 3a. Guinea-Bissau: Consolidated Operations of the Central Government, 2022–30
(CFAF billions)

	2022	2023	2024		2025		2026	2027	2028	2029	2030
			7th Review	Prel.	7th Review	Proj.			Proj.		
Revenue and grants	163.0	167.1	196.9	173.7	220.3	231.2	243.4	268.2	290.1	313.7	338.1
Tax revenue	99.7	111.3	117.7	109.0	136.0	133.8	159.0	176.0	191.4	207.0	223.7
Nontax revenue	27.0	30.3	29.8	28.6	31.2	38.8	30.2	32.4	34.6	36.4	38.9
Grants	36.4	25.5	49.4	36.1	53.1	58.6	54.2	59.7	64.1	70.3	75.5
Budget support	6.6	0.7	10.2	3.5	11.2	16.7	9.0	9.9	10.6	11.7	12.5
Project grants	29.8	24.9	39.2	32.6	41.9	41.9	45.2	49.8	53.5	58.6	63.0
Expenditure	227.9	266.2	262.6	269.8	263.1	279.3	297.3	322.9	344.8	372.1	400.3
Expense	160.2	194.9	186.5	198.8	182.7	192.4	202.3	217.3	228.9	241.8	251.3
Wages and salaries[1]	66.3	59.2	60.0	60.6	62.0	62.0	65.1	70.4	75.5	81.1	86.4
Goods and services[1]	27.7	27.5	27.7	28.9	25.7	24.5	27.7	30.1	32.2	34.2	35.5
Transfers[1]	23.0	30.3	22.1	23.1	22.9	22.9	25.2	27.1	28.6	30.6	31.3
Interest	14.6	31.9	39.0	44.1	40.5	45.8	50.2	52.9	53.1	53.3	54.9
Other	28.7	45.8	37.7	42.1	31.6	37.1	34.1	36.8	39.5	42.6	43.2
Net acquisition of nonfinancial assets	67.7	71.3	76.1	71.0	80.4	86.9	95.0	105.6	115.9	130.3	149.1
Domestically financed	15.2	19.6	15.4	13.6	16.5	26.8	21.5	24.6	31.7	34.0	43.7
Foreign financed (including BOAD)	52.5	51.7	60.7	57.5	63.9	60.1	73.5	81.0	84.1	96.3	105.4
Overall balance, including grants (commitment)	-64.9	-99.1	-65.7	-96.2	-42.8	-48.1	-53.9	-54.7	-54.7	-58.4	-62.2
Overall balance, excluding grants (commitment)	-101.3	-124.6	-115.1	-132.2	-95.9	-106.7	-108.1	-114.4	-118.8	-128.7	-137.7
Change in arrears	0.2	-5.8	-11.1	-0.4	-2.2	-2.2	0.0	0.0	0.0	0.0	0.0
Domestic payment arrears[2]	0.2	-5.8	-11.1	-0.4	-2.2	-2.2	0.0	0.0	0.0	0.0	0.0
Accumulation current year	6.8	1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payment previous years (-)	-6.7	-6.8	-11.1	-0.4	-2.2	-2.2	0.0	0.0	0.0	0.0	0.0
(o/w) Legacy Arrears	0.0	0.0	-10.0	0.0	-2.2	-2.2	0.0	0.0	0.0	0.0	0.0
Net external arrears	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net BOAD interest arrears	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Float and statistical discrepancy	-23.0	-12.9	0.0	-10.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance, including grants (cash)	-87.7	-117.8	-76.8	-106.6	-45.0	-50.3	-53.9	-54.7	-54.7	-58.4	-62.2
Financing	87.7	117.8	76.8	106.6	45.0	50.3	53.9	54.7	54.7	58.4	62.2
Net acquisition of financial assets (- = build up)	-1.3	-1.2	-2.8	-13.6	0.0	-4.3	0.0	0.0	0.0	0.0	0.0
Bank deposits	-0.1	-1.2	0.0	-10.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BCEAO	1.1	3.0	0.0	-11.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Local commercial banks	-1.3	-4.1	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other[3]	-1.2	0.0	-2.8	-2.8	0.0	-4.3	0.0	0.0	0.0	0.0	0.0
Domestic financing	69.1	105.7	65.9	110.7	30.7	44.0	33.6	33.7	35.7	32.3	38.3
BCEAO credit	-3.6	7.1	9.9	9.7	2.1	0.2	-4.3	-6.6	-5.7	-7.8	-10.5
(o/w) IMF	-3.1	7.6	10.4	10.2	4.9	3.0	-1.5	-3.8	-2.9	-5.0	-7.6
Other domestic (net)	72.7	98.6	56.0	101.0	28.6	43.8	37.9	40.3	41.4	40.1	48.8
Local commercial banks	14.6	39.8	0.0	26.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Regional commercial banks	58.1	58.7	56.0	74.3	28.6	43.8	37.9	40.3	41.4	40.1	48.8
Foreign financing (net)	20.0	13.3	13.7	9.5	14.3	10.6	20.3	21.0	19.0	26.1	23.9
Disbursements	23.8	26.8	21.5	24.9	22.0	18.2	28.3	31.3	30.7	37.7	42.4
Projects	23.8	26.8	21.5	24.9	22.0	18.2	28.3	31.3	30.7	37.7	42.4
Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortization	-3.8	-13.6	-7.7	-16.3	-7.7	-7.6	-7.9	-10.2	-11.7	-11.5	-18.5
Debt relief	0.0	0.0	0.0	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Residual financing gap	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
Memorandum item:											
Domestic primary balance (commitment)	-34.2	-41.0	-15.5	-30.7	8.5	-0.8	15.6	19.5	18.5	20.9	22.6

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

[1] Adjusted for embassy salaries.

[2] Excluding debt service arrears.

[3] Including BOAD capital increase in 2024 and 2025 and Treasury's advance payments to EAGB in 2025.

Table 3b. Guinea-Bissau: Consolidated Operations of the Central Government, 2022–30
(Percent of GDP)

	2022	2023	2024		2025		2026	2027	2028	2029	2030
			7th Review	Prel.	7th Review	Proj.	Proj.				
Revenue and grants	15.2	13.7	14.8	13.1	15.4	16.1	15.7	16.0	16.2	16.3	16.3
Tax revenue	9.3	9.2	8.9	8.2	9.5	9.3	10.3	10.5	10.7	10.7	10.8
Nontax revenue	2.5	2.5	2.2	2.2	2.2	2.7	2.0	1.9	1.9	1.9	1.9
Grants	3.4	2.1	3.7	2.7	3.7	4.1	3.5	3.6	3.6	3.6	3.6
Budget support	0.6	0.1	0.8	0.3	0.8	1.2	0.6	0.6	0.6	0.6	0.6
Project grants	2.8	2.0	3.0	2.5	2.9	2.9	2.9	3.0	3.0	3.0	3.0
Expenditure	21.3	21.9	19.8	20.4	18.4	19.5	19.2	19.3	19.2	19.3	19.3
Expense	15.0	16.0	14.0	15.0	12.7	13.4	13.1	13.0	12.7	12.5	12.1
Wages and salaries[1]	6.2	4.9	4.5	4.6	4.3	4.3	4.2	4.2	4.2	4.2	4.2
Goods and services[1]	2.6	2.3	2.1	2.2	1.8	1.7	1.8	1.8	1.8	1.8	1.7
Transfers[1]	2.1	2.5	1.7	1.7	1.6	1.6	1.6	1.6	1.6	1.6	1.5
Interest	1.4	2.6	2.9	3.3	2.8	3.2	3.2	3.2	3.0	2.8	2.6
Other	2.7	3.8	2.8	3.2	2.2	2.6	2.2	2.2	2.2	2.2	2.1
Net acquisition of nonfinancial assets	6.3	5.9	5.7	5.4	5.6	6.1	6.1	6.3	6.5	6.8	7.2
Domestically financed	1.4	1.6	1.2	1.0	1.2	1.9	1.4	1.5	1.8	1.8	2.1
Foreign financed (including BOAD)	4.9	4.3	4.6	4.3	4.5	4.2	4.7	4.8	4.7	5.0	5.1
Overall balance, including grants (commitment)	-6.1	-8.2	-5.0	-7.3	-3.0	-3.4	-3.5	-3.3	-3.0	-3.0	-3.0
Overall balance, excluding grants (commitment)	-9.5	-10.3	-8.7	-10.0	-6.7	-7.4	-7.0	-6.8	-6.6	-6.7	-6.6
Change in arrears	0.0	-0.5	-0.8	0.0	-0.2	-0.2	0.0	0.0	0.0	0.0	0.0
Domestic payment arrears[2]	0.0	-0.5	-0.8	0.0	-0.2	-0.2	0.0	0.0	0.0	0.0	0.0
Accumulation current year	0.6	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payment previous years (-)	-0.6	-0.6	-0.8	0.0	-0.2	-0.2	0.0	0.0	0.0	0.0	0.0
(o/w) Legacy Arrears	0.0	0.0	-0.8	0.0	-0.2	-0.2	0.0	0.0	0.0	0.0	0.0
Net external arrears	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net BOAD interest arrears	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Float and statistical discrepancy	-2.1	-1.1	0.0	-0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance, including grants (cash)	-8.2	-9.7	-5.8	-8.0	-3.1	-3.5	-3.5	-3.3	-3.0	-3.0	-3.0
Financing	8.2	9.7	5.8	8.0	3.1	3.5	3.5	3.3	3.0	3.0	3.0
Net acquisition of financial assets (- = build up)	-0.1	-0.1	-0.2	-1.0	0.0	-0.3	0.0	0.0	0.0	0.0	0.0
Bank deposits	0.0	-0.1	0.0	-0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BCEAO	0.1	0.2	0.0	-0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Local commercial banks	-0.1	-0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other[3]	-0.1	0.0	-0.2	-0.2	0.0	-0.3	0.0	0.0	0.0	0.0	0.0
Domestic financing	6.4	8.7	5.0	8.4	2.1	3.1	2.2	2.0	2.0	1.7	1.9
BCEAO credit	-0.3	0.6	0.7	0.7	0.1	0.0	-0.3	-0.4	-0.3	-0.4	-0.5
(o/w) IMF	-0.3	0.6	0.8	0.8	0.3	0.2	-0.1	-0.2	-0.2	-0.3	-0.4
Other domestic (net)	6.8	8.1	4.2	7.6	2.0	3.1	2.4	2.4	2.3	2.1	2.4
Local commercial banks	1.4	3.3	0.0	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Regional commercial banks	5.4	4.8	4.2	5.6	2.0	3.1	2.4	2.4	2.3	2.1	2.4
Foreign financing (net)	1.9	1.1	1.0	0.7	1.0	0.7	1.3	1.3	1.1	1.4	1.2
Disbursements	2.2	2.2	1.6	1.9	1.5	1.3	1.8	1.9	1.7	2.0	2.0
Projects	2.2	2.2	1.6	1.9	1.5	1.3	1.8	1.9	1.7	2.0	2.0
Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortization	-0.4	-1.1	-0.6	-1.2	-0.5	-0.5	-0.5	-0.6	-0.7	-0.6	-0.9
Debt relief	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Residual financing gap	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
Memorandum item:											
Domestic primary balance (commitment)	-3.2	-3.4	-1.2	-2.3	0.6	-0.1	1.0	1.2	1.0	1.1	1.1

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

[1] Adjusted for embassy salaries.

[2] Excluding debt service arrears

[3] Including BOAD capital increase in 2024 and 2025 and Treasury's lending to EAGB in 2025.

Table 4. Guinea-Bissau: Monetary Survey, 2022–30

	2022	2023	2024		2025		2026	2027	2028	2029	2030
			7th Review	Prel.	7th Review	Proj.	Proj.				
Net foreign assets	266.7	243.3	249.5	254.4	252.7	262.0	272.4	288.7	308.0	334.3	367.2
Central Bank of West African States (BCEAO)	166.3	150.4	136.6	186.3	129.8	183.8	184.2	190.5	199.8	216.1	239.0
Commercial banks	100.4	92.9	112.9	68.2	122.9	78.2	88.2	98.2	108.2	118.2	128.2
Net domestic assets	232.9	250.8	279.3	270.3	301.2	292.4	312.0	331.4	353.2	372.4	393.6
Credit to the government (net)	97.4	142.3	135.3	172.9	137.4	173.1	168.8	162.2	156.5	148.7	138.2
BCEAO	64.8	75.0	84.9	75.1	87.0	75.3	71.0	64.4	58.7	50.9	40.4
Deposits (-)	5.8	3.3	3.3	13.6	3.3	13.6	13.6	13.6	13.6	13.6	13.6
Credit	70.6	78.3	88.1	88.7	90.2	88.9	84.6	78.0	72.3	64.5	54.0
Commercial banks	32.6	67.3	50.4	97.8	50.4	97.8	97.8	97.8	97.8	97.8	97.8
Deposits (-)	23.5	15.8	15.8	21.6	15.8	21.6	21.6	21.6	21.6	21.6	21.6
Credit	56.1	83.2	66.2	119.4	66.2	119.4	119.4	119.4	119.4	119.4	119.4
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credit to the economy	190.8	172.9	208.5	151.9	228.2	173.7	197.7	223.6	251.2	278.2	309.8
Other items (net)	-55.3	-64.4	-64.4	-54.5	-64.4	-54.5	-54.5	-54.5	-54.5	-54.5	-54.5
Money supply (M2)	499.6	494.1	528.8	524.9	553.9	554.4	584.4	620.0	661.2	706.6	760.8
Currency outside banks	298.0	287.7	307.9	292.4	322.5	308.8	325.5	345.3	368.3	393.6	423.7
Bank deposits	201.6	206.4	220.9	232.5	231.4	245.6	258.9	274.7	292.9	313.1	337.0
Base money (M0)	324.1	311.1	333.0	332.0	348.7	350.6	369.6	392.1	418.2	446.9	481.2
	(Change in percent of beginning-of-period broad money)										
Contribution to the growth of broad money (M2)											
Net foreign assets	-13.1	-4.7	1.2	2.2	0.6	1.4	1.9	2.8	3.1	4.0	4.7
BCEAO	-10.5	-3.2	-2.8	7.3	-1.3	-0.5	0.1	1.1	1.5	2.5	3.2
Commercial banks	-2.7	-1.5	4.0	-5.0	1.9	1.9	1.8	1.7	1.6	1.5	1.4
Net domestic assets	16.6	3.6	5.8	3.9	4.1	4.2	3.5	3.3	3.5	2.9	3.0
Credit to the central government	5.0	9.0	2.0	6.2	0.4	0.0	-0.8	-1.1	-0.9	-1.2	-1.5
Credit to the economy	7.5	-3.6	3.8	-4.3	3.7	4.2	4.3	4.4	4.4	4.1	4.5
Other items (net)	4.1	-1.8	0.0	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:											
Broad money (M2, annual percentage change)	3.5	-1.1	7.0	6.2	4.7	5.6	5.4	6.1	6.6	6.9	7.7
Base money (M0, annual percentage change)	-7.5	-4.0	7.0	6.7	4.7	5.6	5.4	6.1	6.6	6.9	7.7
Credit to the economy (annual percentage change)	23.5	-9.4	9.8	-12.2	9.5	14.4	13.8	13.1	12.3	10.7	11.4
Velocity (GDP/M2)	2.1	2.5	2.5	2.5	2.6	2.6	2.6	2.7	2.7	2.7	2.7
Money multiplier (M2/M0)	1.5	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6

Sources: BCEAO; and IMF staff estimates and projections.

Table 5. Guinea-Bissau: Selected Financial Soundness Indicators, 2019–24

	2019	2020	2021	2022	2023	2024	Excluding undercapitalized bank				
							2020	2021	2022	2023	2024
						Jun	Dec	Dec	Dec	Dec	Jun
Capital Adequacy											
Capital to risk-weighted assets	-2.0	-3.6	-1.4	-4.0	-33.8	-11.6	25.6	25.5	26.6	23.1	21.7
Tier 1 capital to risk weighted assets	-2.0	-3.6	-1.4	-4.0	-33.8	-11.6	25.6	25.5	26.6	23.1	21.7
Provisions to risk-weighted assets	26.0	20.4	20.3	9.9	10.1	9.2	2.3	8.0	4.3	4.9	5.8
Capital to total assets	-0.7	-1.3	-0.5	-1.3	-8.3	-3.9	12.8	7.2	12.1	13.7	12.6
Asset Composition and Quality											
Total loans to total assets	46.7	40.4	38.1	45.5	48.4	48.4	36.5	36.8	45.5	41.0	43.9
Concentration: loans to 5 largest borrowers to capital	-748.5	-379.3	-2344.0	-273.5	-155.0	-319.2	…	…	…	…	…
Sectoral distribution of loans											
Agriculture and fishing	0.5	0.8	1.4	1.5	2.0	1.8	0.8	1.4	1.5	2.8	1.8
Extractive industries	0.0	1.2	1.1	0.8	0.5	0.1	1.2	1.1	0.8	1.2	0.1
Manufacturing	0.7	15.7	14.8	15.4	6.0	13.4	15.7	14.8	15.4	9.2	13.4
Electricity, water and gas	0.7	10.5	10.7	4.9	12.2	11.0	10.5	10.7	4.9	8.0	11.0
Construction	1.7	7.7	8.1	3.2	8.3	1.3	7.7	8.1	3.2	9.1	1.3
Retail and wholesale trade, restaurants and hotels	29.4	25.2	24.1	40.5	35.7	39.4	25.2	24.1	40.5	30.1	39.4
Transportation and communication	1.1	7.1	7.4	7.1	9.4	2.9	7.1	7.4	7.1	12.0	2.9
Insurance, real state and business services	8.2	1.1	1.1	1.0	2.3	2.1	1.1	1.1	1.0	2.0	2.1
Other services	57.8	30.7	31.5	25.6	23.6	27.9	30.7	31.5	25.6	25.6	27.9
Gross NPLs to total loans	25.4	21.8	19.4	10.4	13.9	15.0	9.1	7.4	5.9	20.0	16.6
General provisions to gross NPLs	65.3	68.8	80.8	61.6	35.0	40.2	32.7	63.0	71.4	31.6	35.4
Net NPLs to total loans	10.6	8.0	4.4	4.3	9.5	9.5	6.2	2.7	1.7	13.4	9.7
Net NPLs to capital	-680.0	-257.0	-333.9	-154.5	-55.8	-118.0	15.9	7.7	6.5	34.9	58.3
Earnings and profitability											
Average cost of borrowed funds	0.9	1.9	1.3	1.6	2.3	…	1.2	1.3	1.6	…	…
Average interest rate on loans	9.7	9.4	7.4	9.3	11.0	…	9.7	7.4	9.3	…	…
Average interest margin	8.8	7.5	6.1	7.7	8.7	…	8.5	6.1	7.7	…	…
After-tax return on average assets (ROA)	4.2	0.5	0.7	1.7	1.7	…	0.8	1.5	1.7	…	…
After-tax return on average equity (ROE)	77.2	6.5	8.7	21.3	16.4	…	9.9	11.2	21.3	…	…
Non-interest expenses to net banking income	75.5	71.0	67.3	69.2	68.0	…	70.0	61.6	69.2	…	…
Personnel expenses to net banking income	32.1	32.0	29.2	29.9	30.2	…	31.8	26.7	29.9	…	…
Liquidity											
Liquid assets to total assets	18.9	17.3	18.0	24.9	24.0	25.5	17.3	18.0	24.9	23.8	25.5
Liquid assets to total deposits	35.9	30.4	31.3	46.7	41.4	41.1	30.4	31.3	46.7	40.8	41.1
Total loans to total deposits	106.5	83.6	78.9	91.0	87.8	83.1	93.3	81.6	92.7	86.7	84.8
Total deposits to total liabilities	52.6	56.9	57.3	53.4	58.0	61.9	42.1	45.5	47.3	47.3	51.8

Source: BCEAO.

Table 6. Guinea-Bissau: Indicators of Capacity to Repay the Fund, 2025–36

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
	Projections											
	(SDR millions, unless otherwise indicated)											
Fund obligations based on existing credit												
Principal	3.41	4.26	4.66	3.62	6.11	8.90	7.48	6.06	5.59	2.79	0.00	0.00
Charges and interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fund obligations based on existing and prospective credit												
Principal	3.41	4.26	4.66	3.62	6.11	9.38	9.14	7.95	7.48	4.68	1.42	0.24
Charges and interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total obligations based on existing and prospective credit												
SDR millions	3.41	4.26	4.66	3.62	6.11	9.38	9.14	7.95	7.48	4.68	1.42	0.24
CFAF billions	2.76	3.45	3.78	2.95	4.98	7.63	7.44	6.48	6.09	3.81	1.15	0.19
Percent government revenue	1.60	1.82	1.81	1.30	2.04	2.91	2.64	2.14	1.89	1.11	0.31	0.05
Percent exports of goods and services	1.60	1.64	1.66	1.20	1.87	2.65	2.40	1.91	1.66	0.96	0.27	0.04
Percent debt service	17.99	19.79	18.07	13.31	20.45	22.13	21.43	19.10	17.74	11.74	3.65	0.61
Percent GDP	0.19	0.22	0.23	0.16	0.26	0.37	0.34	0.28	0.24	0.14	0.04	0.01
Percent quota	12.00	15.00	16.40	12.74	21.52	33.01	32.17	28.00	26.33	16.48	4.99	0.83
Outstanding Fund credit												
SDR millions	56.56	54.66	50.00	46.39	40.28	30.90	21.76	13.81	6.33	1.65	0.24	0.00
CFAF billions	45.75	44.24	40.59	37.78	32.80	25.16	17.72	11.25	5.16	1.35	0.19	0.00
Percent government revenue	26.50	23.38	19.47	16.72	13.47	9.58	6.28	3.72	1.60	0.39	0.05	0.00
Percent exports of goods and services	26.56	21.00	17.81	15.35	12.32	8.75	5.71	3.32	1.40	0.34	0.05	0.00
Percent debt service	298.61	253.96	193.94	170.73	134.81	72.95	51.06	33.18	15.03	4.15	0.61	0.00
Percent GDP	3.19	2.86	2.43	2.10	1.70	1.21	0.80	0.48	0.21	0.05	0.01	0.00
Percent quota	199.15	192.46	176.07	163.33	141.81	108.80	76.63	48.63	22.30	5.82	0.83	0.00
Net use of Fund credit	3.72	-1.90	-4.66	-3.62	-6.11	-9.38	-9.14	-7.95	-7.48	-4.68	-1.42	-0.24
Disbursements	7.12	2.36	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Repayments and repurchases	3.41	4.26	4.66	3.62	6.11	9.38	9.14	7.95	7.48	4.68	1.42	0.24
	(CFAF billions, unless otherwise indicated)											
Memorandum items:												
Nominal GDP	1,434.7	1,548.7	1,671.6	1,795.8	1,929.1	2,072.4	2,208.9	2,354.5	2,497.7	2,649.5	2,810.6	2,981.5
Exports of goods and services	172.2	210.7	227.9	246.2	266.1	287.7	310.4	338.3	367.5	396.2	424.4	444.9
Government revenue	172.6	189.2	208.5	226.0	243.4	262.6	282.2	302.7	322.9	344.4	368.0	393.2
External debt service	15.3	17.4	20.9	22.1	24.3	34.5	34.7	33.9	34.3	32.5	31.6	31.5
CFAF/SDR (period average)	808.8	809.4	811.8	814.4	814.4	814.4	814.4	814.4	814.4	814.4	814.4	814.4
Quota (SDR millions)	28.4	28.4	28.4	28.4	28.4	28.4	28.4	28.4	28.4	28.4	28.4	28.4

Source: IMF staff estimates and projections.

Table 7. Guinea-Bissau: Public Debt Holder Profile, 2024–26[1]

	Debt Stock (end of period)			Debt Service					
	2024			2024	2025	2026	2024	2025	2026
	(In US$ million)	*(Percent of total debt)*	*(Percent of GDP)* [5]	*(In US$ million)*			*(Percent of GDP)*		
Total	1,740.6	100.0	82.2	360.9	506.4	573.5	16.5	21.5	22.4
External	735.2	42.2	34.7	35.8	25.2	28.3	1.6	1.1	1.1
Multilateral creditors[2]	610.3	35.1	28.8	32.1	21.5	24.5	1.5	0.9	1.0
IMF	69.4	4.0	3.3						
World Bank	221.9	12.8	10.5						
AfDB	54.4	3.1	2.6						
BOAD	208.0	12.0	9.8						
Other Multilaterals	56.5	3.2	2.7						
o/w: Islamic Development Bank	24.5	1.4	1.2						
BADEA	8.9	0.5	0.4						
Bilateral Creditors	125.0	7.2	5.9	3.7	3.7	3.9	0.2	0.2	0.2
Paris Club	7.2	0.4	0.3	0.6	1.0	1.2	0.0	0.0	0.0
o/w: Brazil	1.9	0.1	0.1						
Non-Paris Club	117.7	6.8	5.6	3.1	2.7	2.7	0.1	0.1	0.1
o/w: Angola	49.1	2.8	2.3						
Kuwait	28.9	1.7	1.4						
EximBank India	20.7	1.2	1.0						
Saudi Fund	13.1	0.8	0.6						
Libya	3.7	0.2	0.2						
Pakistan	2.2	0.1	0.1						
Domestic	1,005.4	57.8	47.5	325.1	481.2	545.2	14.9	20.4	21.3
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	649.7	37.3	30.7	224.1	344.7	411.7	10.2	14.6	16.1
BCEAO	205.9	11.8	9.7	1.2	4.9	4.9	0.1	0.2	0.2
Loans local commercial banks[3]	129.1	7.4	6.1	99.1	128.0	128.7	4.5	5.4	5.0
Payment Arrears	20.6	1.2	1.0	0.6	3.6	-	0.0	0.2	-
Memo items:									
Collateralized debt[4]	0	0.0	0.0						
Contingent liabilities	15.9	0.9	0.8						
Public guarantees	15.9	0.9	0.8						
Nominal GDP	2,186.4			2,186.4	2,355.5	2,556.4			

1/ As reported by the 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.

Table 8. Guinea-Bissau: Proposed Schedule of Disbursements under the ECF Arrangement, 2023–26

Available Date	Disbursements		Conditions for Disbursement
	In millions of SDR	In percent of Quota	
January 30, 2023	2.37	8.3	Executive Board approval of the three-year ECF arrangement.
April 17, 2023	2.37	8.3	Observance of the performance criteria for January 31, 2023 and completion of the first review under the arrangement.
July 17, 2023	2.37	8.3	Observance of the performance criteria for March 31, 2023 and completion of the second review under the arrangement.
October 17, 2023	6.16	21.7	Observance of the performance criteria for June 30, 2023 and completion of the third review under the arrangement.
January 17, 2024	6.16	21.7	Observance of the performance criteria for September 30, 2023 and completion of the fourth review under the arrangement.
April 17, 2024	0.01	0.0	Observance of the performance criteria for December 31, 2023 and completion of the fifth review under the arrangement.
August 17, 2024	5.44	19.2	Observance of the performance criteria for April 30, 2024 and completion of the sixth review under the arrangement.
October 17, 2024	5.43	19.2	Observance of the performance criteria for June 30, 2024 and completion of the seventh review under the arrangement.
April 17, 2025	4.73	16.7	Observance of the performance criteria for December 31, 2024 and completion of the eighth review under the arrangement.
October 17, 2025	2.36	8.3	Observance of the performance criteria for June 30, 2025 and completion of the ninth review under the arrangement.
April 17, 2026	2.36	8.3	Observance of the performance criteria for December 31, 2025 and completion of the tenth review under the arrangement.
Total Disbursements	**39.76**	**140.0**	

Source: IMF staff estimates and projections.

Annex I. External Sector Assessment

Overall assessment: *Guinea-Bissau's external position in 2024 was weaker than the level implied by fundamentals and desirable policies. As per preliminary data, the current account deficit was estimated to be 8.2 percent of GDP in 2024. This large deficit was caused mainly by a decrease in exports by 1.5 percent of GDP from 2023 due to weather shocks to cashew production, which affected export volume. Capital flows were also constrained by tight regional financial conditions, which contributed to an increase in Treasury securities interest for Guinea Bissau from around 3 percent in 2022 to 10 percent at the end of 2024.*

The current account deficits are expected to improve gradually in the medium term. Exports are likely to recover in 2025, supported by moderate weather conditions and strong international cashew prices. Recent decreases in international rice prices, which are one of the main import items, will also have a positive impact on the current account balance. Significant fiscal consolidation under the IMF ECF program will reduce imports and mobilize external grants. In the medium term, the current account deficits will be reduced to around 4.0 percent of GDP.

