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Guinea-Bissau: Poverty Reduction Strategy Paper

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**NATIONAL POVERTY REDUCTION
STRATEGY PAPER
(NPRSP)**

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Acronyms and abbreviations

ADB	African Development Bank
ADF	African Development Fund
ARV	Anti Retro Virals
ASECNA	National Civil Aviation Safety and Control Authority (Agence de Security et Contrôle de la Navigation Aérienne)
BCEAO	Central Bank of the West African States
CMR	Child Mortality Rate
DGCI	General Directorate of Contributions and Taxes
DGPIP	General Directorate of the Public Investment Program
ECOWAS	Economic Community of West African States
GDP	Gross Domestic Product
GER	Gross Enrollment Rate
GFCF	Gross Fixed Capital Formation
GVA	Gross Value Added
HCBS	Household Consumption and Budget Survey
HIPCI	Heavily Indebted Poor Countries Initiative
HNSM	Hôpital National Simão Mendes
IDA	International Development Association
IEC	Information, Education and Communication
ILAP	Small Poverty Assessment Survey
IMF	International Monetary Fund
IMU	NPRSD Implementation and Monitoring Unit
INEC	National Statistics and Census Institute
l.b.	live births
MCH	Mother and Child Health
MDGs	Millennium Development Goals
MDRI	Multilateral Debt Relief Initiative
MICS	Multiple Indicator Cluster Surveys
MPA	Minimum Package of Activities
NEPAD	New Partnership for Africa's Development
NER	Net Enrollment Rate
NGO	Nongovernmental Organization
NPRSP	National Poverty Reduction Strategy Paper
OHADA	Organization for the Harmonization of Business Law in Africa
PDRRI	Demobilization, Reintegration and Reinsertion Program
PIP	Public Investment Program
PNDS	National Health Development Program
PRDSP	Private Sector Rehabilitation and Development
PRGF	Poverty Reduction and Growth Facility
RBM	Roll Back Malaria
RPF	Research and Planning Firms
SMEs	Small- and Medium-Sized Enterprises
SMP	Staff Monitoring Program
SSR	Security Sector Reform
STDs	Sexually Transmitted Diseases
U5CMR	Under-5 Child Mortality Rate
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
WAEMU	West African Economic and Monetary Union
WB	World Bank
WHO	World Health Organization

1. GENERAL INTRODUCTION

1. Since the end of the 1998-99 war, the economic, political and social situation in Guinea-Bissau has been difficult and has had a negative impact on the living conditions of its populations. The real Gross Domestic Product (GDP) grew only 1 percent from 2000 to 2004. The country's high level of instability did not permit it to focus government initiatives on the search for ways and means to tackle the challenges of the country's development, particularly those linked to poverty reduction and achieving the Millennium Development Goals (MDG). This situation has hindered achievement within reasonable timeframes of the efforts to finalize the National Poverty Reduction Strategy Paper (NPRSP). The commitment of the transition institutions made it possible to finalize the NPRSP in August 2004, and thus to crown all the efforts put forth by the populations either directly or through civil society organizations and national leaders from various ministries. However, due to rapid moving/changing conditions, certain revisions were necessary in 2005 to make the national poverty reduction strategy more feasible. The new government that took over in November 2005, out of concern for continuity, undertook a partial revision of the NPRSP to take into account the new governmental priorities, including security sector reform.

2. The social and human scoreboard in Guinea-Bissau is bleak, as described in the poverty analysis performed in 2002 and the 2004 first national report on the Millennium Development Goals. This report showed how slowly the MDG process is going in Guinea-Bissau. Two out of three Guineans are still below the absolute poverty line and the trend is not yet on the verge of turning around given the decline in economic activity. Education for all and equality of the sexes is progressing, but more slowly than the objectives identified through 2015. Child mortality is alarming: one out of five children dies. A great number of women still lose their lives giving birth to their children. This ratio is declining, but very slowly. The HIV/AIDS pandemic, malaria and tuberculosis continue to advance, and this trend must be reversed. The supply of drinking water, sanitation and access to decent housing are still a luxury for many populations in Guinea-Bissau. As result, the extreme fragility of the human situation and the country's weak coverage of basic social services yield a life expectancy upon birth of only 45 years. Achieving the MDGs, which is at once an end in itself for the good of the populations, and a means to develop human capital, will require substantial efforts on the part of Guinea-Bissau.

3. Aware of its human situation, in 1991 Guinea-Bissau carried out a Household Consumption and Budget Survey (HCBS). The results were reevaluated in 1994; they indicated a poverty rate of 49 percent at the poverty line of \$ 2 per day. In order to identify the weaknesses and the strengths of the country considering the global strategies identified to achieve sustainable development and the resulting reduction of poverty, from 1994 to 1996, a long-term forward-looking study, called Guinea-Bissau 2025, *Djitu ten* was carried out. The participative approach of the study permitted the researchers to gather the aspirations of the populations, identify the obstacles to development, and design appropriate strategies. The *Djitu ten* showed that the development of Guinea-Bissau and the elimination of poverty require a broad approach taking into account not only economic aspects, but all the social, human, environmental and institutional dimensions. This means that issues including good governance, battling corruption, respect for humans rights, equality of the sexes, the strengthening of institutional capacities, improvement of the supply of social services, increasing the productive capacity for agriculture and fishing and conservation of the environment should be given special attention in the fight against poverty.

4. An interim NPRSP was prepared in 2001, following on the government economic program supported by the International Monetary Fund (IMF) Poverty Reduction and Growth Facility

(PRGF) for the period 2000-03. This program called for a real GDP growth rate of 8 to 9 percent for the period 2000-03. However, the suspension of the PRGF in 2001 -- due to adverse effects of a 30 percent decline in cashew nuts prices and mismanagement of public resources due to political interferences -- led to economic recession and the suspension of major externally financed assistance. Thus, the economy already weakened by the 1998-99 conflict, which led to a 28 percent decline in real GDP in 1998 and a 17 percent decline in agricultural production, further contracted during 2000 and 2003.

5. A Small Poverty Assessment Survey (ILAP) was conducted in 2001-2002 in order to update the country's poverty profile based on a rigorous and representative diagnostic at the national level. The main conclusion was that poverty remains widespread in Guinea-Bissau, with an absolute poverty rate of 64.7 percent for people living on less than two dollars per day and an extreme poverty rate of 20.8 percent for those living on less than one dollar per day. The decline in the lifestyle of the populations experienced from 2001 to 2004 due to the negative growth of real GDP per capita broadened the extent of poverty in Guinea-Bissau.

6. The sociopolitical developments experienced by Guinea-Bissau after the conflict did not contribute to creating a favorable environment for economic recovery and post-conflict reconstruction. The extent of the destruction of physical capital and human lives the country suffered during the war. The reparation of the damage required a substantial assistance from the international community, which could not be mobilized at the time, despite the pledges made at the 1999 Donor Round Table. The country's productive base was not very diversified or competitive and its infrastructures continued to decline seven years after the end of the conflict. The education system was seriously affected and human and institutional capacities were so reduced that they required sustained strengthening. Financial intermediation was limited, and the banking system comprised just one commercial bank until end-2005, when two new banks were established.

7. From 2000 to 2003, the instability of the government weakened all of Guinea-Bissau's institutions. The Executive Branch became unstable, with a succession of governments that did not have sufficient time to carry out any lasting actions. The interdependence of the Executive, Judicial, and Legislative Branches ceased to exist, and was replaced by confrontations that disrupted the functioning of the justice system and led to the dissolution of Parliament. The disorganization of the State apparatus caused by these institutional conflicts became one of the greatest obstacles to the implementation of coherent economic and social policies, causing a recession that aggravated during the aftermath of the war.

8. The peaceful conclusion of the transition following the September 14, 2003 coup d'état, the March 2004 legislative elections and July 2005 presidential elections considered free and democratic, were encouraging signs for the creation of a political climate favorable to peace and development. The key role played by the armed forces during the country's independence war and their implication in the successive crises the country underwent provided the basis for a national dialogue on Security Sector Reform (SSR) as a factor for peace rather than a source of instability for the country.

9. Guinea-Bissau's economy, which continues to be affected by considerable structural constraints marked by weak diversification, weak mobilization of internal resources, a lack of dynamism in the private sector and weak development of human capital, will require a profound restructuring to create a context favorable for achieving the MDGs and poverty reduction. Consequently, a rigorous approach to reconstruction and diversification of the economy was implemented to carry out a sustained fight against poverty and achieve the MDGs quickly in order

to overcome the numerous delays. The fight against poverty and the achievement of the MDGs are vital for the dignity of Guinea-Bissau's people. They are an end, but also a means for the development of human capital without which growth and poverty reduction cannot be achieved. The NPRSP, which was prepared in the context of a process of active participation, is the instrument that Guinea-Bissau is relying on to overcome the challenges for sustainable human development: a significantly reducing poverty in all its forms and achieving the MDGs. The NPRSP represents a qualitative advance over previous approaches because it considers the fight against poverty as a long-term objective, and the population who participated in its preparation are the main stakeholders.

10. Besides this participative dimension, the NPRSP focused on gender as a cross-cutting factor. The cross-cutting approach integrates the gender perspective and development in sectoral and global diagnostics as well as in strategic poverty reduction policies. In addition, the specific dimensions of the issue of gender and equity were specifically addressed in the priority actions matrix. The fight against HIV/AIDS is also present in the strategy, as a scourge whose progression must be halted quickly, along with malaria and tuberculosis, as well as dealing with the multiple consequences of this pandemic.

11. Section 2 of this paper presents the phenomenon of poverty, its dimensions, extent, and distribution by category and region. Section 3, provides a background analysis of developments in poverty based on the diagnostic of past economic policies. Section 4 presents the priority goals in the fight against poverty by articulating a long-term and medium-term vision as well as the strategic actions. The operational strategies and the strategic actions of the NPRSP are presented in section 5. Section 6 proposes implementation, monitoring and evaluation mechanisms and highlights the risks. Section 7 presents the financing costs and strategy. The appendices propose a priority program matrix and monitoring indicators.

Box 1 : A participatory, dynamic process

Participation in the process of preparing the NPRSP involved all the segments of the society in the identification of problems and goals as well as in finding solutions and the formulation of strategies. The method has had an iterative dimension because the strategic reflection of the best options for poverty reduction was enriched by new contributions throughout the preparation of the NPRSP.

The participatory approach was intended to ensure: (i) good mobilization of qualified human resources with proven experience as a source of quality information and proposals for appropriate solutions, (ii) in-depth consultation with the stakeholders through a serious dialogue on subjects of utmost importance, (iii) constant interaction among the various levels of stakeholders and responsibility as a means of mutual education and enrichment of all stakeholder, (iv) the formation of a consensus on the problems, goals and options for resolving the crisis, (v) ownership of the solutions chosen, and commitment to achieving them.

In order to achieve these goals, the institutional framework for preparing NPRSP sought to involve three levels of participation: (i) a political and institutional level, engaging the government and its development partners, (ii) a technical level, engaging the national public and private sector leaders as well as civil society leaders, (iii) a popular and community level based on consultation with the average citizen and organized groups of stakeholders based in rural and urban areas. The discussion meetings facilitated extended consultation with all sectors of the population. These meetings were held in all eight regions of the country and in the autonomous sector of Bissau. The stakeholders involved in the process were the representatives of the central government, civil society, religious communities, traditional leaders, organized and informal private sector, regional planning departments, regional health departments, education, and security, as well as the various categories of social and economic stakeholders. On average, 120 people participate in each of the 9 discussion meetings held during March-April 2002 in the Gabu, Bafatá, Oio, Cacheu, Quínara, Tombali, Biombo, Bolama-Bijagós, regions and in the capital Bissau. Overall, 1,080 representatives from all the regions and socioeconomic groups were involved in the process. The discussions allowed gathering key information on poverty and other problems as they are experienced by local people. The interaction in the meetings facilitated dynamic discussions in groups during the identification of the problematic. This direct information gathering significantly improved the NPRSP because it enabled it to be tailored to the basic concerns of the populations. Thus, the frequently cited concern of the populations regarding the problems related to the weak development of the country's infrastructure contributed to better shape the infrastructure development strategy of the preliminary NPRSP. In addition, the insistence of the populations on decentralization resulted in the preliminary NPRSP focusing on decentralized implementation mechanisms. A second round of 5 provincial meetings was organized in August 2004 in order to go back to the populations with proposed solutions to the problems identified in the first phase. This second round of discussion meetings on the proposed solutions included approximately 300 people representing various sectors of the society.

Besides the grassroots consultation mentioned above, other key organizations such as trade unions, employers, NGOs and associations were involved in the preparation of the NPRSP through seminars and workshops held repeatedly throughout all the phases of the project, particularly during the diagnostic, strategy formulation and action planning phases, and the participatory diagnostic phase carried out in March and April of 2002. In total, some 1,080 people representing all the regions and all the segments of society were involved.

The surveys essentially served to deepen knowledge of the phenomenon of poverty, in its quantitative and qualitative dimensions. They also contributed to increase the knowledge of the qualitative and psychosocial dimensions of poverty in the various sectors, and to detecting the specific aspects of urban and rural poverty. Carrying out the Small Poverty Assessment Survey (ILAP) and the participatory study on perceptions of poverty involved a vast representative cross-section of all the regions of the country and facilitated engaging stakeholders at all levels, especially in the peripheral sectors of society.

The specialized workshops played an important role in the mobilization and participation of quality human resources. Eleven specialized workshops were organized throughout the process with an average of 30 participants per session, implying the involvement of some 350 specialists in the most varied fields, active in their government, private or association sectors. Because they were adapted to the current configuration of the national expertise, the workshops facilitated the leveraging of potentialities through consultation techniques based on group dynamics. Because these workshops were repeated throughout all phases of the project, they facilitated the process of internalizing the problematic of the fight against poverty. The last seminar held in July 2006 and sponsored by the Prime Minister facilitated the incorporation of the new government priorities, particularly the reform of the defense and security sector.

The discussion meetings, workshops and seminars were conceived to foster the internalization and ownership of the NPRSP by broadening it to include all categories of stakeholders.

2. THE PHENOMENON OF POVERTY

A. 2.1 Poverty is a multidimensional phenomenon

12. Poverty reflects the privations that hinder a person's access to basic means to satisfy her basic needs of nutrition, health, education and housing and to live longer. Poverty is a tangible phenomenon that can be defined as a state of great need and the incapacity to satisfy basic needs for food, clothing, drinking water, housing, basic sanitation, primary healthcare and education. Poverty is also a limitation of the possibilities for choice, or the populations' inability to benefit from the opportunities enabling them to live in decent conditions, with liberty and dignity. Poverty, and particularly extreme poverty, deprives populations of the means to stay alive because it exposes them to hunger, disease and environmental catastrophes.

13. In order to obtain the in-depth diagnostic of the poverty situation in Guinea Bissau required for the preparation of the NPRSP, the government carried out two surveys: one qualitative and the other quantitative. The qualitative or subjective approach relates to the perception that the populations have of their own living conditions. The qualitative study of the perceptions of poverty along with the participatory diagnostic brought to light the fact that the majority of the population considers poverty to be a state of material incapacity and moral powerlessness against the minimal needs of society. In summary, a poor person is the one who does not have either material goods or power. The quantitative or objective approach is based on quantitative monetary or non-monetary data facilitating the definition of the poverty line at which a person or household may be considered poor. It permits measuring the incidence, depth, and severity of poverty all at once, as well as the inequality among households with respect to consumption. The Small Poverty Assessment Survey (ILAP) carried out from March to May 2002 facilitated the determination of all the indicators and highlighted the main determinants of poverty in Guinea-Bissau through a poverty profile analysis.