Potential Policy responses: *Sustained fiscal consolidation is expected to reduce the overall fiscal deficit from 7.3 percent to 3.4 percent of GDP in 2025. This will be supported by strict controls of the wage bill and other expenditures and mobilization of domestic revenues. Continuing structural reforms is the key to attract foreign direct investments, mobilize budget support needed for meeting financing needs, and facilitate diversification of the export sector.*

Current Account

Background. Based on preliminary data, the current account deficit was estimated to be 8.2 percent of GDP in 2024, slightly narrower than 8.6 percent of GDP recorded in 2023, and much wider than its average of 4.0 percent of GDP during 2019-21. The current account deficit for 2024 was negatively affected by a decrease in exports by 1.5 percent of GDP from 2023 due to weather shocks to cashew production, which affected the export volume, as well as continued high interest expense due to tight regional financial conditions.

Assessment. The EBA-lite CA model indicates a CA norm of -4.9 percent of GDP in 2024 for Guinea Bissau, compared to a cyclically-adjusted CA of -7.3 percent of GDP, resulting in a CA gap of -2.4 percent of GDP. This result suggests that the external position of Guinea-Bissau in 2023 was weaker than the level implied by fundamentals and desirable policies. The policy gap is estimated to be +0.8 percent of GDP, with the largest contribution from an increase in the regional WAEMU reserves at the end of 2024. In addition, the Guinea-Bissau specific adjustor is calculated to account for a temporary drop of cashew exports due to weather shocks to the production, which explain part of the wide current account deficit in 2024 and are not captured in the model. For this adjustor, a coefficient of 0.43 percent is applied to the temporary decrease in cashew exports, equal to the correlation coefficient between changes in cashew exports and changes in the cyclically-adjusted CA balance over 2014-2024.

Guinea-Bissau: Model Estimates for 2024
(Percent of GDP)

	CA model 1/	**REER model**
	(in percent of GDP)	
CA-Actual	**-8.2**	
Cyclical contributions (from model) (-)	0.0	
Additional temporary/statistical factors (-) 2/	-0.9	
Natural disasters and conflicts (-)	0.0	
Adjusted CA	**-7.3**	
CA Norm (from model) 3/	**-4.9**	
Adjustments to the norm (+)	0.0	
Adjusted CA Norm	**-4.9**	
CA Gap	**-2.4**	**-0.6**
o/w Relative policy gap	0.8	
Elasticity	-0.2	
REER Gap (in percent)	**14.7**	**3.5**

1/ Based on the EBA-lite 3.0 methodology
2/ Additional adjustment to account for the temporary impact of weather shocks on CA item (cashew exports) (2.1 percent of GDP).
3/ Cyclically adjusted, including multilateral consistency adjustments.

Real Exchange Rate

Background. Guinea-Bissau is part of the WAEMU currency union with CFA franc (CFAF) pegged to the euro. The country's real effective exchange rate appreciated for two consecutive years by 7.4 percent from 2022 to 2024, reflecting appreciation of euro against US dollar.

Assessment. The EBA-lite CA model indicates an REER gap of 14.7 percent in 2024, derived from the elasticity of REER with respect to the CA gap (-0.2). This suggests over-valuation of REER by 14.7 percent. The REER model estimates the CA gap of -0.6 percent of GDP and the REER gap of 3.5 percent in 2024. Because the fit of this model tends to be not as good as the CA model, the baseline assessment is based on the CA model.

Capital and Financial Accounts: Flows and Policy Measures

Background. Capital flows of Guinea-Bissau are mainly composed by issuance of Treasury securities in the regional market, official loans to the government from multilateral and bilateral donors, and FDI. In 2024, the issuance of Treasury securities increased by 0.8 percent of GDP from 2023, while official loans and FDI remained unchanged. The financial account was also contributed by 1.9 percent of GDP of decreases in net foreign assets of commercial banks in 2024.

Assessment. Tight regional financial conditions continued to pose challenges for external financing in 2024. High interest rates are expected to continue in 2025. The country's external financing needs will be met mainly through IMF disbursements and budget support grants from bilateral and multilateral creditors. In 2025, budget support grant is expected to increase by 0.9 percent of GDP from 2024, including the recently approved World Bank Development Policy Financing grant (US$10 million). Sustained fiscal consolidation is the key to reduce external financing needs, while staying on track with the IMF program will help the country to catalyze additional budget support from bilateral and multilateral creditors.	
FX Intervention and Reserve Level	
Background. Guinea-Bissau is part of the WAEMU currency union where the reserves are pooled at the regional level. The WAEMU pooled reserves recovered from 3.3 months of imports at end-2023 to 4.5 months of imports in 2024 and are projected to further recover to 4.9 months of imports by 2026. These developments reflect a variety of factors, in particular better terms of trade and the rump-up of hydrocarbon exports in Senegal and Niger, as well as significant flows from IMF disbursements. Guinea-Bissau's contribution to changes in the regional WAEMU reserves in 2024 was limited to about 1 percent. **Assessment.** The WAEMU Regional Consultation Staff Report in May 2025 assesses that the Assessment of Reserve Adequacy Credit Constrained (ARA-CC) approach estimates an adequate range for the level of reserves of 4.4 to 6.4 months of prospective import coverage for the WAEMU, with the lower end calibrated on fragile states and the higher end calibrated on non-resource rich countries. Based on this model, the level of reserves in 2024 (4.5 months of imports) is slightly above the estimated lower bound adequate level, while the level projected for the medium term (5.3 months of prospective imports by 2029) would reach higher levels. Growth-friendly fiscal consolidation, appropriate monetary policy, and implementation of structural reforms will be key to sustain reserve accumulation going forward.	

Annex II. Risk Assessment Matrix[1]

Nature/Sources of Risk	Relative Likelihood	Expected Impact If Realized / Time Horizon	Policies to Mitigate Risks
Conjunctural Risks			
Trade policy and investment shocks. Higher trade barriers or sanctions reduce external trade, disrupt FDI and supply chains, and trigger further U.S. dollar appreciation, tighter financial conditions, and higher inflation.	**High**	**High / ST** • Balance of payments imbalances generated by the worsening conditions of the current or financial accounts. • Increase in inflation, food insecurity and poverty. • Additional pressure on public expenditure, which jeopardizes fiscal consolidation strategy and sustainability.	• Create fiscal space through wage bill and expenditure control and revenue mobilization for new policies to mitigate an impact on the economy. • Prioritize and target public spending towards the most vulnerable people. • Mobilize additional grants from development partners to cover more persistent external needs.
Sovereign debt distress. Higher interest rates, stronger U.S. dollar, and shrinking development aid amplified by sovereign-bank feedback result in capital outflows, rising risk premia, loss of market access, abrupt expenditure cuts, and lower growth in highly indebted countries.	**High**	**High / ST** • Deterioration of fiscal position. • Increase debt rollover costs and risks. • Worsening government financing conditions.	• Reduce fiscal deficit and indebtedness. • Mobilize additional budget support from donors. • Rationalize public spending while protecting the most vulnerable people.
Tighter financial conditions and systemic instability. Higher-for-longer interest rates and term premia amid looser financial regulation, rising investments in cryptocurrencies, and higher trade barriers trigger asset repricing, market dislocations, weak bank and NBFI distress, and further U.S. dollar appreciation, which widens global imbalances, worsens debt affordability, and increases capital outflow from EMDEs.	**Medium**	**High / ST** • Increase government borrowing costs and debt rollover risks. • Deteriorate an external debt position. • Increase fragilities in the financial sector.	• Reduce fiscal deficit and indebtedness. • Mobilize additional budget support from donors. • Prioritize and target public spending towards the most vulnerable groups. • Strengthen prudential regulations on the financial sector.

[1] The Risk Assessment Matrix (RAM) shows events that could materially alter the baseline path (the scenario most likely to materialize in the view of IMF staff). The relative likelihood is the staff's subjective assessment of the risks surrounding the baseline ("low" is meant to indicate a probability below 10 percent, "medium" a probability between 10 and 30 percent, and "high" a probability between 30 and 50 percent). The RAM reflects staff views on the source of risks and overall level of concern as of the time of discussions with the authorities. Non-mutually exclusive risks may interact and materialize jointly. The conjunctural shocks and scenario highlight risks that may materialize over a shorter horizon (between 12 to 18 months) given the current baseline. Structural risks are those that are likely to remain salient over a longer horizon.

Nature/Sources of Risk	Relative Likelihood	Expected Impact If Realized / Time Horizon	Policies to Mitigate Risks
Regional conflicts. Intensification of conflicts (e.g., in the Middle East, Ukraine, Sahel, and East Africa) or terrorism disrupt trade in energy and food, tourism, supply chains, remittances, FDI and financial flows, payment systems, and increase refugee flows.	**Medium**	**High / ST** • Create negative terms of trade shocks and worsen external imbalances. • Increase in inflation, food insecurity and poverty. • Additional pressure on public expenditure, which jeopardizes fiscal consolidation strategy and sustainability.	• Diversify economy and reduce reliance on cashew nut exports. • Reduce fiscal deficit and indebtedness. • Prioritize and target public spending towards the most vulnerable people. • Mobilize additional grants from development partners to cover persistent external needs.
Commodity price volatility. Supply and demand volatility (due to conflicts, trade restrictions, OPEC+ decisions, AE energy policies, or green transition) increases commodity price volatility, external and fiscal pressures, social discontent, and economic instability.	**Medium**	**Medium / ST** • Increase volatility of current account balances • Increase volatility of inflation	• Diversify economy and reduce external imbalances. • Prioritize and target public spending towards the most vulnerable people.
Global growth acceleration. Easing of conflicts, positive supply-side surprises (e.g., oil production shocks), productivity gains from AI, or structural reforms raise global demand and trade.	**Low**	**Low / MT** • Create positive terms of trade shocks. • Facilitate structural reforms.	• Harness benefits from digitalization techniques to facilitate structural reforms.
		Structural Risks	
Deepening geoeconomic fragmentation. Persistent conflicts, inward-oriented policies, protectionism, weaker international cooperation, labor mobility curbs, and fracturing technological and payments systems lead to higher input costs, hinder green transition, and lower trade and potential growth.	**High**	**High / ST** • The economy would be hit hard by disruptions in the supply chain and business in general. • Increase in inflation, food insecurity and poverty. • Additional pressure on public expenditure, which jeopardizes fiscal consolidation strategy and sustainability. • Worsen external imbalances	• Create fiscal space through wage bill control, spending review and revenue mobilization for new policies to mitigate supply shocks in the economy. • Prioritize and target public spending towards the most vulnerable people. • Mobilize additional grants from development partners to cover more persistent external needs.

Nature/Sources of Risk	Relative Likelihood	Expected Impact If Realized / Time Horizon	Policies to Mitigate Risks
Cyberthreats. Cyberattacks on physical or digital infrastructure (including digital currency and crypto assets), technical failures, or misuse of AI technologies trigger financial and economic instability.	**High**	**Medium / ST, MT** • Impact on public services that rely on digital infrastructure.	• Create contingent plans for cyberattacks. • Assess the risk and impact of cyberattacks on public services.
Climate change. Extreme climate events driven by rising temperatures cause loss of life, damage to infrastructure, food insecurity, supply disruptions, lower growth, and financial instability.	**Medium**	**High / ST, MT** • Harm cashew production, thereby worsening the livelihoods of people in rural areas and exacerbating extreme poverty and inequalities. • Higher recovery spending, higher financing costs, and lower revenues. • Supply disruptions and weaker confidence.	• Diversify the economy. • Address infrastructure gaps and income/developmental disparities among regions, while instituting appropriate social safety nets. • Promote investment in climate resilient infrastructure. •
Social discontent. Real income loss, spillovers from conflicts, dissatisfaction with migration, and worsening inequality ignite social unrest, populism, polarization, and resistance to reforms or suboptimal policies. This weakens growth and leads to policy uncertainty and market repricing.	**Medium**	**High / ST, MT** • Delayed fiscal adjustment. • Political instability • Limited financing inflows and investment projects delays. • Supply disruptions and weaker confidence.	• Prioritize and target public spending towards the most vulnerable people. • Create fiscal space through expenditure controls and revenue mobilization. • Mobilize additional grants from development partners to cover persistent external needs.
Country Specific Risks			
Decline of cashew nut prices A weaker than projected price of the dominant export product would hamper economic recovery.	**Medium**	**High / ST** • Private sector incomes come under pressure. • Government revenues diminish further. • Cause negative terms of trade shocks.	• Control public expenses to compensate for lower revenues. • Step up diversification efforts.
Continued weaknesses in state-owned enterprises. In particular, the public utility company (EAGB) is facing long-standing financial challenges.	**Medium**	**High / ST** • Disruption of electricity supply. • Additional fiscal costs.	• Improve tariff collection. • Facilitate infrastructure investments, especially those in Bor Powerplant.

Annex III. Data Issues

Annex III. Table 1. Guinea-Bissau: Data Adequacy Assessment for Surveillance

Data Adequacy Assessment Rating 1/

D

Questionnaire Results 2/

Assessment	National Accounts	Prices	Government Finance Statistics	External Sector Statistics	Monetary and Financial Statistics	Inter-sectoral Consistency	Median Rating
	D	B	C	C	B	B	C
Detailed Questionnaire Results							
Data Quality Characteristics							
Coverage	D	C	C	C	B		
Granularity 3/	C		C	B	B		
			A		B		
Consistency			C	B		B	
Frequency and Timeliness	D	A	A	C	C		

Note: When the questionnaire does not include a question on a specific dimension of data quality for a sector, the corresponding cell is blank.
1/ The overall data adequacy assessment is based on staff's assessment of the adequacy of the country's data for conducting analysis and formulating policy advice, and takes into consideration country-specific characteristics.
2/ The overall questionnaire assessment and the assessments for individual sectors reported in the heatmap are based on a standardized questionnaire and scoring system (see IMF *Review of the Framework for Data Adequacy Assessment for Surveillance*, January 2024, Appendix I).
3/ The top cell for "Granularity" of Government Finance Statistics shows staff's assessment of the granularity of the reported government operations data, while the bottom cell shows that of public debt statistics. The top cell for "Granularity" of Monetary and Financial Statistics shows staff's assessment of the granularity of the reported Monetary and Financial Statistics data, while the bottom cell shows that of the Financial Soundness indicators.

A	The data provided to the Fund are adequate for surveillance.
B	The data provided to the Fund have some shortcomings but are broadly adequate for surveillance.
C	The data provided to the Fund have some shortcomings that somewhat hamper surveillance.
D	The data provided to the Fund have serious shortcomings that significantly hamper surveillance.

1. **Rationale for staff assessment.** Data provision has serious shortcomings that significantly hamper surveillance. The overall rating "D" is lower than the median rating "C" due to a higher weight assigned to national accounts, given the significant gap in GDP data. For national accounts, the coverage and granularity are broadly adequate as they are prepared in accordance with the common regional methodologies and templates, but the timeliness faces significant challenges with backlog of 5 to 6 years. For CPI, the coverage is limited to the capital city and does not reflect price data in the rural area. For government finance statistics, the coverage is limited to the budgetary central government, although local governments or central government extrabudgetary units are very small in fiscal terms. While there is consistency across BOP, fiscal and monetary statistics, fiscal data are facing challenges from discrepancies between the above and below the lines. Challenges also exist in timeliness of external and monetary statistics. Final annual BOP data are produced only 10 to 12 months after the end of the year. Financial Soundness Indicators data are also produced with a few months of delay.

2. **Changes since the last Article IV consultation.** In June 2024, the authorities launched the National Summary Data Page to meet their commitments to the Enhanced General Data Dissemination System (e-GDDS). Except for the national accounts, which have five years of backlogs,

the authorities are making significant efforts to populate the National Summary Data Page within the timeline enshrined in international standards. In addition, the government approved the new decree to reform the organizational structure of the National Institute of Statistics (INE) and define its human and technological resource needs. Regardless of tight budget positions, the government gradually increased staffing of the INE to strengthen its institutional capacity.

3. Corrective actions and capacity development priorities. The authorities are addressing data gaps through technical assistance from the regional institutions (WAEMU) and the Fund. Capacity development priorities from the Fund include: (i) continued support for timely preparation of annual national accounts; (ii) improvements to fiscal reporting process to reduce above and below-the-line discrepancy in government finance statistics; and (iii) improve timeliness of annual BOP data and Financial Soundness Indicators data.

4. Use of data and/or estimates in Article IV consultations in lieu of official statistics available to staff. Staff does not use data or estimate in lieu of official statistics.

5. Other data gap. None.

Annex III. Table 2. Guinea-Bissau: Data Standards Initiatives

Guinea-Bissau participates in the Enhanced General Data Dissemination System (e-GDDS) and publishes the data on its National Summary Data Page since June 2024.

Annex III. Table 3. Guinea-Bissau: Table of Common Indicators Required for Surveillance

(As of April 30, 2025)

	Data Provision to the Fund				Publication under the Data Standards Initiatives through the National Summary Data Page			
	Date of Latest Observation	Date Received	Frequency of Data[6]	Frequency of Reporting[6]	Expected Frequency[6,7]	Guinea-Bissau[8]	Expected Timeliness[6,7]	Guinea-Bissau[8]
Exchange Rates	30-Apr-25	30-Apr-25	D	D	D	M	...	1M
International Reserve Assets and Reserve Liabilities of the Monetary Authorities[1]	Feb-25	Apr-25	M	M	M	...	1M	...
Reserve/Base Money	Feb-25	Apr-25	M	M	M	M	2M	1M
Broad Money	Feb-25	Apr-25	M	M	M	M	1Q	1M
Central Bank Balance Sheet	Feb-25	Apr-25	M	M	M	M	2M	1M
Consolidated Balance Sheet of the Banking System	Feb-25	Apr-25	M	M	M	M	1Q	1M
Interest Rates[2]	28-Feb-25	30-Apr-25	M	M	M	M	...	1M
Consumer Price Index	Mar-25	Apr-25	M	M	M	M	2M	10D
Revenue, Expenditure, Balance and Composition of Financing[3]–General Government[4]	Mar-25	Apr-25	M	M	A	...	3Q	...
Revenue, Expenditure, Balance and Composition of Financing[3]–Central Government	Mar-25	Apr-25	M	M	Q	Q	1Q	1Q
Stocks of Central Government and Central Government-Guaranteed Debt[5]	Mar-25	Apr-25	M	M	Q	A	2Q	1Q
External Current Account Balance	Dec-23	Sep-24	A	A	Q	A	1Q	10M
Exports and Imports of Goods and Services	Mar-25	Apr-25	M	M	M	M	12W	20D
GDP/GNP	Dec-18	Sep-22	A	I	Q	A	1Q	24M
Gross External Debt	Mar-25	Apr-25	M	M	Q	A	2Q	1Q
International Investment Position	Dec-23	Sep-24	A	A	A	...	3Q	...

[1] Includes reserve assets pledged or otherwise encumbered, as well as net derivative positions.

[2] Both market-based and officially determined, including discount rates, money market rates, rates on treasury bills, notes and bonds.

[3] Foreign, domestic bank, and domestic nonbank financing.

[4] The general government consists of the central government (budgetary funds, extra budgetary funds, and social security funds) and state and local governments.

[5] Including currency and maturity composition.

[6] Frequency and timeliness: ("D") daily; ("W") weekly or with a lag of no more than one week after the reference date; ("M") monthly or with lag of no more than one month after the reference date; ("Q") quarterly or with lag of no more than one quarter after the reference date; ("A") annual.; ("SA") semiannual; ("I") irregular; ("NA") not available or not applicable; and ("NLT") not later than.

[7] Encouraged frequency of data and timeliness of reporting under the e-GDDS and required frequency of data and timeliness of reporting under the SDDS and SDDS Plus. Any flexibility options or transition plans used under the SDDS or SDDS Plus are not reflected. For those countries that do not participate in the IMF Data Standards Initiatives, the required frequency and timeliness under the SDDS are shown for New Zealand, and the encouraged frequency and timeliness under the e-GDDS are shown for Eritrea, Nauru, South Sudan, and Turkmenistan.

[8] Based on the information from the Summary of Observance for SDDS and SDDS Plus participants, and the Summary of Dissemination Practices for e-GDDS participants, available from the IMF Dissemination Standards Bulletin Board (https://dsbb.imf.org/). For those countries that do not participate in the Data Standards Initiatives, as well as those that do have a National Data Summary Page, the entries are shown as "..."

Annex IV. Capacity Development Strategies

1. **The Capacity development (CD) support has been taking a vital role in reform implementation under the Extended Credit Facility (ECF) supported program.** The program priorities include achieving a sustained fiscal consolidation, ensuring debt sustainability, mitigating risks from the energy and financial sectors, and improving governance and transparency. CD support has been essential for the authorities to meet reform commitments and stay on track with the program targets.

2. **The CD support has gained significant traction thanks to the strong ownership by the authorities and the close integration between program design and CD support.** The CD has been also facilitated by close coordination with development partners and other CD providers by both the country team and CD departments.

3. **Guinea-Bissau has received extensive CD support and training in recent years.** The CD support has been focusing on: (i) PFM; (ii) revenue administration; (iii) debt management; (iv) statistics; and (v) anti-corruption and governance.

4. **The continued CD support is essential to address key priorities.** The CD priorities will be in line with the ECF program priorities, which will focus on supporting a credible fiscal consolidation, ensuring debt sustainability, and implementing governance, AML/CFT, and transparency reforms. The key CD priorities include strengthening revenue administration, deepening PFM reforms, improving debt management, enhancing governance and anti-corruption framework, supporting the financial stability, and improving production of macroeconomic and fiscal statistics (Annex III Table 1).

Annex IV. Table 1. Guinea-Bissau: Key Overall CD Priorities Going Forward

Priorities	Objectives	Challenges
Revenue Administration and Tax Policy	Support VAT implementation. Strengthen revenue administration management and governance arrangements through the action plan implementation. Support fundamental reform of income taxation through analytical work and legislative drafting.	Ongoing capacity constraints (fragile institutions, high staff turnover, lack of basic equipment, weak institutional and policy coordination)
Public Financial Management	Strengthen expenditure and wage bill controls. Implement a Treasury Single Account. Strengthen the oversight and reporting of State-owned Enterprises (SOEs). Improve public investment management.	
Debt Management	Improve the monitoring and reporting of domestic and external debt. Support the preparation of debt management strategies and annual borrowing plans consistent with fiscal projections and debt sustainability objectives.	
Governance and Anti-Corruption	Continue strengthening transparency in beneficial ownership information. Develop the legal framework for supervision of designated non-financial businesses and professions.	
Statistics	Support timely preparation and publication of annual national accounts Support timely publication of annual BOP statistics and increase frequency to quarterly Improve consistency between the above and below the line in government financial statistics	Capacity constraints Lack of reform orientation at the independent institution (National Statistics Institution)

Annex V. Status of the 2022 Article IV Main Recommendations

The 2022 Article IV consultation took stock of progress under the Staff Monitored Program and made recommendations that guided the design of the ECF supported program approved in January 2023. As such, implementation of the recommendations has been broadly on track.

Area	Recommendations	Status
Domestic revenue mobilization	Measures to enhance tax revenue mobilization cover both revenue administration and tax policy reforms, including the broadening of tax bases, simplifying the tax system and strengthening tax administration and compliance. Moreover, they are strengthening the collection of the new telecom tax; modernizing the stamp duties and the general exemption regime; and preparing the implementation of the new VAT law in 2023.	The authorities have made significant progress in improving tax policy. On exemptions, the 2025 budget determined non-renewal of exemptions given to the cement factory, which is the largest beneficiary and accounts for 50 percent of exemptions given to private investments. On VAT implementation, the 2025 budget also included collection of VAT from fuels at point of sales, generating the largest impact of all revenue measures in the budget. While the previous government introduced tax cuts of fuels and created significant policy slippage, the current government reversed them and made tax reference prices of fuels 100 percent aligned with market prices. On customs, tax reference prices of alcoholic drinks, used cars, and cements have also been aligned with market prices.
Expenditure controls, fiscal risks monitoring, public investments	Measures to improve PFM and expenditure control include: (i) strengthening the treasury and cash management function with the implementation of a Treasury Single Account (TSA) and IMF cash management/cash-flow forecasting tool; (ii) continuing efforts to control the public sector wage bill, via implementation of the census of regular employees of the public administration and the IMF-supported blockchain project to reconcile personnel and payroll records, as well as strengthening the wage bill policy with IMF TA support; (iii) strengthening the fiscal oversight of SOEs and mitigating fiscal risk; and (iv) improving public investment management.	The authorities have successfully curtailed the wage bill by 2.0 percent of GDP just in two years during the program through the strict adherence to the no-new-hiring policy. While ghost workers have been mostly eradicated and double-entries and other errors in the payroll system eliminated. After significant overrun of non-wage discretionary spending in 2023, the authorities have strengthened expenditure controls through the expenditure committee (COTADO), which successfully curtailed non-wage domestic primary expenditure by 2.1 percent of GDP in 2024. The authorities have made significant progress in mitigating fiscal risks from state-owned enterprises, notably the public utility company (EAGB). Especially, the completion of the OMVG connection and the cancellation of Karpower contract restored EAGB's break-even point and diversified sources of power to 100 percent renewable energy, which costs only half of Karpower.
Debt management	Authorities are taking action to strengthen debt management. The	The authorities have improved substantially debt service payment process. After recurrence of technical arrears in

Area	Recommendations	Status
	authorities are seeking technical assistance from international partners to improve their capacity for debt recording, monitoring and overall debt management.	debt services, at the sixth review, the authorities introduced the new process where a batch of all payment instructions for external debt services is sent to the BCEAO ten days before the beginning of a month. To date, the authorities have strictly adhered to this practice and successfully prevented recurrence of technical arrears. This also led to improvements to debt recording and reporting, allowing monitoring of debt service payments on a real time basis.
Governance	The authorities are committed to complete the implementation of the RCF's governance safeguards on COVID-19 spending. The government will also publish full text of contracts and ex-post validation of delivery and will start to disclose beneficial ownership information of all companies awarded COVID-19 related contracts as per the amended legal procurement framework this year. Staff encourages continued coordination between the CFE and Registry Office to ensure accuracy of beneficial ownership information. It will also be essential for the government to take steps to establish clear rules and practices for implementing the strengthened legal framework on anticorruption, including expanding the competencies of institutions responsible for the asset declaration system and the overall leadership of anticorruption efforts.	The authorities have taken great strides forward for transparency in beneficial ownership information. Building on the RCF safeguards, the authorities have expanded disclosure of beneficial ownership information from crisis-related contracts to all public contracts including those made under the direct purchases. Furthermore, the authorities have published the concession register including beneficial ownership information. To expand transparency outside public procurement, the CFE is currently undertaking the corporate census to gather beneficial ownership information to be included in the corporate register. On external audits, the Audit Court published the audit report of the High Commission for COVID-19, but the progress in other priority audits has been much slower than expected. This is due mainly to internal governance challenges within the Audit Court, facing prolonged labor disputes. Most of the anti-corruption reforms including the new asset declaration regime require legislative changes, which have been put on hold in absence of Parliament.
Economic diversification	Opportunities for Guinea-Bissau's economic diversification lie in areas related to its abundant natural endowments. Natural resources include bauxite, wood, oil and phosphates, while its coastline is rich in fish and offers attractive touristic destinations. Moreover, the potential for diversification includes the	For infrastructure development, the authorities have expanded the power grid from being nearly non-existent to the SSA average just in two years. The transportation infrastructure has been also revamped, including the urban road project which paved 10km of the most iconic roads in the capital city and the construction of the new airport terminal, which is near completion. Development needs remain, especially at the Port of Bissau.

Area	Recommendations	Status
	agriculture. Fostering diversification requires a wide range of reforms, including investing in human capital, improving regulatory system and natural resources tax regimes, and expanding infrastructure projects, especially in the electricity sector.	For the fishing sector, the authorities have made significant progress in preparing for exporting fish to Europe. The industrial freezer facility has been completed at the Port of Bissau. For the agricultural sector, progress has been generally limited, partly because of ineffective agricultural policies and projects. For the mining sector, some progress has been made in operationalizing the heavy sand mine, but facing communication challenges with local community.
Financial intermediation	The increasing intermediation of remittances from abroad through mobile phones and the extended use of mobile phone services could be leveraged to increase financial inclusion. Moreover, the country may benefit from agreements with regional partners to boost the development of microfinance in rural areas as well as credit facilities for small and medium-sized enterprises.	The authorities have been taking policy actions to promote mobilize money transfers. Especially, in 2024, the Directorate-General of Duties and Taxes (DGCI) introduced mobile money payments for inland taxes on cashew nuts, which bumped up usage of mobile money transfers. The WPF and other development partners are collaborating with commercial banks to seek for a possibility to expand agricultural credits.
Food insecurity and social protection	A strategy geared towards promoting food security requires a multifold approach. The pandemic has emphasized the need to integrate education, health, food and nutrition strategies to address multidimensional poverty. Strong inter-institutional coordination is necessary to strengthen data collection and monitoring tools, better target recipients of social assistance and assess the needed fiscal space while building sustainable food-related infrastructure and logistics.	With the support of the WFP and other development partners, the authorities have been implementing the school feeding program, which combines the agricultural policy for market creation of domestically produced crops, the education policy for promotion of school attendance, and the social policy for income support of subsistence farmers (see Annex V). Development of the uniform social register is, however, facing challenges in limited data sharing across development partners which tend to operate with their own, separate databases of population in needs (see Annex VII).
Statistics	National Accounts data are not timely as the latest definitive estimate of GDP, published by the National Statistical Office, is for the calendar year 2018. Definitive estimates for 2019 and provisional for	The latest published national accounts remain for 2018, despite repeated requests of publication by the government. The timeliness of annual BOP statistics remains slow, published only around 12 months after the end of the year. However, the compilation process is governed by the

Area	Recommendations	Status
	2020 are, however, expected to be published this year with the support of IMF TA. Balance of payments data have improved, but some inconsistencies between financial account transactions and IIP data remain. The mission encouraged the authorities to consider implementing the IMF's Enhanced General Data Dissemination System to enhance transparency by publishing data essential for surveillance and supporting statistical development.	BCEAO headquarters, and few improvements can be made at the national office level. The authorities have launched the National Summary Data Page required by the e-GDDS (see Annex II).

Annex VI. Progress in Governance Reform Strategic Plan

1. **There has been significant progress in around half of governance reforms included in the government strategic plan.** The Public Ministry (i.e., the office of the prosecutor-general), which is responsible for corruption investigations and prosecutions as well as coordination on the anti-corruption reforms, approved the Strategic Plan for Fight against Corruption in 2022, as the key anti-corruption strategy of the government. Many actions included in the Strategic Plan are mentioned in the 2019 Governance Diagnostics including those on the asset declaration, AML/CFT supervision, and institutional capacity. An extensive range of governance reforms are organized in seven pillars of the strategic plan. Since the approval significant progress has been made in four pillars. Almost all reforms in Pillar VII on State property management have been completed with the government's strong commitments to tackling against abuse of government real estates and vehicles. There has been also substantial progress in reforms of Pillar III and Pillar V on fiscal revenue management, especially through strengthening of tax audits and implementation of the electronic filing and payment system supported under the Staff Monitored Program and ECF arrangement. Several reforms of Pillar II on public servants have been implemented especially as part of the wage bill controls under the ECF supported program.

2. **However, implementation of the other half has been slow due to absence of Parliament or lack of financing, which call for medium- to long-term actions.** Many reforms of Pillars I and II require changes in the law, which have been put on hold given long absence of Parliament. Because drafting of many new laws to make these changes has been completed, a package of legislation is expected to be submitted to Parliament after the election. Implementing reforms of Pillar IV and VI requires financing for substantial investments and operating costs. In general, the judicial institutions have been suffering from dire financial conditions. Many regional courts have been closed down because of lack of rent payments or vacancies of magistrates or both. Turning around these situations requires medium to long-term actions, not only because of limited fiscal space but also severe capacity limitations. For example, increasing qualified candidates for these vacancies requires the medium to long-term perspective, given that there is only one law school in the country, which is also in dire financial conditions.

Annex VI. Table 1. Guinea-Bissau: Progress in the Government Reform Strategic Plan

Reforms	Status
Pillar I – Dismantling the barriers to fight against corruptions	
Fulfill our international obligation under the Merida Convention by immediately approving and enacting the witness protection law	**Waiting for reopening of Parliament** – The draft law has been prepared and will be submitted to Parliament after the election. The new law in particular aims to finance travel costs of witnesses to come to the courts.

Annex VI. Table 1. Guinea-Bissau: Progress in the Government Reform Strategic Plan (continued)

Extend the terms of preventive detention and the statute of limitations for crimes of an economic nature and drug trafficking	**Waiting for reopening of Parliament** – The draft law to revise these laws has been prepared and will be submitted to Parliament after the election.
• Adopt a general regime of extended loss and confiscation ("perda alargada"), taking advantage of the ongoing draft to review the Penal Code and the Code of Criminal Procedure, as it constitutes an exemplary and dissuasive measure for this type of crime • Reverse the burden of proof in economic crimes in order to implement the requirements contained in the Mérida Convention • Criminalize illicit enrichment	**Constitutionality issues to be clarified** – The new regime for extended losses (or "perda alargada") aims to turn to a defendant the responsibilities to prove a source of financing when his or her income and value of property in question has significant difference. This regime was introduced in other Lusophone countries and found effective to investigate and prosecute corruption cases. In Guinea-Bissau, the Supreme Court of Justice has issued an opinion that the regime for extended losses may have constitutionality issues, because it effectively enlarges the scope of corruption investigations from the property in question to any other acquisition of property. The authorities will continue to advocate usefulness of this regime, while seek for further clarification of constitutionality issues.
• Apply the law with all its force and without discrimination so that corrupt individuals and corruptors are not allowed to take refuge under the immunities and privileges • Propose the reframing of immunities, relativizing them, so that they can be waived in cases of economic-financial crime, as per the guidelines of the Mérida Convention and the Venice Commission • Prohibit the application of forms of extinction of punishment (amnesty, pardon and clemency) and detention substitution (conditional release and controlled releases) for corruption crimes	**Waiting for clarification by the Supreme Court of Justice** – These actions aim to clarify the scope of immunities of parliamentarians. The immunities should be limited to exercise of functions of Parliament and should not apply to crimes or corruptions. The law is considered adequately clear, but the interpretation needs to be established by the Supreme Court of Justice.
• Implement the clean record criterion for candidates for high political positions, starting from the final indictment or accusation order	**Waiting for reopening of Parliament** – This action is likely to require changes in the law.

Annex VI. Table 1. Guinea-Bissau: Progress in the Government Reform Strategic Plan (continued)	
Pillar II – Mitigating the vulnerabilities of public officials and politically exposed persons	
• Adopt measures to implement career progression, thus demanding scrupulous compliance with the law • Apply, without restrictions, the rules for public competitions for entry into the public service, to avoid the "job for the boy" mechanism	**Substantial progress** – Under the total freezing of new hire and the tight restrictions on promotions, there has been no irregular promotion or hiring since the beginning of the program.
• Set a final deadline for the payment of salaries by bank accounts for both public and private employees	**Substantial progress** – No salary arrears have been accumulated since the beginning of the program.
• Scrupulously respect the legal regime for public contracts, the public-private partnership and comply with the obligation constant of the Mérida Convention and the UEMOA Directives • Publish the mining contracts and proceed with their ratification by the ANP in compliance with the obligations resulting from the UEMOA Directive	**Substantial progress** – The Directorate General of Public Tenders (DGCP) has been publishing all public contracts and their beneficial ownership information, including those of direct purchases. In December 2024, the DGCP published the concession register, which includes details of all active concessions including a mining contract together with beneficial ownership information. The country does not have any PPP contract.
• Make the participatory budget public and publish the budget execution report, as required by the Code of Transparency in Public Finance Management	**Substantial progress** – The Ministry of Finance has submitted backlog of final accounts from 2017-2022 to the Audit Court for its audits. Once the audits are completed, these accounts will be published together with the audit reports.
• Approve a code of conduct applicable to the public service, thus complying with article 8 of the Mérida Convention	**Waiting for reopening of Parliament** – This action is likely to require changes in the law.
• Extend the income declaration and identification of interests regime to NGO leaders, magistrates and judicial officials • Extend the income and assets declaration regime imposed on members of the Board of Directors of the ARN to all members of the Board of Directors of autonomous and decentralized services	**Waiting for reopening of Parliament** – These actions require the approval of the draft law on the new asset declaration regime, which was submitted to Parliament in October 2023, but not approved yet when Parliament was dissolved in December 2023.
• Propose the mitigation of the political dependence of the President of the CENTIF by granting the mandate and changing the form of his appointment	**Waiting for reopening of Parliament** – The authorities are preparing the draft law to strengthen the responsibilities of the CENTIF, especially related to the non-financial businesses and professions, which will be submitted to Parliament after the election.

Annex VI. Table 1. Guinea-Bissau: Progress in the Government Reform Strategic Plan
(continued)

Pillar III – Tackling social security frauds	
• Sign the partnership agreement between the GLCCDE and the INSS Inspection services with a view to exchanging information and taking dissuasive measures	**Substantial progress** – The government is committed to the Structural Benchmark (SB) to connect the INSS to the system of the Directorate General of Duties and Taxes (DGCI) by June 2025. After this initiative is successful, the interfacing will be rolled out to other institutions.
• Take advantage of the Penal Code review process to criminalize some types of social security frauds	**Waiting for reopening of Parliament** – The authorities are preparing the draft law to revise various aspects of the Penal Code, which will be submitted to Parliament after the election.
Pillar IV – Combating money laundering	
• Propose the implementation of the FATF recommendations • Monitor the obligation of political parties to provide accounts, as an anti-corruption and anti-money laundering measure, due to its consequences for elections • Propose the approval of the conflict of Interests law	**Waiting for reopening of Parliament** – The WAEMU has approved the new regional AML/CFT law to strengthen the legal framework. The authorities are preparing the draft law to strengthen the responsibilities of the CENTIF, especially related to supervision of the non-financial businesses and professions, which fall within the scope of national legislation. The draft law will be submitted to Parliament after the election.
• Create a fast-track communication channel for alerts received by the CENTIF in order to give potential offenders a timely advantage • Encourage the creation of a real-time investigation system for bank transactions, to be based at the CENTIF • Expand the tools for identifying the real beneficiaries of amounts of illicit origin • Raise awareness among manual currency exchange and money transfer bureaus about the need for physical registration of customers in order to comply with the BCEAO Instructions • Monitor the mandatory declaration of assets and identification of interests and demand consequences	**Regional level issue** – The capacity of the CENTIF is being strengthened under the BCEAO's oversight, which is responsible for the AML/CFT supervision in the banking and financial sector. The supervision of non-financial businesses and professions is at a very early stage of development, requiring the approval of the new law by Parliament.

Annex VI. Table 1. Guinea-Bissau: Progress in the Government Reform Strategic Plan (continued)

• Implement new research techniques with recurring use of the Task Force • Issue general instructions on the investigation plan for this crime • Use the Asset Recovery Office for asset investigation	**Medium-term financing is needed** – Strengthening the investigation capacity of economic crimes requires substantial investments in the IT systems of the Judicial Police and other law enforcement institutions. Reactivating the Asset Recovery Office, which coordinates asset recovery actions of tax authorities and law enforcement institutions, also requires substantial investments and operating costs.
• Request the rehabilitation of SOLIDAMI or a similar body to monitor funding allocated to both national and foreign NGOs • Propose the creation of a body to monitor funds from religious sects	**Medium-term financing is needed** – Reactivating the inspectorate of NGOs requires financing for substantial investments and operating costs.
• Improve the press law by introducing rules that impose free access to official documents related to public contracts and mining licenses	**Regional level issue** – The documentation for public procurement and mining licenses falls within the scope of WAEMU legislation.
Pillar V – Innovating in tackling tax and fiscal crimes	
• Reduce bureaucracy in accessing the tax situation of those subject to professional tax and, in particular, of independent professionals • Encourage, in collaboration with the Bar Association and the tax administration, the use of intelligence technology for the payment of legal fees • Adopt mechanisms for monitoring the payment of fees in order to prevent tax evasion • Effectively control the new electronic payment methods used by mobile operators (Orange Money and Mobile money), starting with the holding of technical meetings to assess security levels and alert for suspicious transactions	**Substantial progress** – Implementation of the Kontaktu (the electronic filing and payment system of the DGCI) has digitalized most of tax returns and payments without paper-bases and streamlined the inland revenue administration process. More interfaces plan to be developed with other systems. Since 2024, cashew nuts taxes have been able to be paid by mobile money.
• Implement a fiscal citizenship campaign in collaboration with the DGCI	**Substantial progress** – Various initiatives for sensitization have taken place especially for the VAT implementation.

Annex VI. Table 1. Guinea-Bissau: Progress in the Government Reform Strategic Plan (continued)

• Issue instructions aimed at prioritizing the investigation of tax crimes and improving the investigative capabilities of the Fiscal Brigade	**Long-term actions needed** – The Fiscal Brigade has very large headcount of unqualified employees hired for the past decade and kept in an intern status. Strengthening its capacity requires to streamline these interns by promoting high-performing ones as civil servants and terminating contracts with others. Such streamlining requires significant amounts of financial resources and should be implemented in the long run in a gradual manner.
• Idealize a strategic partnership with the Directorate of Large Companies and the Tax Court in order to provide targeted inspection of certain taxpayers • Propose expeditious mechanisms for accessing the income statements of private companies and the profits of the State's business sector, since there is no specific rule on the confidentiality of these data	**Substantial progress** – The DGCI's tax audits almost ceased to exist in 2023. Since then, the tax audits have been reinvigorated under the program conditionality. They led to collection of CFAF 1.3 billion of tax arrears at the seventh review and another substantial amount at the eighth review. The authorities are committed to development of connection between the POS system of supermarkets, hotels, and cement venders and factors with the DGCI's system by June 2025 as part of the SB, and have identified an IT company to work on the logistical setup including confidentiality agreements.
Pillar VI – Procedural management and effectiveness of criminal prosecution	
• Improve various aspects of the criminal investigation, prosecution and court procedures	**Medium to long-term financing is needed** – The judicial system has been left in dire financial conditions. Many regional courts have closed because of lack of rent payments or vacancies of magistrates or both. To turn this situation around, the government is gradually constructing Houses of Justice, which consolidate all judiciary services in the region. Filling vacancies of magistrates requires long-term actions as, in addition to very limited fiscal space, there is only one law school in the country and number of qualified candidates can be increased only gradually.
• Encourage the use of the Parliamentary Commission of Inquiry to initiate investigations into suspects who enjoy immunity and privileges of forum or the use of the Superior Inspectorate Against Corruption • Criminal procedures being processed in this Office and related to people who enjoy parliamentary immunity must be suspended in order to avoid their prescription	**New institution has been developed** – The government has decided to close down the Superior Inspectorate against Corruption, which became an annex of Parliament and refused to investigate any suspected corruptions involving parliamentarians. Instead, the GLCCDE (Office of Fight against Corruption and Economic Crimes) of the Public Ministry has been created as the leading institution for corruption investigations as well as coordination on anti-corruption reforms.

Annex VI. Table 1. Guinea-Bissau: Progress in the Government Reform Strategic Plan (concluded)

Pillar VII – Combating scandal – embezzlement crime	
• Propose to the government, as a legality inspector, a global census of the State's assets (movable and real estate) in order to detect cases of inversion of title of possession	**Completed** – The National Secretary of State Property (SNPE) undertook the nation-wide stock-taking of State property in 2024. This was the first of its kind and led to discoveries of significant number of real estates and cars that are State properties but not registered.
• Use the reports of the State Asset Recovery Commission to initiate criminal prosecution	**Significant progress** – The SNPE has been working directly with the Ministry of Interior to recover the government houses that have been occupied by the former ministers and their family for decades after they left office. The SNPE has been also active to resolve *casas avaialdas sem pagamentos* which are government houses sold to residents who however did not pay the value, deducting directly the value of houses from the residents' salaries.
• Inform the government of the urgent need to regulate the use of State vehicles outside working hours • Issue, immediately, directives with a view to seizing all State vehicles that circulate outside the scope of that regulation • Request the collaboration of mechanic workshops in identifying and locating State vehicles undergoing repair • Influence the creation of the Public Administration's parking lots	**Significant progress** – In 2024, the government approved the decree to prevent abuse of government vehicles. Based on this decree, the government has banned use of a government vehicle after the business hours or over the weekend without the prior approval of the Ministry of Finance. The SNPE, in collaboration with the Fiscal Brigade, has been actively seizing tens of government vehicles that moved outside the business hours without permissions. The government is committed to the SB to operationalize the GPS system to monitor movement of government vehicles on a real time basis and disable those violating the regulations remotely. The government is currently looking for a land to use as parking lots for a large number of confiscated government vehicles.

Appendix I. Letter of Intent

Bissau, June 13, 2025

Ms. Kristalina Georgieva
Managing Director
International Monetary Fund
Washington, D.C. 20431
U.S.A.

Dear Ms. Georgieva,

Our economy encountered strong headwinds in 2024 from exogenous shocks. In particular, adverse weather conditions contributed to the low cashew production in 2024 and resulted in the lowest export volume since the global pandemic. Together with stagnant international prices for cashews, this took a toll on exports and public revenue. The impact of lower cashew exports on private consumption and the economy was partially offset by historic high prices for our farmers. The domestic environment has also become complex as we head towards presidential and legislative elections that are scheduled for November 23, 2025. The outlook for 2025 is positive, as the cashew campaign for this year has had a positive start, supported by much higher international cashew prices relative to 2024. The decline of rice prices in international markets, which is a key food staple for Guinea Bissau, will also improve our balance of payments and support private consumption.

While we have remained strongly committed to the Extended Credit Facility (ECF) supported program, the exogenous shocks affected our program performance. For December 2024, we met seven out of nine Quantitative Performance Criteria (QPC). In 2024, we implemented all measures agreed under the program, including the suspension of rice subsidies, which were very popular but not fiscally sustainable. We also increased the tax reference prices for fuels above the levels agreed under the program. Despite these steps, the revenue shortfall from lower cashew exports and sluggish business of the largest taxpayers induced negative shocks to tax revenue. This resulted in the QPCs on tax revenue and on the domestic primary balance being missed.

We are fully committed to the fiscal consolidation targets in 2025, which is key to maintain debt sustainability that is one of the objectives of the ECF-supported program. To that end, we have been implementing as prior actions several ambitious revenue and expenditure measures to offset the lower revenue base from 2024, to create space for higher-than-budgeted investment in priority road projects, and to carry out the required census and cover logistical costs for the elections. In addition, we are proposing new structural benchmarks (SBs) in support of our fiscal consolidation targets for 2025. These measures will compensate the spending overrun without enlarging the overall deficit of the 2025 budget.

We will continue our efforts to advance the structural reform agenda. We have met the continuous SB on debt service payments, which successfully prevented us from recurring technical arrears. However, between December 2024-March 2025, most spending classified as "other common expenditure" bypassed the Technical Committee of Arbitration of Budgetary Expenditure (COTADO) and purchases of vehicles and the large road projects also bypassed the commitment to acquire prior approval of the Prime Minister, contrary to the continuous SB under the program. We are committed to restoring our compliance with the continuous SB on the COTADO and the Prime Minister's approval, which is central to expenditure controls, through a new QPC on "other common expenditure" and the expanded QPC on non-regularized expenditure. We are also making progress in the implementation of other SBs, which enshrine important reforms for revenue mobilization, energy sector, and governance.

On the basis of corrective action outlined above and detailed in the attached Memorandum of Economic and Financial Policies (MEFP), we request waivers for the missed QPCs for end-2024 and modification of QPCs and ITs. In addition, to provide us with sufficient time to implement the fiscal consolidation strategies under the program, we request extension of the ECF arrangement for six months through July 29, 2026 and to rephase access under the ECF arrangement by splitting the disbursement associated with the original ninth review into two equal disbursements for the ninth and the new proposed tenth review. The new program targets established for December 2025 will reinforce our policy commitments and help catalyze additional budget support, following the recent approval of the Development Policy Financing grant from the World Bank.

The government believes that the policies outlined in the attached MEFP are adequate to achieve the program objectives. We stand ready to take additional measures as necessary. The government will consult with the IMF before making any revision to the policies contained in the MEFP. We will provide timely information for monitoring economic development and policy implementation, as agreed under the attached Technical Memorandum of Understanding, or upon the IMF's request.

We hereby request the completion of the eighth review under the ECF arrangement and the financing assurances review, and the disbursement of SDR 4.73 million. We agree to the publication of this letter and its attachments, as well as the related staff report, on the IMF's website.

Yours sincerely,

/s/
Ilídio VIEIRA TÉ

Minister of Finance
Guinea-Bissau

Attached: - Memorandum of Economic and Financial Policies.
- Technical Memorandum of Understanding.

Attachment I. Memorandum of Economic and Financial Policies

Recent Development and Program Performance

A. Introduction

1. Policies and reforms implemented under the Extended Credit Facility (ECF) supported program have been supporting inclusive growth and poverty reduction. Our strategies and policies for growth and poverty reduction are described in the National Development Plan (PND). The existing PND was approved in 2020 and has been extended until the middle of 2025. Recently, the government has launched the preparation process of the next PND for 2025-2034, which includes extensive diagnostic exercises and stakeholder consultations. Policies and reforms under the ECF-supported program are consistent with the objectives of the existing and new PND. The engagement through the ECF-supported program has been essential to build a reform momentum and catalyze highly concessional financing for meeting the long-waited development needs and fostering macroeconomic stability and sustainable growth.

B. Economic Development and Outlook

2. We estimate growth in 2024 at 4.8 percent compared to 5.1 percent projected at the seventh ECF review. In 2024, the volume of cashew exports (167,000 tonne) was smaller than projected (195,000 tonne) because adverse weather conditions resulted in lower cashew production. The subsistence farming production was also adversely affected by flooding caused by higher than usual precipitations. However, growth remained resilient, supported by continued strong private investment and income effects from high producer prices of cashew nuts, which doubled from 2023.

3. The economic outlook for 2025 is positive. Growth for 2025 is projected to be 5.1 percent, supported by recovery of the volume of cashew exports, which is projected to be around 200,000 tonne. Recent strong increases in international cashew prices suggest that the export prices are likely to exceed the current projections (around $1,000/tonne) and to have a positive impact on both growth and external balances. In addition, recent decreases in international rice prices are likely to help reducing inflation and improving external balances.

4. The outlook faces significant downside risks. In particular, tight regional financial conditions continue to pose risks to government financing. Although the regional reserve level improved substantially in recent months, our interest rates for Treasury securities remain very high. Risks also arise from terms-of-trade shocks and adverse weather conditions. Moreover, the challenging political context could hinder fiscal consolidation efforts. The materialization of contingent liabilities in state-owned enterprises and the banking system would also increase fiscal costs. If these risks materialize, we will further rationalize expenditure and seek additional donor support, particularly budget support grant.

C. Program Performance

5. We met seven out of nine Quantitative Performance Criteria (QPC) for December 2024 (Table 1). The QPC on tax revenue was missed mainly because of disappointing tax collection from large taxpayers in the telecom, banking, and gas station sectors, facing sluggish business growth and claiming deductions for investments. The QPC on the domestic primary balance was missed due to lower tax revenue as well as higher expenditure and CFAF 9.3 billion of stock-flow discrepancy related to cash withdrawals. The higher expenditure includes an executed guarantee on the pilgrimage, which became irrecoverable, and security-related spending. We have been implementing corrective action for the missed QPCs as described in the following paragraphs. While the Indicative Target (IT) on targeted projects and activities was met for December 2024, the IT on disbursements of project loans was missed due mainly to disbursements of the energy projects.

6. We met three structural benchmarks (SBs) for December 2024 and completed the remaining one in May 2025. We are also making progress in implementing SBs for March and June 2025, although we request revision of some SBs as described below.

7. We missed the continuous SB for the Technical Committee of Arbitration of Budgetary Expenditure (COTADO) and the Prime Minister's approval. Between December 2024 and March 2025, most of other common expenditure bypassed the COTADO's approval. Contracting of the four priority road projects and purchases of vehicles also bypassed the required prior authorization by the Prime Minister under the continuous SB as well as Article 34(1) of the 2022 Budget Law. To prevent the recurrence of the same problems, we propose a new QPC on other common expenditure and expansion of the QPC on non-regularized expenditure (DNT) as explained in the following paragraphs. In contrast, we met the continuous SB on external debt service payments, which and successfully prevented the recurrence of technical external debt service arrears.

Economic and Financial Policies

D. Fiscal Policy and Reforms

Fiscal Consolidation Measures

8. Commitments above the 2025 budget limits for the four priority road projects and the required spending for the Presidential and Parliamentary elections have created a fiscal gap of CFAF 26.4 billion relative to the program's deficit target for 2025. We signed contracts amounting to CFAF 17.8 billion in 2025 for the four priority road projects in Bafata, Gabu, Pikil, and Prabis, which exceed the CFAF 2.4 billion of the budget allocation for these projects. In addition, the recently determined date of the presidential and legislative elections, which are scheduled for November 23, 2025, created CFAF 6.0 billion of unbudgeted spending this year for the update of the electoral register and logistical costs of the general elections. Furthermore, we made CFAF 5.1 billion of budget overrun of other common expenditure during the first quarter of 2025, which include reimbursement of AfDB budget support (CFAF 1.6 billion), purchase of cars (CFAF 0.7 billion), construction works (CFAF 0.6 billion), and security-related spending (CFAF 0.6 billion). The combined impact of these spending overruns and the lower tax revenue base would widen the overall deficit by CFAF 36.5 billion or 2.5 percent of GDP in 2025 from the approved budget in the absence of additional measures (MEFP Text Table 1).

9. We remain strongly committed to the overall deficit target of the 2025 budget. As described below, we have been implementing CFAF 15.5 billion of additional revenue measures since the seventh review. In addition, we will rationalize domestic investment spending and minimize travel spending and other common expenditure to generate CFAF 20.0 billion of saving. Additional external grants will cover CFAF 1.0 billion of the election costs. These measures and additional grants will fully compensate the spending overrun and revenue drop without enlarging the overall deficit (MEFP Text Table 1).

MEFP Text Table 1. Deficit Widening and Reducing Measures since the Seventh Review
(CFAF billion)

Deficit enlarging		Deficit reducing	
Lower tax revenue of DGCI	-8.5	Additional revenue measures	15.5
Lower tax revenue of DGA	-1.6	Rationalization of PIP	14.3
Overrun of four road projects	-15.4	Tight ceiling on other common expenditure	4.5
Election costs	-6.0	Reduction of travel expense	1.2
Overrun of other common expenditure	-5.1	External support for election costs	1.0
Total	-36.5	Total	36.5

10. We have been implementing 1.8 percent of GDP of revenue measures for 2025 despite the absence of Parliament (MEFP Text Table 2). We have implemented three out of seven measures agreed at the seventh review. To facilitate collection of VAT on fuels at the point of sales, we will issue a ministerial order to require the DGCI to send to the importers weekly invoices of the second part of VAT (i.e. difference between VAT at the point of sales and at the port), in the same way as the DGA collects VAT at the port. We are fully committed to not renewing the CIMAF's tax exemptions, which will expire in July 2025. We are also pushing for implementation of other two measures (see below). Furthermore, we are committed to twelve additional measures needed to close the identified financing gap. We have already increased tax reference prices of cashew nuts and corrected undervaluation of alcoholic drinks, and will implement the remaining measures through prior actions and SBs.

MEFP Text Table 2. Revenue Measures, 2025
(CFAF billion)

Measure	Impact	Status
Total revenue measures	**26.2**	
Measures at the seventh review	**10.7**	
Increase in a tax reference price of cashew from $800/ton to $900/ton	1.1	Implemented
No renewal of tax exemptions for CIMAF	1.3	To be implemented in July 2025
Increase in a tax reference price of imported cement from CFAF 54/kg to 65/kg	0.2	Implemented
Update of tax reference prices and other measures for used cars	0.7	Implemented
Elimination of exemptions of fuels from sales taxes at the point of sales	4.6	In progress
Physical inspection of all trucks at Safim Entry Post	2.1	In progress
Connecting systems of hotels, supermarkets, cement venders and factories to DGCI	0.7	In progress
Additional measures at the eighth review	**15.5**	
Increase in a tax reference price of cashew to $1000/ton and its specific rate tax	2.4	Implemented
Correction of alcoholic drinks' valuation	1.4	Implemented
Single license for mobile operators (nontax revenue)	5.0	Prior Action
Sales of the naval base (nontax revenue)	1.8	Prior Action
Collection of VAT on port fees of APGB at the port	1.0	Prior Action
Collection of tax arrears other than those of a telecom operator	0.7	Prior Action
Increase in tax reference prices of tiles and beams	0.6	Prior Action
Increase in tax reference prices of tobacco	0.3	Prior Action
Collection of tax arrears from a telecom operator	0.3	Prior Action
Audits of large taxpayers with high risks of under-declarations	0.8	Structural Benchmark
Collect tax arrears of fish-powder ships	0.4	Structural Benchmark
Collection of unpaid dividends of the undercapitalized bank (nontax revenue)	0.8	New measure

11. As prior actions for the eighth review, we will take the following eight revenue measures.

- **To issue an order of the National Regulatory Authority (ARN) that adopts a single license as the new telecom license regime and subsequently, a join order of the Ministers of Transport, Telecommunication, and Digital Economy and Finance that fixes the single license fees to be proposed for the negotiations.** A single license will allow telecom operators to use frequencies for any technologies, replacing existing separate licenses for 2G, 3G, and 4G and covering 5G and all other future technologies. In the absence of competition, negotiating and issuing a separate license for each technology has been extremely time-consuming and become an obstacle to introduction of new technologies, as witnessed in the 3G, 4G, and 5G licensing processes. A single license has the benefit to overcome this constraint and motivate telecom operators to introduce new technologies before they become obsolete. The telecom operators have responded positively to public consultation of the single licensing documents in April 2025. This prior action will establish a single license as the new license regime and catapult negotiations of the fees, which are expected to raise CFAF 3-5 billion of revenue from each operator.