B. 2.2 Measuring poverty

14. **The prevalence of poverty is very high.** According to ILAP estimates, among a population estimated at 1,181,641 people, 764,672 live in a situation of poverty, with less than two dollars per day, which yields an incidence of poverty of approximately 64.7 percent. A population of 245,965 people, or 20.8 percent, live in extreme poverty, with less than one dollar per day.

Box 2: Poverty indicators

The numerical incidence or prevalence of poverty represents the percentage of the population whose consumption or income is below the level of lifestyle considered to be the poverty threshold or line. The incidence of poverty illustrates the extent of poverty, the percentage of poor people among the population considered.

The depth of poverty is the poverty gap, or the distance separating the average spending for the poor from the poverty line. The depth of poverty is the deficit of resources for which the transfer of an equivalent amount would theoretically enable poor people to climb out of poverty.

The severity of poverty is the extent of the average gap from the poverty line. It indicates the situation of the poorest of the poor based on the average gap from the poverty line.

Table 1: Poverty indicators in Guinea-Bissau

	\$ 1			\$ 2		
	Bissau	Other regions	Total	Bissau	Other regions	Total
Poverty line	108,000 FCFA			216,000 FCFA		
P ₀ Incidence (%)	9.3	24.8	20.8	51.6	69.7	64.7
Number of poor people	28,414	217,551	245,965	157,612	607,060	764,672
P ₁ Depth	0.018	0.065	0.053	0.169	0.278	0.250
Average gap between threshold income of the poor	21,419	28,493	27,668	71,509	87,276	84,032
P ₂ Severity	0.006	0.026	0.021	0.073	0.142	0.124

Source : INEC/ILAP

15. In general, poor people's spending on consumption was 25 percent below the poverty line of \$ 2 per day. These gaps are more pronounced in the interior of the country than in Bissau, with the percentages being 27.8 percent and 16.9 percent, respectively. With respect to extreme poverty, people with less than one dollar had a consumption deficit of 5.3 percent preventing them to reach the poverty line of \$ 1 per day. The depth of poverty at the rate of 1 dollar per day was 1.8 percent for Bissau versus 6.5 percent for the regions.

16. The indicators of the depth and severity of poverty were 25 percent and 12.4 percent, respectively, while the average difference between the poverty line and poor people's income is estimated at 84,032 FCFA for people living on 2 USD per day, and 27,688 FCFA for those living on 1 USD per day. This means that the income deficit of poor people versus the poverty line (216,000 FCFA) is 84,032 FCFA, and versus people living in extreme poverty is 27,688 FCFA. In other words, 84,032 FCFA per person per year is required for all poor people to reach the poverty line.

17. These indicators cannot be compared to the data from the survey carried out in 1991 (HCBS) because the methodology used in the two surveys are distinct. However, at the \$ 2 per day poverty line the HCBS data yields a poverty rate of 49 percent in 1991, whereas the ILAP data yields a rate of 64.7 percent in 2002. Likewise, for the extreme poverty line of \$ 1 per day, the HCBS gives a rate of 26 percent and the ILAP a rate of 20.8 percent. Although it is difficult to draw conclusions based on these data, overall, the prevalence of poverty is high and the social indicators in Guinea-Bissau are still below desirable standards and average levels in Africa.

18. It should be noted that the monetary poverty rate at the poverty line of \$2 per day estimated at 64.7 percent in 2002 was revised upward to 65.7 percent and the extreme poverty rate of 20.8 percent to 21.7 percent under the World Bank assessment carried out in 2005¹. This assessment showed poverty to be more prevalent among people 45 years of age and older, and particularly among those over 66 years of age with considerable familial responsibilities.² People 31 to 45 years of age had the lowest prevalence of poverty. Women as a group were shown to be as poor as men, with respective incidences of 65.6 percent and 65.9 percent for the two dollars per day line and 21.1 percent and 22 percent for the 1 dollar per day line. However, up to the age of 31 and beyond the age of 65, the incidence of poverty is much higher for women than for men. Women fair better as a group because of their activities in the informal sector.

¹ See World Bank, Guinea-Bissau: Integrated Poverty and Social Assessment. Transition from Post Conflict to Long Term Development: Policy Consideration for Reducing Poverty, December, 2005.

² See World Bank, Guinea-Bissau: Integrated Poverty and Social Assessment. Transition from Post Conflict to Long Term Development: Policy Consideration for Reducing Poverty, December, 2005.

C. 2.3 Analysis of poverty by category and

region

19. The methodology used for the ILAP was based on an analysis of poverty in Bissau versus the other regions as opposed to the decomposition in rural and urban areas of the HCBS. For this reason, it is therefore difficult to provide a more in-depth, detailed analysis of poverty in rural areas. Despite this limitation, the ILAP provides data on age, activity, gender, etc. that provide a great deal of knowledge on poverty in Guinea-Bissau.

20. **Poverty and economic activity.** Of all people over 15 years of age, more than 60 percent are active, meaning they are engaged in some activity (ILAP, 2002 data). The unemployment rate for this age group is 12.4 percent nationwide; it is 19.3 percent in Bissau and 10.2 percent in the rest of the regions. With regard to economic sectors 63.5 percent of the working age population (15 years of age and older) are employed in agricultural (including forestry and fishing), 8.9 percent in industry, and 6.1 percent in the public administration. As the data show, the large majority of the employed derive their income from working for themselves through freelance activities (58.4 percent). Wage earners, however, represent a significant proportion (42 percent) in Bissau. People employed in agriculture are poorer than those employed in other sectors. Poverty increases as a function of location of residence and size of household, but decreases with the level of education of the head of household. Persons with a secondary education and particularly those with higher education are at less risk of poverty.

21. **Poverty and location.** The prevalence of poverty is higher in rural areas than in urban areas. As shown in Table 2, except in Bissau, the poverty rate ranges from 62.6 percent for Biombo /Bolama to 79.6 percent for Oio. The proportion of the population living on less than two

Table 2: Poverty rate by region and regional contribution to poverty

Regions	Absolute poverty rate (%) (less than \$ 2 per day)	Regional contribution to poverty
BAFATA	72.4%	13.6%
BIOMBO/BOLAMA	62.6%	9.1%
CACHEU	63.8%	14.2%
GABU	65.8%	12.3%
OIO	79.6%	18.0%
QUINARA/TOMBALI	69.1%	12.2%
BISSAU	51.6%	20.6%
Regions other than BISSAU	69.1%	79.4%
Total for the country	64.7%	100%

Source: INEC, December 2002.

22. The depth of poverty is greater in the other regions than in Bissau for both the \$1 and \$2 poverty lines considered. While the monetary value of raising the income of the poor at the level of the poverty line (216,000 FCFA) is 84,032 FCFA nationally, in Bissau this value is 71,509 FCFA compared to 87,276 FCFA in other regions.

23. According to the ILAP data, the GINI index³ used to measure inequality is 0.36. This indicates a lower concentration of spending among certain groups within the population and

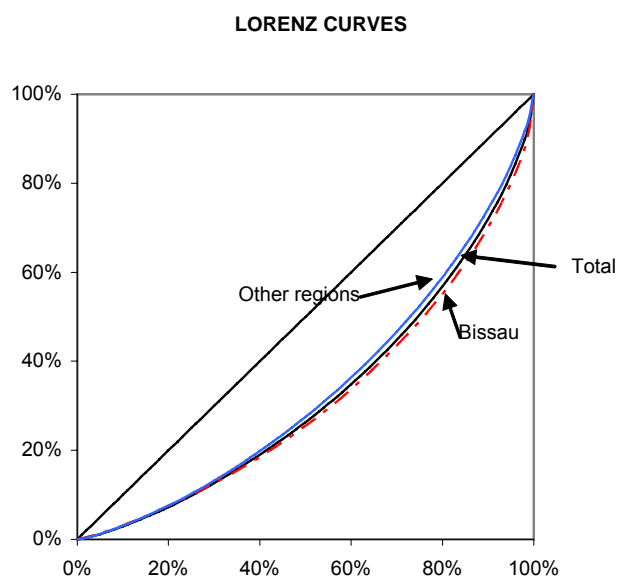
³ The Gini index is an indicator that facilitates the measurement of inequality; the higher it is, the greater the inequality in the distribution. Perfect equality is achieved when the GINI index is equal to 0. On the other hand, the maximum inequality is equal to 1.

therefore less inequality in the distribution of income in Guinea-Bissau, as compared to other countries in the sub-region, and particularly Senegal, whose index is 0.40. The GINI index is 0.37 for Bissau and 0.33 for the rest of the country. It is estimated that approximately 30 percent of the population of Bissau control 60 percent of consumption or income, while 40 percent of the population in the other regions taken together control 60 percent of consumption. The level of spending by poor people is virtually one third that of non-poor people, and this gap is even greater in Bissau. The Lorenz curves⁴ shows that inequality is slightly higher in Bissau.

Table 3: GINI Index

	Bissau	Other regions	Total
GINI Index	0.37	0.33	0.36
Annual per inhabitant spending	216,409	145,793	164,061
POVERTY LINE \$ 1			
Poor people (1)	68,509	60,360	61,311
Non-poor people (2)	231,566	173,579	190,715
Ratio of (2) to (1)	3.1	2.9	3.1
Poverty line \$ 2			
Poor people (1)	113,104	96,998	100,312
Non-poor people (2)	324,182	253,282	278,352
Ratio of (2) to (1)	2.9	2.6	2.8

Graphic 1: Expenditure Concentration Curves



⁴ The Lorenz curve also facilitates the measurement of inequality; the further the curve is from a straight line, the greater the inequality in distribution.

D. 3.1 Political and macroeconomic performance

24. In recent years, political and institutional instability combined with other endogenous shocks have had a significant effect on poverty in Guinea-Bissau. The fragility of governance led to deficient functioning of institutions thereby generating chains of negative reactions in other sectors, particularly economic and social sectors. As in the period prior to the 1998-99 war -- which was allegedly triggered by bad governance -- political and institutional instability has risen to alarming levels after the conflict. The latter claimed thousands of lives and destroyed much of the already weak economic and social and administrative infrastructures, putting the viability of the State in question.

25. In fact, one of the greatest consequences of the armed conflict was the increase in the level of poverty, reflected in the deterioration of the provision of basic services, the destruction of housing and other basic infrastructures, the decline in the level of security and the weakening of the rule of law. The household perceptions survey carried out by the World Bank in 2005⁵ showed for both rural and urban areas a deterioration of living conditions as compared to the period prior to the war for 76.6 percent of the people surveyed. This perception is more pronounced for urban populations (80.8 percent) than for rural populations (74.1 percent). With the armed conflict, most of the economic advances achieved by the country were wiped out; the real GDP deteriorated approximately 28 percent from 1998 to 1999; agricultural production fell approximately 17 percent during the same period and losses for the private sector were assessed at approximately USD 90 million. The precarious situation of the social sectors was aggravated. The most vulnerable segments of the population were those that suffered the greatest consequences of this conflict. The conflict also caused the weakening of the public administration.

26. Moreover the trend in the immediate aftermath of the conflict was marked by chronic political and institutional instability generated by the difficult relationships among the political powers, democratic institutions, the various political forces and the armed forces. The most notable episodes of this instability notably the armed confrontation between the factions of the armed forces in late 2000, the failure of the coalition efforts for stable governance, the dissolution of the elected parliament in late 1999, the failure of several successive governments, through the coup d'état of September 2003, brought to light the difficulties in establishing the rule of law in Guinea-Bissau. This unstable political and institutional context severely hindered the implementation of economic and social policies aimed at reversing the trend and initiating economic recovery and poverty reduction.

27. The weak economic growth resulting from the implementation of inadequate macroeconomic and sectoral policies in the past is another major determinant of the high poverty rate in Guinea-Bissau. The economic policies implemented over the last three decades were not sufficient to drive economic growth and reduce poverty. In order to address the situation, corrective measures have been taken over the past years but were not sufficient to reverse the trend of weak performance.

⁵ See World Bank, Guinea-Bissau: Integrated Poverty and Social Assessment. Transition from Post Conflict to Long Term Development: Policy Consideration for Reducing Poverty, December, 2005.

28. Weak growth is also linked to the weak improvement of the country's potential in the various sectors, particularly in agriculture, fishing, tourism etc. This limits the participation of these sectors in the country's economic growth. Although the country has comparative advantages at the sub-regional level based on the production and export of several products other than cashew nuts, the weak private investment in these sectors and products, due to weak savings and the absence of an environment favorable to business and investment, limits the possibilities for development of these sectors and the impact they can have on economic growth, the creation of employment opportunities and improvement of the country's external competitiveness.

29. The economic trend of recent years shows that during the period 1990-2001 the standard of living declined 1.3 percent per year. In 2002, the country had a negative GDP growth rate of -7.2 percent. As a result of the consequences of the 1998-99 conflict, investment as a percentage of GDP went from 21.8 percent in 1997 to 11 percent in 2003, thus dashing hopes for reconstruction. The local savings rate has been negative from 1998 to the present. Government aid for development is declining, going from 74.2 percent of GDP in 1994 to nearly 29.2 percent in 2002. In per capita terms, government aid for development dropped from 133.8 dollars in 1994 to 40.4 dollars in 2002.

30. The economy is not diversified and the primary agricultural sector (agriculture, livestock and fishing) is still the greatest contributor to GDP, at 59.6 percent in 2004, while the industrial and services sectors contributed only 12 percent and 28.4 percent, respectively, that year. The economy also still relies on a single export, cashew nuts. More than 93,000 tons of cashew nuts were exported in 2004 and 2005, and since 2000 they have represented nearly 90 percent of the value of the country's exports.

31. The state of the Guinea-Bissau economy in recent years has been characterized by a constant deterioration of the principal macroeconomic indicators. As mentioned, real GDP growth was nearly 1 percent from 2000 to 2004, a level too weak to halt the deterioration of the standard of living of the populations. The estimates for 2005 are around 3.5 percent. Inflation has continued with Guinea-Bissau joining the West African Economic and Monetary Union (WAEMU) and the adoption of the FCFA as its currency. Inflation dropped drastically, going from double digits before the country's entry into WAEMU to an average of less than 4 percent. It was estimated to be 0.8 percent in 2004 and 3.4 percent in 2005.

32. With respect to public finances, the main budgetary indicators deteriorated as well. The primary current balance as a percentage of GDP was negative in recent years, and dropping, at -4.7 percent in 2001 and -6.9 percent in 2005. The global budgetary balance including donations declined from -11.7 percent in 2001 to -15.6 percent in 2003 and then to -12.1 percent in 2005. The tax pressure rate is still far below the rate recommended by the WAEMU (17 percent), at 8.3 percent in 2004 and 11.5 percent in 2005. The wage bill as a percentage of tax revenues is critical; salaries far exceed revenues (111.9 percent, 155.0 percent and 108.9 percent, respectively, in 2003, 2004 and 2005), while they should not exceed 35 percent of revenues.

33. Investments, which advanced somewhat from 9.6 percent to 14.6 percent in 2005 as a percentage of GDP, are still far below the 20 percent investment rate called for in the WAEMU convergence criteria. While the domestic savings rate was negative from 2001 to 2005, the national savings rate was positive for the first time since the 1990's, at 9.8 percent, 16.2 percent and 7.5 percent, respectively, in 2003, 2004 and 2005. Transfers from emigrants were the basis for this positive national savings performance.

34. The country's indebtedness is also excessive, with foreign debt outstanding in the amount of

540.1 billion FCFA and debt service representing 364.9 percent of GDP and 43.9 percent of exports in 2004. Foreign debt service should represent 103.4 percent of total revenues excluding grants in 2004 and 43.9 percent of exports. The debt portfolio is notable for the significance of the arrears accrued on the foreign debt over several years. The trend of Guinea Bissau's foreign debt stock is shown in Table 4. The increases in the debt stocks payable to bilateral and commercial creditors are the result of interest arrears rather than new funding from this group of creditors. Actually, there was little new funding during this period. The foreign debt as of late 2004 is estimated at 540.1 billion FCFA, of which 129.9 billion FCFA were arrears accrued vis-à-vis all foreign creditors except IDA, the ADB and the IMF.

Table 4: Guinea-Bissau: Total foreign debt stock by creditor (in thousand USD)

	2001	2002	2003
Multilateral	403,016.0	424,260.0	431,953.0
Of which			
IDA	228,689.0	234,990.0	237,830.0
ADF	109,930.9	124,779.0	127,167.0
Bilateral	555,962.0	449,104.0	464,518.0
Paris Club	448,241.0	312,273.0	324,394.0
Of which			
Pre cut-off date	371,429.0	224,549.0	232,741.0
Post cut-off date	76,812.0	87,724.0	91,654.0
Excluding Paris Club	107,720.0	135,805.0	140,124.0
Commercial	733.0	1,026.0	1,085.0
<i>TOTAL</i>	959,711.0	874,390.0	897,556.0

35. The bilateral portion of the total external debt is the largest (57.4 percent); however, when arrears are excluded the multilateral share is the largest (52.8 percent). This implies that while the policy adopted consists of accruing arrears, those arrears are for the most part owed to bilateral creditors, with Paris Club creditors holding 82.1 billion FCFA in arrears as of end-2004, compared to Non-Paris Club creditors (342.8 million FCFA) and multilateral creditors, estimated at 12.6 billion CFA.

36. The debt owed to the Paris Club represented 324.4 billion FCFA in 2003, of which 71.7 percent was pre cut-off date, 28.3 percent was classified as post cut-off date and was not rescheduled under the Paris Club. A non-concessionary rescheduling of the arrears in this category was obtained during the last round of negotiations. It is expected that Italy will offer 100 percent

forgiveness at the completion point, while Spain will offer comparable treatment on a case by case basis. An agreement with the IMF will offer the prospect of substantial relief under the initiative in favor of heavily indebted poor countries (HIPC). However, Guinea-Bissau believes that the treatment of the foreign debt under the HIPC will not be sufficient to ensure sustainability. The initiative undertaken by the Group of Eight and confirmed by the general assemblies of the IMF and the World Bank to forgive the multilateral debt of poor countries offers hope. The problem for Guinea-Bissau will be to take advantage of this additional multilateral debt relief initiative (MDRI) as soon as possible.

37. The debt owed to non-Paris Club creditors represents nearly 30.2 percent of the bilateral debt. This category benefited from forgiveness of the debt extended by Cuba and the People's Republic of China. The negotiations to obtain HIPC relief from the other creditors, particularly the three Arab funds, have not yet been successful.

38. While the total amount of the domestic debt has not been confirmed yet, preliminary estimates indicate a sum of 62.7 billion CFA as of end-2003. Approximately 82 percent of this total represents domestic arrears. This amount represents a major budgetary challenge for the government since its resources are limited. Considering Government revenues (approximately 30 billion FCFA for the year) and the GDP (150 billion FCFA), the sum of 80 billion in domestic arrears seems enormous and beyond Guinea-Bissau's absorption capacity, not mentioning the burden of the foreign debt.

Table 5: Total domestic arrears (in million CFA)

	1999	2000	2001	2002	2003
Outstanding, audit as if 12/31/99	20.300,0				
Salaries and sundry bonuses		1.251,0	190,5	729,6	6.973,6
Acquisitions of goods and services		5.621,9	2.140,3	2.980,4	7.674,4
Embassies		595,3	137,8	560,1	98,8
Restitution		967,2	192,7	34,0	781,4
Memorandum account		3,4	187,9	15,1	19,6
Subtotal	20.300,0	8.438,8	2.849,2	4.319,2	15.547,7
Total		28.738,8	31.588	35.907,2	51.454,9
Arrears 1999 elections					315,9
Arrears 2004 elections					323,4
Stipend arrears					69,3
Counterparty funds					1.860,2
Unpaid IOUs					4.844,1
Direction Plan Balance					3.877,3
Subtotal	20.300,0	28.738,8	31.588	35.907,2	11.290,2
Total	20.300,0	28.738,8	31.588	35.907,2	62.745,2

39. The external sector is constrained by the country's weak export capacity. While exports

covered imports in 2000 and 2001 in their entirety, in 2002, 2003 and 2004 they only covered 93.1 percent, 99.8 percent and 94.1 percent, respectively. The balance of payment's balance of services as a share of GDP was -14.3 percent in 2003 and -16.9 percent in 2004. The trade deficits, along with the services deficit, resulted in an external current account deficit during the period: -14.3 percent in 2002, -10.2 percent in 2003 and -15 percent in 2004. The flows of aid and the accumulation of external arrears resulted in an overall balance of payment surplus during the period 2000-2004.

Sectoral policies

40. The infrastructures supporting economic activities are poorly developed. There are high transaction costs due to insufficient and mediocre transportation systems (the roadway covers 2755 km of which only 755 km are paved) and port, with silting problems and a lack of equipment. Telecommunications are poorly developed despite the new dynamic generated by the introduction of cellular telephony. As of yearend 2001, Guinea-Bissau had 7000 operational lines out of a total of only 10,500 installed lines. Difficulties with the supply of electricity are among the greatest obstacles to economic et social development. Only 5.7 percent of the population has access to electricity, and it is irregular. In the capital, Bissau, this percentage is only 12.9 percent. This situation affects the quality of life of the populations and stands in the way of the development of industrial activities and services.

41. Guinea-Bissau has excellent natural conditions for the development of agriculture. However, technical and organizational constraints along with low productivity and the isolation of production sites hinder the development of a competitive agricultural sector as the main source of economic growth. The fishing sector is ill structured and generates less budgetary revenues due to its artisanal nature and the lack of capacity to efficiently manage the issuance of fishing licenses. This results in poorly controlled exploitation of fishing resources and constitutes a threat to the marine ecosystems. Though a Sahelian country, Guinea-Bissau serves as a climatic buffer against the encroachment of Sahara desertification for the countries of the sub-region. However, the biodiversity protection measures to conserve the sub-regional ecological balance have been insufficient. Anti-environmental practices are prevalent, promoted by poverty. Few initiatives have been taken for the rational use of the environmental riches.

E. 3.2 Poor access to infrastructures and basic social services

Table 6: Net primary enrollment rate by gender and by region

Regions	1999/00			2003/04		
	M	F	MF	M	F	MF
BISSAU	50.2	52.4	51.2	45.4	43.6	44.4
Biombo	93.5	67.2	79.9	89.9	83.8	87.0
Cacheu	70.0	38.4	53.3	71.0	64.2	67.8
Oio	55.1	25.0	39.8	50.0	41.7	46.2
Bafatá	34.2	20.3	27.0	57.1	60.0	58.5
Gabú	43.6	29.4	36.3	52.1	56.4	54.2
Quinara	53.3	28.6	40.6	60.2	59.2	59.8
Tombali	56.1	32.4	43.8	76.6	77.5	77.0
Bolama	76.7	59.2	67.8	53.9	51.5	52.7
Nat. Total	51.7	38.5	45.3	58.0	55.9	56.9

Source: RPF

Education and poverty

42. Education is at the center of the poverty debate in Guinea-Bissau. The sector is characterized by poor performance and a lack of human, material and financial resources. The financial resources allocated to education in the Government Budget declined sharply from 15 percent in 1987 to 10 percent in 1995. This is equivalent to 0.9 percent of GDP, compared to the average for sub-

Saharan Africa, which was 4 percent of GDP over the same period. The situation has deteriorated much rapidly in recent years with a share of 11.2 percent in 2001 and 13.1 percent in 2004 (2.2 percent and 2.5 percent of GDP, respectively).

43. The net enrollment rate (NER) by region, sex and the equality index in the age category 7 to 12 years (data for the school year 1999/2000) is 53.5 percent for boys and 36.3 percent for girls. The gross enrollment rate (GER) by region, sex and the equality index in the age category 7 to 12 years yields an equality index of 0.7. The net enrollment rate has improved overall, but is still far from primary education for all. Enrollment has improved in seven regions of the country (Biombo, Cacheu, Oio, Bafata, Quinara, Gabu and Tombali) and deteriorated in the autonomous sector of Bissau and in Bolama (see Table 6). However, the regions of Gabu and Oio, like the autonomous sector of Bissau and Bolama, have lower than average enrollment rates.

44. The enrollment of girls has progressed significantly except in the autonomous sector of Bissau and in Bolama. The girl/boy ratio has improved throughout the country from 0.7 in 1999-00 to 0.8 in 2003-05. The improvement of this index has been notable in all regions except in the autonomous sector of Bissau, where equality had already been achieved. Despite the efforts put forth to achieve gender equality in primary education, the country has been slow to do so.

45. The expected years of enrollment is 3.6 years, and less for the following regions, which have significant retention and dropout problems: Gabú, 1.8 ; Bafatá. 2.1 ; Oio. 3.1 ; Tombali. 3.3. Girls remain in the educational system for a shorter time, due to socio-cultural and economic factors, particularly female excision, marriage and early motherhood, and girl's participation in income-generating activities. Early childhood, an important stage for the child's socialization, is the period for preschool education from 3 to 6 years of age, with an insufficient coverage rate (2.3 percent).

46. In terms of access, the data indicate the existence of incomplete school cycles, which do not cover the four years of the primary cycle of six classes of basic education. In 1999/2000, the student/classroom ratio was 64; it rose to 90 in 2001/2002. Nearly 52 percent of the students in primary education are concentrated in the first and second years. Only 56.6 percent of schools offer a cycle of four classes.

47. With respect to the technical and pedagogical qualifications of the teachers, only 40.5 percent of teachers of basic education have diplomas. The student/teacher ratio is 39, but is estimated at 96 in terms of students per trained teacher. The quality of the teachers of basic education, recruited for the most part with the academic level of primary instruction, continues to be a concern.

48. In 1999, the number of establishments offering secondary education increased to 27 (17 public and 10 private), serving 26,000 students. With respect to the professional training of adolescents and adults, out of approximately 305,000 adolescents and adults 15 to 29 years of age, 1,332 attend the 4 teacher training schools that exist in the country, 8,783 continue their secondary studies and the rest enter the informal labor market early, without appropriate preparation.

49. The adult illiteracy rate is estimated at 63.4 percent, 76.2 percent for women and 47.4 percent for men (INEC – ILAP data). It is believed that this high index may be one of the causes for the low school attendance rate for children and girls in particular.

Health and poverty

50. Malaria is the greatest public health concern. It is an endemic disease with stable transmission and high prevalence. It is the highest ranking cause of morbidity and mortality for children under 5 years of age; it represents more than 50% of the reasons for consultation, 15% of the causes of mortality and more than 64% of the causes of death in the pediatric ward of “Hôpital National Simão Mendes” the main hospital in Bissau.

51. In health care centers, only 38% of children suffering from simple malaria and 29% with cases of serious malaria are treated properly. Of children under the age of 5 years, only 5% sleep under impregnated mosquito netting (source: DHE-PNLP 2002).

52. Vaccination coverage against measles among children under one year fluctuated considerably from 1990 to 2003: 19% in 1999, and the highest rate, 82%, in 1995. After the 1998 conflict, efforts were made to raise the level of vaccination coverage.

53. Sexually Transmitted Diseases (STDS) represented 9% of adult consultations in 2001, versus 4% in 2000. Each year 120,000 people are exposed to STDS due to unprotected sexual relations (source: DHE-SIS).

54. Tuberculosis is the most deadly disease among adolescents and adults, with an annual incidence estimated at 1.25 new cases with BK+, and the detection rate is around 85%. During the period 1991-01, the incidence of TB in all forms went from 80 to 130/100,000 inhabitants. This increase is due in part to its interaction with HIV, 40 to 50% of patients being HIV-positive, to the lack of resources and the dismantling of the program due to the destruction of the pneumophthysiology referral center during the 1998-99 conflict.

55. Estimates from the national program for the fight against HIV/AIDS (PNLS) in 2001 indicate an HIV1 prevalence rate, including dual infections, of 4% among adults and for HIV2, 2.7%. The number of persons infected with HIV would be 33,900. The distribution of infection is nearly identical in rural and urban areas, and it seems higher along the economic corridor Bafatá (5.8%), Bissau (4.7%), Gabú (3.9%). Unless the national response effectiveness is improved, HIV1 could afflict 100,000 people in 2008.

56. The consequences of such a situation are numerous and troubling: impoverishment of the persons afflicted and of their families, and an increase in AIDS orphans; an additional burden on elderly persons who must care for their small children with their meager resources; the inability of the healthcare system to handle the growth in demand for healthcare and medical, social and psychological assistance; increased morbidity among certain professional milieu (health and teaching staff, etc.) and age groups (sexually active people). In addition to this bleak picture, the government lacks the financial resources to attack the problem head-on. The populations are already so poor that they cannot bear the cost of caring for their loved ones or for children orphaned by AIDS. All of these issues will require in-depth study in order to offer appropriate responses. A multidimensional approach is required to define the specific interventions for each of the aspects and sectors.

57. Infant and infant-juvenile mortality are high. Nonetheless, a relative reduction of the infant mortality rate (IMR) was recorded. It went from 142% in 1990 to 124% in 1999. Over the same period, the Under-5 Child Mortality Rate (TMM5) also declined from 246% to 203%.

58. In 1991, malnutrition among children under 5 was 33%, while serious malnutrition was

25% (source: (ILADAP/MINSAP). The MICS 2000 showed that some 25% of children under 5 are underweight for their age, and 30% suffer from retarded growth. Low-weight births have risen from 20 to 27.5%.

59. Maternal mortality in 1990 was estimated at 914/100,000 live births (l.b.) and at 822/100,000 (l.b.) for the period 1990-1996. Current official figures based on monographs by the PSB indicate 700/100,000 l.b. The MICS 2000, applying a different methodology, reported 348 per 100,000 l.b. Nonetheless, it found this figure to be under-estimated because there were many home births that are not recorded. The direct causes of death are related to obstetric complications caused by hemorrhages 42%, dystocias 19%, infections 16%, abortions 9% and eclampsies 6%. Malaria, anemia and malnutrition are also frequent causes. The CPN usage rate observed among 255,791 pregnant women indicated a frequency of 59%. On the other hand, an 18% rate of assisted births was recorded in 1999, and that rate was 27% in 2003 (source: DHE-SIS/MINSAP).