- **To collect proceeds from sales of the naval base.** We are at an advanced stage of negotiations with the buyer who has agreed to pay CFAF 1.8 billion.

- **To begin collection of VAT on port fees of the Port Authority of Guinea-Bissau (APGB)**

directly from importers at the port and deposit them into the Treasury's bank account. The APGB has not paid sales taxes or VAT for years, although they have been paid by importers to the APGB. By requiring a Declaration of Eventual Revenue (DRE) under the special regime, an official of the Directorate General of Duties and Taxes (DGCI) stationed at the port will directly collect VAT on port fees from importers before releasing cargos and deposit it directly into the Treasury's bank account, in order to enforce VAT collection from the APGB.

- **To collect CFAF 0.7 billion of tax arrears other than those of a telecom operator (Telecel).** There remain CFAF 1.4 billion of unpaid tax arrears that were identified under the 2024 tax audits. The 2025 tax audits also identified CFAF 0.7 billion of tax arrears, except for those of Telecel. In addition, there is CFAF 0.1 billion of declared but unpaid amount in 2024, also excluding those of Telecel. We will collect at least CFAF 0.7 billion of these arrears as part of the prior action.

- **To increase tax reference prices of tiles and beams to the agreed levels.** These are main construction materials and the volume of their import is on the rise. However, their prices declared by importers tend to be much lower than the actual prices. To prevent revenue losses from under-declarations, we will set tax reference prices of tiles at CFAF 5,609/m^2 for those from Europe and CFAF 3,122/m^2 for those from Asia and other areas as well as those of beams at CFAF 400/kg as minimum possible prices of these materials.

- **To update tax reference prices of tobacco along with inflation of market prices.** Tax reference prices of tobacco have not been changed for years and should be updated in line with market prices.

- **To issue a ministerial order to clarify the tax base of stamp duties on mobile money.** The 2021 budget law introduced stamp duties on mobile money with the rate of CFAF 5 per CFAF 1,000 of transfers and other transactions, though they were suspended given that the amount of such transactions was very small back then. Since the use of mobile money has been growing rapidly, the Ministry of Finance resumed stamp duties on mobile money in November 2024, but their collection has not been initiated in the absence of clear instructions to taxpayers. We remain committed to beginning collection of these stamp duties as soon as possible, which could, however, be delayed until 2026 because taxpayers need more time for the preparation.

- **To start collecting VAT from a telecom operator (Telecel) from April 2025 and agree on a payment schedule of its tax arrears.** The smaller telecom operator, which has been facing financial problems, has stopped payments of monthly VAT since January 2025, although its clients continue to pay VAT. If the non-payment of VAT from this company continues, it would create around CFAF 2.0 billion of revenue shortfall in 2025. In addition, the same operator has accumulated around CFAF 0.3 billion of tax arrears dated before 2024. The DGCI recently took an enforcement measure to close down the taxpayer's office and has been negotiating for significant upfront payments as a condition to agree on the payment schedule and reopen the office.

12. We will implement the following revenue measures as part of SBs.

- **To undertake audits of 10 large taxpayers that have high risks of under-declarations of Industrial Contributions (proposed SB by end-September 2025).** We will soon launch the tax audit process of declarations made in 2024. In particular, our audits will target 10 large taxpayers who paid substantial amounts of Industrial Contributions in 2023 but paid nothing or little in 2024, despite the fact that there has been no considerable decline of their business activities during this period.

- **To collect tax arrears from fish-powder ships (proposed SB by the end-December 2025).** This measure will target fish-powder ships floating in the Exclusive Economic Zone (EEZ) of Guinea-Bissau. Although no export of fish powder was recorded in Guinea-Bissau, other countries reported US$13.6 million or 3,226 ton of import of fish power from Guinea-Bissau in 2023, likely representing sales by this ship. In 2024, the number of ships increased to three. Based on preliminary data, their sales were estimated to have reached US$34.8 million or 22,942 tonne in 2024. The amount of tax arrears owed by these ships is estimated to be CFAF 7.3 billion for two years. We will start collecting these tax arrears from these ships by seizing their inventory and assets as needed. This would generate at least around CFAF 0.4 billion of additional revenue in 2025. We will also issue a Prime Minister's order to undertake inspections of the fish-powder ships before their existing fishing license expires in July 2025 and create an inspection team composed of the Ministries of Fishery, Interior, and Defense and the DGA.

13. We will implement as prior actions the following expenditure measures to help achieve the program's deficit target.

- **To approve by the Minister of Finance the revised Public Investment Program (PIP) budget to rationalize investment spending in line with the program parameters.** Saving from rationalization of PIP arises from: (i) curtailment of total spending for domestic PIP projects, which should be limited to CFAF 26.8 billion including the four priority road projects; (ii) curtailment of total disbursements of loan-financed external projects, which should be limited to CFAF 18.2 billion; and (iii) postponement of CFAF 1.8 billion of payments for the Pikil road project until 2026.

- **To execute other common expenditure for May and approve it for June by the COTADO within the monthly limit of CFAF 300 million.** This prior action aims to ensure compliance with the new QPC on other common expenditure, which sets the ceiling of CFAF 300 million per month, generating CFAF 4.5 billion of saving.

- **To undertake a census of workers of the Ministries of Health by the Human Resource Services.** This measure is to compensate for the upward pressure on the wage bill discussed below. In order to achieve effective and accurate results in the speedy manner, the census will be undertaken by small teams of the Human Resource Services and validated by the relevant regional delegations without involving the Ministry of Public Administration, which should only accept the results and block the payroll.

14. We reiterate our determination to respect the provisions of Article 34 of the 2022 State General Budget Law, with regard to the acquisition of goods and services, namely the purchase of vehicles, acquisition of real estate and furniture, construction, and major repairs. Between January-March 2025, CFAF 0.7 billion of other common expenditure were spent for buying at least 14 cars, none of which obtained the prior-approval of the Prime Minister required under Article 34(1) of the 2022 Budget Law as well as the continuous SB. Contracting of the four priority road projects also did not obtain the required prior-approval of the Prime Minister. Furthermore, the reconciliation exercise for 2025 Q1 revealed CFAF 10.0 billion of "expenditure to be regularized", which is expenditure paid but unrecorded. Ex-post regularization of unrecorded expenditure is against the program reporting requirements, which require all expenditure to be recorded immediately on its incurrence. To prevent recurrence of these irregularities, we propose to expand the QPC of a zero ceiling on "non-regularized expenditure" (DNT) to include purchase of a vehicle and signing of a domestic investment contract that does not obtain the prior approval of the Prime Minister and "expenditure to be regularized" and "regularized expenditure."

15. We will strengthen controls over loan-financed projects to ensure compliance with the revised PIP budget. The loan-financed external projects have been mostly outside the MoF's controls. While the 2025 budget law introduced a requirement for the approval by the Minister of Finance for all requests of project loan disbursement, this has not been implemented yet. To materialize expected saving from rationalization of PIP, all requests of project loan disbursements should be sent to the Director-General of Debt (DG Debt) for validation. The DG Debt will not validate a disbursement request if it exceeds the budget allocation or is not accompanied by invoices and delivery notes. This validation by the DG Debt has been implemented with the Islamic Development Bank and will be implemented with the World Bank, BOAD, and AfDB by September 2025 (**proposed continuous SB**). In addition, by September 2025, the Inspector General of Finance will, together with the National Secretary of State Property, inspect works and outputs of the loan-financed agricultural projects, which are facing serious concerns about the quality of construction and delivery.

16. We will tightly control travel expenses. Recently, the government has introduced a travel ban, except for travels by the President of the Republic and other essential official travels approved by the Ministry of Finance. We will strictly adhere to this new policy, which will reduce travel expense from the budget by CFAF 1.2 billion. We request to revise the continuous SB on the COTADO to approve and execute travel expenses within the quarterly ceilings shown in MEFP Text Table 3.

MEFP Text Table 3. Quarterly Limits to Travel Expense (CFAF million)

	Q1 Actual	Q2 Ceiling	Q3 Ceiling	Q4 Ceiling
Total of spending under code 6281, 6282, 6283, 6284	808	808	808	808

17. We will undertake a focused census of public workers. In 2025, there has been upward pressure on the wage bill because of hiring of seasonal education workers as well as limited hiring of health workers. Although these hirings were agreed in 2024 and thus are anticipated in the 2025 budget, the associated costs are higher than expected and have exceeded the space in the wage bill budget. As a result, the wage bill breached the March IT slightly and would exceed the December QPC by CFAF 0.8 billion if no measure is taken. In addition to the prior action on a census of the Ministry of Health, which has not undertaken such census for years and thus are likely to have significant saving potentials, we will undertake a census of public workers of one additional ministry **(proposed SB, for end-September 2025)**. The possible targets include the security sector, especially the Ministry of Interior. Meanwhile, we are firmly committed to rejecting any demands for salary increases for government workers without finding the same amount of saving first.

Fiscal Structural Reforms

18. We have been making good progress in the following fiscal reforms:

- **Pavement of the Safim Entry Post and physical deconsolidation of all trucks** (proposed SB for end-December 2025, replacing existing SB for end-March 2025). We have completed comparison of BLs and invoices for alcoholic drinks, which identified under-valuation and generated 0.1 percent of GDP of additional revenue. The legal process has been initiated against the contractor who failed to begin the pavement works at the Safim Entry Post, which is a precondition on physical deconsolidation (i.e. unloading) of all trucks.

- **Installing Sydonia World and beginning the training** (proposed SB for end-September 2025, replacing existing SB for end-June 2025). In March 2025, the donor (AfDB) disbursed the first tranche of the grant, which was the biggest bottleneck to making progress in this project. The government also paid co-financing for purchase of equipment. Construction works needed for the system's installation have been progressing rapidly. The prototype system has been installed and training of staff will begin in the coming months. We remain committed to operationalizing the system as soon as possible, which could, however, be affected by shortage of funding through AfDB's grants, which cover only 50 percent of total costs.

- **Operationalizing the integrated system for monitoring of cashew nuts and strategic goods** (existing SB for end-June 2025). The prototype of the system has been developed and tested both in and outside Bissau. After improving the system based on the test results, we plan to begin using the system for the cashew export campaign this year.

- **Connecting POS systems of supermarkets, hotels, and cement factories and vendors** (existing SB for end-June 2025). We have identified a contractor for the IT works, which is working on similar projects with the telecom operators, banks, and gambling companies. The contractor is currently preparing for information exchange arrangements with these taxpayers.

- **Other reforms.** To facilitate tax fraud detection and electronic filing and payments, we will implement data exchange between the DGCI and National Institute of Social Security (INSS), roll out Kontaktu to a tax on vehicles and regional and district tax offices, and simplify functions of data exports (existing SB for end-June 2025). As the key step to implement the Treasury Single

Account (TSA), we will transfer to the TSA held with the BCEAO all tax revenue deposited into commercial bank accounts at the end of every day (existing SB for end-June 2025). Meanwhile, we request to cancel the SB on submission of the revised income taxes and stamp duties laws, given the absence of Parliament. We also request to revise the SB on concluding public contracts in order to implement this measure for purchases of fuels before rolling out to purchase of foods (proposed SB for end-September 2025, replacing the existing SB for end-March 2025).

Debt Management Reforms

19. We will improve the budget credibility regarding loan-financed projects to ensure compliance with the IT and the overall deficit target. The December IT on disbursements of project loans was breached by CFAF 6.1 billion mainly because of unrealistic budget allocations made to the priority energy projects, which exceeded the original budget by CFAF 10.4 billion. The same problem is being repeated for 2025 where the budget allocates only CFAF 6.3 billion to the whole energy sector, while one of the priority projects alone is likely to make CFAF 5.8 billion of disbursements. Within the reduced envelope for total disbursements of project loans in the revised PIP budget discussed above, we will increase the budget allocations to the priority energy projects.

20. We continue to improve debt management procedures by maintaining compliance with the continuous SB. We will continue to send to the Central Bank a single batch of payment instructions for all external debt services, ten days before the beginning of each month, which has been the key measure to prevent recurrence of technical debt service arrears. We will also continue to submit to the Treasury Committee a monthly Net Treasury Position (PNT) report that includes breakdowns to each loan contract and bank account and calculates discrepancies of the fiscal balance between above-and below-the-line flows. We will maintain adherence to a ban on government guarantees other than those on the EAGB and APGB.

21. The government will reduce debt vulnerabilities through sustained fiscal consolidation and prudent borrowing. In 2024, total public debt of Guinea-Bissau is estimated to be 82.3 percent of GDP and external debt to be 34.8 percent of GDP. The share of credits from the IMF, World Bank, and African Development Bank in total external public debt is estimated at 47.0 percent in 2024. While the share of all multilateral creditors in total external public debt is relatively high (83.0 percent in 2024), the World Bank became the largest holder of external debt, with reduction of non-concessional borrowing from the BOAD during the program period. Through our commitments to the fiscal consolidation path, the zero ceiling on new non-concessional borrowing, and the ceiling on new concessional borrowing, total public debt and external debt will decline steadily to 68.2 percent and 27.5 percent of GDP, respectively, by 2030. We will address ongoing issues as follows:

- **The government is committed to clearing outstanding domestic arrears.** The government plans to clear the stock of domestic legacy arrears (CFAF 12.2 billion) in the medium-term.

- **The government remains committed to solving all legacy external arrears.** The outstanding legacy external arrears (US$4.1 million) include those to Brazil and Pakistan. The settlement of arrears with Brazil (US$1.9 million) is pending final approval from the Brazilian parliament. Since November 2021, we have sent to Pakistan several requests to resolve our arrears (US$2.2 million) to them.

- **The government will contract external debt only on highly concessional terms within the ceiling.** To ensure that the risk of debt stress remains manageable, the government is committed not to contract non-concessional external loans. We will also adhere to the ceiling on new concessional borrowing. The government will consult with the IMF on evaluation of the financial terms of new proposed loans.

- **The government will improve debt transparency.** We will expand the coverage of the published annual debt bulletin to cover debt from the two largest SOEs that pose the largest fiscal risks (EAGB and APGB) and publish quarterly debt bulletins that include central government debt and guarantees.

Energy Sector Reforms

22. Since the cancellation of the Karpower contract in December 2024 the EAGB restored its break-even point. However, because Karpower executed the US$7.9 million of Credit Letter, EAGB accumulated four months of arrears to the new supplier (EDG). To avoid electricity cuts by the EDG, consistent with the Government guarantee to EAGB, the Treasury provided CFAF 3.0 billion of financing to EAGB in December 2024. In addition, we provided CFAF 2.0 billion of advance electricity payments to EAGB. With this support, EAGB has repaid all arrears that it had accumulated and remains current to the EDG. We will also complete and publish an audit of EAGB's power purchase agreement and its amendments (existing SB for end-June 2025).

23. We request to increase the QPC on new concessional borrowing to accommodate the minimum additional financing needed for the 15MW project. This project has been constructing the ring transmission line between Bor and Central as well as the Bor powerplant with 15MW of capacity. Completing this project is critical for Guinea Bissau's energy security, as the only existing line connecting Bissau to OMVG at this moment has serious deficiencies. Due to lack of depth of underground lines, road maintenance crews accidentally cut the lines and caused multiple and prolonged blackouts in recent months. The Bor powerplant will also provide an essential backup when supply from the OMVG is interrupted. Completing the 15MW project requires CFAF 8.1 billion of additional financing to cover increased construction costs. Recently, the World Bank SESAP project agreed to provide CFAF 0.7 billion of grants to complete the line between Bor and Central given its urgency. With this, the BOAD loan financing for this project would need to be increased by CFAF 7.5 billion. Accordingly, we request to increase the QPC on a new concessional borrowing to accommodate this loan increase.

24. We will continue to negotiate a backup power-supply contract with SENELEC. Such backup contract is particularly important until completion of the 15MW project, which would take around 10 months after additional financing is arranged. We have been attempting to negotiate a backup contract with the Senegalese power company (SENELEC), although the response from

SENELEC has been somewhat slow. The backup contract would include only pay-by-use and not include any fixed payments.

25. We will support the efforts for the revenue mobilization of EAGB. Although EAGB restored the break-even point, it has little margin and mobilizing revenue remains critical to meet urgent investment needs, reduce expensive debt, and solve a precarious financial situation. To this end, we are committed to the SB that enshrines the following revenue mobilization measures (existing SB for end-June 2025):

- **Supporting the efforts for installation of 16,000 pre-paid meters:** EAGB received 32,000 pre-paid meters in August 2024 and meter boxes and other materials in September 2024. However, the installation process has been slower than expected, and only 2,538 meters were installed as of end-February 2025. This was mainly because the campaign in 2023, which installed around 10,000 pre-paid meters per month, exhausted easily reachable new clients. To speed up the process, the EAGB has adopted a more ambitious meter installation plan, which has increased monthly installation from around 200 meters to 1,343 meters in March 2025.

- **Supporting the efforts for enforcement of CFAF 0.7 billion of verified arrears from large clients:** The EAGB has made significant efforts to collect tariff arrears. For example, between January and March 2025, the stock of tariff arrears was reduced by CFAF 200 million.

E. Governance Reforms

26. We will continue to strengthen public procurement transparency and external audits. The Directorate-General of Public Tenders (DGCP) has been publishing beneficial ownership information of all public contracts on its website. The DGCP has also published the register of concession contracts together with beneficial ownership information as required by the SB. For COVID-19 spending, the report of the independent third-party audit of the High Commissioner for COVID-19 (AC) was published on the MoF's website in December 2022, and the audit report by the Audit Court of the AC was published on the website in November 2023. However, the Audit Court has delayed significantly the audits of EAGB, COVID-19 spending by other entities, and the irregular hiring process in 2021-22.

27. We will enhance the AML/CFT effectiveness. In the 2022 Mutual Evaluation Report (MER), the Inter-Governmental Action Group against Money Laundering in West Africa (GIABA) gave Guinea-Bissau low effectiveness ratings in all eleven criteria. To coordinate implementation of recommendations of MER and the 2020 National Risk Assessment (NRA), we have established the Inter-ministerial Committee. After the next legislative election, we will: (i) update the NRA based on MER recommendations; (ii) publish the national AML/CFT policy and finalize the action plan to address findings of MER and NAR; and (iii) prepare the legal framework for designating CENTIF as the AML/CFT supervisor for designated non-financial businesses and professions (DNFBPs).

28. The government will strengthen the anti-corruption framework. The priority reforms include the following:

- **Disclosure of beneficial ownership information in the company's register:** Building on progress in public procurement reforms, we will expand beneficial ownership transparency to legal persons in general. We will include in the company's register maintained by the Center of Formalization of Enterprises (CFE) beneficial ownership information of legal entities included in the electronic register (called "platform") (existing SB for end-June 2025). The CFE's platform, operationalized in 2020, includes data fields for beneficial owners, which however have not been filled yet. To gather beneficial ownership information and update the register, we will undertake the census of 200 large legal entities in Bissau, which will be led by the CFE and include the participation of the DGCI and the Ministry of Economy. The joint ministerial order on the terms of reference of the census will be approved in June 2025.

- **Medium-term reforms:** After the inauguration of the new Parliament, we will submit a package of legislation to strengthen independence of the Supreme Court Judges and Prosecutor-General through the improved nomination process and strengthen the legal framework for asset recovery and cooperation in economic crime investigations. We will also implement the new asset declaration regime after the new Parliament approves the new law, which was submitted in October 2023 but not approved when Parliament was dissolved in December 2023. We will also implement measures against economic crimes, including revival of the inspectorate of non-governmental organizations, some of which were reportedly abused to obtain tax exemptions, and registration of financial accounts at the DGCI, which is required by law but complied with by few legal entities.

29. We will continue improving the rule of law. The government has established the Center for Access to Justice (CAJ), which has programs for supporting public access to the judicial system. The government is planning to construct buildings for the CAJ in Bubaque and Catio, the two remaining provinces that do not have the CAJ. We will also continue to provide financial resources to meet operational costs without delay. To improve access to CAJ, we will develop a mobile app that includes basic information on legal awareness and functionality to request services from CAJ. The justice sector in Guinea-Bissau is in dire financial conditions. Several regional courts have closed because of lack of rent payments or magistrates. To develop minimum infrastructure, we will construct three Houses of Justice which accommodate regional courts, Identity Services, and all other justice-related services.

30. We will accelerate reforms of the State property management. We have completed the nation-wide inventory-taking of State property. We request technical assistance from the IMF to create an account of non-financial assets, which is an obligation under the WAEMU Directive, based on the results of the inventory-taking. We will also acquire the system for the SNPE to account and manage the State property identified during the inventory-taking. In order to update the inventory on a real-time basis, the National Secretary of State Property (SNPE) could propose to the Minister of Finance to assign an accountant to each line ministry as a property accountant who should report acquisition of new property under the SNPE's supervision. We have continued our efforts to fight against abuse of State property. For the last few months, we have recovered 7 ministers' houses, which were illegally occupied by former ministers and their family for decades after their appointment ended, and are recovering 4 more in coordination with the Ministry of Interior. To solve the problem of *casas avaliadas sem pagamentos*, which are government houses sold to public servants who continue to live without paying the value, we have been recovering payments by withholding their salaries. In June 2024, the Council of Ministers approved the new decree on use of government vehicles, which have been susceptible to abuse. No government vehicle is allowed to move after 19:00 or over weekends without the SNPE's permission, and the Fiscal Brigade has been confiscating vehicles that violated this requirement. We will operationalize the SNPE's system for monitoring of government vehicles (**proposed SB, by the end December 2025**). This system will keep track of movement of vehicles by GPS and allow the SNPE to block remotely those violating the decree. We will continue to make investments to support activities of the SNPE, including development of a parking lot for confiscated vehicles.

F. Financial Sector Reforms

31. The regional banking commission approved the purchase offer by an investor of the undercapitalized bank in February 2025. Accordingly, we issued a ministerial order on changes in the bank's shareholders, which has been published in the Official Gazette, and will sign a contract to transfer the government shareholding to the investor shortly. The third-party audit to assess the viability and solvency of the undercapitalized bank has been completed, and its finding was little different from the regular audits of the financial statements.

G. Statistics Reforms

32. We will continue statistical reforms. The government has been supporting the National Institute of Statistics (INE) and financed its hiring to fill the vacancies and meet the increased establishment number under the new decree on the organizational structure and human and technological resources of the INE. Despite our support, the INE is yet to publish the national accounts for 2019, 2020, and 2021. We implemented the Enhanced General Data Dissemination System (e-GDDS) by launching the National Summary Data Page in June 2024.

H. Program Monitoring

33. The program will be monitored through QPCs and ITs (Table 1) and structural benchmarks (Table 2). Assessment will be on a semi-annual basis using bi-annual performance criteria (end-June and end-December 2025) and continuous performance criteria throughout the program period as presented in Table 1. The TMU defines the scope and frequency of data to be reported for program monitoring purposes and presents the detailed definitions that form a basis for the performance assessments. The government will:

- Adhere to the QPCs on the floors on domestic tax revenues, the domestic primary balance and social and priority spending; the ceilings on wages and salaries and new concessional external debt contracted or guaranteed by the central government; and the zero ceilings on new non-concessional external debt contracted or guaranteed by the central government, new external payments arrears, new domestic payments arrears, and non-regularized expenditures.

- Prepare an external borrowing plan to facilitate assessment of the QPCs on external debt.
- Refrain entering or guaranteeing new external borrowing contracts at non-concessional rates.
- Agree not to: (1) impose or intensify restrictions on payments and transfers for current international transactions; (2) introduce or modify multiple currency practices; (3) enter into bilateral payment agreements that are inconsistent with Article VIII of the IMF Articles of Agreement; and (4) impose or intensify import restrictions for balance of payments purposes; and
- Adopt any new financial or structural measures that may be necessary for the success of its policies, in consultation with the IMF.

Table 1. Guinea-Bissau: Quantitative Performance Criteria (QPC) and Indicative Targets (IT) under the ECF, 2024-25

(Cumulative from beginning of a calendar year to end of month indicated, CFAF billion, unless otherwise indicated)

	2024						2025						
	End-Sep IT			End-Dec QPC			End-Mar IT			End-Jun QPC		End-Sep IT	End-Dec QPC
	Target	Actual	Status	Target	Actual	Status	Target	Prel.	Status	Target	Revised Target	Proposed	Proposed
Quantitative Performance Criteria													
Total domestic tax revenue (floor)	85.5	85.2	Not met	117.7	109.0	Not met	20.4	24.2	Met	54.4	52.4	91.7	131.0
Wages and salaries (ceiling)	45.8	44.8	Met	61.0	60.6	Met	15.9	16.1	Not met	31.7	31.7	47.2	62.0
Ceiling on new non-concessional external debt contracted or guaranteed by the central government (US$ millions)[1]	0.0	0.0	Met	0.0	0.0	Met	0.0	0.0	Met	0.0	0.0	0.0	0.0
Ceiling on new concessional external debt contracted or guaranteed by the central government (US$ millions)[1,2,6]	3.0 adjusted to 33.0	0.0	Met	114.6	114.6	Met	5.0	0.0	Met	5.0	12.5	12.5	12.5
New external payment arrears (US$ millions, ceiling)[1]	0.0	0.0	Met	0.0	0.0	Met	0.0	0.0	Met	0.0	0.0	0.0	0.0
New domestic arrears (ceiling)	0.0	0.0	Met	0.0	0.0	Met	0.0	0.0	Met	0.0	0.0	0.0	0.0
Social and priority spending (floor)[3]	42.0	46.2	Met	51.6	57.8	Met	12.5	10.1	Not met	26.0	15.4	23.0	30.6
Domestic primary balance (commitment basis, floor)[4,5,7]	-18.8	-23.3	Not met	-15.5	-40.0	Not met	-18.9	-27.5	Not met	-24.0 adjusted to -30.0	-39.3	-19.3	-0.8
Other common expenditure (ceiling)	…	…	…	…	…	…	…	…	…	…	9.1	10.0	10.9
DNT and DSAP (ceiling)[8]	0.0	0.0	Met	0.0	0.0	Met	0.0	0.0	Met	0.0	0.0	0.0	0.0
Indicative Targets													
Ceiling on disbursements of external project loans	13.9	18.0	Not met	21.5	24.9	Not met	11.0	3.4	Met	17.6	17.6	20.0	22.3
Spending for targeted projects and activities (CFAF millions, floor)	139	208	Met	185	272	Met	47	88	Met	95	500	600	1000

[1] These apply on a continuous basis.

[2] Adjusted upward by the amount of budget support loans not included in the baseline. For Sep 2024, adjusted also upward by the amount of cancellation of existing concessional external debt contracted after the approval of the ECF arrangement but undisbursed, up to USD 33.0 million.

[3] Defined as spending by the Ministries of Health, Education and the Ministry of Women, Family and Social Assistance.

[4] Excludes grants, foreign and BOAD financed capital spending, and interest.

[5] For 2025, adjusted downward by the amount of budget support that is not included in the baseline.

[6] Excludes IMF disbursements.

[7] For December 2024, the actual includes CFAF 9.3 billion of statistical discrepancy.

[8] The revised definition applies to the targets for June 2025 and onward.