60. Access to healthcare infrastructures is still weak, especially in the regions of Oio and Gabú, whose rates are lower than average (35% in 2001). BISSAU, with more than 300,000 inhabitants, has a weak network of health centers, which causes an overload on the HNSM, the only structure that serves the entire national and lacks a lot of equipments and supplies. The (4) regional hospitals are in the same situation regarding needs. Access to complete reproductive healthcare is still weak.

61. The functioning of services is affected by the lack of qualified human resources, a shortage of drugs and weaknesses in the implementation of advance strategies. In addition, demoralization of the profession is rampant due to the precarious working conditions and low pay. All of this increases the lack of confidence of users of the services and causes a low rate of usage.

62. The situation of the health sector is not well-known because of a lack of sufficient, adequate indicators. The weak level of healthcare system indicators is in part due to the destruction of major healthcare structures and the heavy flight of human resources abroad during the 1998 political-military conflict.

63. The ratios of the various professional categories to inhabitants are high. The distribution of human resources is unequal, there is a strong attraction to urban centers. More than half of the qualified personnel are in Bissau. There is a great lack of specialists; there are services with no specialist (source: MINSAP/DRH, 2001).

Access to water and to basic sanitation

64. According to the results of the ILAP survey, more than 95% of the people journey on average 30 minutes for access to drinking water. However, there is a difference between having access to water and having access to drinking water. At the national level, only 54.6% of the population have access to drinking water (piped, public faucet or fountain, protected well or cistern), while 45.5% use unprotected water from wells and rivers, etc. Nationally, on average, 5.1% of the population is connected to the public drinking water system, while 49.5% use public faucets or fountains, protected wells or cisterns for their drinking water supply. With respect to sanitation, approximately 35% of households nationally have no toilets, and there is heavy use of poorly conceived latrines/pits, which represent a serious danger to public health. There is no organized system for urban waste removal and treatment.

4. PRIORITY GOALS

F. 4.1 The long- and medium-term outlook

65. The strategy for the fight against poverty was inspired by the options determined by Guineans in the long-term forward-looking study “Djitu ten”, whose timeline runs through 2025. In order to meet the challenges posed by the delay in terms of development and the promotion of well-being of the populations, the long term view offered by the Djitu ten approach, based on the rational assessment of domestic efforts and potentialities, to make Guinea-Bissau: (i) a well-governed country with institutions for balance and control of powers, a decentralized administration that values merit; (ii) a country with an environment favorable to sustainable economic growth, good distribution of income and integrated into the sub region; (iii) a country with well-trained human resources adapted to its needs; (iv) a country with self-sufficiency in food and an exporter of grains in the sub region; (v) a country with rational management of its natural resources and greater environmental awareness among its citizens; (vi) a peaceful country with diversity, that values its cultural patrimony and ensures equality of opportunities between sexes; (vii) a strong country, economically independent, with good infrastructures; (viii) a country with a democratic system that stimulates participation by its citizens in basic decisions and achievement of the rule of law.

66. The strategies outlined in “Djitu ten” for achieving the long-term vision were laid out as follows: (i) implement a system of governance facilitating the creation of a climate favorable to development, and rational, efficient and transparent use of public assets and human resources with a strong emphasis on accountability; (ii) ensure a good education and training of human resources; (iii) ensure the existence of a democratic, pluralist, participatory, stable system; (iv) ensure the mobilization and rational use of natural, human and financial resources for sustainable economic growth; (v) construct the social and infrastructural bases for sustainable development.

67. The Government poverty reduction strategy is harmoniously integrated into the vision of the “Djitu ten”. Taking into account subsequent trends, particularly the rupture caused by the 1998-1999 war and its consequences implies the integration of elements indispensable for the building of peace, national reconstruction, reconciliation and preventing the resurgence of conflict. The strategy aims at building peace and consolidating the rule of law and regional integration so as to meet the challenges of globalization in the context of the New Partnership for Africa’s Development (NEPAD).

68. As shown by the NPRSP participatory diagnostic process, the elimination of poverty requires a broader approach that takes into account economic, social and institutional concerns as well as cultural and environmental aspects. From this perspective, cross-cutting issues (such as governance, corruption, human rights, gender equality, HIV/AIDS, institutional capacity, conservation of the environment, etc) require a particular attention.

69. The structural nature of poverty, which requires immediate as well as medium- and long-term actions, requires a phased approach, since intervention must be progressive, taking into account the capacity to create the conditions for accelerated growth, and external constraints in the area of the mobilization of resources.

70. In a first phase that will cover the period 2006-2008, for which the perspective is post-conflict rebuilding, efforts will concentrate on the implementation of measures and actions with

immediate, visible effects for poor people. Beyond the assurance of macroeconomic stability, the actions to be implemented will concentrate on the key sectors of the economy, particularly agriculture, fishing, basic infrastructures and those that support production, microfinance, etc., which are likely to have a significant impact on growth. The quantitative and qualitative improvement of the supply of social services will be the lever for the development of human capital. In a second phase, based on the assessment of the first phase, the actions intended to achieve medium-term goals will be defined.

71. The reform of the security sector as set forth in the NPRSP focuses on the one hand on demobilization and improvement of living conditions in the military barracks, and on the other hand on the transformation of the armed forces into stakeholders for pacification and consolidation of the rule of law. The reform of the security forces will be carried out in a consensual context of dialogue and consultation among all the parties involved. This will be based on a transparent assessment of the situation of the military and the paramilitary (police and gendarmes). The demobilization and reintegration effort will be implemented through an incentive system.

G. 4.2 The medium- and long- term goals

72. The long- term goals of the poverty reduction strategy are stated in the development program agreed upon with the international community. The poverty rate projected for 2005, estimated at 68.5% is a projection of the rate for 2002, derived from the decrease in income per inhabitant (see the hypothesis cited below.) Thus, the goals that guide the strategy are: (i) reduce the incidence of generalized poverty, which will go from 68.5% in 2005 to 65.9% in 2008, 64.1% in 2010 and 59.7% in 2015; (ii) reduce extreme poverty from 22% in 2005 to 21.2% in 2008, 20.6% in 2010 and 19.2% in 2015; (iii) accelerate the achievement of the millennium goals for development because of the considerable delays experience up to now ; (iv) develop infrastructure to support production.

73. In the education sector, it is necessary to promote: (i) the expansion and improvement of access to education with a view to making basic education universal, achieving in 2007 the rate of 83%, and in 2015 approximately 98% for children for whom the current admission rate is 77.8% (RPF/2000), (ii) improvement of the internal efficiency of the system, raising the ratio of children who finish primary school to 25%, (iii) improvement in the rate of girls who finish basic education, eliminating the disparities in primary and secondary education and achieving equality by 2015.

74. With regard to health and drinking water, it is necessary to: (i) reduce the infant mortality rate from 122 per thousand in 2004 to 112.9 in 2006, 104.5 in 2008 and 79.7 deaths per thousand in 2015; (ii) reduce the infant-juvenile or under-5 child mortality rate from 205.2 deaths per thousand in 2004, to 189.9 in 2006, 169.1 in 2008 and to 134 deaths per thousand in 2004, 800 in 2006, 752 in 2008 to 525 in 2015 ; (iv) substantially increase access to drinking water through connection to piped water and public fountains in the cities and to protected wells in the villages.

75. The main objectives of the NPRSP, in the absence of exogenous shocks, include on the one hand the definition of the macroeconomic context outlined with the IMF Technical Team in June 2004 and review in the context of the Staff-Monitored Programs (SMP) (April–December 2005 and 2006), and on the other hand, the 2005-07 Multiyear Convergence Program which falls within the context of the WAEMU's Convergence, Growth and Solidarity Pact. It is worth noting that the macroeconomic framework of the 2004 SMP and the Multiyear Convergence Program projected a slow and gradual recovery of the economy in the medium-term. The real GDP growth rate projected for the period 2006-2008 was 5% with a real growth rate per capita of approximately

2.5% per year on average. The macroeconomic framework of the NPRSP is based on a slightly more optimistic outlook for mobilizing resources to jumpstart economic growth, reduce poverty, and progressively achieve the MDGs. The NPRSP will cover the period 2006-08 and will include a transitory phase of one year as outlined in the action plan for 2005. This will be followed by a multiyear action to be implemented during the period 2006-08. The main objectives of the NPRSP under the multiyear action plan are the following: (i) ensure an average annual growth rate of at least 5% over the period, (ii) limit the average annual inflation rate to 3%, (iii) reduce the nationwide poverty incidence from 68.5% in 2005 to 65.9% in 2008, 64.1% in 2010 and 59.7% in 2015 and the extreme poverty rate from 22% in 2005 to 21.2% in 2008, 20.6% in 2010 and 19.2% in 2015.

H. 4.3 Underlying assumptions

76. Guinea-Bissau is a poor and at the same time a heavily indebted country. It is also a country where the MDGs are at risk of not being achieved within the timeframes set forth. The delays are considerable. At the current pace, none of the seven MDGs will be achieved by 2015. That is why the NPRSP through strong, accelerated growth, and well-defined structural reforms should facilitate closing the gaps within a reasonable timeframe. Thus, the setting of the reduction of poverty goals for that horizon is based on the following assumptions and conditions:

- The average real GDP growth rate set for the period 2006-2008 is at least 5% with a demographic growth rate of approximately 2.2%: the average growth rate per inhabitant will thus be established between 2% and 2.8 %;
- Assuming that income inequality will remain low and stable, it is expected that each 1% increase in real GDP per capita would translate into at least 0.5% reduction in the incidence of poverty;
- New job creation will represent the main transmission channel through which growth will sustainably reduce poverty;
- The average investment rate expected to generate 5% growth per year is estimated at approximately 20% per year. However, based on the mobilization of the resources called for in the context of the donor round table, the government hopes to exceed that level; however, in the event of investment delays the growth impact will be felt only after 2008;
- Strong mobilization of external resources is envisaged. It will facilitate the progressive strengthening of the capacities for the mobilization of internal resources;
- Transfers from emigrants are assumed to continue at levels that will facilitate the generating of positive domestic savings, which will serve to finance investments in the domestic private sector;
- During the NPRSP implementation, the government intends to carry out efforts to broaden the tax base and reduce budget deficits;
- Guinea-Bissau hopes to benefit from the support called for under the HIPC initiative, and the decision by the Group of Eight to forgive the multilateral debt of poor countries, and from the requirements in view of the post-conflict reconstruction.

I. 4.4 Sociopolitical prerequisites and the reform of the security sector

77. Based on the above retrospective analysis, it is evident that a key determinant of poverty is instability and the recurrence of violence as evidenced by repeated coups d'etat and armed conflicts. This situation contributed has hindered the realization of development programs and projects and continually weakened the already fragile institutions and infrastructure. Therefore, the prerequisites

to make the poverty reduction strategy viable lie in the fostering of stability, good governance, reconciliation and peace consolidation in order to create the conditions to prevent a return to armed conflicts.

78. Guinea-Bissau's commitment to creating the conditions necessary for stability has already been demonstrated with the realization of the political transition of the past three years aimed at reestablishing constitutional rules. During this period, free and transparent legislative elections were successfully held in March and April 2004. The constitutional government, operating since May 2004, with the support of bilateral and multilateral partners, held presidential elections within a reasonable timeframe, in the third quarter of 2005. The investiture of the newly elected President of the Republic organized on October 1 in a republican context, brought to a close the transition process begun following the September 14, 2003 coup d'état. Moreover, the Government's program envisions the holding of local elections to complete the cycle of democratic consultations and to consolidate the democratic process through broad civil participation by the population from the outset.

79. In order to lessen the intensity of potential conflicts, the Government will foster reconciliation among the various former factions of the armed forces and the social forces that were involved in the political and military crises of the past. This reconciliation will be extended to all components of society in order to create the conditions for lasting peace. From this perspective, the Government, in collaboration with all the sovereign entities, will foster the building of a consensus of political and social forces around the questions of vital interest to the future of the nation. A reform of the security sector (RSS) that will be undertaken through a large consensus will foster the rebuilding of lasting peace and thus the conditions for human development.

80. The Government will continue the demobilization and social reinsertion of the former combatants in order to restructure the armed forces based on the country's actual needs and financial capacity, and to eliminate hotbeds of tension likely to reignite violence. In parallel with the restructuring of the army, the Government intends to profoundly reform the armed forces in order to cement their submission to the political institutions and transform them into a republican army that abides to democratic institutions.

81. This policy of pacification, intended to eliminate threats to stability, would diminish the risks of a return to violence and to make the peace consolidation process irreversible. This policy will have a sub regional component, since Guinea-Bissau is a major stakeholder in sub regional peace processes. Domestic peace and stability in Guinea-Bissau will have positive effects on the process of stabilization and pacification of the neighboring countries, eliminating the potential hotbeds of destabilization in the sub region, which has already been deeply affected by many conflicts of recent years.

82. In positioning itself as a stakeholder in domestic and sub regional pacification and stabilization, Guinea-Bissau will learn to value the fact that it is a melting pot at the crossroads of people, civilizations and cultures in the sub region. Thus, the country will be able to serve as a source of union, a source of balance and a catalyst for the process of regional integration.

J. 4.5 The main stakeholders

The role of the State

83. The missions of the State have evolved considerably through a process of profound reforms undertaken since the mid-80s. These reforms translated into a substantial reduction of the State's

role and sphere of economic action. Nevertheless, the restructuring of the State structures has not affected its essential and exclusive mission of conceiving policies and strategies for development, and of producing rules and regulations for economic activities. This mission of arbitration, regulation, and the fostering of an environment favorable to investment must be strengthened. The reform of the administration has not yet been achieved since it has not yet permitted: improving public efficiency in response to social demand, ensuring transparent, efficient management of human resources, keep the wage bill and public administration staff in check, continually strengthen the capacities of the public administration. The reduction of the State's sphere of economic action should foster greater efficiency in all sectors for which it is responsible that have a direct impact on the reduction of poverty: education, healthcare and the infrastructures, particularly the provision of care for people with AIDS.

The role of the private sector

84. After the economic liberalization in the context of the 1980s, the private sector played an ever-greater role in the national economy. The strengthening of the basic organizations highlights this dynamic, which makes the private sector the engine of economic growth, despite the still weak volume of private investment. The creation of an environment favorable to direct foreign investment will consolidate its role in the creation of employment, the transfer of technology and in the broadening of the tax base. The development of the private sector should be accompanied by a strengthening of the capacities of the judiciary to foster the respect of business rights and provide rules for litigation arising out of commercial and industrial operations and labor relationships.

The role of civil society

85. Though young, the country's civil society is very dynamic and increasingly diversified. The NGOs and grassroots organizations, in addition to being essential, dynamic components of civil society, play a key role in the process of the fight against poverty. NGOs have a comparative advantage in playing the following roles: a very strong organizational dynamic, a great capacity for action and intervention, broad knowledge of the field of action, the capacity to conceive and implement strategies appropriate to the contexts, and the capital implied by the confidence of and collaboration with the other components of civil society. Despite some weaknesses deriving from its youth and the insufficiencies of the expansion process underway, the NGOs have been key partners of the government in the key sectors of basic intervention and poverty reduction for the poorest of the poor. Their role will thus be kept to the implementation of the NPRSP. Academic and research institutions, groups of intellectuals and opinion leaders as well as the media will also be key stakeholders in the fostering of good governance to support an effective fight against poverty.

The role of the populations

86. While they are the target of poverty reduction actions, the populations have a central role in the implementation of the strategy. The participatory process brought to light that the populations are aware not only of the problems posed, but also the appropriate solutions. In this context, their participation in the execution of actions will be based on the ownership of the solutions. Moreover, the role of the population will be key in execution, the management and maintenance of infrastructures, the internalization of the social changes inherent in the interventions in the areas of education, healthcare and the fight against HIV/AIDS, as well as in the consolidation and oversight of good governance.

87. Based on the participatory regional consultations carried, which allowed identifying the determinants of poverty, the national poverty reduction strategy for the period 2005-2008 was articulated around four main pillars: 1) modernizing the public administration, strengthening governance, and ensuring macroeconomic stability; 2) fostering economic growth and job creation; 3) increasing access to social services and basic infrastructure; and 4) improving the living conditions of vulnerable groups.

88. The first pillar aims at fostering institutional development through good governance and the participation of all stakeholders in the fight against poverty. Efforts will be focused on improving efficiency in the public administration and making the decisions necessary to sanction the practices of misconduct and graft. Key measures include increased citizen participation in public affairs, the reform of the justice system, the civil service and the security sector. Ensuring macroeconomic stability is a necessary condition for sustainable growth and poverty reduction. To this end, the mechanisms for economic and financial management of public resources must be improved. In order to foster local development, a legal framework for decentralization and local development will be created. Similarly, improving political and institutional stability will require establishing a framework conducive to enhanced rule of law. This will involve respect for democracy, the practice of good governance and the submission of all national stakeholders, particularly the armed forces, to the Constitution and the laws governing the functioning of the State. From this perspective, the reform of the security sector and justice is necessary.

89. The second pillar aims at accelerating economic growth. To do so, the conditions must be created for the recovery and jump-starting of the economy weakened by military crisis and political instability. The private sector should represent the main player in this process. Its intervention should involve primarily the agro-industry (incite the private sector to transform cashew nuts and fruits locally and for export), livestock (creation of short-cycle species), fishing, favoring small-scale fisheries with the modernization of equipments, the organization of the industry and the creation of structures for conservation of fishery products and tourism⁶. The activities under this pillar are expected to enhance job creation and increased income. Likewise, the broadening of the tax base will impact on Government fiscal revenues. These resources and the assistance the country hopes to attract under the HIPC initiative will be used to support social and poverty reduction programs. The pillar also includes the rehabilitation of basic economic infrastructures, particularly in the area of transportation and communication.

90. The third pillar is intended to implement programs that will directly improve the level of poor people's access to basic social services, assessment of the natural potential and the improvement of living conditions. The interventions defined for this purpose should have a real impact on the living conditions of the populations ensuring that access to social services is equitable.

91. The fourth pillar aims at improving the living conditions of vulnerable groups, reducing the disparities between the sexes, and fostering social equality. This is a matter of halting the passing of poverty from one generation to another by aiding poor populations directly through transfers intended to lift them out of danger. It is also intended to address the consequences of disease, especially AIDS, which mires sufferers and families in impoverishment. AIDS orphans, persons suffering from deficiency and the elderly also are among the most vulnerable and deserve special

⁶ For further discussion of the sectors key to growth, see the section on the growth of the agricultural sector.

assistance. Specific actions on behalf of women, particularly heads of households, also merit special consideration to address the causes that keep them in their state: illiteracy, lack of professional training, early marriage, poor access to reproductive healthcare. Finally, it is a matter of also taking into account the actions on behalf of the victims of mines and other explosives whose impact is most obvious on the most vulnerable groups, particularly poor populations in both rural and urban areas and/or populations with a low level of education, with all the consequences that this may have for the fight against poverty. In fact, the need to pursue the removal of landmines is essential because land and fishing zones where the poorest populations engage in their primary subsistence activities, particularly rice growing, harvesting cashew nuts and small-scale fishing were affected by landmines and other explosive devices.

92. In order to accelerate the achievement of the MDGs, the government is committed, with the support of its partners, to preparing a specific and effective implementation plan for the MDGs as recommended in Resolution 22 of the General Assembly of the United Nations in September 2005. To do so, the government will seek the support of the United Nations System for the strengthening of capacities and the preparation of a national MDG implementation plan. The public investment program (PIP) will therefore be revised so as to reflect the costing that will be performed during this process. The government will also give priority to the achievement of the MDGs taking into account its absorption capacity. The financing requirements for accelerated implementation of the MDGs will be submitted to the development partners.

K. 5.1. Strengthen governance, modernize the public administration and ensuring macroeconomic stability

5.1.1. Governance and macro-economic stability

93. Guinea-Bissau's current situation requires the creation of basic conditions, taking into account the post-conflict context. The development support programs adopted by Guinea-Bissau with the help of the international community evolved in an environment that was not very favorable and did not achieve the expected results. Considering that despite the -7.1% decline in activity in 2002, positive growth, although weak, has been achieved with real GDP growing at 2.2% in 2004, and 3.5% in 2005. The authorities believe the country would overcome the challenge of accelerating growth thanks to the combination of domestic efforts and the assistance of the international community. Thus, a reasonable 5% average growth rate is envisaged over the implementation period of the NPRSP. The new vision for medium- to long-term development that Guinea-Bissau plans to implement will translate into a structural transformation in order to ensure economic competitiveness, and transparent and efficient government initiatives to foster macroeconomic stability. The planned structural transformation implies the diversification of the economy through the promotion of other exportable goods, increased agricultural productivity, modernization of small-scale fishing, improvement of product quality and conservation, processing of local products and tourism.

94. The development of the sectors considered key to the creation of wealth should be accompanied by sectoral policy strategies for promoting investments, exports and employment under a healthy and balanced macroeconomic framework. The Government believes that the preservation of macroeconomic stability is essential because it provides an incentive for investors and it is an essential policy for sustainable economic growth. In addition, the low inflation rate resulting from prudent macroeconomic policies will allow preserving the income and purchasing power of the populations in general and of the poorest in particular. At the same time, it will

reinforce the confidence of investors. The Government will commit to reducing the enormous fiscal and external deficits and improving export capacity and the diversification of agricultural exports and small-scale fishing.

Medium-term economic growth

95. Despite the suspension of the macroeconomic and financial program under the IMF Poverty Reduction and Growth Facility (PRGF) and the adoption of short-term programs, which has led to the abandoning of the three-year program, the Government is confident in the treatment as a post-conflict country that it will enjoy. This status will open up the opportunity for a new three-year agreement with the IMF and the World Bank supported by the PRGF

96. The government hopes to achieve a real annual GDP growth rate of 5% at minimum with the support of its partners. This will require: (i) increasing government aid for development and direct foreign investments, (ii) improving the contribution of the agro-industrial sector, based primarily on the diversification of the production and the modernization of certain businesses, mainly cashews and small-scale fishing products, and the processing of these products through small and medium scale enterprises (SMEs). Poverty reduction through stronger growth constitutes a major challenge that Guinea-Bissau intends to overcome for the wellbeing of its vulnerable populations.

97. The structure of final consumption of administrations should be monitored for the efficiency of these expenses, focusing on the results related to the improvement of the quantity and quality of public services and adequate functioning of the public administration. Private consumption will increase faster than economic growth. The increase in income should lead households to gradually build savings that could be channeled to the financial and microfinance sector.

Medium-term tax and budget policy

98. Achieving macroeconomic stability represents the Government's first policy priority for the medium-term. Achieving this goal requires: (i) effective implementation of a budgetary policy in line with the norms within WAEMU; (ii) achieving and maintaining convergence criteria as established by WAEMU under multilateral supervision; (iii) implementing fiscal reforms to broaden the tax base, primarily through the rehabilitation of the private sector and small-scale businesses, the transition from the General Sales Tax (GST) to the VAT (Value Added Tax) thus increasing the tax-to-GDP ratio from the current rate of 10% to 17% as in the other WAEMU member countries; (iv) the creation of a large taxpayer unit under the Tax Department (DGCI), with the dual goal of simplifying the taxation of SMEs in order to enable them to coexist with large enterprises, and improving the revenue collection; (v) intensify and spark the diffusion of the WAEMU accounting system (SYSCOA) in order to diminish the random taxation of certain enterprises that do not yet have an accounting system; (vi) installation of a maritime surveillance device that will allow increasing non-tax revenues.

99. With respect to public expenditure, the Government will: (i) implement a policy of limiting current spending in order to generate primary fiscal surpluses, with the emphasis on spending in the social sectors, primarily through HIPC resources; (ii) improve the pay system in the public sector by implementing a new and more balanced pay rates; (iii) Downsize the public sector through a census of the public administration and the retrenchment of 'ghost' and redundant workers. This will allow bringing the wage bill at reasonable levels below the ratio of 35% of tax revenues, as set forth in the Convergence, Growth and Solidarity Pact of WAEMU; (iv) introduce a transparent computerized system to manage the payroll; (v) increase the public investment program at levels

consistent with the poverty reduction priorities and higher productivity for the economy and the private sector; (v) ensure that domestic arrears do not accrue at levels harming the functioning of the private sector. Therefore, the level of investment will increase significantly in 2006 as compared to the average for the past 7 years, and then it will remain flat for the remaining years covered by the NPRSP.

100. The management of the Government's foreign debt will improve through: (i) the creation of a debt monitoring committee; (ii) strengthening the External Debt Unit in human and material resources. The Government expects that the treatment of its debt under the HIPC initiative will be soonest to make it sustainable and allow the country to benefit from significant support for the financing of its poverty reduction strategy. The forgiveness of the multilateral debt following the decision by the Group of Eight (G8) ratified by the General Assemblies of the IMF and the World Bank constitutes a major change in the treatment of the foreign debt. Guinea-Bissau intends to implement everything to reap the benefits as soon as possible. Guinea-Bissau will also engage in discussions with the non-Paris Club partners to agree on similar terms as the Paris Club for the treatment of their debt.

101. For the treatment of the domestic debt, the government will carry out an audit in order to record all arrears through the end of 2005. Upon completion of the audit, the Government will transform the outstanding arrears into a formal debt and then establish a payment plan which will aim at eliminating all the arrears. Finally, some financing will be sought from domestic (sub-regional) and external partners, while negotiating potential discounts as well as new repayment terms for the government debt. The government is aware that the human and institutional capacities for debt management should be strengthened. Better budget execution and obedience of procurement and borrowing rules will be necessary for controlling the country's indebtedness.

External Sector

102. The economy's dependence on the exterior is a concern for the Government. This situation will persist, at least over the medium-term, due to structural difficulties deriving to a large extent from the trade balance deficit, which will be aggravated by the increase of import activities under the government investments related to the NPRSP. Aware of this, the Government intends to: (i) develop small-scale fishing by providing training and modern equipment for small-scale fishermen, better organize industries and provide export-oriented support for product conservation and for sanitary and laboratory control; (ii) train large-scale cashew nuts producers (ponteiros) and small cashew growers in the use of new techniques to increase the per hectare yield and improve the quality of the nuts; it is expected that the level of production of cashew nuts will reach during this period an annual average of 125,000 tons, of which 24% will be processed and exported locally by 2007 ; (iii) implement structural reforms to strengthen institutional and human capacities necessary for attracting the much needed financial flows through the HIPC and the MDRI initiatives.

103. The perspectives for foreign trade are promising. Exports will benefit from better training of the various operators in the export chain. Imports are expected to slightly increase due additional investments in basic and social infrastructure. These developments are expected to gradually improve the current account balance.

104. Since the country's economy is predominantly rural, agriculture and fisheries are expected to drive exports and gradually lead a positive resource balance.

Monetary and financial sector

105. With regard to monetary policy, Guinea-Bissau greatly benefited from its adhesion to the WAEMU through the adopting of the CFA franc (a stable, convertible currency). Therefore, the government intends to: (i) pursue the implementation of a prudent monetary policy in harmony with the WAEMU goals; (ii) create the conditions appropriate for the diversification of the banking sector; (iii) diversify export products to reduce vulnerability to external shocks deriving from the fluctuation of World prices of raw cashew nuts.

Structural Reforms

106. During the period 2006-08, the Government will continue to implement structural reforms, in the following areas in particular: (i) taxation: create a Large Taxpayer Unit and strengthen the taxpayer registration system; (ii) transparent expenditure management: improve budget execution, strengthen financial control and the external control of the Court of Accounts; (iii) decentralize public finance: prepare, approve and implement local budgets; (iv) manage the foreign public debt: create a National Foreign Debt Monitoring Committee; (v) manage the domestic debt: audit the domestic debt, convert past due amounts into a formal debt, establish an order of priority among the different types of creditors, build human and institutional debt management capacities, raise awareness for compliance with procurement and borrowing rules; (vi) Demobilization, Reintegration and Reinsertion Program (PDRRI): pursue and consolidate the reintegrating phase for demobilized and reintegrated war veterans; (vii) privatize government-owned enterprises and/or partially sell government-owned assets; (viii) develop the private sector; eliminate bureaucratic and administrative barriers for doing business in strategic areas such as fish, cashews, fruits, etc.; and (ix) create an economic development fund. In the area of civil service reform, the following measures will be taken: (i) remove former civil servants and 'ghost workers' from the payroll; (ii) establish a computerized census system and create a central payroll database; (iii) computerize the payroll held at the Ministry of Finances and harmonize it with the one managed by the Ministry of Labor, and issue monthly wage statements for workers; (v) identify and eliminate redundant civil servants, revise hiring policies and prepare a hiring and redeployment program; (vi) prepare a medium-term plan to build capacities; create a school for training new civil servants and for continued education; and (vii) privatize some government agencies.

107. The Government's policy will be to support and develop the private sector by creating an environment conducive to recover from the losses it incurred during the 1998-99 conflict. In this context, the strategy will be based on: (i) payment of domestic arrears, (ii) revision of the investment code, making it more simple and flexible in line with government commitments under WAEMU, (iii) build capacity at the General Directorate of the Public Investment Program (DGPIP) by providing establishing a support and monitoring system for businesses; (iv) effectively exploit the opportunities offered by regional integration, including NEPAD, and cooperation with peer countries, (v) promote and diversify SMEs (more focused on agribusiness) and develop a lending program for them, (vi) adopt a tax incentive and tax policy system that helps small enterprises and fosters foreign direct investment, and (vii) allocate public investments in areas that would allow increasing productivity in the private sector.

5.1.2 Modernize the public administration and build capacities

108. The Government plans to carry out a reform process in the public administration which aims at discharging the State from productive and business activities, and redesigning the structure and personnel based on the State's real needs and financial capabilities, and improving the efficiency of public services. These actions are timely and would help address the issues of lack of organization and discipline in the public sector, corruption of civil servants, and modernization of the public administration. The strategic objectives of the reform process are the following: (i)

redefine and redesign the functions of the State's administrative apparatus by adjusting its role to accomplish the public-service missions it was assigned; (ii) reverse the current job creation structure in the country by lowering the role of the State and significantly increasing the role of private initiative in creating and strengthening jobs; (iii) build capacity and improve effectiveness within the public administration; (iv) decentralize and deconcentrate the public administration by bringing public services at the local level through effective participation of citizens in resolving public matters.