Table 2. Guinea-Bissau: Prior Actions and Structural Benchmarks

Measures	Rationale	Status	Date	Comments
Prior Actions				
Implement eight revenue measures described in MEPF ¶11	Revenue mobilization		Prior Action	
Implement three expenditure measures described in MEPF ¶13	Expenditure controls		Prior Action	
Structural Benchmarks for December 2024				
Prepare by the Minister of Finance a redeployment plan to reallocate DGCI's directors and chiefs who were not appointed through an open and competitive process to other positions outside the DGCI.	Revenue mobilization	Not met	December 2024	Completed in May 2025
Prepare and publish an annual report on SOEs' performance, starting with the most relevant SOEs.	SOE oversight	Met	December 2024	
Prepare a report with strategy to reestablish the financial viability of EAGB, including an action plan and reinstate a functional accounting department (to avoid hiring third parties to prepare accounts).	SOE oversight/EAGB	Met	December 2024	
Publish a register of concession contracts submitted to the DGCP, including detailed information on contracts' durations, concessionaires' rights, obligations and beneficial ownership, and tax and other benefits provided by the government.	Anti-corruption	Met	December 2024	

Table 2. Guinea-Bissau: Prior Actions and Structural Benchmarks (Continued)

Measures	Rationale	Status	Date	Comments
Structural Benchmarks for March and June 2025				
Compare Bills of Landing (BLs) and Invoices of DGA and customs brokers for imports of beverage between January-December 2024 and complete pavement and begin physical inspection of all trucks at the Safim Entry Post	Revenue mobilization	Not met	March 2025	While the first part was completed, the second part is proposed to be replaced with a SB for Dec 2025.
Conclude public contracts for all purchase of four food items (rice, cooking oil, meat, fish) and fuel and obtain the MoF's approval	Expenditure control/transparency	Not met	March 2025	Proposed to be replaced with an alternative SB for Sep 2025
Operationalize the Sydonia World	Revenue mobilization		June 2025	Proposed to be replaced with an alternative SB for Sep 2025
Operationalize the integrated system for monitoring of cashew nuts, rice, wheat, suger, and cooking oil	Revenue mobilization		June 2025	
Connect POS or billing systems of large taxpayers that are hotels, supermarkets, and cement venders and factories to Kontaktu	Revenue mobilization		June 2025	
Implement data exchange between DGCI and INSS, roll out Kontaktu to taxes on vehicles and regional and district tax offices, and simplify its functions of data exports	Revenue mobilization		June 2025	
Approve by Council of Ministers and submit to Parliament the revised income tax and stamp duties bills.	Strengthen tax framework		June 2025	Proposed to be cancelled
Transfer to the TSA held with the BCEAO all tax revenue deposited into commercial bank accounts at the end of every day	Cash management		June 2025	
Revise processes and forecasting methodologies enhancing the forecasting of cash flows.	Cash management	Met	June 2025	
Install 16,000 pre-paid electricity meters at residential clients and enforce CFAF 0.7 billion of verified tariff arrears from large clients	SOE oversight		June 2025	
Complete and publish an audit of EAGB's power purchase agreement and its amendments	SOE oversight		June 2025	
Include in the company's register maintained by the Center for Formalization of Enterprises beneficial ownership information of legal entities included in the electronic register ("platform").	Anti-corruption, AML/CFT		June 2025	

Table 2. Guinea-Bissau: Prior Actions and Structural Benchmarks
(Continued)

Measures	Rationale	Status	Date	Comments
Structural Benchmarks for September and December 2025				
Undertake audits of 10 large taxpayers with high risks of under-declaratins of Industrial Contributions	Revenue mobilization		September 2025	**Proposed**
Install the Sydonia World and begin the training	Revenue mobilization		September 2025	**Proposed**
Undertake a census of public workers at a ministry other than the Ministry of Health	Expenditure controls		September 2025	**Proposed**
Conclude public contracts for all purchases of fuels	Expenditure controls		September 2025	**Proposed**
Collect tax arrears from fish-powder ships	Revenue mobilization		December 2025	**Proposed**
Complete pavement and begin physical inspection of all trucks at the Safim Entry Post	Revenue mobilization		December 2025	**Proposed**
Operationalize the system for monitoring of government vehicles	Governance		December 2025	**Proposed**

Table 2. Guinea-Bissau: Prior Actions and Structural Benchmarks
(Concluded)

Measures	Rationale	Status	Date	Comments
Continuous Structural Benchmarks				
Commitments of all expenditure, except for the wage and debt service, should be approved by the COTADO and obtain the prior authorization of the Prime Minister as required under Article 17(1) of the Budget Law and the monthly report of the Treasury Committee should be sent to the President of Republic and Prime Minister	Expenditure control	Not met	Continuous	Proposed to be modified (see below)
(i) Commitments of all expenditure, except for the wage and debt service, should be approved by the COTADO, (ii) purchases of vehicles, large construction works, and other spending specified in Article 34(1) of the 2022 Budget Law should obtain the prior authorization of the Prime Minister, and (iii) travel expenses should be executed within the quarterly ceilings shown in MEFP Text Table 3.	Expenditure control		Continuous	**Proposed**
(i) Issue to BCEAO, 10 days before the beginning of a month, a single batch of payment instructions for all external debt services that become due during the month and send their copies to the Treasury Committee, (ii) submit to the Treasury Committee a monthly PNT report that includes breakdowns to each loan contract and bank account and calculates discrepancies of the fiscal balance between above and below the line, and (iii) issue government guarantees only to state-owned enterprises and ongoing infrastructure projects and send copies of all guarantee contracts to the Treasury Committee.	Debt management	Met	Continuous	
Director-General of Debt should validate all disbursement requests of project loans, beginning with the Islamic Development Bank and expanding the process to the World Bank, AfDB, and BOAD by September 2025	Debt management		Continuous	**Proposed**

Attachment II. Technical Memorandum of Understanding

Introduction

1. This memorandum sets out the understandings between the Bissau-Guinean authorities and the International Monetary Fund (IMF), regarding the definitions of the Quantitative Performance Criteria (QPCs), Indicative Targets (ITs) and structural benchmarks (SBs) supported by the Extended Credit Facility (ECF) arrangement, as well as the related reporting requirements. Unless otherwise specified, all quantitative targets will be evaluated in terms of cumulative flows from the beginning of the period, as specified in Table 1 of the Memorandum of Economic and Financial Policies (MEFP).

2. Program exchange rates[1]. For the purpose of the program, foreign currency denominated values will be converted into local currency (CFAF) using program exchange rates of CFAF 601/US$ for 2024 and CFAF 600/US$ for 2025.

Quantitative Performance Criteria/Indicative Target

A. Total Domestic Tax Revenue

3. Definition. Tax revenue is defined to include direct and indirect taxes as presented in the central government financial operations table.

B. Wage Bill

4. Definition. For the purpose of program monitoring, the wage bill is defined to include (i) personnel expenditure ("despesas de pessoal"), such as staff salaries and benefits, subsidies, and gratuities, and (ii) 50 percent of transfers to embassies. These definitions are as presented in the central government financial operations table.

C. New Non-Concessional External Debt Contracted or Guaranteed by the Central Government

5. Definition of Central Government. Central government is defined for the purposes of this memorandum to comprise the central administration of the Republic of Guinea-Bissau and does not include any local administration, the central bank nor any other public or government-owned entity with autonomous legal personality not included in the government flow-of-funds table (TOFE).

6. Definition. Those are defined as all forms and maturities of new non-CFAF denominated debt contracted or guaranteed by the central government and CFAF denominated debt contracted

[1] The source of the cross-exchange rates is International Financial Statistics.

with BOAD. For program purposes, a debt is considered to be contracted when all conditions for its entry into effect have been met, including approval by the Minister of Finance.[2] For this purpose, new non-concessional external debt will exclude normal trade credit for imports and other debt denominated in CFAF, but will include domestically held foreign exchange (non-CFAF) debts. This QPC applies not only to debt as defined in the Guidelines on Public Debt Conditionality in Fund Arrangements attached to Decision No. 16919-(20/103), adopted October 28, 2020, point 8, but also to commitments contracted or guaranteed for which value has not been received. Excluded from this QPC are disbursements from the IMF and those debts subject to rescheduling or for which verbal agreement has been reached. This QPC will apply on a continuous basis. For program purposes, a 'guaranteed debt' is an explicit promise by the public sector to pay or service a third-party obligation (involving payments in cash or in kind).

7. Concessionality. For program purposes, a debt is concessional if it includes a grant element of at least 35 percent, calculated as follows: the grant element of a debt is the difference between the present value (PV) of debt and its nominal value, expressed as a percentage of the nominal value of the debt. The PV of debt at the time of its contracting is calculated by discounting the future stream of payments of debt service due on this debt. For debts with a grant element equal or below zero, the PV will be set equal to the nominal value of the debt. The discount rate used for this purpose is the unified discount rate of 5 percent set forth in Executive Board Decision No. 15248-(13/97). For debts carrying a variable interest rate in the form of a benchmark interest rate plus a fixed spread, the PV of the debt would be calculated using a program reference rate plus the fixed spread (in basis points) specified in the debt contract. The program reference rate for the six-month US$ Secured Overnight Financing Rate (SOFR) and the six-month Euro Interbank Offered Rate (EURIBOR) are, respectively, 2.73 percent and 2.00 percent and will remain fixed for the duration of the program. Where the variable rate is linked to a benchmark interest rate other than the six-month US$ SOFR and the six-month EURIBOR, a spread reflecting the difference between the benchmark rate and the six-month US$ SOFR will be added.

8. Reporting requirement. The government will report any new external borrowing and its terms to Fund staff before external debt is contracted or guaranteed by the government.

D. New Concessional External Debt Contracted or Guaranteed by the Central Government

9. Definition. This QPC applies to the nominal value in US dollars of new external debt contracted or guaranteed by the central government which is not considered non-concessional as defined in ¶5, 6 and 7 of TMU. Excluded from this QPC are disbursements from the IMF and those debts subject to rescheduling.

10. Adjustor. The ceiling on new concessional external debt contracted or guaranteed by the central government will be adjusted upward by the amount by which budget support loans exceed

[2] Contracting of credit lines (which can be drawn at any time and entered into effect) with no predetermined disbursement schedules or with multiple disbursements will be also considered as contracting of debt.

the projected amount. For March, June, and September 2024, the ceiling was also adjusted upward by the amount of cancellation of existing concessional external debt that was contracted after the approval of the ECF arrangement but remains undisbursed, up to US$33.0 million. From January 1, 2025, the ceiling will be adjusted upward by US$114.6 million if contracting of the EIB loan for the Safim-Mpak road project is delayed beyond December 2024, provided that the increased amount can be used only for contracting of the said EIB loan.

E. Ceiling on Disbursement of External Project Loans

11. Definition. This IT applies to disbursements of external loans allocated to finance investment projects, including those contracted before the program approval date.

F. New External Payment Arrears of the Central Government

12. Definition. For the purposes of this quantitative target, external payment arrears, based on the currency test, are debt service payments that have not been paid on due dates (taking into account the contractual grace periods, if any) and that have remained unpaid 30 days after the due dates. Arrears not to be considered arrears for the quantitative target, or “non-program” arrears, are defined as: (i) arrears accumulated on the service of legacy HIPC external debt for which there is a pre-existing request for rescheduling or restructuring; and/or (ii) the amounts subject to litigation. For the purposes of this QPC, central government is as defined in paragraph 5 above. This QPC will apply on a continuous basis effective on the date of approval of the ECF arrangement.

13. Reporting. The government will provide copies of a batch of payment instructions to the BCEAO for external debt services to be issued 10 days before the beginning of a month as required under the continuous SB as well as any other payment instructions for external debt services, within one week after the issuance.

G. New Domestic Arrears of Central Government

14. Definition. Domestic arrears are defined as CFAF-denominated accounts payable (*resto-a-pagar*) accumulated during the year, and still unpaid by three months after the end of the month for wages and salaries (including pensions), and three months after the due dates for goods, services and transfers. Domestic arrears also include CFAF-denominated debt service payments that have not been paid on due dates (taking into account the contractual grace periods, if any) and that have remained unpaid 30 days after the due dates and non-CFAF denominated accounts payable that remains unpaid three months after the due dates. For the purposes of this QPC, central government is as defined in paragraph 5 above.

H. Social and Priority Spending

15. Definition. Social and Priority spending is defined to include spending in the Ministries of Health, Education and the Ministry of Women, Family and Social Assistance. For June, September and December 2025, social and priority spending excludes externally financed spending of these ministries.

I. Domestic Primary Balance (Commitment Basis)

16. The domestic primary fiscal deficit on a commitment basis is calculated as the difference between government revenue and domestic primary expenditure on commitment basis. Government revenue includes all tax and nontax receipts and excludes external grants. Domestic primary expenditure consists of current expenditure plus domestically financed capital expenditure, excluding all interest payments and capital expenditure financed by project loans or grants. Government commitments include all expenditure for which commitments have been approved by the Ministry of Finance; automatic expenditure (such as wages and salaries, pensions, utilities, and other expenditure for which payment is centralized); and expenditure by means of offsetting operations.

17. Adjuster. For September and December 2025, the floor for the domestic primary balance will be adjusted downward by the amount of disbursements of budget support that is not included in the following baseline estimate; World Bank (CFAF 6.0 billion), African Development Bank (CFAF 7.3 billion), France (CFAF 3.3 billion), and Spain (CFAF 0.7 billion).

J. Other Common Expenditure

18. Definition. Other common expenditure includes spending made under the budget item 6691 “outras despesas comuns”. The ceiling excludes spending for the election census and logistics. It excludes also domestic security spending up to CFAF 200 million per month.

19. Reporting requirement. The government will report a list of individual payments for other common expenditure on a monthly basis.

K. DNT and DSAP

20. Definition. DNT (despesa não titulada) includes (i) “expenditure to be regularized”, which means expenditure paid but unrecorded, (ii) “regularized expenditure”, which means unrecorded expenditure that is ex-post regularized, and (iii) any treasury outlay not properly accounted for by the National Budget Directorate and/or not included in the budget. DSAP (despesa sem aprovação do primeiro-ministro) includes purchase of a vehicle, large construction works, and other spending that did not obtain the prior approval of the Prime Minister required under Article 34(1) of the 2022 Budget Law.

21. Reporting requirement. The government will report any DNT and DSAP on a continuous basis.

L. Floor on Spending for targeted projects and activities

22. Definition. Targeted project and activities spending is defined as total of expenditure measured on a commitment basis for projects and activities described as follows:

- **a.** Transfers to Social Protection under the Ministry of Women, Family, and Social Assistance (Chapter 661210101: Item 6439)
- **b.** Transfers to the National Institute of Agricultural Research (INPA) (Chapter 843420101: Item 6312)
- **c.** Project to Expand the INPA
- **d.** Project to Acquire School Furniture (Project ID 411920601)
- **e.** Transfers to the Office of Judicial Information and Consultation (GICJU) (Chapter 192292201: Item 6312)
- **f.** Project to Purchase Medicines (Project ID 611921202)

23. Reporting requirement. The government will report spending of each project and activity monthly.

Table 1. Guinea-Bissau: Summary of Reporting Requirements

Information	Frequency	Reporting Deadline	Responsible
Fiscal Sector			
Central Government budget and execution	Monthly	30 days after the end of the month	DGPEE[1]/MF[2]
Budgetary grants	Quarterly	30 days after the end of the quarter	DGPEE/MF
Project grants	Quarterly	30 days after the end of the quarter	DGPEE/MF
Change in the stock of domestic arrears	Monthly	30 days after the end of the month	DGPEE/MF
Unpaid claims	Monthly	30 days after the end of the month	DGPEE/MF
Arrears on interest and principal	Monthly	30 days after the end of the month	DGPEE/MF
Proceeds from bonds issued in the regional WAEMU market	Monthly	30 days after the end of the month	DGPEE/MF
Social and priority spending	Quarterly	30 days after the end of the quarter	DGPEE/MF
DNT and DSAP	As occuring		DGPEE/MF
Extrabudgetary expenditure for force majeure	As occuring		DGPEE/MF
All decisions to change tax reference prices and tax exemptions	As occuring		DGPEE/MF
All bank instructions for external debt service	Weekly	7 days after the payments	DGPEE/MF
Real and External Sector			
Updates on annual National Accounts by sector	Annually	30 days after approval	DGPEE/MF
Balance of Payments data	Annually	30 days after approval	BCEAO[3]
Balance of Payments data	Quarterly	45 days after the end of the quarter	BCEAO
Commercial data	Monthly	45 days after the end of the month	DGPEE/MF
CPI Monthly	Monthly	45 days after the end of the month	DGPEE/MF
Debt sector			
External and domestic debt and guaranteed debt by creditor	Monthly	30 days after the end of the month	DGPEE/MF
Disbursements	Monthly	30 days after the end of the month	DGPEE/MF
Amortization	Monthly	30 days after the end of the month	DGPEE/MF
Interest payments	Monthly	30 days after the end of the month	DGPEE/MF
Stock of external debt	Monthly	30 days after the end of the month	DGPEE/MF
Stock of domestic debt	Monthly	30 days after the end of the month	DGPEE/MF
Exceptional domestic financing	Monthly	30 days after the end of the month	DGPEE/MF
Copies of any new agreements of domestic and external loans	As occuring		DGPEE/MF
Copies of any new agreements of government guarantees	As occuring		DGPEE/MF
Monetary/Financial sector			
Detailed consolidated balance sheet of commercial banks	Monthly	45 days after the end of the month	BCEAO
The monetary survey	Monthly	45 days after the end of the month	BCEAO
Detailed net position of central government (PNG/PNT)	Monthly	45 days after the end of the month	BCEAO
Financial soundness indicators	Semi-annually	90 days after the end of the half year	BCEAO
Interest rates	Monthly	45 days after the end of the month	BCEAO
Deposit rates on all types of deposits at commercial banks	Monthly	45 days after the end of the month	BCEAO
Short- and long-term lending rates of commercial banks	Monthly	45 days after the end of the month	BCEAO

[1] Directorate General for Projections and Economic Studies
[2] Ministry of Finance
[3] Central Bank of West African States

INTERNATIONAL MONETARY FUND

GUINEA-BISSAU

June 13, 2025

STAFFF REPORT FOR THE 2025 ARTICLE IV CONSULTATION, EIGHTH REVIEW UNDER THE EXTENDED CREDIT FACILITY, REQUESTS FOR REPHASING OF ACCESS, EXTENSION OF THE ARRANGEMENT, WAIVERS OF NONOBSERVANCE OF PERFORMANCE CRITERIA, MODIFICATION OF PERFORMANCE CRITERIA, AND FINANCING ASSURANCES REVIEW—INFORMATIONAL ANNEX

Prepared By

African Department
(In consultation with other departments)

CONTENTS

RELATIONS WITH THE FUND

(As of April 30, 2025)

Membership Status: Joined: March 24, 1977; Article VIII

General Resources Account:	**SDR Million**	**%Quota**
Quota	28.40	100.00
IMF's Holdings of Currency (Holdings Rate)	24.23	85.30
Reserve Tranche Position	4.20	14.79

SDR Department:	**SDR Million**	**%Allocation**
Net cumulative allocation	40.82	100.00
Holdings	63.31	155.07

Outstanding Purchases and Loans:	**SDR Million**	**%Quota**
RCF Loans	14.20	50.00
ECF Arrangements	38.09	134.12

Latest Financial Commitments:

Arrangements:

Type	Date of Arrangement	Expiration Date	Amount Approved (SDR Million)	Amount Drawn (SDR Million)
ECF	Jan 30, 2023	Jan 29, 2026	39.76	30.31
ECF	Jul 10, 2015	Jul 09, 2019	22.72	17.04
ECF	May 07, 2010	May 06, 2013	22.37	15.12

Outright Loans: [1/]

Type	Date of Commitment	Date Drawn/Expired	Amount Approved (SDR Million)	Amount Drawn (SDR Million)
RCF	Jan 25, 2021	Jan 27, 2021	14.20	14.20
RCF	Nov 03, 2014	Nov 11, 2014	3.55	3.55

[1/] Undrawn outright disbursements (RFI and RCF) expire automatically 60 days following the date of commitment, i.e. Board approval date.

Overdue Obligations and Projected Payments to Fund [2/]

(SDR million; based on existing use of resources and present holdings of SDRs):

	Forthcoming				
	2025	2026	2027	2028	2029
Principal	2.82	4.26	4.66	3.62	6.11
Charges/Interest		0.00	0.00	0.00	0.00
Total	2.82	4.26	4.66	3.62	6.11

[2/] When a member has overdue financial obligations outstanding for more than three months, the amount of such arrears will be shown in this section.

Implementation of HIPC Initiative:

	Enhanced Framework
I. Commitment of HIPC assistance	
Decision point date	Dec 2000
Assistance committed by all creditors (US$ Million) [3/]	421.70
Of which: IMF assistance (US$ million)	11.91
(SDR equivalent in millions)	9.20
Completion point date	Dec 2010
II. Disbursement of IMF assistance (SDR Million)	
Assistance disbursed to the member	9.20
Interim assistance	1.56
Completion point balance	7.64
Additional disbursement of interest income [4/]	0.23
Total disbursements	9.43

[3/] Assistance committed under the original framework is expressed in net present value (NPV) terms at the completion point, and assistance committed under the enhanced framework is expressed in NPV terms at the decision point. Hence these two amounts can not be added.

[4/] Under the enhanced framework, an additional disbursement is made at the completion point corresponding to interest income earned on the amount committed at the decision point but not disbursed during the interim period.

Implementation of Multilateral Debt Relief Initiative (MDRI):

I. MDRI-eligible debt (SDR Million)[5/]	0.51
Financed by: MDRI Trust	0.00
Remaining HIPC resources	0.51
II. Debt Relief by Facility (SDR Million)	

Delivery Date	Eligible Debt GRA	PRGT	Total
December 2010	N/A	0.51	0.51

[5/] The MDRI provides 100 percent debt relief to eligible member countries that qualified for the assistance. Grant assistance from the MDRI Trust and HIPC resources provide debt relief to cover the full stock of debt owed to the Fund as of end-2004 that remains outstanding at the time the member qualifies for such debt relief.

Implementation of Catastrophe Containment and Relief (CCR):

Date of Catastrophe	Board Decision Date	Amount Committed (SDR million)	Amount Disbursed (SDR million)
N/A	Apr 13, 2020	1.08	1.08
N/A	Oct 02, 2020	1.36	1.36
N/A	Apr 01, 2021	1.12	1.12
N/A	Oct 06, 2021	0.60	0.60
N/A	Dec 15, 2021	0.28	0.28

As of February 4, 2015, the Post-Catastrophe Debt Relief Trust has been transformed to the Catastrophe Containment and Relief (CCR) Trust.

Safeguards Assessment

Guinea-Bissau is a member of the West African Economic and Monetary Union (WAEMU). The Central Bank of West African States (BCEAO) is a common central bank of the countries of the WAEMU. The last assessment of the BCEAO, completed in August 2023, found that the central bank continues to have well-established audit arrangements and a strong control environment. The BCEAO is in the process of addressing the safeguards assessment's recommendation to align its Statute with changes in the 2019 cooperation agreement with France.

Exchange Arrangement

The WAEMU's common currency, the CFA franc, is pegged to the Euro at a rate of CFAF 655.957 = EUR 1, consistent with the official conversions rate of the French franc to the Euro and the previous fixed rate of the CFA franc to the French franc of CFAF 100= F 1. The de-jure and de facto exchange rate arrangements are a conventional peg. As of January 1, 1997, Guinea-Bissau accepted the obligations of Articles VIII, section 2, 3, and 4 of the Fund's Articles of Agreement. Guinea-Bissau's exchange system has no restrictions on making payments or transfers for current international transactions and the country does not engage in multiple currency practices.

Article IV Consultation

Guinea-Bissau is on the 24-month Article IV consultation cycle. The Executive Board concluded the last Article IV consultation with Guinea-Bissau on June 17, 2022.

Resident Representative

The Resident Representative in Senegal also covered Guinea-Bissau from September 1997 through July 2007. Mr. Sarr has been the Resident Representative in Guinea-Bissau since September 2023.

RELATIONS WITH OTHER INTERNATIONAL ORGANIZATIONS

As of April 30, 2025, Guinea-Bissau collaborates with the World Bank Group and the African Development Bank. Further information may be obtained from the following websites:

World Bank Group
https://www.worldbank.org/en/country/guineabissau

African Development Bank
https://www.afdb.org/en/countries/west-africa/guinea-bissau

GUINEA-BISSAU

June 13, 2025

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Approved By
Montfort Mlachila and Jacques Miniane (IMF) and Abebe Adugna and Manuela Francisco (IDA)

Prepared jointly by the staffs of the International Monetary Fund and the International Development Association[1]

Guinea-Bissau: Joint Bank-Fund Staff Debt Sustainability Analysis	
Risk of external debt distress	*High*
Overall risk of debt distress	*High*
Granularity in the risk rating	*Sustainable*
Application of judgment	*No*

Guinea-Bissau remains at high risk of external and overall debt distress, unchanged from the previous DSA (December 2024). [2] *For external debt, the PV of debt to exports ratio breaches the threshold from 2025 to 2027 and the debt service to exports ratio also breaches from 2030 to 2032. However, the stock of external debt has been steadily reduced through the prudent borrowing policy, and the PV of external debt for 2024 was reduced from the previous DSA with the finalized schedule of debt reprofiling of the West African Bank for Development (BOAD). Public debt stood at 82.2 percent of GDP in 2024, increased by 2.8 percent of GDP from 2023 or 4.6 percent of GDP from the*

[1] This DSA follows the Guidance Note of the Join Bank-Fund Debt Sustainability Framework for Low Income Countries of February 2018 and its Supplement of August 2024. The last DSA was on November 27, 2024 (Country Report No. 24/353).

[2] Guinea-Bissau has a weak debt-carrying capacity, given the 2.65 Composite Indicator based on the October 2024 WEO and the 2023 CPIA.

previous DSA, despite reduction of the domestic primary deficit by 1.1 percent of GDP.

The PV of public debt to GDP ratio breaches the benchmark for a prolonged period. However, public debt is assessed as sustainable based on the authorities' commitments to fiscal consolidation, which will reduce public debt to the WAEMU criteria of 70 percent of GDP in 2030 and below 60 percent of GDP in the long run.

The authorities have been committed to a prudent borrowing policy and fiscal consolidation, which are the key drivers to reduce external and public debt. The prudent borrowing policy includes strict adherence to the zero-ceiling on non-concessional borrowing as well as tight limits to new concessional borrowing under the borrowing plan. The authorities have made significant progress in strengthening expenditure controls, which reduced domestic primary expenditure by 2.3 percent of GDP in 2024. Fiscal consolidation to put public debt on a downward trajectory is concentrated in 2025 when a domestic primary deficit will be reduced by 2.2 percent of GDP. The authorities have been implementing a long list of revenue and expenditure measures that buttress the deficit target. However, the risks to fiscal consolidation are high, especially on an expenditure side, ahead of the election in November 23, 2025. There was 1.8 percent of GDP of spending overrun in early 2025, although its impact will be fully compensated by additional measures introduced under the IMF supported program. The program extension for six months, which will pin down the authorities' policy commitments for the whole 2025, is an attempt to mitigate these risks.

DEBT COVERAGE

1. **Public debt covers debt of the central government and the central bank and government-guaranteed debt (Text Table 1).** Debt classification follows a hybrid approach. Debt to the BOAD (9.8 percent of GDP in 2024) is in CFA francs but classified as external, while other debt follows a currency-based classification.[3] Accordingly, Treasury securities issued in the regional market (30.8 percent of GDP in 2024) are in CFAF and classified as domestic.

Text Table 1. Guinea-Bissau: Public Debt Coverage

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	

2. **The debt coverage is fairly comprehensive, although other units of general government and state-owned enterprises (SOEs) are not covered due to data limitations.** At this moment, there is no known debt of local governments.[4] For the SOE sector, guaranteed debt accounted for 0.6 percent of GDP in 2024—arising from the public utility company (EAGB) and the airport. This guaranteed debt is included in the DSA baseline. Non-guaranteed debt of SOEs is estimated roughly at around 1.5 percent of GDP in 2024 and accounted for in the contingent liabilities shock.[5] Non-debt liabilities of SOEs are estimated roughly at around 2 percent of GDP, but its vast majority (around 1.8 percent of GDP) is composed of tax arrears and other Treasury receivables, which will be netted out.

3. **Efforts to strengthen the government's capacity to record and monitor public debt and contingent liabilities continue.** The government utilizes the Debt Management and Financial Analysis System (DMFAS) for external debt recording and is working to integrate domestic debt into the system. The World Bank carried out a Debt Management Performance Assessment (DeMPA) in 2021, which has formed the basis for important technical assistance. For example, debt oversight has been strengthened by the decrees in July 2021, which established a Public Debt National Committee and formalized the organization and operations of the Debt Directorate. Through the Performance

[3] Debt owed to the BOAD is classified as external debt, following the harmonized treatment in the WAEMU region. Treasury security issuance in the regional market is classified as domestic as with the case of other WAEMU countries.

[4] The only known debt of local governments was 0.3 percent of GDP of guaranteed debt of City of Bissau, which was taken over by the Treasury when the guarantee was called in 2024.

[5] Non-guaranteed SOE debt includes borrowing of EAGB and the Port Authority (roughly around 0.3 percent of GDP each) and unpaid Karpower and Electricité de Guinée invoices (0.8 percent and 0.2 percent of GDP, respectively). They are not included in the baseline because of limited information, in absence of credible and timely financial statements of SOEs. The authorities have indicated that SOE debt is not recorded in DMFAS, rather collected through the Treasury.

and Policy Actions (PPAs) under the International Development Association's (IDA) Sustainable Development Finance Policy (SDFP), the World Bank has supported the authorities with preparation of the debt bulletin, which includes EAGB's debt and has been published for up to the fourth quarter of 2024. The IMF AFRITAC West also provided capacity development missions in 2023 and 2024. With the IMF support, the authorities published two SOE reports in 2023 and 2024, which were the first of this kind and increased transparency in SOE financial data and included recommendations on reduction of fiscal risks.