109. The process for achieving this objective has the following central themes: (i) carrying out detailed legislative reform; (ii) reforming and strengthening institutional; (iii) building capacity for oversight and control institutions; (iv) building human resources capacities; (v) building analysis and macroeconomic forecasting capacities; (vi) building policy-formulation and strategic-planning capacities; (vii) reforming the legal and institutional strategic planning framework; (viii) improving aid coordination and international cooperation; (ix) promoting the interconnection between the public and private sectors, and (x) reorganizing and strengthening the national statistics system.

5.1.3. Strengthen the Rule of Law and the judicial apparatus

110. With regard to rule of law and judiciary reform, the main areas of intervention are the following: (i) institutional reform to make an effective and viable judiciary system operating in full compliance with the separation of powers, and a legal system aligned with for the country's own situation; (ii) build human resource capacities and provide equipments necessary to administer justice properly; (iii) promote knowledge of the law, and access to justice; (v) build capacity within the National to allow to adequately perform its job; (v) build capacity for Member s of Parliament (MPs); (vi) create an environment that fosters the development of a multiparty system. In order to improve political stability necessary for economic and social development, the Government plans to implement a security sector reform which will aim at: (i) rehabilitating the headquarter of the army Joint Chief of Staff; (ii) building capacity in human resources and equipment at the Ministry of Defense; (iii) performing a study to evaluate and formulate a national security sector reform strategy; (iv) establishing a cooperation and coordination system among the different security and law-enforcement agencies (armed forces and police), primarily through the National Justice and Security Council, which has already been created.

5.1.4. Support decentralization and social consensus-building

111. The decentralization policy will be implemented at the political, administrative and economic levels, based on the need to involving the populations in the management of local affairs, promoting local development, fighting poverty, and preserving social peace. With the view of enhancing convergence of programs by different stakeholders for the well-being of the populations, the decentralization program will focus on the following actions: (i) social mobilization and management of information for a national consensus around decentralization; (ii) strengthening civil society and the role of women; (iii) creating a legal framework for decentralization; and (iv) mobilizing and managing human, physical and financial resources.

112. The main objectives of the decentralization program are to: (i) build the institutional capacity of the various component of the civil society; (ii) sustain the institutions that can play the role of intermediaries with NGOs, associations, social groups, the State and international partners; (iii) develop efficiency by entrenching professionalism through high-quality human resources.

113. In the area of social dialogue, it is necessary to: (i) create and sustain appropriate legal framework for developing social consensus-building in order to establish a permanent consultation

mechanism that promotes peace in social and business relationships; (ii) disseminate the legislation on social consensus-building; (iii) build capacity in labor-management dialogue within the Government, organizations of employers, and trade unions.

5.2. Promote economic growth and job creation

5.2.1. Improve the business climate and stimulate the sectors that create job for the poor

114. Developing the private sector is the central theme for promoting rapid and sustained growth. The Government recognizes that the private sector is the engine of growth and poverty reduction. In this regard, the Government has already started implementing a project to rehabilitate and develop the private sector (PRDSP). The objective of the PRDSP is to improve the level of competitiveness of local industries, and increase their productivity for a smooth integration in WAEMU.

115. The main areas of intervention are infrastructure, privatization, improving the business environment and reforming the judicial system. Growth will greatly benefit from the reform of infrastructure, telecommunication, port and airport. Other areas are: the disengagement of the State from economic activities, which making the business laws consistent with the framework of the supranational Organization for Harmonization of Business Law (OHADA); and the elimination of bureaucracy and other obstacles that make it difficult to conduct business in the country. Emphasis is also placed on implementing structural measures such as pursuing the privatization of government-owned enterprises as a means to enhance economic growth, and they stimulate social development through a participatory approach in which the private sector will have a seminal role in medium and long-term.

116. Other than the areas mentioned above, the PRDSP also includes a pilot program to rebuild capital in the current post-conflict context. There is a consensus as to the necessity of promptly resuming private investment to generate growth, but a number of constraints, such as the destruction of assets and the weak banking sector, hinder aggregate demand in the economy. Unless this issue is resolved, it would be difficult to stimulate aggregate supply and therefore boost economic growth in the current post-conflict setting.

117. The pilot program seeks to support and repair the damage caused to property and private assets based on the following principles: i) assistance to private enterprises initially owned by the Government or being privatized/liquidated or private SMEs; (ii) support for enterprises that attract supplemental private investment; and (iii) selection by investors in viable enterprises. The first principle would avoid subsidizing government-owned enterprises that are not viable. The second would ensure that the program is based on solid principles, since the enterprises that receive assistance would be selected by private companies that are prepared to invest their own funds. The third would be that enterprises that do receive assistance will operate on the basis of private business principles and not under the direction of the government authorities.

118. Given the current state of lack of capital in the private sector, the USD 2 million made available under the program to support the private sector will be sufficient. In the future, after successful implementation of the pilot phase, the Government will raise additional funds in order to create an Economic Promotion Fund (lending instrument).

119. As this project is implemented, the cost of doing business in Guinea-Bissau should be lowered to make the country more competitive and, consequently, to attract more investments, from

either domestic or foreign entrepreneurs, thereby contributing to increasing sustainable jobs and consequently reducing poverty in the country. Moreover, the reform will allow standardizing the judicial system currently facing various difficulties, and launch the reform of the legal and judicial framework for business as part of OHADA requirements.

5.2.2. Stimulate the productive sectors and promote economic diversification and competitiveness

120. In order to address the new economic crisis, the government adopted the following policy directives: i) effective implementation of a liberalization policy; ii) improved responsibility sharing among the various stakeholders of the development process; iii) gradual disengagement of the State and the promotion of the private sector; iv) redefinition of the jurisdictions of the different public services and rural institutions in accordance with the principles of effective administrative decentralization.

121. The implementation of policy and strategic directives requires budget resources to cover all operating expenditures for basic investments, in addition to personnel expenditures. To achieve this objective, budgetary shares for agriculture, livestock and must initially be at least doubled compared to the current amount, and progressively increased to at least 20% of the budget by 2008. Building institutional capacity and strengthening human resources management in the rural sector represent another important aspect of the government policy.

122. The new investments and programs to improve food security and to sustainably reduce poverty will focus on the following strategic priorities: (i) intensify grain production, particularly rice, by research and reproduction of seeds, rehabilitation, development and maintenance of fresh- and salt-water rice paddies); (ii) develop base-level counseling/outreach and technical training for producers and associations of farmers; (iii) develop exports; (iv) improve road and river infrastructures; (v) bolster the private sector's organization and initiatives; and (vi) intensify and modernize small-scale fishing and make the different stakeholders in the fisheries sector accountable.

123. In order to reduce poverty in rural areas, an agrarian sector policy mentioned has been adopted with the following objectives: (i) ensuring food security; (ii) increasing and diversify agricultural exports; (iii) rationally managing and preserving agricultural, forest and pastoral resources; and (iv) improving the lifestyle of rural populations.

124. *Ensuring food security.* Beyond the need to improve the quantity of food production, Guinea-Bissau is also committed to ensuring the availability of food products throughout the entire country all year long, and to promoting the creation and distribution of income so that the poor have access to sufficient quantities of quality food at all times. An important element of this undertaking is the need to improve storage and preservation conditions for grains, fresh fish and meat products.

125. It is essential to emphasize strategies that seek to: (i) diversify the productive base, (ii) develop income-generating activities, (iii) improve competitiveness, productivity and sales of local food products, including livestock products, (iv) diversify farm exports through new products such as fruits and vegetables, and (v) promote greater added value for cashew nuts through kernel processing.

126. *Increasing and diversifying farm exports.* Cashews represent a comparative advantage for Guinea-Bissau and will continue to be an essential component of income for rural populations in

the future. Nevertheless, it is important to diversify farm exports, such as mangos, citrus, wild fruits, treated wood, etc., to avoid excessive dependence on raw cashew nuts. Thus, the Government's strategy is based on the following points: (i) create a consensus-building and marketing policy management framework for cashews among producers, sellers and the Government, (ii) bring the production areas out of isolation; (iii) provide loans to operators in the cashew chain; (iv) jointly develop fruit industries, including mangos, citrus and fruit from the forest (v) support the development of upstream industry, with private firms and SMEs processing the products using appropriate machinery; (vi) build storage capacities with refrigeration facilities and produce packaging materials.

127. Rationally manage and preserve agricultural, forest and pastoral resources. This objective aims to: (i) maintain the balance of the national natural resources capital, including forests, the earth, water and biodiversity, through an acceptable level of use and by implementing appropriate preservation and conservation programs. Given the large number of entities involved and the conflicting interests to be managed, the Government intends to: (ii) develop inter-sectorization among the different partners. The Ministry of Agriculture will develop a communication capacity to (iii) prepare and disseminate information, technical messages and educational materials that promote awareness, training and the mobilization of all stakeholders, and the rural communities in particular.

128. The substantial changes introduced by the Land Act generated the necessity of developing a new forest policy. The new policy will provide greater economic and financial incentives for rural communities (villages) in the use, distribution and management of forest resources. Thus, forest use will be streamlined by: (i) assessing and planning forest resources; (ii) effectively implementing taxes (strengthening control mechanisms); (iii) revising taxes on cutting down species of trees with high demand, and export taxes to cover the costs of reforestation and maintaining new forest plantings, and to encourage local processing of wood; (iv) improving forest management by allocating resources to reforestation programs that will help hire rural workers or rural communities; (v) regulating and controlling wood charcoal exports and promoting the use of alternative energy sources; (vi) developing pilot community forest fire management programs to fight wild fires; (vii) updating forest inventories and implementing agricultural ecological zoning; (viii) promoting community management systems.

129. *Improving the lifestyle of the rural populations.* The development of the rural sector will need to go hand in hand with raising the standard of living. In other words, ambitious goals should be set for rural communities in the areas of health, education, housing, water resources for agriculture, sanitation, and recreation activities. Most of these programs are not the direct responsibility of the Ministry of Agriculture; however, since they are essential for developing the sector, the Ministry of Agriculture will study the best way to carry them out with the other ministries and development partners.

130. For the livestock sector, the Government's medium-term plan includes programs in the areas of health, food and improving the breeding of short-cycle animals. These actions address the challenges of quickly increasing the production by: (i) improving healthcare in the country; (ii) availing means to fight diseases that deplete herds; (iii) improving animal feed (in conjunction with programs to increase corn production); and (iv) encouraging the production of short-cycle animals to contribute to increasing animal products in the diet of rural and urban populations, which would help to reduce poverty and improve quality of life. The necessity of greater involvement of the beneficiaries, and women in particular, can also be emphasized (as women play an important role in short-cycle animal production), and greater accountability of the private sector, at the top and at

the bottom, in livestock activities, in particular in marketing and processing.

131. In line with the necessities of developing livestock and improving competitiveness, the State will withdraw from productive activities in the animal production sector, and the beginning of the privatization of some veterinary services and veterinary pharmacies is planned for Bissau and in the interior of country.

132. As part of research and community development programs, there will be experiments with possibilities for feeding livestock using natural pastures and the potential of agricultural byproducts on a complementary basis. Also, primarily in the eastern and Northern provinces, fodder and manure stables will be more widely used based on the results of pilot programs already carried out by certain producers. It is also necessary to strive to: (i) genetically improve local breeds by the method of selecting animals with good genetic potential; (ii) introducing simple and appropriate short-cycle animal production techniques; (iii) introducing improved breeds into villages and outlying urban areas; (iv) implementing a health protection program; (v) developing a lending system adapted to purchasing improved animals and animal feed.

133. The national forestry policy was established to set forth options for preserving the existing potential and socioecological balances, meeting the needs of the populations and making the populations accountable for resource management. Moreover, it is urgent to: (i) train, raise the awareness of and organize the populations to define the natural environment through rational balanced use and monitoring of anti-environmental practices; (ii) introduce, strengthen and implement the penalty system for environmental violations for: failing to have formal licenses for using natural resources, failing to comply with established standards and procedures, failing to comply with usage quotas, failing to observe the ban on the use of protected species and poaching periods, as well as the violation of certain prohibited sectors; (iii) clearly identify authority and delegate authority to the regional and local administrative authorities in their jurisdiction for effective administration.

134. Guinea-Bissau is a Sahelian country and serves as a climatic buffer against the advance of Sahara desert to countries such as the Guinea, Sierra Leone, Liberia, Ghana, etc. Consequently, strategic and protective environmental policies must be adopted in the context of subregional integration to avoid spillover costs that could jeopardize the subregional ecological balance.

135. To improve the agricultural sector's performance and reduce poverty by increasing revenue, it is necessary to revitalize extra-agricultural activities by: professionalizing youth by revitalizing local trade and developing small-scale fishing; revitalizing agricultural stores to decrease the amount of time families are short of food, develop farm fairs and markets and increase producer capacities. Through the agricultural stores, managed by rural women's associations, Guinea-Bissau plans to use production surpluses to advantage, especially food products such as rice and millet, and commercial products such as cashews, palm oil, honey, wax and groundnuts, by attempting to foster greater food security in the villages and by stimulating the sale of other commercial products on other regional and central markets. This way, the ability of farmers to become involved in setting farm prices and to have more political leeway will improve. These stores will also make it possible for farmers to purchase small agricultural equipment in their villages, such as machetes, hoes, scythes, etc., horticultural seeds and other inputs to improve their productivity.

136. The sale of these inputs will enable the stores to acquire new inventory for sale in the following year. The entry of this type of stores in the cashew marketing system will enable farmers to determine the selling price of cashews directly, while still protecting them from the speculation that currently predominates.

137. It is also necessary to enable rural youth are able to develop regular activities of providing services to the community. Rural youth of both genders will benefit from access using the microlending system to equipment to build or upgrade their shops in the areas of mechanics, carpentry, civil construction, locks, woodwork, radio repair, dry cleaning, tailoring, etc. which will enable them to generate financial resources and will be an incentive for them to stay in the rural areas and not emigrate to Bissau or neighboring countries. Through regular training courses, improved quality of services will be ensured to meet the requirements of local demand.

138. The strategic central themes for improving fishing involve: (i) reform to clarify the State's roles and the duties and authority of those involved in the fisheries sector; (ii) building human resources capacities to create a critical mass of professionals in each sector of intervention. This means: (i) implementing local training organizations in the monitoring and research sector; (ii) raising the professional level of personnel, especially that of fishermen-sailors on fishing boats, workers in boat repair shops, supervisory workers and fisheries observers; (iii) raising the level of managers so they can be professionally promoted to assume managerial duties (captain, foreman and mechanic), particularly for personnel assigned to industrial fishing vessels that fly the Guinean flag, and fish processing industries (cold sector) and in preservation; (iv) training specialized managers, scientific personnel, administrative managers, sector business managers, and boat repair specialists.

139. For implementing the forestry and environment policy, the strategy adopts a program approach and is centered on six priority central themes to make forest development dynamic on a par with the extent of the issues at hand: (i) real estate ownership: statutory definition of forest areas, regardless of their real estate status and boundaries; (ii) implementation of a master forest development plan, done on a community, participatory and decentralized basis for the rural communities; (iii) decrease pressure on forests from the intensification of agriculture (agroforests) and livestock; (iv) better management of forests to preserve them, increase their value and regenerate them; (v) forest and pastoral training at various levels; (vi) a long-term research program on fragile tropical ecosystems.

140. The national environmental management policy seeks to contribute to the country's sustainable socioeconomic development and to assist in finding solutions to ensure food security, eradicate poverty, control pollution and clean up the environment, preserve natural resources and control the advance of desertification, and minimize anthropic impacts that influence climate change.

141. To implement this policy, the following programs will be developed: (i) promote the development of the national territory; (ii) ensure food security and supply surplus products to the market, in sufficient quality and quantity, through sustainable and lasting natural resources management; (iii) protect, preserve and improve the population's quality of life by fighting hunger, disease and illiteracy; (iv) develop national capacities for technology, science and finance at different levels - local, national, regional and international; (v) promote the participation of every component and organization of society in environmental management and protection; (vi) promote the creation of alternative jobs in the area of environmental protection and safeguarding natural resources; (vii) contribute actively to developing subregional and international cooperation in the area of environmental management.

142. The economic development of the rural sector will not be able to meet its objectives without a parallel harmonious improvement in the standard of living. In other words, the rural communities must set ambitious goals in the area of health, education, housing, water resources for farming,

sanitation and recreation.

143. In the area of tourism, the strategy is based on: (i) making viable a legal framework that supports the accelerated and sustainable development of the tourism sector; (ii) adopting a Master Plan for Tourism that is linked to a tourism development plan; (iii) creating an investment incentive system in the tourism and hotel sector; (iv) creating a hotel and tourism school; (v) protecting and improving natural, sociocultural and historical resources (vi) promoting Guinea-Bissau's image as a high-quality destination for tourism.

5.2.3. Basic infrastructure development

144. Basic infrastructure development is the cornerstone of the entire poverty reduction strategy in Guinea-Bissau because it is the structure on which all of the other productive as well as social sector approaches are based on. All the evaluations that have been performed have identified insufficient or deficient preservation of infrastructures as the greatest obstacle to improving the country's potential and human development. Therefore, the poverty reduction strategy must include the development of infrastructures and facilities to support economic production.

145. The following key actions were identified to increase mobility through improved transportation infrastructures: (i) identify and select key road networks and in priority those interconnecting regional capital cities, sea and ports and river port access; (ii) upgrade and maintain rural roads to access production areas by establishing road rehabilitation and maintenance programs with the participation of local community (e.g Buba Model) by promoting small- and medium-sized enterprises, and local consulting and control firms; (iii) upgrade and maintain roads that connect with neighboring countries, especially Senegal and Guinea, in accordance with the international transportation plans adopted by the subregional organizations (WAEMU and Economic Community of West African States (ECOWAS)); (iv) coordinate and connect the development of the road network with the maritime and river transportation systems to assure a continuous flow in the traffic for shipping goods to markets and export centers; and v) improve road safety.

146. For the ports, the following priorities were identified: (i) improve maritime shipping safety by dredging the ports and canals, signage, beaconing, and acquiring more appropriate communication and information equipment and lighting the wharf; (ii) begin the process of concession or private management for the ports; (iii) create synergies between ocean and river shipping with surface shipping; (iv) create conditions for storing and preserving goods (warehouses and refrigerators) in the inland ports; (v) establish a Master Plan to develop the national port system; and (vi) strengthen the intervention agencies in the sector.

147. In the area of aviation, the priorities are: (i) renovate the "Bissalanca" airport infrastructure to provide international air traffic and to create conditions for increased private; (ii) ensure the safety of air traffic, by meeting the requirements of the National Civil Aviation Safety and Control Authority (ASECNA).

148. In the area of telecommunications, it is necessary to: (i) promote the creation and strengthening of a statutory and legal framework for free competition; (ii) liberalize the various segments, and in particular cellular telephones, the Internet, import of equipment, and gradually limit residual exclusivity; (iii) cover the entire country in urban areas with a population equal to or greater than 500 inhabitants.

149. The strategy for building the power facilities necessary for development requires: (i)

improving the generation , distribution and management of electricity by rehabilitating the infrastructure, promoting a new rate system with the introduction of prepayment; ii) promoting and developing other sources of renewable energy, such as solar and wind, or alternatively, through research activities to develop a domestic technological capability based on the use of local energy resources iii) increasing national coverage; (iv) promoting the reform and institutional development of the sector by adopting a national electrification plan that takes national and subregional potentials into account.

L. 5.3. Increase access to social services and basic infrastructure

5.3.1. Strengthen investment in human capital

Education and training

150. Improving and increasing access to education and training, the quality of teaching, management and equity are part of past and/or ongoing projects such as the Master Plan for Education and Human Development (1993), the National Education Conference (1995), and the Action Plan for Education for All. Among the principles that have guided in the definition of the strategic options are cross-cutting gender issues, equity, and preventive health. Along these lines, the following objectives were determined: (i) improve access and success in mandatory and free primary education by 2015 for all children, with special attention paid to girls and children from the poorest families; (ii) improve all aspects of the quality of education; (iii) eliminate the gender disparities in primary and secondary education beginning in 2005 and establish gender equality by 2015; (iv) develop education for young children; (v) increase adult literacy by 50%, in particular for women, by 2015, and give adults equitable access to basic and continuing education programs.

151. The strategic programs for expanding access to education are: (i) fostering universal basic education; (ii) building, rehabilitating, outfitting and maintaining classrooms, by progressively balancing supply and demand; (iii) providing school cafeterias; (iv) creating incentives for the best students; (v) promoting and encouraging partnerships with several social stakeholders: parents, communities, local associations and NGOs to promote education and schooling for girls.

152. The strategic programs established to improve the quality of education are: (i) promoting continuing education and in-service training for teachers, inspectors and coordinators; (ii) reformulating the initial and continuing education curriculum for teachers and programs, by adapting them to the cross-cutting nature of gender, education for peace and tolerance, preventive health and environmental education; (iii) support for improving the quality, production and distribution of textbooks, including other teaching aids such as exercise workbooks for students and orientation guides for teachers; (iv) creating sustainable conditions to provide educational materials to students on a permanent basis; (v) support to improve materials, methods and techniques for teaching Portuguese as a non-native language; (vi) strengthening teacher training for teachers of the Portuguese language; (vii) creating and implementing awareness and mobilization programs for young children; (viii) supporting innovative programs to develop basic education at the NGO, private and community organization levels in methodologies that improve classroom conditions, school management, schooling for young girls and education for children and preschool; (ix) redesigning education for young children in a cross-cutting perspective: development, protection and education.

153. The following strategic programs are indicated for improving equity: (i) promoting schooling and education for girls; (ii) providing equal opportunities for children of both sexes; (iii)

implementing awareness, and community social mobilization programs for parents and educators, girls for changing mentality and attitude toward schooling for girls; (iv) giving children with minor handicaps the opportunity to go to school and be treated appropriately; (v) promoting the hiring of at least 40% female teachers newly hired; (vi) promoting the creation of systems to make female labor easier, especially in rural areas; (vii) creating literacy centers and reception centers for young children.

154. The strategic programs to strengthen management are: (i) improving working conditions and wages with special attention paid to isolation compensation for teachers assigned to the most remote areas; (ii) improving financial management and human resources procedures; (iii) making operational an information system to plan and manage the education sector on a decentralized basis; (iv) training personnel with the purpose of: eliminating distortions by also paying attention to the gender issue, improving worker performance, making services more dynamic and efficient, building the Ministry of Education's institutional capacity; (v) creating conditions for a genuine decentralization and deconcentration of services, while also fostering an effective communication and information system; (vi) performing sector studies and studies to evaluate educational programs to obtain reliable data that support the preparation of an action plan for the educational sector; (vii) assisting with the implementation of the National Education for All Program and other education-related programs in the context of poverty reduction.

155. With regard to ensuring qualified education for youth, the strategic programs consist of: (i) revising the vocational education policy; (ii) diversifying vocational educational programs in accordance with local and national development priorities, by fostering equal training opportunities for the sexes; (iii) expanding the network of community vocational education centers by placing priority on short-term training for youth and adults; (iv) retraining of traditional educators for a geographically more comprehensive educational system so that the poorest areas may benefit from it; (v) promoting a dynamic partnership with the private sector; (vi) liaising between vocational education and education for peace, tolerance, preventive health and environmental education; (vii) for underprivileged youth and adults, providing basic education and vocational education that is appropriate for their personal needs and the socioeconomic circumstances of the area.

Health and nutrition

156. The deterioration of the health situation represents a serious impediment to the country's human and socioeconomic development. The National Health Development Program (PNDS) is a comprehensive framework and an important component of the sector's contribution to fighting poverty. The national policy revolves around the principle of primary health care and is based on the following guiding principles: (i) strengthening primary health care through a minimum package of activities; (ii) effectively involving communities in financing, management and decision-making for health issues and programs; (iii) greater access to health services, by reaching the population through well-designed strategies; (iv) equitably distributing human, physical and financial resources; (v) improving the operation of health services and service delivery quality, including intake aspects; (vi) gradually decentralizing management; (vii) developing and implementing a policy for human resources, including a training plan and comprehensive strategies to improve working conditions; (viii) developing better intersector cooperation and strengthening the Information, Education and Communication (IEC) strategy.

157. The health sector is part of Guinea-Bissau's universal challenge, with a long-term vision, to control diseases associated with poverty, exclusion and ignorance, in a context of good governance and the independent development of a dynamic health system for a decent and dignified life, as part

of Agenda 2020 (WHO/Africa Regional Committee-AFR/RC50/8 Rev.1). In this context, the health sector's objectives are to "contribute to improving the socioeconomic status of the people of Guinea-Bissau." This implies that the national health system will be strengthened at every level, including in the delivery of health care services as well as in the management organizations and their respective intra- and inter-functional liaisons, in order to appropriately respond to the general and specific needs of the populations.

158. The following strategies have been identified to increase coverage and improve the quality of services related to primary health care in the reference centers, with emphasis on lowering child-mother mortality by promoting reproductive health: i) by considering the vulnerability of children and pregnant women, improving the quality of treatment for cases of malaria, and implementing the Malaria Strategic Plan as part of the "Roll Back Malaria" (RBM) Initiative and the accelerated strategy for child development and survival; (ii) by identifying and implementing strategies to build capacities in the field of both emergency and basic obstetric care, at the primary level, whether complete or referral in the hospitals, through RH; (iii) by adopting an appropriate strategy to redistribute, motivate and place managers, with priority on the periphery.

159. The intensification of the fight against HIV/AIDS/STDs, malaria and tuberculosis as part of international initiatives such as the National AIDS Strategic Plan, prepared on the basis of a multisector programmatic approach, strengthening and expanding the DOTS strategy for the treatment of tuberculosis, will concentrate on: (i) building institutional capacity in resource management and improving access to drugs, including ARVs; (ii) disseminating knowledge on disease prevention through intersector and information, education and communication activities for behavior change. To do a better job of taking the cross-cutting nature of HIV/AIDS into account, studies must be performed and steps must be taken to foster: (i) the link between prevention and treatment and access to care for the largest number of people in an appropriate combination therapy center that includes outpatient treatment; (iii) the provision of care for people with AIDS by returning them to work and developing income-generating activities; (iv) the provision of care for AIDS orphans; (v) accelerated training for health care workers; (vi) including the gender dimension in the different recommended approaches; (vii) training of teachers with a strong HIV/AIDS prevention component. The essential investments in the health sector that contribute to controlling HIV/AIDS, to equipment and to the operation of the health facilities and the provision of care for AIDS patients must be considered in the context of a specific program.

160. In the continuation of these strategies in the area of health for the 2005-08 period, priority intervention programs have been identified: (i) to implement a set of priority and health services interventions (MPA) both at the peripheral level (HS, Advanced Strategy) and the referral areas (RH, NH), considering the main causes of morbidity and mortality among the most disadvantaged populations; (ii) to provide the health establishments with the necessary and appropriate infrastructure, equipment and materials, including drugs, vaccines and reagents, the necessary and qualified human resources to ensure the delivery of quality care to the populations; (iii) to carry out specific interventions, such as: (a) intensifying the control of diseases that claim the poor populations as victims, in particular malaria, HIV/AIDS, tuberculosis and childhood diseases, including the eradication of polio; developing programs in the area of safe maternity; awareness of practices that are hazardous to health through reproductive health; building capacities (training) for technicians in the context of the RBM Initiative in order to improve the management and treatment of cases of malaria, training to apply the "Integrated Attention to Childhood Diseases, Emergency Obstetric Care and Antiretroviral Treatment" approach; (b) promoting preventive programs through vaccination, IEC with an extension to strengthen social marketing activities in the area of public health and environmental health, and improving nutrition status by strengthening the nutritional

rehabilitation component in the context of the minimum package of activities in the health centers and NGOs or specialized nutritional recovery centers; (c) instituting appropriate services and contributing to the establishment of solidarity mechanisms with senior citizens, patients suffering from prolonged diseases such as tuberculosis, people who are HIV-positive and AIDS patients, mental patients, as well as the physically handicapped, to reduce the factors that limit their access to health services; (iv) stimulating greater intersector cooperation, particularly with the NGOs, private organizations and other sectors to achieve a positive impact on behavior change to promote the people's health; on the one hand, it is important to encourage advocacy activities with sectors related to health, such as education, finances, information, water and sanitation, infrastructures and research and, on the other hand, to promote the four functions of the health system (delivery of services, financing, resource production and general administration).

5.3.2. Improving access to drinking water and sanitation

161. An improvement in the supply of drinking water will require the implementation of a strategy that aims to give rural and urban communities access to quality water in sufficient amounts. The Water Sector Master Plan has already identified a strategy to improve the indicators of access to drinking water. Implementing this plan will result in: (i) an increase in the production and supply of water to improve the indicators on the use of drinking water by building new protected wells (wells with manual pumps) and boreholes with storehouses and pumps using alternative energy sources (solar or wind); (ii) an expansion of the drinking water network by building a new network and public fountains that will increase the link or home connections, closing off and protecting springs and boreholes; water chlorination, mainly in the Bissau urban network to avoid the danger of contamination or pollution. Proper management of the drinking water issue in conjunction with an improvement in sanitation will help stop new epidemics of cholera and other water-related disorders.

162. Sanitation must be developed at the same time as improvements in drinking water access. The priorities are as follows: i) improving environmental sanitation by creating special programs to build upgraded latrines in the cities and rural areas, associated with awareness and management campaigns; ii) creating a reliable system to collect, remove and treat waste, including the construction of a landfill, primarily for the City of Bissau; draining rainwater and, in the medium term, building a central wastewater system for the City of Bissau and (iii) the reform and institutional development of the water and sanitation sector.

163. The following are required for the housing policy: i) preparation and implementation of land use and urban planning laws; statutory standards and urban land use plans; ii) regulation for the Land Act iii) regulation on construction and housing, and adopting a National Housing Plan; iv) improving access to housing and vi) improving road infrastructure and urban community support systems.

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N. 5.4. Improve the living conditions of vulnerable groups

164. The vulnerable groups that the strategy addresses are people who have no means to solve their daily basic needs due to the lack of income or resources, or people who are confronted with specific situations that endanger their lives and/or physical integrity. In this latter category, there are in particular the victims of landmines and other explosives. This type of vulnerability can be structural or temporary, and is determined by the local and national environment. Vulnerable groups are identified not just by their limited resources for subsistence, but also by the geographical

areas in which they reside, because most of them live in rural areas and outlying urban areas. Vulnerable groups also belong to specific social categories such as: children, women, the handicapped (especially victims of landmines and other explosives), youth, war veterans and the elderly.