4. **The contingent liability shocks are augmented from the standard values to account for potential sources of fiscal risks** (Text Table 2). Contingent liabilities from non-guaranteed debt of SOEs are increased from the standard 2 percent of GDP risk to 3.2 percent of GDP, which is more than double the estimated non-guaranteed debt of SOEs in 2024 (1.5 percent of GDP). Furthermore, an additional 2 percent of GDP of contingent liabilities is included to capture a possible discovery of domestic legacy arrears that are not included in the debt stock through future audits. Contingent liabilities from the financial sector use the standard 5 percent of GDP risk, which is larger than the possible recapitalization needs of the undercapitalized bank (estimated at 2 percent of GDP).

Text Table 2. 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	2	Domestic arrears (2 percent)
3	SoE's debt (guaranteed and not guaranteed by the government) 1/	2 percent of GDP	3.2	Increased from 2 to 3.2 to reflect potential liabilities linked to EAGB/Increased public guarantees (1.2 percent).
4	PPP	35 percent of PPP stocl	0	
5	Financial market (the default value of 5 percent of GDP is the minimum v	5 percent of GDP	5	
	Total (2+3+4+5) (in percent of GDP)		10.2	

1/ The default shock of 2% of GDP will be triggered for countries whose government-guaranteed debt is not fully captured under the country's public debt definition (1.). If it is already included in the government debt (1.) and risks associated with SoE's debt not guaranteed by the government is assessed to be negligible, a country team may reduce this to 0%.

BACKGROUND

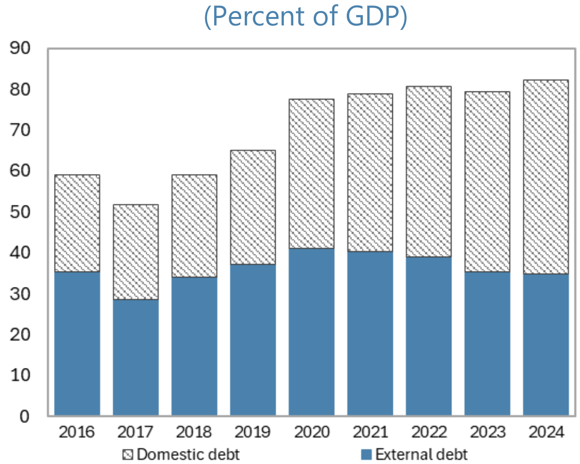
5. **Guinea-Bissau's debt to GDP ratio is estimated to have reached 82.2 percent in 2024, and the share of domestic debt has been increasing** (Text Table 3). Since its peak at 41.0 percent of GDP in 2020, external debt has been steadily reduced, dropping to 34.7 percent in 2024 (Text Figure 1). This was achieved primarily due to prudent borrowing policy under the ECF-supported program, which sets out the zero ceiling on new non-concessional borrowing and has tightened controls of concessional borrowing.[6] However, domestic debt has increased from 36.6 percent of GDP in 2020 to 47.5 percent of GDP in 2024, due to a high overall fiscal deficit, which averaged 6.8 percent of GDP between 2021-2024. In 2024, the overall fiscal deficit was reduced by 0.9 percent of GDP from 2023 through fiscal consolidation, but total debt was pushed up by 2.8 percent of GDP from 2023.

[6] Given the country's high risk of external debt distress, this ceiling is also supported under IDA's Sustainable Development Finance Policy (SDFP).

Text Table 3. Guinea-Bissau: Total Public Debt

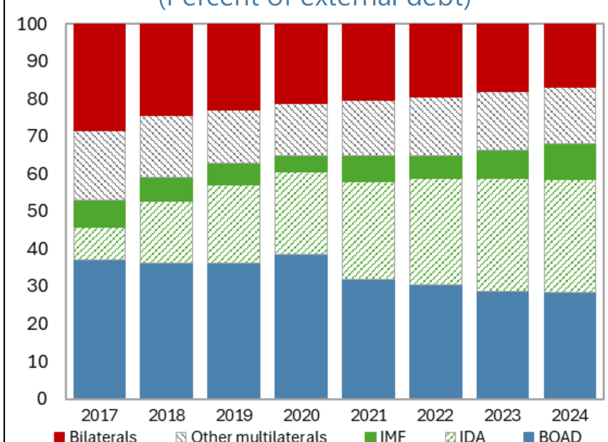
	2022	2023	2024 Prel.	2025 Proj.	2022	2023	2024 Prel.	2025 Proj.
	(Billions of CFAF)				*(Percent of GDP)*			
Public Sector Debt	**864.4**	**965.4**	**1,089.6**	**1,126.5**	**80.7**	**79.4**	**82.2**	**78.5**
Central Government Debt	**864.4**	**965.4**	**1,089.6**	**1,126.5**	**80.7**	**79.4**	**82.2**	**78.5**
External	**417.6**	**430.0**	**460.2**	**458.4**	**39.0**	**35.4**	**34.7**	**32.0**
Multilateral	335.8	352.2	382.0	384.6	31.3	29.0	28.8	26.8
IMF	25.1	32.1	43.4	45.0	2.3	2.6	3.3	3.1
IDA	118.2	129.9	138.9	135.7	11.0	10.7	10.5	9.5
BOAD	127.4	123.0	130.2	132.0	11.9	10.1	9.8	9.2
AfDB	33.4	34.5	34.1	37.8	3.1	2.8	2.6	2.6
Others (IDB, BADEA, IFAD, etc)	31.8	32.7	35.4	34.1	3.0	2.7	2.7	2.4
Bilateral	81.8	77.8	78.2	73.8	7.6	6.4	5.9	5.1
of which Legacy Arrears	3.5	3.4	2.6	2.3	0.3	0.3	0.2	0.2
Paris Club	6.1	5.6	4.5	3.8	0.6	0.5	0.3	0.3
Non-Paris Club	75.7	72.2	73.7	70.0	7.1	5.9	5.6	4.9
Domestic	**446.9**	**535.4**	**629.3**	**668.1**	**41.7**	**44.0**	**47.5**	**46.6**
Local Banking System	178.8	209.3	236.2	233.4	16.7	17.2	17.8	16.3
BCEAO	130.0	129.4	128.9	126.1	12.1	10.6	9.7	8.8
Loans local commercial banks	26.5	52.6	70.9	70.9	2.5	4.3	5.3	4.9
Treasury Securities held by local banks	22.4	27.3	36.4	36.4	2.1	2.2	2.7	2.5
Treasury Securities held by regional banks	229.0	294.0	370.3	414.0	21.4	24.2	27.9	28.9
Payment Arrears	19.1	13.3	12.9	10.7	1.8	1.1	1.0	0.7
Guarantees	20.0	18.8	10.0	10.0	1.9	1.5	0.8	0.7

Text Figure 1. Evolution of Public Debt
(Percent of GDP)



Source: IMF staff calculations.

Text Figure 2. Composition of External Debt
(Percent of external debt)



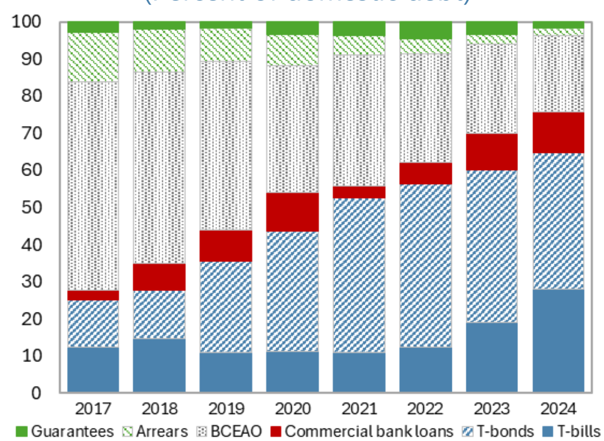
Source: IMF staff calculations.

6. **The composition of external debt has shifted away from expensive loans to highly concessional loans.** Before the pandemic, two-thirds of external debt were comprised of loans from the BOAD and bilateral creditors, which are relatively expensive and included several non-concessional loans (Text Figure 2). In 2024, multilateral creditors account for 83 percent of external debt, but the share of expensive borrowing from the BOAD and bilateral creditors was reduced to 45

percent and replaced with highly concessional loans from the IMF, IDA, and AfDB.[7] Following the catalytic effects of the ECF-supported program, since 2023, all new loans proposed by the BOAD have also been made concessional. The authorities have made significant progress in resolving legacy external arrears.[8]

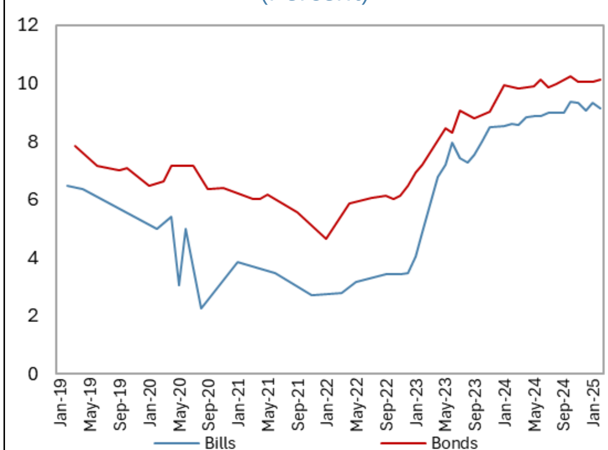
7. Tight regional financial conditions increased concentration of domestic debt on short-term Treasury securities and commercial bank loans. Before the pandemic, domestic debt was composed mostly of legacy borrowing from the central bank (Text Figure 3). In the wake of the pandemic, the drop of interest rates in the regional market drove a rapid increase in medium-term Treasury bonds (Text Figure 4). However, since 2023, tightening of regional financial conditions caused a surge of interest rates. Domestic financing has recently relied heavily on the issuance of short-term Treasury-bills as well as loans from local commercial banks, shares of which increased from 19.5 percent of total domestic debt in 2019 to 39.4 percent in 2024.

Text Figure 3. Composition of Domestic Debt
(Percent of domestic debt)



Source: IMF staff calculations.

Text Figure 4. Yields of Treasury Securities
(Percent)



Source: IMF staff calculations.

MACROECONOMIC ASSUMPTIONS

8. The assumptions in the baseline scenario are consistent with the macroeconomic framework of the eighth review of the ECF arrangements. The macroeconomic projections for

[7] In addition, the recently signed Safim-Mpak road project uses a blended financing package of EU grant and EIB loan, which, as a package, is assessed as concessional. In the DSA, the EIB loan is assumed to be disbursed in equal amounts over a five-year period, between 2026 and 2030. IDA financing projections are in-line with the latest project available information, with grant-only financing assumed until 2030.

[8] Guinea-Bissau has legacy external arrears, totaling US$4.1 million (0.2 percent of GDP) at the end 2024, to Brazil and Pakistan. Negotiations with Brazil (US$1.9 million) are pending final approval from the Brazilian Parliament. Since November 2021, requests have been sent to Pakistan (US$2.2 million) to attempt to resolve arrears. In addition, the bilateral agreement with Portugal covering the pre-HIPC arrears is being finalized. These legacy arrears are not included in the DSA analysis.

2025 and onward remain broadly unchanged from the previous DSA in December 2024 (Text Table 4). The baseline includes the impact of climate change under a no adaptation scenario, in line with the World Bank's recent Country Climate Diagnostic Report (CCDR, 2024). The overall fiscal deficit for 2025 and 2026 is slightly higher compared to the previous DSA, based on a conservative assumption of higher interest rates for Treasury securities. This fiscal consolidation path will be buttressed by continued tight controls of the wage bill and other expenditure[9], in which the authorities have made significant progress, and implementation of planned revenue-enhancing measures, which are expected to generate 2.9 percent of GDP in additional revenue in 2025 and 2026 (¶13).

Text Table 4. Guinea-Bissau: Baseline Macroeconomic Assumptions

(Percent of GDP, unless otherwise indicated)

	2022	2023	2024 Prel.	2025 Proj.	2026 Proj.	2027 Proj.	2028 Proj.	2029 Proj.	Long Term
Real GDP growth (percent)									
Previous DSA	4.6	5.2	5.0	5.0	5.0	5.0	4.5	4.5	4.1
Current DSA	4.6	5.2	4.8	5.1	5.0	5.0	4.5	4.5	3.8
CPI inflation (percent)									
Previous DSA	7.9	7.2	4.2	2.0	2.0	2.0	2.0	2.0	2.0
Current DSA	7.9	7.2	3.7	2.0	2.0	2.0	2.0	2.0	2.0
Primary fiscal balance									
Previous DSA	-4.7	-5.5	-2.0	-0.2	-0.3	-0.3	-0.6	-0.7	-0.5
Current DSA	-4.7	-5.5	-3.9	-0.2	-0.2	-0.1	-0.1	-0.3	-0.4
Overall fiscal balance (commitment)									
Previous DSA	-6.1	-8.2	-5.0	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0
Current DSA	-6.1	-8.2	-7.3	-3.4	-3.5	-3.3	-3.0	-3.0	-3.0
Tax revenues									
Previous DSA	9.3	9.2	8.9	9.5	10.3	10.5	10.7	10.7	11.4
Current DSA	9.3	9.2	8.2	9.3	10.3	10.5	10.7	10.7	11.4
Domestic primary expenditures									
Previous DSA	15.0	15.0	12.3	11.1	11.2	11.5	12.0	11.9	12.5
Current DSA	15.0	15.0	12.7	12.1	11.2	11.3	11.6	11.5	12.4
Non-interest current account balance									
Previous DSA	-7.9	-7.3	-6.1	-4.7	-3.0	-2.8	-2.8	-2.8	-2.7
Current DSA	-7.9	-7.3	-6.8	-4.3	-3.4	-3.1	-2.8	-2.7	-2.6
External debt									
Previous DSA	39.0	35.4	33.9	32.7	31.4	30.2	29.0	28.2	23.7
Current DSA	39.0	35.4	34.7	32.0	30.9	29.7	28.5	27.6	22.6
Domestic debt									
Previous DSA	41.7	44.0	43.7	42.1	40.9	39.8	39.1	38.3	37.1
Current DSA	41.7	44.0	47.5	46.6	45.4	44.3	43.4	42.3	40.3

Source: IMF staff calculations.

9. **GDP growth is projected to range between 4.5 percent to 5.0 percent in the medium-term, similar to the previous DSA.** Despite a decline of cashew export volume by 13 percent, growth in 2024 was resilient at an estimated 4.8 percent. While cashew and subsistence farming production were affected by extreme heat during the dry season and excessive rainfall during the

[9] This includes new prior actions and program targets agreed at the eighth review of the ECF supported program, namely (i) a monthly ceiling on "other common expenditure", (ii) a census of workers of the Ministries of Health by the Human Resource Services and (iii) the rationalization of non-priority investment spending.

rainy season, growth was supported by income effects of high producer prices of cashew, which doubled from 2023 and boosted private consumption, and strong growth of private investments, including construction of a new airport terminal and transmission lines. In 2025, a recent surge of international cashew prices is expected to support strong recovery of cashew export volume by 20 percent. Growth is conservatively projected to be 5.1 percent in 2025, supported by a good cashew campaign and higher producer prices, which will boost private demand and activity in the service sector (including trade and hospitality), and continued construction activity. Over the medium-term, growth is expected to remain resilient with continued strong growth in investments – including construction linked to the Bissau port, the new airport terminal and the Safim-Mpack road. Cashew exports are expected to maintain moderate growth, given the continued steady expansion of cashew plantations. Upside to the baseline could arise from infrastructure development, which will improve access to electricity and road transportation and, together with improved governance and business environments, will accelerate economic diversification and attract investments. The baseline accounts for the impacts of climate change on growth modelled under the World Bank's CCDR – and more specifically, the low-growth no adaptation scenario.[10] Long term growth has been adjusted from 4.1 percent, in line with the economy's growth potential[11], to 3.8 percent to account for potential climate change impacts.

10. Inflation is on a path to converge to around the WAEMU criteria of 2 percent. In 2024, average inflation was 3.7 percent, slightly higher than the WAEMU average (3.5 percent). This was due to the removal of rice subsidies, which were put in place in August 2023 and cancelled in April 2024. Given the recent decline in international rice prices, inflation is projected to fall to around 2 percent in 2025, within the WAEMU target of 1 to 3 percent, after the base effect of rice subsidies wears out.

11. The current account deficit is expected to narrow, reflecting improvements to terms of trade in 2025. In 2024, the current account deficit, which is driven by terms of trade and export volume was estimated to be 8.2 percent of GDP, similar to the 2022 and 2023 levels. This was driven by a 1.5 percent of GDP reduction in exports, reflecting lower cashew volumes and prices, though these were partially offset by a decrease in rice and fuel imports. Developments in international cashew and rice prices in early 2025 point to improvements to the terms of trade. While imports will be driven by important structural investments, the current account deficit is expected to narrow over the medium-term, and come close to its norm of around 4-5 percent of GDP suggested by the External Sector Assessment in May 2025. Improvements to the current account deficit are driven by an expected recovery in cashew exports, reduced import prices for fuels, foods, and other commodities, and potential gains from regional trade integration. In the medium-term, cashew export prices are projected to be around $1,200-1,300 per tonne, which is the long-run average, and export volumes to grow at moderate rates in line with past trends.

[10] The CCDR's low-growth scenario assumes growth to average 4.6 percent over the medium-term. In the absence of adaptation, climate change is expected to have cumulative effect of reducing real GDP growth by at least 5.17 percent by the end of the DSA projection period (i.e. 2045).

[11] Potential growth is estimated based on standard techniques such as the Hodrick-Prescott Filter and estimation using an aggregate production function. These estimates use historical data of the existing drivers of the economy: subsistence agriculture, cashew nut sector and commerce.

12. The domestic primary balance is expected to improve in 2025 and 2026, reflecting revenue mobilization efforts and continued spending discipline. The domestic primary deficit narrowed by 1.1 percent of GDP between 2023 and 2024. Under the ECF-supported program, the authorities successfully strengthened expenditure controls, which reduced domestic primary expenditure by 2.3 percent of GDP from 2023, and addressed fiscal slippages. However, this expenditure side of consolidation efforts were offset by a decline of tax revenue by 1.0 percent of GDP from 2023, which was caused by a decline of cashew revenue, low tax collection from the nine largest taxpayers (telecoms, banks, and the gas station company), and a shift of trade flows from the port to land borders with weaker controls. The baseline assumes that fiscal consolidation will further improve the domestic primary balance by 2.2 percent and 1.1 percent of GDP in 2025 and 2026, respectively. Given the limited margin to reduce expenditure further, the fiscal consolidation strategy is centered on domestic revenue mobilization, with revenue expected to increase by 1.6 percent and 0.3 percent of GDP, respectively, in 2025 and 2026 (Box 1). While spending levels have come down considerably, there was an overrun of 1.8 percent of GDP in early 2025, mainly due to spending on several priority road projects, the election census and logistical costs, and other discretionary spending. As corrective action to address these slippages, the authorities have approved the revised Public Investment Program (PIP) which sharply rationalizes non-priority projects. They are also adhering to the new QPC on "other common expenditure", which is one of main sources of the overrun.[12] With this, the overall fiscal deficit is expected to converge to the WAEMU criteria of 3 percent of GDP in 2028.

Box 1. Ongoing Efforts to Enhance Revenue Mobilization

The authorities are implementing a series of revenue-enhancing measures to support the fiscal consolidation agenda. Most of measures have been implemented as part of the prior actions at the seventh and eighth ECF review, and are expected to have an impact of 1.83 percent of GDP in 2025 (Box 1 Table 1).

In 2026, revenue-enhancing measures will focus on continued VAT implementation, customs infrastructure, and changes in tax legislation once Parliament is reinstated. Possible measures will include: (i) collection of VAT from foods and consumer goods based on retail sales prices (0.5 percent of GDP); (ii) improved infrastructure at the São Domingos Entry Post (0.2 percent of GDP); (iii) an increase in the tax reference price of rice and wheat (0.2 percent of GDP); and (iv) increases in tax rates or creation of new taxes on personal income, telecoms, banks, hotels, and restaurants (0.2 percent of GDP).

[12] This prior action aims to ensure compliance with the new QPC on other common expenditure, which sets the ceiling of CFAF 300 million per month, generating CFAF 4.5 billion of savings (0.3 percent of GDP).

Box 1. Table 1. Revenue Measures, 2025 (Percent of GDP)

Measure	Impact	Status
Total revenue measures	**1.83**	
Measures at the seventh review	**0.75**	
Increase in a tax reference price of cashew from $800/ton to $900/ton	0.08	Implemented
No renewal of tax exemptions for CIMAF	0.09	To be implemented in July 2025
Increase in a tax reference price of imported cement from CFAF 54/kg to 65/kg	0.01	Implemented
Update of tax reference prices and other measures for used cars	0.05	Implemented
Elimination of exemptions of fuels from sales taxes at the point of sales	0.32	In progress
Physical inspection of all trucks at Safim Entry Post	0.14	In progress
Connecting systems of hotels, supermarkets, cement venders and factories to DGCI	0.05	In progress
Additional measures at the eighth review	**1.08**	
Increase in a tax reference price of cashew to $1000/ton and its specific rate tax	0.17	Implemented
Correction of alcoholic drinks' valuation	0.10	Implemented
Single license for mobile operators (nontax revenue)	0.35	Prior Action
Sales of the naval base (nontax revenue)	0.13	Prior Action
Collection of VAT on port fees of APGB at the port	0.07	Prior Action
Collection of tax arrears other than those of a telecom operator	0.05	Prior Action
Increase in tax reference prices of tiles and beams	0.04	Prior Action
Increase in tax reference prices of tobacco	0.02	Prior Action
Collection of tax arrears from a telecom operator	0.02	Prior Action
Audits of large taxpayers with high risks of under-declarations	0.06	Structural Benchmark
Collect tax arrears of fish-powder ships	0.03	Structural Benchmark
Collection of unpaid dividends of the undercapitalized bank (nontax revenue)	0.06	New measure

13. **External debt is projected to decline steadily through a prudent borrowing policy.** The authorities remain committed to the zero-ceiling on new non-concessional borrowing and the tight limits to contracting of new concessional loans and disbursements of existing loans. After the signing of €105 million of a loan for the Safim-Mpak road project in December 2024, the authorities' borrowing plan, which is consistent with this DSA, expects no new external borrowing for 2025 and 2026, except for additional financing of an ongoing energy project (Text Table 5).[13]

14. **Public debt is projected to decline over the medium to long term as a result of prudent borrowing policies, moderate growth, and commitments to fiscal consolidation.** Public debt stock is projected to meet the WAEMU convergence criteria of 70 percent of GDP in 2030 and decline further to below 60 percent of GDP in the long run. Because external debt will be used only for concessional financing of limited

Text Table 5. Guinea-Bissau: 2025-26 Borrowing Plan (USD million)

PPG external debt contracted or guaranteed	Volume of new debt[1]		PV of new debt[1]	
	2025	2026	2025	2026
Sources of debt financing	**12.5**	**3.0**	**8.3**	**2.0**
Concessional debt[2]	12.5	3.0	8.3	2.0
Multilateral debt	12.5	3.0	8.3	2.0
Uses of debt financing	**12.5**	**3.0**	**8.3**	**2.0**
Energy	12.5	-	8.3	-
Transportation	-	3.0	-	2.0

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 ongoing energy project loan, which is financed by BOAD, was signed in June 2012.

priority projects, fiscal deficits will be primarily financed through issuance of Treasury securities in the regional market. The DSA conservatively assumes that the share of short-term T-bills will be 80 percent for the next five years and the interest rates will be 10.0 percent for 2025 and 2026.

15. The macroeconomic framework is broadly realistic though risks remain. On the debt dynamics (Figure 3), external debt will follow a declining path similar to that observed in the past, given the prudent borrowing policy. The residual component is due to BOP statistics including Treasury securities in external capital flows. The downward trajectory of public debt will be primarily driven by reduction of the primary deficit through fiscal consolidation, although the sizable past residual component could add to public debt. On the fiscal adjustments (Figure 4), the three-year primary adjustment falls within the top quartile of past-adjustments in LICs with IMF-supported programs, but is considered realistic given the authorities' strengthened controls on the wage bill and other expenditure, as well as revenue-enhancing measures committed under the ECF-supported program. The impact of fiscal consolidation on growth is likely to be limited, because consolidation focuses on current spending. Public and private investment rates and growth contributions of public investments are similar to the previous DSA.

COUNTRY CLASSIFICATION AND DETERMINATION OF STRESS TEST SCENARIOS

16. Guinea-Bissau is assessed to have weak debt carrying capacity, unchanged from the previous DSA. The Composite Indicator (CI) score for Guinea-Bissau is 2.65 based on data from the October 2024 WEO and the 2023 Country Policy and Institutional Assessment (CPIA) of the World Bank (Text Table 6). This score is below the 2.69 cutoff, resulting in a weak debt-carrying capacity.

Text Table 6. Guinea-Bissau: Calculation of the CI Index

Debt Carrying Capacity	Weak

Final	Classification based on current vintage	Classification based on the previous vintage	Classification based on the two previous vintages
Weak	Weak 2.65	Weak 2.63	Weak 2.55

Note: Until the April 2019 WEO vintage is released, the two previous vintages ago classification and corresponding score are based solely on the CPIA per the previous framework.

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	2.528	0.97	37%
Real growth rate (in percent)	2.719	4.650	0.13	5%
Import coverage of reserves (in percent)	4.052	39.462	1.60	60%
Import coverage of reserves^2 (in percent)	-3.990	15.573	-0.62	-23%
Remittances (in percent)	2.022	8.677	0.18	7%
World economic growth (in percent)	13.520	2.967	0.40	15%
CI Score			2.65	100%
CI rating			Weak	

17. In addition to the standard six stress tests, a tailored test on commodity prices have been applied. This is to capture impact of sudden drop of cashew prices by 15 percent[14] from the baseline in 2025, which is assumed to recover only gradually to the baseline. Simultaneously, setting of export shocks is changed from the standard value (1.0 standard deviation) to 0.5 standard deviation from the baseline. These stress test settings remain unchanged from the previous DSA.

DEBT SUSTAINABILITY

A. External Debt Sustainability Analysis

18. Guinea-Bissau's risk of external debt distress remains high, unchanged from the previous DSA. The PV of debt to GDP ratio and the debt service to revenue ratio are below the thresholds throughout the projection period. However, the PV of debt to export ratio breaches the threshold from 2025 to 2027. The debt service to export ratio also breaches the threshold from 2030 to 2032 when amortization of BOAD loans resumes under the reprofiled schedule. These breaches result in the high-risk rating. Nonetheless, the finalized schedule of reprofiling of BOAD loans, which is incorporated in the current DSA, further reduces interest payments in the medium to long run from the provisional schedule incorporated in the previous DSA. As a result, in 2024, the PV of external debt is reduced from 22.3 percent of GDP in the previous DSA to 21.2 percent of GDP in the current DSA.

19. A shock to exports would have a significant negative impact on Guinea-Bissau's external debt sustainability. It shows the most extreme results of the stress scenarios and causes the PV of debt to export ratio and the debt service to export ratio to breach the thresholds for a long period of time. An FX shock is also the most extreme result of the debt service to revenue ratio and causes the breach in 2030 and 2031 when amortization of BOAD loans resumes. These stress test results highlight the importance of continuing the prudent borrowing policy to reduce steadily the stock of external debt.

B. Public Debt Sustainability Analysis

20. Guinea-Bissau's overall risk of public debt distress remains also high. The PV of debt to GDP ratio breaches the benchmark for a prolonged period of time, although it steadily declines from 68.4 percent of GDP in 2024 to 59.0 percent of GDP in 2030 and 51.5 percent of GDP in 2045. The debt service to revenue and grant ratio soared from 79.7 percent in 2023 to 129.9 percent in 2024 and stays above 100 percent until 2028. This is mainly due to shortening of Treasury securities' maturities as observed in other regional countries. Roll-over risks are considered manageable because there continue to be high demand in the regional markets where the bid amount has been far above the asked amount, only with an exception in March-April 2024 when the monetary policy tightening shocked the market.

[14] This is equivalent of one standard deviation of annual changes in export volumes between 2001-19.

21. A contingent liability shock would have a significant negative impact on public debt sustainability. This scenario shows the most extreme results in the medium-term and cause the PV of debt to GDP ratio to be elevated by 10 percent of GDP in 2026 from the baseline. These results point to importance of mitigating fiscal risks. The authorities have made significant progress in improving the financial situation of EAGB, which has been the largest source of fiscal risks but restored a break-even point with cancellation of Karpower contract in December 2024. However, EAGB continues to face a precarious situation given lack of access to financing and should accelerate revenue mobilization through installation of pre-paid electricity meters and enforcements of tariff arrears of large clients. The regional Banking Commission approved the purchase offer by an investor of government shares in the undercapitalized bank in February 2025. This will further mitigate financial sector risks.

C. Climate Change Risks

22. Guinea-Bissau's susceptibility to climate change and variability is significant, and the country's capacity to prepare, respond, and adapt is limited. The 2018–19 Harmonized Survey on Households Living Standards indicated that climate shocks are already directly affecting around 20 percent of households. The situation is projected to deteriorate by 2030, further compounding existing challenges and increasing the population's vulnerability, particularly in rural areas where education levels are lower and marginalization more pronounced.

23. Economic exposure to climate change is mostly due to the important role of the agriculture sector, fisheries and infrastructure. Climate change poses a significant threat to agriculture, especially the cashew sector, with the country's reliance on rainfed agriculture and smallholder subsistence farming making it particularly susceptible to the impacts of climate variability. Similarly, sea level rise continues to affect Guinea-Bissau's coastal region and is a serious threat to 70 percent of the population who reside along the coast. The marine fisheries sector is at risk, with projections suggesting a decrease in maximum catch potential of 14 to 21 percent by 2050 due to rising sea temperatures, affecting jobs and economic growth. Water resources are equally at risk as rising temperatures and decreasing precipitation are adversely affecting groundwater reserves, which are a primary source of drinking water, and are reducing river flows. Additionally, rising sea levels are causing increased coastal salinization. Infrastructure is also vulnerable to impacts as the electricity sector is acutely susceptible to the repercussions of climate change and increased flood events could lead to increased damage and disruptions within Guinea-Bissau's road network.

24. Guinea-Bissau's Nationally Determined Contribution (NDC) suggests significant costs to address exposure to climate change. While a low emitter, Guinea-Bissau has high mitigation ambitions, targeting a 30 percent reduction in greenhouse gas emissions by 2030. The NDC outlines significant climate actions, with initiatives focused on forest conservation, sustainable agriculture, and community development. However, the country's political instability, institutional weaknesses, and limited financial resources pose challenges to implementing these climate commitments, which depend heavily on external funding. The financial sector's underdevelopment and vulnerability to external shocks limit its ability to support green investments, though reforms could enhance resilience. Guinea-Bissau thus faces the challenge of securing financing that exceeds its own financial resources and the current level of climate financing, which was estimated at US$18.0 million annually in 2019. The country has estimated the cost for enacting the mitigation component of its NDC at approximately US$694 million over the period 2021–30.

25. **Given the country's vulnerability to natural disasters and climate change, the DSA's baseline has been adjusted to incorporate its long-term growth impacts.** The impacts are based on modelling that underpins the Country Climate Diagnostic Report, completed in 2024. Assuming no additional adaptation investments, the macroeconomic impacts of climate shocks will be determined by climate outcomes, the growth pathways, and associated structures of the economy. Under the chosen low growth scenario, cumulative real GDP losses are estimated to reach 5.17 percent from the baseline by the end of the DSA projection period (2045).

RISK RATING AND VULNERABILITIES

26. **Guinea-Bissau remains at a high risk of external debt distress, but external debt is assessed as sustainable based on continuation of the prudent borrowing policy.** While the PV of debt to GDP ratio and the debt service to revenue ratio are below thresholds throughout the projection period, the PV of debt to export ratio breaches the threshold from 2025 to 2027 and the debt service-to-export ratio also breaches from 2030 to 2032. However, under the ECF-supported program, the stock of external debt has been steadily reduced. The current DSA also incorporates the finalized schedule of reprofiling of BOAD loans, which further reduced PV of external debt from the previous DSA. To continue reducing external debt, it is critical to maintain the prudent borrowing policy, including strict adherence to the zero-ceiling on non-concessional borrowing and the borrowing plan, which sets out very tight limits to new concessional borrowing after recent signing of the Safim-Mpak road project loan.

27. **The overall risk of public debt distress remains also high, but debt is assessed as sustainable based on the authorities' commitments to fiscal consolidation.** In 2024, despite reduction of a domestic primary balance by 1.1 percent of GDP from 2023, public debt increased by 2.8 percent of GDP. The PV of debt-to-GDP ratio breaches the benchmark for a prolonged period of time. The debt service to revenue ratio soared due to the region-wide shortening of maturities of Treasury securities. However, public debt is projected to be steadily reduced from 82.2 percent of GDP in 2024 to the WAEMU criteria of 70 percent of GDP in 2030, with fiscal consolidation to achieve the WAEMU criteria on an overall fiscal deficit of 3 percent of GDP in 2028. Rollover risks are considered manageable given continued high demands at the regional markets.

28. **Risks to the debt sustainability assessment are significant.** The downward debt trajectory projected in the DSA hinges on the large fiscal consolidation targeted under the program in 2025, when the domestic primary balance improves by 2.2 percent of GDP. While the authorities have been successful in containing spending from the outset of the ECF program, reducing domestic primary spending by 2.7 percent of GDP between 2022 and 2024, there remain risks of another spending overrun in the runup to the elections scheduled in November 2025. The proposed extension of the ECF-supported program for six months, which would set the new QPCs and pin

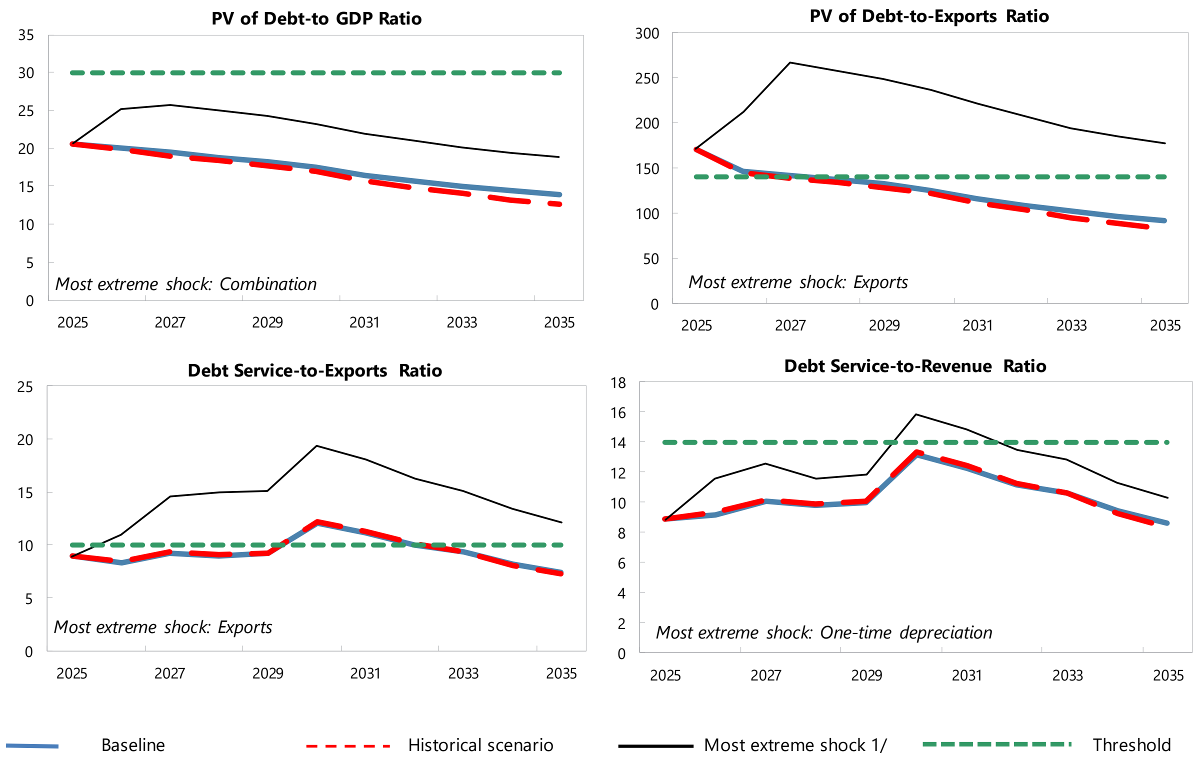
down the authorities' commitments until the end-2025, will help mitigate the risks to the debt sustainability assessment.

29. Policy actions should be taken to mitigate significant downward risks to the baseline. Growth, especially from exports, is facing significant downside risks from unexpected drop of cashew prices and weather shocks to cashew and agricultural production. For external debt, the stress test results show that a shock to exports would cause the PV of debt to export ratio and the debt service to export ratio to breach the thresholds for a long period of time. To build resilience to shocks, this underscores importance of steadfast reduction of external debt, especially those not with highly concessional terms. For public debt, contingent liabilities shocks would cause a significant upward shift of debt trajectories. While the authorities have made significant progress in improving EAGB's financial situation, which is the largest source of risks, the policy efforts should continue to push for EAGB's revenue mobilization. Fiscal risks from the financial sector will be also mitigated by the recent approval by the regional Banking Commission of the purchase offer for the undercapitalized bank.

AUTHORITIES' VIEWS

30. The authorities agreed with staff's assessment that Guinea-Bissau is at high risks of debt distress. They also broadly agree with the assumptions underlying the DSA. The authorities are strongly committed to the overall deficit target for 2025 and have been implementing a long list of revenue and expenditure measures necessary to compensate an impact of spending overrun made in early 2025. They are aware of importance of fiscal consolidation in 2025 to put public debt on a downward trajectory and have requested the program extension for six months and agreed on the new QPCs enshrining the fiscal consolidation targets for the whole 2025. For external debt, the authorities remain strongly committed to the prudent borrowing policy and the tight ceiling on new concessional borrowing.

Figure 1. Guinea-Bissau: Indicators of Public and Publicly Guaranteed External Debt Under Alternatives Scenarios, 2025–35



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.

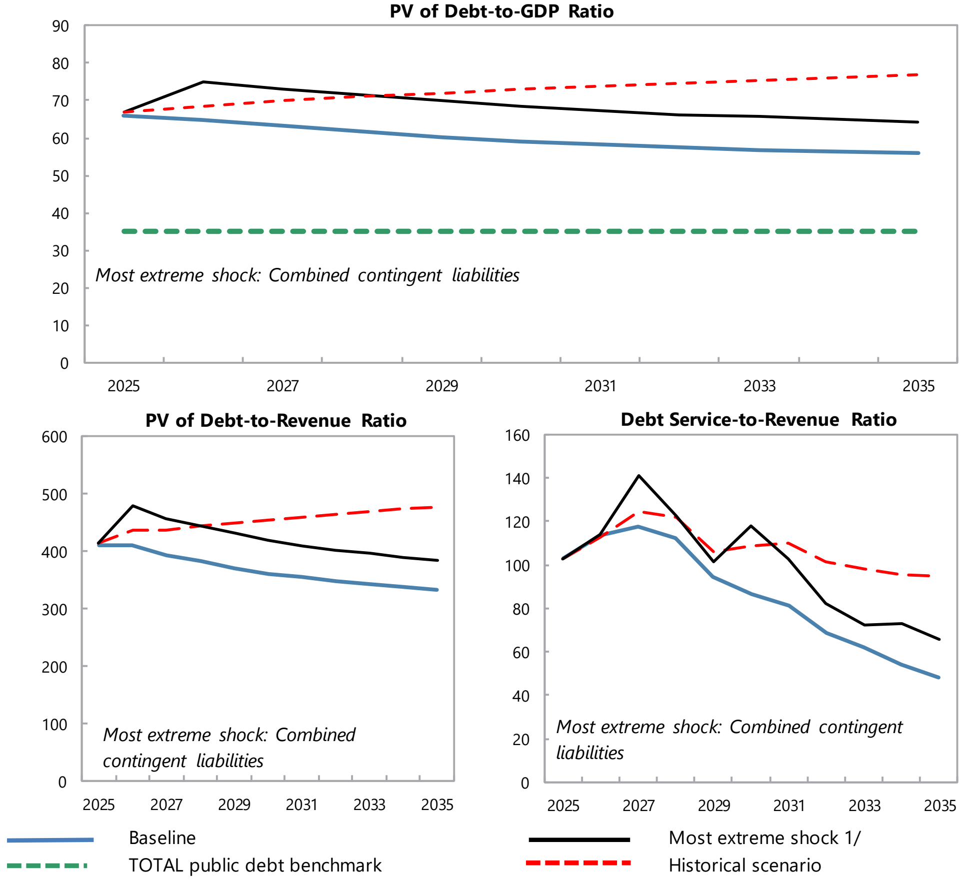
Borrowing assumptions on additional financing needs resulting from the stress tests*	Default	User defined
Shares of marginal debt		
External PPG MLT debt	100%	
Terms of marginal debt		
Avg. nominal interest rate on new borrowing in USD	1.6%	1.6%
USD Discount rate	5.0%	5.0%
Avg. maturity (incl. grace period)	30	30
Avg. grace period	7	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 2035. 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, 2025–35



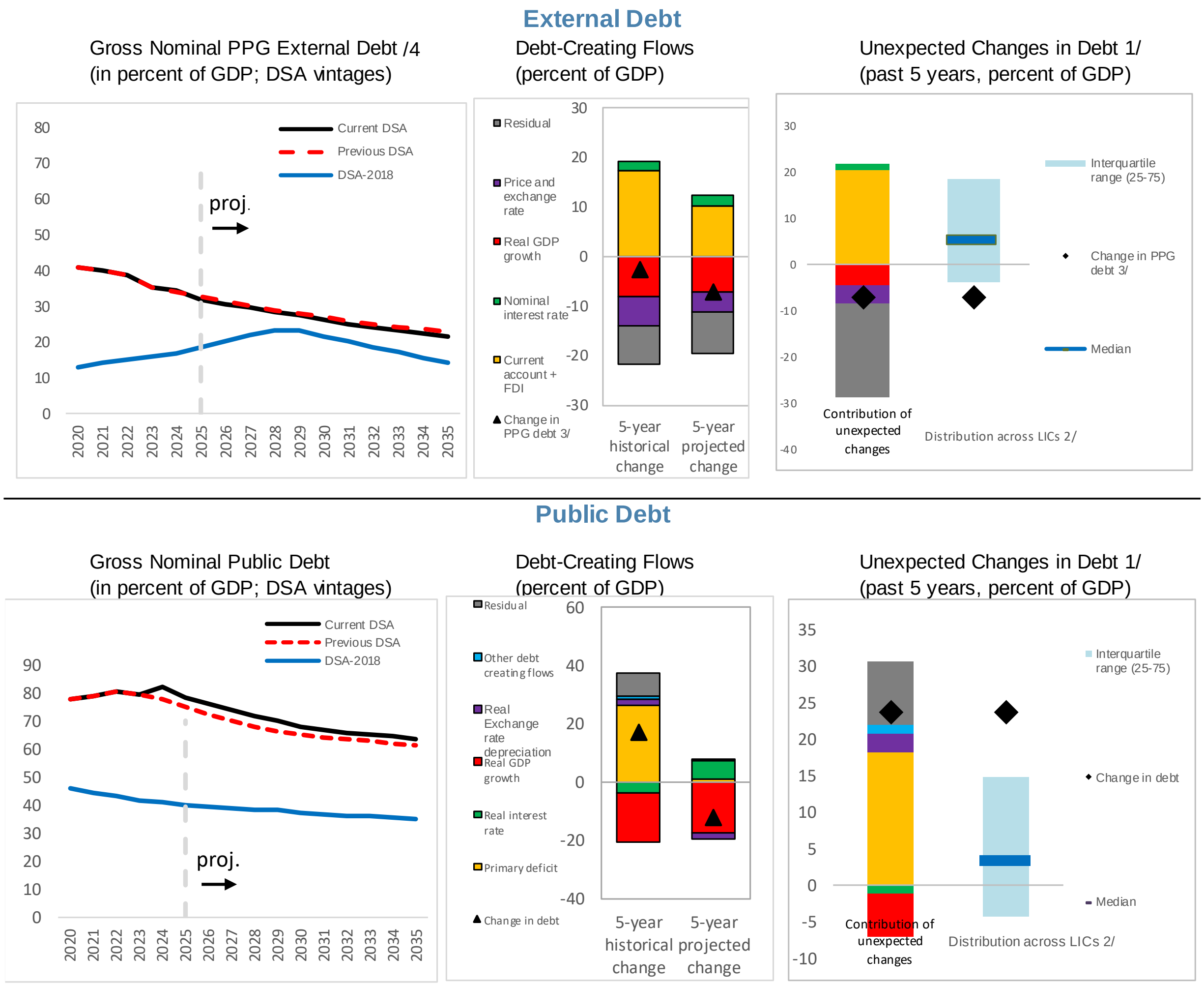
Borrowing assumptions on additional financing needs resulting from the stress tests*	Default	User defined
Shares of marginal debt		
External PPG medium and long-term	12%	12%
Domestic medium and long-term	55%	55%
Domestic short-term	33%	33%
Terms of marginal debt		
External MLT debt		
Avg. nominal interest rate on new borrowing in USD	1.7%	1.7%
Avg. maturity (incl. grace period)	30	30
Avg. grace period	7	10
Domestic MLT debt		
Avg. real interest rate on new borrowing	4.2%	4.2%
Avg. maturity (incl. grace period)	4	4
Avg. grace period	3	3
Domestic short-term debt		
Avg. real interest rate	3.9%	3.9%

* 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 2035. 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.

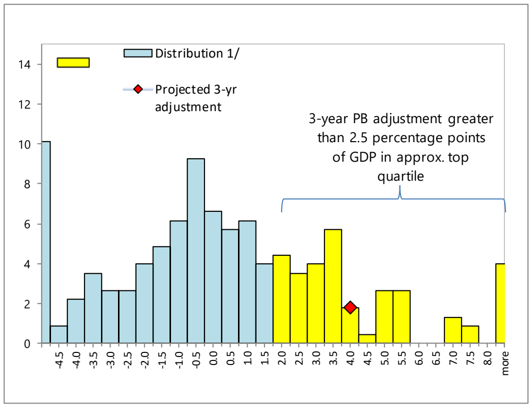
2/ Distribution across LICs for which LIC DSAs were produced.

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.

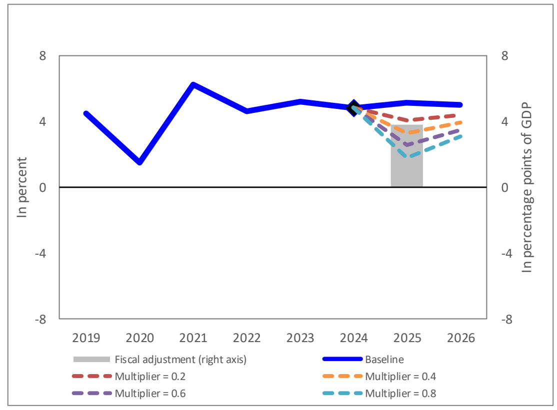
Figure 4. Guinea-Bissau: Realism Tools

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



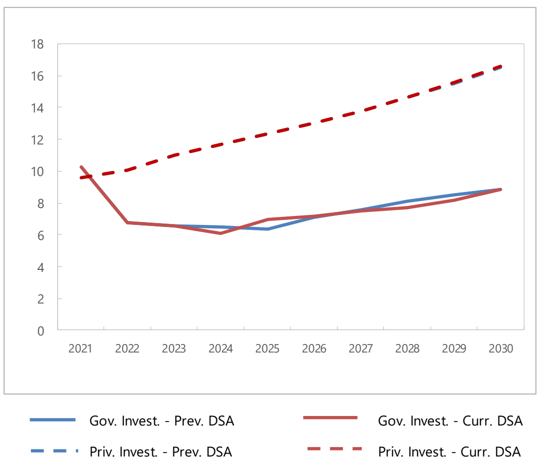
1/ Data cover Fund-supported programs for LICs (excluding emergency financing) approved since 1990. The size of 3-year adjustment from program inception is found on the horizontal axis; the percent of sample is found on the vertical axis.

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)

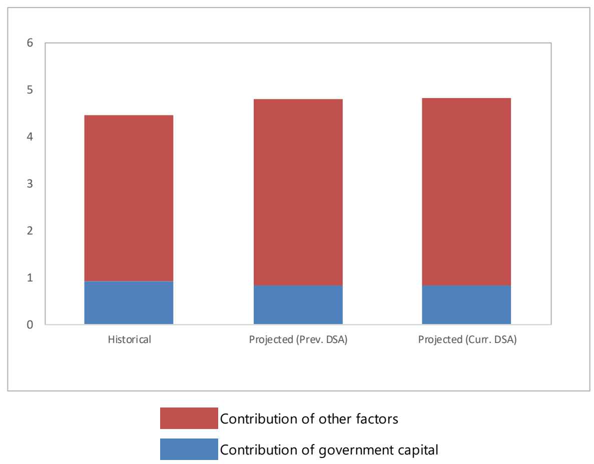
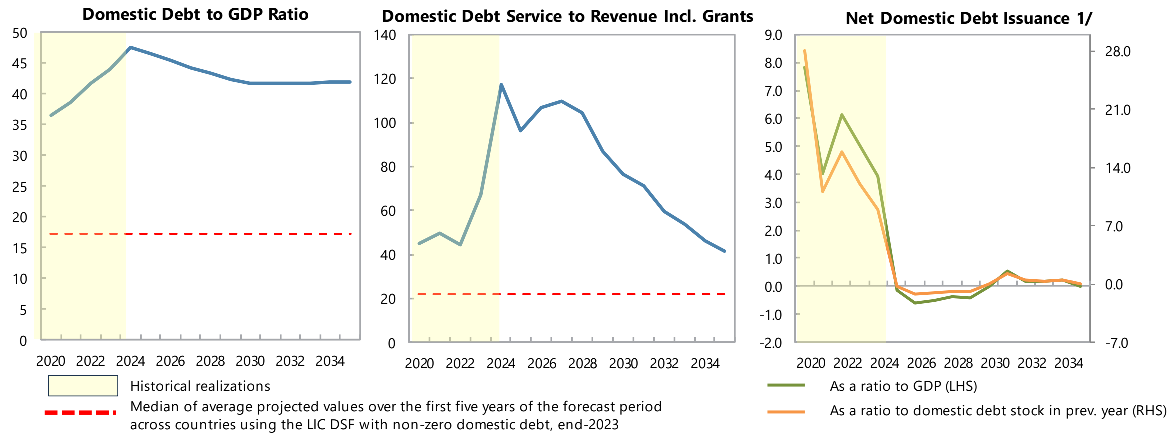


Figure 5. Guinea-Bissau: Indicators of Domestic Public Debt, 2020–35

(in Percent)



Borrowing Assumptions (average over 10-year projection)	Value
Shares in new domestic debt issuance	
Medium and long-term	28%
Short-term	73%
Borrowing terms	
Domestic MLT debt	
Avg. real interest rate on new borrowing	4.2%
Avg. maturity (incl. grace period)	4
Avg. grace period	3
Domestic short-term debt	
Avg. real interest rate	3.9%

Sources: Country authorities; and staff estimates and projections.

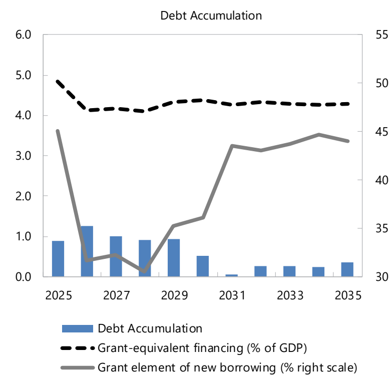
1/ Net domestic debt issuance is an estimate based on the calculated public gross financing need net of gross external financing, drawdown of assets, other adjustments and domestic debt amortization. It excludes short-term debt that was issued and matured within the calendar year.

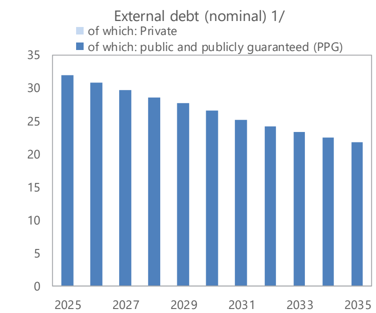
Table 1. Guinea-Bissau: External Debt Sustainability Framework, Baseline Scenario, 2022–45

(In percent of GDP, unless otherwise indicated)

	Actual			Projections								Average 8/	
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2035	2045	Historical	Projections
External debt (nominal) 1/	39.0	35.4	34.7	32.0	30.9	29.7	28.5	27.6	26.5	21.8	22.0	35.8	26.5
of which: public and publicly guaranteed (PPG)	39.0	35.4	34.7	32.0	30.9	29.7	28.5	27.6	26.5	21.8	22.0	35.8	26.5
Change in external debt	-1.2	-3.6	-0.6	-2.8	-1.1	-1.2	-1.1	-0.9	-1.1	-0.7	0.0		
Identified net debt-creating flows	6.9	0.9	2.8	1.8	1.1	0.9	0.8	0.8	0.8	1.0	0.9	-0.5	1.0
Non-interest current account deficit	7.9	7.3	6.8	4.3	3.4	3.1	2.8	2.7	2.7	2.6	2.6	3.0	2.9
Deficit in balance of goods and services	17.3	15.3	15.2	14.5	12.8	12.3	11.6	11.4	11.2	10.3	8.6	10.5	11.5
Exports	16.3	14.2	12.7	12.0	13.6	13.6	13.7	13.8	13.9	15.1	13.4		
Imports	33.6	29.5	27.8	26.5	26.4	25.9	25.4	25.2	25.1	25.4	22.0		
Net current transfers (negative = inflow)	-8.2	-6.8	-7.2	-8.6	-7.8	-7.6	-7.3	-7.2	-7.1	-6.4	-4.9	-6.1	-7.1
of which: official	-2.4	-1.4	-1.7	-2.9	-2.3	-2.4	-2.4	-2.4	-2.4	-2.4	-1.7		
Other current account flows (negative = net inflow)	-1.2	-1.3	-1.2	-1.6	-1.6	-1.6	-1.5	-1.5	-1.5	-1.4	-1.1	-1.4	-1.5
Net FDI (negative = inflow)	-1.2	-1.2	-1.2	-1.2	-1.2	-1.2	-1.2	-1.2	-1.2	-1.2	-1.2	-1.7	-1.2
Endogenous debt dynamics 2/	0.2	-5.1	-2.8	-1.3	-1.1	-1.0	-0.8	-0.8	-0.7	-0.5	-0.5		
Contribution from nominal interest rate	0.2	0.4	0.2	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.3		
Contribution from real GDP growth	-1.9	-1.7	-1.6	-1.6	-1.5	-1.4	-1.2	-1.2	-1.1	-0.8	-0.8		
Contribution from price and exchange rate changes	1.9	-3.8	-1.4	...	...	...	...	...	...	...	...		
Residual 3/	-8.1	-4.6	-3.4	-4.6	-2.2	-2.1	-1.9	-1.6	-1.9	-1.6	-1.0	0.7	-2.2
of which: exceptional financing	0.0	0.0	0.0	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	...	...	21.2	20.5	20.0	19.5	19.0	18.6	17.8	14.1	14.2		
PV of PPG external debt-to-exports ratio	...	...	167.1	170.7	147.3	143.2	138.9	134.8	128.1	93.5	105.8		
PPG debt service-to-exports ratio	5.0	12.4	13.0	8.9	8.2	9.2	9.1	9.3	12.2	7.5	7.5		
PPG debt service-to-revenue ratio	6.9	15.1	15.9	8.9	9.2	10.1	9.9	10.2	13.3	8.7	7.3		
Gross external financing need (Million of U.S. dollars)	129.3	157.0	157.7	98.6	85.4	86.9	84.5	89.6	107.6	118.2	202.2		
Key macroeconomic assumptions													
Real GDP growth (in percent)	4.6	5.2	4.8	5.1	5.0	5.0	4.5	4.5	4.2	3.8	3.8	4.7	4.4
GDP deflator in US dollar terms (change in percent)	-4.5	10.7	4.0	2.5	3.4	2.7	2.7	2.8	3.1	2.2	2.2	2.2	2.6
Effective interest rate (percent) 4/	0.4	1.2	0.5	1.1	1.3	1.5	1.6	1.6	1.7	1.7	1.5	1.2	1.6
Growth of exports of G&S (US dollar terms, in percent)	-16.3	1.5	-2.6	2.0	23.0	8.1	7.9	8.1	8.1	7.1	4.3	4.9	8.9
Growth of imports of G&S (US dollar terms, in percent)	11.7	2.2	2.8	2.6	8.2	5.8	4.9	6.7	7.0	6.1	3.9	6.7	6.2
Grant element of new public sector borrowing (in percent)	...	...	...	45.0	31.7	32.3	30.5	35.3	36.1	44.0	39.0	...	39.1
Government revenues (excluding grants, in percent of GDP)	11.8	11.6	10.4	12.0	12.2	12.5	12.6	12.6	12.7	13.1	13.7	11.7	12.7
Aid flows (in Million of US dollars) 5/	99.1	88.8	104.5	121.5	100.8	110.6	113.9	134.8	148.0	212.1	355.5		
Grant-equivalent financing (in percent of GDP) 6/	...	...	...	4.8	4.1	4.2	4.1	4.3	4.4	4.3	4.2	...	4.3
Grant-equivalent financing (in percent of external financing) 6/	...	...	...	84.0	75.6	76.7	77.5	77.4	77.0	84.5	78.1	...	80.7
Nominal GDP (Million of US dollars)	1,721	2,005	2,186	2,355	2,556	2,756	2,959	3,179	3,415	4,632	8,358		
Nominal dollar GDP growth	-0.1	16.5	9.0	7.7	8.5	7.8	7.4	7.4	7.4	6.1	6.1	7.0	7.1
Memorandum items:													
PV of external debt 7/	...	...	21.2	20.5	20.0	19.5	19.0	18.6	17.8	14.1	14.2		
In percent of exports	...	...	167.1	170.7	147.3	143.2	138.9	134.8	128.1	93.5	105.8		
Total external debt service-to-exports ratio	5.0	12.4	13.0	8.9	8.2	9.2	9.1	9.3	12.2	7.5	7.5		
PV of PPG external debt (in Million of US dollars)			463.2	482.8	512.4	538.3	563.4	591.0	607.5	654.0	1187.0		
(PVt-PVt-1)/GDPt-1 (in percent)				0.9	1.3	1.0	0.9	0.9	0.5	0.4	0.9		
Non-interest current account deficit that stabilizes debt ratio	9.2	10.9	7.4	7.1	4.5	4.3	4.0	3.6	3.8	3.3	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.

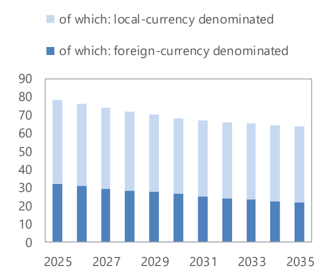
Table 2. Guinea-Bissau: Public Sector Debt Sustainability Framework, Baseline Scenario, 2022–45

(In percent of GDP, unless otherwise indicated)

	Actual			Projections								Average 6/	
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2035	2045	Historical	Projections
Public sector debt 1/	80.7	79.4	82.2	78.5	76.3	74.0	71.9	70.0	68.2	63.9	59.2	69.0	69.6
of which: external debt	39.0	35.4	34.7	32.0	30.9	29.7	28.5	27.6	26.5	21.8	22.0	35.8	26.5
Change in public sector debt	1.9	-1.3	2.8	-3.7	-2.3	-2.3	-2.0	-1.9	-1.8	-0.7	-0.3		
Identified debt-creating flows	0.5	-2.2	1.3	-4.0	-2.3	-2.3	-2.0	-1.9	-1.8	-0.7	-0.3	0.5	-1.7
Primary deficit	4.7	5.5	3.9	0.2	0.2	0.1	0.1	0.3	0.4	0.3	0.5	4.1	0.3
Revenue and grants	15.2	13.7	13.1	16.1	15.7	16.0	16.2	16.3	16.3	16.8	17.2	15.7	16.3
of which: grants	3.4	2.1	2.7	4.1	3.5	3.6	3.6	3.6	3.6	3.7	3.5		
Primary (noninterest) expenditure	19.9	19.3	17.0	16.3	16.0	16.2	16.2	16.5	16.7	17.1	17.7	19.8	16.6
Automatic debt dynamics	-4.8	-8.0	-1.9	-4.1	-2.5	-2.4	-2.1	-2.2	-2.2	-1.0	-0.8		
Contribution from interest rate/growth differential	-7.2	-5.5	-2.7	-3.0	-2.4	-2.2	-1.9	-1.9	-1.8	-0.5	-0.4		
of which: contribution from average real interest rate	-3.7	-1.5	0.9	1.0	1.4	1.5	1.2	1.2	1.0	1.9	1.8		
of which: contribution from real GDP growth	-3.5	-4.0	-3.6	-4.0	-3.7	-3.6	-3.2	-3.1	-2.8	-2.4	-2.2		
Contribution from real exchange rate depreciation	2.4	-2.4	0.8	...	...	...	...	...	...	...	...		
Other identified debt-creating flows	0.6	0.2	-0.7	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)	0.6	-0.1	-0.7	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	-0.1	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	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Residual	1.4	0.9	1.5	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.7	-0.2
Sustainability indicators													
PV of public debt-to-GDP ratio 2/	...	...	68.4	66.0	64.6	63.1	61.8	60.4	59.0	56.0	51.5		
PV of public debt-to-revenue and grants ratio	...	...	521.6	409.7	411.3	393.4	382.6	371.3	361.4	333.9	299.2		
Debt service-to-revenue and grants ratio 3/	49.9	79.7	129.9	103.0	113.9	117.7	112.0	94.5	86.6	48.2	23.0		
Gross financing need 4/	12.9	16.7	20.2	16.8	18.1	19.0	18.2	15.6	14.5	8.4	4.4		
Key macroeconomic and fiscal assumptions													
Real GDP growth (in percent)	4.6	5.2	4.8	5.1	5.0	5.0	4.5	4.5	4.2	3.8	3.8	4.7	4.4
Average nominal interest rate on external debt (in percent)	0.5	1.2	0.5	1.1	1.3	1.5	1.6	1.6	1.7	1.7	1.5	1.2	1.6
Average real interest rate on domestic debt (in percent)	-3.6	-1.6	3.7	3.4	3.7	3.6	3.3	3.0	2.5	3.8	4.1	-0.7	3.4
Real exchange rate depreciation (in percent, + indicates depreciation)	6.6	-6.8	2.5	...	...	...	...	...	...	...	...	0.6	...
Inflation rate (GDP deflator, in percent)	7.3	7.9	4.0	3.0	2.8	2.8	2.8	2.8	3.1	2.2	2.2	4.3	2.6
Growth of real primary spending (deflated by GDP deflator, in percent)	-11.0	1.8	-7.3	0.4	2.9	6.3	5.1	6.3	5.1	4.2	4.1	2.5	4.4
Primary deficit that stabilizes the debt-to-GDP ratio 5/	2.8	6.8	1.1	3.8	2.5	2.4	2.1	2.2	2.2	1.0	0.8	3.6	1.9
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**

Public sector debt 1/



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, 2025–35 (In percent)

	Projections 1/										
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
						PV of debt-to GDP ratio					
Baseline	20	20	20	19	19	18	17	16	15	15	14
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2025-2035 2/	20	20	19	19	18	17	16	15	14	13	13
B. Bound Tests											
B1. Real GDP growth	20	21	21	20	20	19	18	17	16	15	15
B2. Primary balance	20	20	21	20	20	19	19	18	17	17	17
B3. Exports	20	22	24	24	23	22	21	20	19	19	18
B4. Other flows 3/	20	23	26	25	24	23	22	21	20	20	19
B5. Depreciation	20	25	21	20	20	19	18	17	16	15	15
B6. Combination of B1-B5	20	25	26	25	25	24	22	21	21	20	19
C. Tailored Tests											
C1. Combined contingent liabilities	20	21	21	20	20	19	18	18	17	17	16
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	20	20	20	19	19	18	17	16	15	15	14
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	**171**	**147**	**143**	139	135	128	119	111	104	98	93
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2025-2035 2/	**171**	**145**	**140**	135	131	124	114	105	97	90	84
B. Bound Tests											
B1. Real GDP growth	**171**	**147**	**143**	139	135	128	119	111	104	98	93
B2. Primary balance	**171**	**151**	**151**	**148**	**144**	139	132	125	118	113	110
B3. Exports	**171**	**213**	**271**	**262**	**254**	**242**	**226**	**212**	**199**	**188**	**181**
B4. Other flows 3/	**171**	**170**	**187**	**181**	**175**	**167**	**157**	**147**	138	131	126
B5. Depreciation	**171**	**147**	122	119	116	110	101	94	88	82	78
B6. Combination of B1-B5	**171**	**218**	**177**	**231**	**224**	**213**	**200**	**187**	**176**	**166**	**159**
C. Tailored Tests											
C1. Combined contingent liabilities	**171**	**153**	**151**	**147**	**143**	138	131	123	116	111	107
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	**171**	**147**	**143**	139	135	128	119	111	104	98	93
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	9	8	9	9	9	**12**	**11**	**10**	9	8	8
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2025-2035 2/	9	8	9	9	9	**12**	**11**	**10**	9	8	7
B. Bound Tests											
B1. Real GDP growth	9	8	9	9	9	**12**	**11**	**10**	9	8	8
B2. Primary balance	9	8	9	9	10	**12**	**12**	**11**	10	9	8
B3. Exports	9	**11**	**15**	**15**	**15**	**20**	**18**	**17**	**15**	**14**	**12**
B4. Other flows 3/	9	8	10	**10**	**10**	**13**	**12**	**11**	**10**	9	8
B5. Depreciation	9	8	9	9	9	**12**	**11**	10	9	8	7
B6. Combination of B1-B5	9	**10**	**13**	**13**	**14**	**18**	**16**	**15**	**14**	**12**	**11**
C. Tailored Tests											
C1. Combined contingent liabilities	9	8	9	9	9	**12**	**12**	**11**	10	9	8
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	9	8	9	9	9	**12**	**11**	**10**	9	8	8
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	9	9	10	10	10	13	12	11	11	10	9
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2025-2035 2/	9	9	10	10	10	14	13	12	11	9	8
B. Bound Tests											
B1. Real GDP growth	9	9	11	10	11	**14**	13	12	11	10	9
B2. Primary balance	9	9	10	10	10	14	13	12	11	10	9
B3. Exports	9	9	11	11	11	**14**	13	12	12	10	10
B4. Other flows 3/	9	9	11	11	11	**14**	14	12	12	10	10
B5. Depreciation	9	12	13	12	12	**16**	**15**	14	13	11	10
B6. Combination of B1-B5	9	10	12	12	12	**15**	**14**	13	12	11	10
C. Tailored Tests											
C1. Combined contingent liabilities	9	9	10	10	10	14	13	12	11	10	9
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	9	9	10	10	10	13	12	11	11	10	9
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, 2025–35

(In percent)

	Projections 1/										
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
PV of Debt-to-GDP Ratio											
Baseline	**66**	**65**	**63**	**62**	**60**	**59**	**58**	**57**	**57**	**56**	**56**
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2025-2	**67**	**68**	**70**	**71**	**72**	**73**	**74**	**75**	**75**	**76**	**77**
B. Bound Tests											
B1. Real GDP growth	**67**	**67**	**68**	**67**	**66**	**65**	**65**	**65**	**65**	**65**	**65**
B2. Primary balance	**67**	**71**	**75**	**73**	**72**	**70**	**69**	**68**	**67**	**67**	**66**
B3. Exports	**66**	**67**	**68**	**66**	**65**	**63**	**62**	**61**	**61**	**60**	**60**
B4. Other flows 3/	**66**	**68**	**69**	**68**	**66**	**64**	**63**	**63**	**62**	**61**	**61**
B5. Depreciation	**67**	**67**	**64**	**62**	**60**	**57**	**56**	**54**	**53**	**51**	**50**
B6. Combination of B1-B5	**67**	**68**	**67**	**64**	**62**	**61**	**59**	**58**	**57**	**56**	**56**
C. Tailored Tests											
C1. Combined contingent liabilities	**67**	**75**	**73**	**72**	**70**	**68**	**67**	**66**	**66**	**65**	**64**
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**	**66**	**65**	**64**	**64**	**63**	**63**	**63**	**63**	**63**	**64**
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	410	411	393	383	371	361	354	348	344	339	334
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2025-2	415	437	437	444	449	454	458	463	469	473	478
B. Bound Tests											
B1. Real GDP growth	415	427	420	412	403	396	392	388	387	384	383
B2. Primary balance	415	452	467	455	442	431	422	413	408	401	395
B3. Exports	410	424	423	411	398	387	380	372	368	362	357
B4. Other flows 3/	410	431	431	418	406	395	387	379	375	368	363
B5. Depreciation	415	436	409	392	375	357	345	333	324	314	305
B6. Combination of B1-B5	415	437	422	400	385	373	364	354	348	340	334
C. Tailored Tests											
C1. Combined contingent liabilities	415	478	457	444	431	419	410	402	397	390	384
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	415	419	405	399	392	386	383	381	382	380	380
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	103	114	118	112	95	87	81	68	62	54	48
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2025-2	103	113	124	122	106	109	110	101	98	95	95
B. Bound Tests											
B1. Real GDP growth	103	116	123	118	101	94	90	78	72	64	59
B2. Primary balance	103	114	131	133	106	109	113	90	77	71	70
B3. Exports	103	114	118	113	95	87	82	69	63	55	49
B4. Other flows 3/	103	114	118	113	95	87	82	69	63	55	49
B5. Depreciation	103	108	113	107	91	85	77	67	61	52	47
B6. Combination of B1-B5	103	111	115	119	97	87	91	74	64	54	52
C. Tailored Tests											
C1. Combined contingent liabilities	103	114	141	123	101	118	103	82	72	73	66
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	103	114	119	114	98	91	88	77	72	65	60
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 1. Guinea-Bissau: Public Debt Holder Profile, 2024–26

	Debt Stock (end of period)			Debt Service					
	2024			2024	2025	2026	2024	2025	2026
	(In US$ million)	*(Percent of total debt)*	*(Percent of GDP)* [5]	*(In US$ million)*			*(Percent of GDP)*		
Total	1,740.6	100.0	82.2	360.9	506.4	573.5	16.5	21.5	22.4
External	735.2	42.2	34.7	35.8	25.2	28.3	1.6	1.1	1.1
Multilateral creditors[2]	610.3	35.1	28.8	32.1	21.5	24.5	1.5	0.9	1.0
IMF	69.4	4.0	3.3						
World Bank	221.9	12.8	10.5						
AfDB	54.4	3.1	2.6						
BOAD	208.0	12.0	9.8						
Other Multilaterals	56.5	3.2	2.7						
o/w: Islamic Development Bank	24.5	1.4	1.2						
BADEA	8.9	0.5	0.4						
Bilateral Creditors	125.0	7.2	5.9	3.7	3.7	3.9	0.2	0.2	0.2
Paris Club	7.2	0.4	0.3	0.6	1.0	1.2	0.0	0.0	0.0
o/w: Brazil	1.9	0.1	0.1						
Non-Paris Club	117.7	6.8	5.6	3.1	2.7	2.7	0.1	0.1	0.1
o/w: Angola	49.1	2.8	2.3						
Kuwait	28.9	1.7	1.4						
ExImBank India	20.7	1.2	1.0						
Saudi Fund	13.1	0.8	0.6						
Libya	3.7	0.2	0.2						
Pakistan	2.2	0.1	0.1						
Domestic	1,005.4	57.8	47.5	325.1	481.2	545.2	14.9	20.4	21.3
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	649.7	37.3	30.7	224.1	344.7	411.7	10.2	14.6	16.1
BCEAO	205.9	11.8	9.7	1.2	4.9	4.9	0.1	0.2	0.2
Loans local commercial banks[3]	129.1	7.4	6.1	99.1	128.0	128.7	4.5	5.4	5.0
Payment Arrears	20.6	1.2	1.0	0.6	3.6	-	0.0	0.2	-
Memo items:									
Collateralized debt[4]	0	0.0	0.0						
Contingent liabilities	15.9	0.9	0.8						
Public guarantees	15.9	0.9	0.8						
Nominal GDP	2,186.4			2,186.4	2,355.5	2,556.4			

1/ As reported by the 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.

Statement by the IMF Staff Representative on
Guinea-Bissau
June 30, 2025

This staff statement provides an update on information since the Staff Report was issued. This information does not change the thrust of the staff appraisal.

The two prior actions have been met. The authorities have taken the following actions and measures included in the prior actions.

On the prior action to implement eight revenue measures described in MEFP ¶11:

- **The single telecom license.** The telecom regulator (National Regulatory Authority) issued the order that adopts a single license as the new telecom license regime on May 29, 2025. The Minister of Transport, Telecommunication, and Digital Economy and the Minister of Finance issued a joint order that fixes the single license fees on June 13, 2025.

- **Sale of the naval base.** CFAF 1.8 billion of proceeds from the sale of the naval base were collected on June 26, 2025.

- **VAT on port fees.** Starting in June 2025, the VAT on port fees of the Port Authority of Guinea-Bissau has been collected at the port before releasing cargos and deposited directly in the Treasury's bank account.

- **Tax arrears.** CFAF 773 million of tax arrears other than those of Telecel identified during the tax audits for 2024 and 2025 have been collected to date.

- **Tax reference prices of tiles and beams.** The tax reference prices of tiles have been set at CFAF 5,609/m^2 for those from Europe and CFAF 3,122/m^2 for those from other areas. The tax reference price of beams has been set at CFAF 400/kg.

- **Tax reference prices of tobacco.** The tax reference prices of tobacco have been increased from the existing prices by 50 to 60 percent, depending on the brands.

- **Stamp duties on mobile money.** The ministerial order was issued on April 30, 2025 to promulgate the new declaration form that clarifies the tax base of stamp duties on mobile money. A declaration of these stamp duties was filed in June 2025 for the first time.

- **Tax arrears and VAT of Telecel.** Agreement has been reached on the payment schedule of tax arrears of Telecel, which will be repaid by end-2025. Separately, to cover its VAT for April 2025 and onward, CFAF 100 million has been collected from Telecel to date.

On the prior action to implement three expenditure measures described in MEFP ¶13:

- **The revised Public Investment Program (PIP).** The revised PIP that rationalizes investment spending in line with the program parameters was approved by a joint order of the Minister of Finance and the Minister of Economy on June 26, 2025.

- **Other common expenditure.** The execution of other common expenditure in May 2025 was CFAF 190 million, below the monthly limit of CFAF 300 million. The Technical Committee of Arbitration of Budget Expenditure (COTADO) approved CFAF 170 million of other common expenditure for June 2025.

- **Census of workers of the Ministry of Health.** In June 2025, the Human Resource Services of the Ministry of Health undertook a census of the ministry's workers, which identified several hundreds of ghost and inactive workers. These workers will be removed from the payroll after verification of the census results in the coming weeks.

Statement by Ouattara Wautabouna, Executive Director for Guinea-Bissau, and Romao Lopes Varela, Advisor to the Executive Director
June 30, 2025

INTRODUCTION

On behalf of the Bissau-Guinean authorities, we thank Staff for their open and candid policy discussions, as well as their strong support in addressing Guinea Bissau's economic challenges. Despite the ongoing difficulties, the authorities appreciate the consistent backing from development partners, along with the invaluable guidance from the IMF Executive Board, Management, and Staff, which have been key in achieving recent economic stability and strengthening institutions. The authorities broadly concur with the evaluation of performance under the Extended Credit Facility (ECF) arrangement as well as with the findings and policy recommendations under the Article IV consultation.

The authorities have made considerable efforts to confront both economic and political issues, including challenges with cashew exports. They appreciate Staff recognition of the significant progress made in infrastructure development, including electricity transmission lines and urban road projects, despite these prevailing obstacles. These achievements highlight their strong commitment to improving the economic perspectives, and addressing the country's infrastructure needs, which are essential for sustained economic growth and future stability. Looking ahead, the authorities remain determined to continue prudent management of public finances, reduce public debt, and meet important social and development needs.

RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK

Recent Developments

Despite a challenging environment, the authorities have made significant efforts in fostering economic growth and maintaining macroeconomic stability in 2024. Through a series of prudent policy measures, they achieved a growth rate of 4.8 percent, even amid external shocks such as disruptions to cashew exports and adverse weather conditions affecting the agriculture sector. Inflation was contained at 3.7 percent, slightly above the WAEMU average, owing to effective regional monetary policy coordination. However, the current account deficit widened to an estimated 8.2 percent of GDP, driven by trade imbalances and lower-than-expected cashew export revenues.

On the fiscal front, the authorities have demonstrated a strong commitment to sustainability despite mounting pressures. They implemented a comprehensive package of revenue and expenditure measures to offset the impact of lower tax collections and unanticipated spending related to priority infrastructure and electoral preparations. Expenditure controls were reinforced through the Technical Committee of Arbitration of Budgetary Expenditure (COTADO), contributing to a notable reduction in primary spending. In particular, the wage bill was reduced by 1.6 percent of GDP over the past two years, while debt management procedures were strengthened. These efforts have been instrumental in preserving fiscal discipline and supporting debt sustainability.

The financial sector has remained broadly stable, with improvements in capital adequacy and sustained liquidity. Regulatory frameworks have been enhanced, and access to financial services has expanded, contributing to overall economic resilience. A key milestone was the Regional Banking Commission's approval, in February 2025, of an investor's purchase offer for the undercapitalized bank, reflecting the authorities' efforts to safeguarding financial sector stability.

Outlook and Risks

Looking ahead, the economic outlook for Guinea-Bissau remains positive. Real GDP growth is projected at 5.1 percent in 2025, supported by favorable international cashew prices and robust public and private investment. Over the medium term, growth is expected to remain within the 4.5–5 percent range, underpinned by continued fiscal consolidation, debt reduction, and institutional strengthening. Inflation is projected to stabilize at 2 percent, while the current account deficit is expected to gradually reduce to approximately 4 percent of GDP, reflecting improved trade dynamics and diversification efforts. Nonetheless, downside risks persist. These include domestic security concerns, limited state capacity, potential terms-of-trade shocks, environmental vulnerabilities, and tightening regional financial conditions. The authorities remain committed to mitigating these risks by sustaining reform and ensuring macroeconomic stability. They stand ready to implement further expenditure rationalization and mobilize additional donor support as needed to preserve progress and address these challenges effectively.

PROGRAM PERFORMANCE

Despite facing numerous challenges, the authorities have demonstrated a strong commitment to the Fund-supported program. They successfully met seven out of nine Quantitative Performance Criteria (QPCs) for December 2024. The QPC on tax revenue was missed due to underperformance in collections from major taxpayers, while the QPC on the domestic primary balance was affected by both revenue shortfalls and higher-thananticipated expenditures. Nevertheless, the authorities met the Indicative Target (IT) on targeted projects and activities, although the IT on disbursements of project loans was missed due to delays in energy sector projects.

On Structural Benchmarks (SBs), the authorities met three of the four SBs for December 2024, although they missed one for December 2024 and two for March 2025. The continuous SB on expenditure oversight through the COTADO was not met, primarily due to spending overruns in early 2025 related to road infrastructure and election logistics. However, the continuous SB on timely debt service payments was achieved, reflecting improved debt management practices.

POLICIES AND REFORMS FOR 2025 AND THE MEDIUM-TERM

Strengthening Fiscal and Debt Sustainability

The authorities have reaffirmed their strong commitment to fiscal consolidation and debt reduction, despite fiscal slippages in the first quarter of 2025, primarily due to spending overruns on priority road projects and election-related costs. To fully offset these slippages and preserve the overall deficit target for 2025, they have implemented a robust package of corrective measures, most of which were adopted as prior actions for this review. On the revenue side, these measures are expected to generate an additional 1.1 percent of GDP. Key reforms include the restructuring of telecom licenses, the introduction of taxation of mobile money transactions, enforcement of VAT on port fees, asset sales (including the naval base), enhanced recovery of tax arrears, and adjustments to tax reference prices for construction materials and tobacco products. On the expenditure side, the authorities have revised the Public Investment Program (PIP), imposed strict ceilings on "other common expenditure," and launched a workforce census in the Ministry of Health aimed at identifying and eliminating inefficiencies. These actions are projected to yield savings amounting to 1.5 percent of GDP. As a result, the overall fiscal deficit in 2025 is expected to decline by 3.9 percent of GDP compared to 2024, although it remains slightly above the previous review's projection by 0.3 percent of GDP due to higher interest costs associated with elevated regional market rates. This substantial fiscal adjustment underscores the authorities' determination to uphold fiscal discipline, safeguard debt sustainability, and achieve the program objectives.

Going forward, the authorities remain vigilant to the risks that could affect fiscal consolidation in 2025 and beyond. They acknowledge the potential for increased spending pressures, particularly from "other common expenditure" during the election period, as well as wage bill demands amid labor strikes. To mitigate these risks, the authorities have requested an extension of the ECF-supported program through end-2025 to firmly anchor policy commitments. Their strategy includes reinforcing wage bill controls, ensuring strict adherence to COTADO protocols to prevent further expenditure overruns, and improving overall budget execution. Over the medium term, they aim to expand fiscal space through sustained revenue mobilization, including legislative reforms to strengthen VAT implementation, particularly on food items, and enhanced tax compliance in key sectors such as telecommunications and banking.

The authorities are firmly committed to reducing public debt through strict deficit targets, controlled borrowing, and prioritizing essential projects. Public debt rose to an estimated 82.2 percent of GDP in 2024, reflecting a higher-than-anticipated fiscal deficit, exchange rate depreciation, cash accumulation, and residual stock-flow discrepancies. To reverse this trend, the authorities are focused on lowering financing needs and curbing reliance on costly short-term Treasury bills, which currently yield over 10 percent. They will maintain a strict ceiling on new concessional borrowing and significantly limit nonconcessional borrowing. To further reinforce fiscal discipline, all project loan disbursements will require validation by the Director-General of Debt to ensure alignment with budget allocations. Priority has been given to essential energy projects while resources are being reallocated from non-priority initiatives to stay within the revised disbursement envelope. These measures are central to the authorities' strategy to achieve debt sustainability and enhance macroeconomic resilience. Public debt is projected to decline to 78.5 percent of GDP by the end of 2025 and further to 68.2 percent of GDP by 2030.

Mitigating Fiscal Risks

The authorities have taken decisive actions to mitigate fiscal risks associated with the public utility company, EAGB. Following the cancellation of the costly Karpower contract in December 2024, EAGB successfully returned to a break-even position. To further stabilize its finances and improve revenue collection, the company significantly accelerated the installation of pre-paid meters and reduced tariff arrears in the first quarter of 2025. Despite these gains, recent blackouts have underscored persistent infrastructure vulnerabilities in the connection between Bissau and the regional hydroelectric power (OMVG). In response, the authorities are prioritizing the completion of the 15 MW energy project, which is critical to reinforcing the ring transmission line around Bissau and ensuring a stable and resilient power supply.

Enhancing the Integrity of the Financial Sector

The authorities have demonstrated a strong commitment to strengthening the integrity and stability of the financial sector. In February 2025, the regional Banking Commission approved an investor's purchase offer for the undercapitalized bank, marking a key milestone in the financial sector reform agenda. The government promptly issued a ministerial order formalizing the change in ownership and is preparing to finalize the transfer of its shareholding. This transaction is expected to yield CFAF 0.8 billion in accumulated dividends for the government. Additionally, a third-party audit confirmed the bank's viability and solvency, aligning with findings from regular financial statement audits.

Economic Diversification

The authorities fully concur with staff on the urgent need to diversify Guinea-Bissau's economy to reduce its heavy reliance on cashew exports and enhance resilience against external shocks. They welcome the topical Selected Issues Paper on "Economic Diversification in Guinea-Bissau" and plan to prioritize the formalization of the fisheries sector, recognizing its substantial untapped potential. Key reforms are underway to enable fish to be offloaded and exported directly from Bissau, which would significantly boost export revenues. The authorities also acknowledge the importance of revitalizing traditional agriculture, particularly rice cultivation, and are committed to improving oversight and effectiveness of agricultural projects. They have expressed strong support for operationalizing the Farim phosphate mine and rejuvenating the cashew processing industry through targeted technical assistance. Additionally, the authorities recognize the strategic significance of modernizing the Port of Bissau to enhance trade efficiency and boost fiscal revenues. To this end, they are actively exploring concession-based financing models to support the port's modernization efforts.

Fostering Inclusive Growth and Strengthening Governance

The authorities see merit in Staff's emphasis on social protection, human capital development, and sound governance as pillars of inclusive and sustainable growth. They are working to expand well-targeted social assistance programs, particularly for populations in the informal sector, and are strengthening coordination with development partners to enhance the effectiveness of donor-supported initiatives. In the education and health sectors, the authorities acknowledge persistent ongoing inefficiencies and are implementing measures to improve accountability and redirect spending toward critical infrastructure and equipment. Their commitment to governance reform remains firm, with continued progress in enhancing transparency, strengthening public procurement oversight, and improving the management of state assets.

CONCLUSION

The Bissau-Guinean authorities have demonstrated commendable resolve in navigating a complex and challenging environment. Their unwavering commitment to the Fund-supported program, despite fiscal and institutional constraints, reflects a strong sense of ownership and a clear determination to advance for inclusive and sustainable growth. While recognizing that the path ahead remains demanding, the authorities are committed to staying the course of their fiscal consolidation and structural reforms. In light of the tangible progress achieved and the decisive actions taken to keep program implementation on track, our authorities request Executive Directors' support for the completion of the 2025 Article IV Consultation, the eighth review under the ECF arrangement, as well as endorsement of the authorities' requests for the rephasing of access, extension of the arrangement, waivers of nonobservance, modification of performance criteria, and the financing assurances review.