165. The policies to improve the situation of vulnerable groups aim to: (i) increase access to social services, (ii) develop programs to assist with income-generating activities in the area of economically integrating the most vulnerable populations, mainly through microlending and community development.

166. Improving the access of the most vulnerable populations to social services assumes that infrastructure will be expanded, in particular in education and health, and improving the operations of health and educational systems. The promotion of economic and social integration for vulnerable groups requires the development of a Social Action Fund, the implementation of systems to monitor and evaluate the impact of projects on the target groups, and building the capacities of the base communities, groups and associations.

167. The program to assist children will have the following priorities: (i) provide schools with school cafeterias for rural and outlying urban areas, (ii) develop programs to fight malnutrition, (iii) strengthen intervention programs for street children and working children and eliminate the worst types of labor, (iv) improve the enforcement of agreements on the protection of children's rights, and (v) build the capacities of institutions that protect children, in particular the Women's and Children's Institute (Institut de la Femme and de l'Enfant).

168. With regard to the handicapped the intervention includes: (i) improving the legislation and protection of the handicapped from discrimination or aggression; (ii) providing health assistance to the handicapped; (iii) promoting education and training for the handicapped; (iv) fostering economic and social integration for the handicapped. For victims of mines and/or other explosives, specific programs must be planned for them in order to ensure their physical and psychological rehabilitation, and their integration into the communities. For this purpose, it is necessary to: (i) support the health system to increase emergency first-aid capacity in case of accidents caused by landmines and other explosives; (ii) train specialists in the area of psychological, physical and social rehabilitation for victims of landmines and other explosives; (iii) strengthen the rights of victims of landmines and other explosives, primarily by providing for their treatment and potential compensation; (iv) prevent accidents caused by landmines and other explosives by raising the awareness and educating of rural populations (particularly children) on the risks of landmines and other explosives. The border region with Senegal and Guinea will need to be cleaned of all landmines.

169. For war veterans and senior citizens, the intervention will emphasize: (i) identifying and implementing social protection systems; (ii) increasing the income of retirees by revising the pension system.

170. Programs for young people of both sexes are planned since youth in rural areas experience considerable difficulties in becoming integrated into a society that is still heavily marked by tradition. The main strategic objective to reduce the rural exodus of youth is to improve living conditions in rural areas by: (i) creating youth and adult training and qualification centers in an equitable manner; (ii) supporting farming and/or farming-related activities; (iii) creating infrastructures to end isolation; (iv) upgrading supply in the area of education, health and water resources; (v) creating an adequate lending system for youth; (vi) raising the awareness of the populations, particularly local officials, as to the necessity of giving youths access to the land so

that they can grow cash crops.

171. The creation of a Social Action Fund in conjunction with the savings and lending program seeks to: (i) make a source of financing available to developers of income-generating activities so that they can develop a productive and profitable business operation; (ii) institute a responsible, effective and transparent service so that the different domestic and international partners are able to materialize their contribution to the operation of the lending system; (iii) stimulate savings to ensure the stable development and autonomy of the system; (iv) adopt strict, transparent and effective standards for managing the available resources of the system as essential components for the sustainability of the Fund Management Commission; (v) involve civil society in the selection of programs and projects to be financed out of the Fund's budget; (vi) allocate 3 to 5% of the budget to supervising the impact of disbursements from the Social Action Fund.

172. The promotion of SMEs and jobs is an important component of accelerated growth and poverty reduction. This will contribute to lowering unemployment, especially among women and youth, who are more affected by poverty, through self-employment and assistance for private or association initiatives for the poor. In the country there are several institutions (NGOs) that are dedicated to lending and savings. In the Ministry of Finance there is also a department known as Parmec whose fundamental role is to coordinate and support these decentralized financial organizations.

173. By acknowledging that small operators find it difficult to access loans, and operate essentially with their individual savings or informal loans made available to them at exorbitant rates with a negative impact on the potential for creating jobs, it is necessary to stimulate savings and lending through effective and sustainable lending systems.

174. The priority measures in this area must include the following among others: the development of labor-intensive programs in urban and rural areas; vocational education; intensification of youth integration programs in coordination with the private sector; upgrading the job information system; the institutionalization, in coordination with the NGOs, of microlending programs; strengthening the microlending coordination organization so that it is able to carry out its role.

175. To reverse the negative trend of female participation and allow better involvement of women development activities, the following actions will be necessary: making considerable improvements in the social, economic and legal status of women, by promoting more participation in national development. The main objectives that arise from this are as follows: (i) make it easier for women to carry out tasks, especially in rural areas; (ii) shorten working time for women and raise their incomes; (iii) develop programs for women while preserving family and community balance.

176. In order to allow women to contribute significantly to reducing poverty, the following specific objectives have been identified: (i) develop awareness-raising and mobilization programs at several levels of the society in an effort to change mentalities and attitudes regarding women; (ii) improve the socioeconomic status of women; (iii) give women easier access to resources; (iv) raise education and training levels for women; (v) improve health conditions for women by fighting morbidity and mortality related to reproduction; (vi) harmonize domestic legislation in accordance with ratified international conventions; and (vii) improve the representation of women in every sector of public life.

177. Based on these objectives, the following strategies have been set: (i) simultaneously build women's productive and organizational capacities; (ii) increase the level of information, training and participation for women; (iii) improve the status of women in the statutes and in society, and integrate them into national development programs. The strategies established to reduce poverty pertain to women, both in rural areas and urban areas, in a context marked by the prospect of decentralization and capacity-building for governance.

6. MECHANISMS FOR IMPLEMENTATION, MONITORING-EVALUATION AND RISKS

178. The NPRSP implementation will be guided by key principles such as: the effective participation of all the stakeholders, improving knowledge and local potential, transparency and accountability, effectiveness and synergy, as well as equity. The effectiveness of the monitoring mechanism would depend on: i) the institutional framework, which must allow a technical monitoring by the ministerial departments, the representative of local institutions, and the representativeness of the different components of civil society through locally-elected institutions and organizations; ii) the sequencing of the monitoring process, which will be carried out on a monthly, quarterly and twice-yearly basis based on the level of implementation of the proposed activities, revenue collection, and budget execution; and on a twice-yearly and yearly basis for the mid-term and final results achieved; iii) the monitoring methodology which must be based on periodic monitoring tables that provide budgetary and performance indicators (that are to be monitored by pillar and objective), and targets or benchmarks (that show the expected change in the activities that are implemented and institutions responsible for the monitoring). The use of resources must also be meticulously monitored to make the institutions in charge of budget execution and management accountable; iv) the information system and its ability to collect general economic and social data and data specific to the effects and impacts of the programs that are implemented; reporting by producing periodic reports, economic and social scoreboards and various studies and surveys.

6.1. Institutional monitoring framework

179. The NPRSP implementation and monitoring process will encourage the involvement of all stakeholders concerned, both technically and in terms of policy. The Ministry of the Economy will provide technical coordination for the NPRSP Implementation and Monitoring Unit (IMU). The entire NPRSP monitoring and implementation process will be overseen by a Steering Committee chaired by the Prime Minister. This committee will periodically monitor the preparation of quarterly and annual reports, hold meetings with the members of the Government and development partners to generally guide the process, monitor fundraising levels and identify policy difficulties in order to determine the ways and means to overcome them. At the technical level, the IMU will be coordinated by the Ministry of the Economy in partnership with the Ministry of Social and Family Solidarity and Poverty Alleviation, with the participation of the different stakeholders, in particular the State institutions as well as private and civil society institutions, such as trade unions, NGOs and local associations. The Ministry of the Economy will submit a twice-yearly monitoring report to the sessions of the Management Committee, chaired by the Prime Minister. The IMU will be a permanent organization that will ensure the continuity of the NPRSP implementation. To this end, it will serve as liaison with the implementing organizations and entities, for day-to-day relationships with national and development partners, and focal points and organizations in the field (regional and sectoral committees and local communities). To ensure that the performance of the IMU's mission is of high quality, its staff will be hired based on a competition and will enjoy stable employment conditions as civil servants of the State.

180. The local communities that benefit from the strategy and their elected representatives or leaders of civil society will play an active role in the IMU. Participation means that the beneficiaries are effectively involved in the decision-making and program-implementation processes. As part of this participation, a framework will be created that is appropriate for the

Table 7: Scoreboard for monitoring the Millennium Development Goal indicators
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representativeness of all the parties, including the Government, civil society, local communities, the private sector, donors, etc. All stakeholders are expected to intervene in the process, including in programming and the auditing expenditures. Improving knowledge and local potential in the poverty reduction strategy is critical for laying the groundwork for efficient use of domestic resources that support local initiatives for decentralization. Transparency and accountability require the creation of sound supervisory mechanisms. Efficiency and synergy assume that priority will be placed on the cost-benefit relationship of the interventions and on its feasibility and complementarity. Equity implies equal rights and responsibilities for all stakeholders, taking into consideration gender differences and social and regional asymmetries.

6.2. Monitoring-evaluation content

181. The NPRSP implementation will be monitored and evaluated on the basis of a multiyear action plan for 2006-08 to check that the activities planned by pillar and sub-pillar are effectively carried out. For 2005, which was considered a transitional phase, a priority program plan was prepared. Each Activity Implementation Unit will prepare periodic quarterly reports to be reviewed by the ministry's Research and Planning Department (GEP) before the report is transmitted to the IMU's technical secretariat. The IMU's feedback will allow taking necessary corrective measures that will be discussed with the Government and the Steering Committee.

182. The monitoring of the NPRSP will be carried out through progress reports of the multiyear program plan. This will be supplemented by a data collection work for the purpose of generating monitoring indicator tables by pillar. The analysis of these indicators will make it possible to gradually evaluate the NPRSP mid-term implementation results. The expected effects of the NPRSP implementation will be reflected by specific indicators in the scoreboard below (Table 7) for monitoring the indicators of the Millennium Development Goals. The NPRSP's economic and financial performances will be monitored using indicators in Table 7, projecting the main macroeconomic results during the implementation phase. The monitoring process will also include the production of a detailed report on the implementation of the 2006-08 multiyear action plan. The presentation of the mid-term results by pillar and annual activities will be an important part of the monitoring reports. The performance and monitoring indicators used in these tables also address concerns of data availability, simplicity and reliability.

Objectives	Indicators	2002	2005	2006	2007	2008	2010	Target for 2015
1. Lower extreme poverty and food insecurity								
Lower by half the percentage of the population living on less than one dollar per day	Absolute poverty rate (%)	64.7	68.5	67.8	66.8	65.9	64.1	59.7
	Extreme poverty rate (%)	20.8	22.0	21.8	21.5	21.2	20.6	19.2
Lower by half the percentage of the population that suffers from hunger	Underweight (children less than 5 years old) (%)	27	--	--	--	--	--	--
2. Ensure primary education for all								
Provide all children with the means to complete a full cycle of primary schooling	Net enrolment rate (%)	50.6	62.8	66	69.4	72.6	80.5	100
	Percentage of children that complete the primary cycle (%)	33	35	--	--	85	90	100
	Average duration of studies for students that complete the cycle	8.5	8	7.5	7.3	7.1	6.7	6
3. Promote gender equality and women's empowerment								

Eliminate gender disparities in primary and secondary education by 2005 [sic]	Net girl-to-boy primary enrolment ratio	0.5	0.57	0.62	0.67	0.72	0.82	1
	Net girl-to-boy secondary enrolment ratio	0.44	0.49	--	0.54	0.59	0.64	0.69
	Illiteracy rate for women (Women/men) 15-24 years old (%)		--	--	--	--	--	--
	Rate of women in the government (%)	71.3	--	63.3	61.6	60	56.8	38
		7.8	11	--	--	--	--	--
4. Reduce mortality for children under 5 years old								
Reduce the mortality rate of children under 5 years old by two-thirds	Mortality rate for children under 5 years old (per 1,000 children)	203	197.4	189.9	182.7	175.7	161.1	134.0
	Child mortality rate (per 1,000 children)	122	117.4	112.9	108.6	104.5	96.7	79.7
	Vaccination coverage against measles		95	80	85	90		
	Complete vaccination coverage rate for children		87.5	86.2	90	90		100
								100
5. Improve maternal health								
Lower the maternal mortality rate by three-quarters	Maternal mortality rate (per 100,000 women)	822	809	800.1	791.3	751.7-	678.4	525
6. Fight HIV/AIDS, malaria and other diseases								
The spread of HIV/AIDS has been stopped and a reversal in the current trend has begun	AIDS prevalence rate (%)	7.0	--	--	--	--	--	2.5
Malaria and other major diseases have been controlled, and a reversal in the current trend has begun	Trend in malaria cases (prevalence)	15.0	18.1	--	--	---	--	15.0
	Trend in the incidence of tuberculosis (per 100,000)	54.4	87	--	--	--	--	50
7. Ensure a sustainable environment								
Incorporate the principles of sustainable development into national policies and reverse the current trend of the loss of environmental resources	Percentage of forest areas (%)	55.0	--	--	--	--	--	--
	Units of energy consumed per capita (Kep)	300	--	--	--	--	--	--
Reduce by half the percentage of the population that has no sustainable access to healthy drinking water supplies	Percentage of the population with sustainable access to drinking water supply	54.6	--	--	--	--	--	80.0
	Percentage of the population with access to water supply in the home	5.1	--	--	--	--	--	--
		--	--	--	--	--	--	--
		35.0	--	--	--	--	--	--

183. Implementing the strategy involves financial and human resources management. They will be monitored through the Government's annual budgets and the Public Investment Program (PIP). Emphasis will be placed not only on the efficient uses of resources, and hence on building absorption capacity, but also on the impact of funds spent in the field. In the medium term, Guinea-Bissau wants to commit to developing strategic instruments to manage its public expenditures through an initiation to the medium-term public expenditures framework. In this way, human resources will be strengthened to develop their capabilities to master the instruments for efficiently and strategically managing its expenditures and public resources.

O. 6.3. Monitoring-evaluation methodology and the production of monitoring reports

184. Monitoring and evaluation information will be collected from producers of basic statistics. These include ministries, regional departments, etc., the Central Bank (BCEAO) and the National Statistics and Census Institute. Nonetheless, it will be necessary to supplement the information by conducting general surveys or surveys in the poorest areas to monitor the dynamics of poverty. For each type of survey, appropriate methodologies will be identified. The cost of the surveys is such that Guinea-Bissau feels it is important to conduct a general census of the population at the mid-term point of the NPRSP implementation to obtain baseline statistics essential for preparing

economic and social policies. A quantitative survey of poverty will be conducted as the NPRSP concludes to measure the general impact of implementing the strategy and also to prepare the revision or strengthening of the strategy after 2008.

185 The main monitoring instruments will be the following: reports, surveys and studies. During the NPRSP implementation, quarterly, twice-yearly and annual reports will be prepared. The quarterly reports will be prepared for each sector and will contain information on the status of program implementation by sector. Each sector will prepare its report and send it to the NPRSP Implementation and Monitoring Unit, which will in turn prepare the comprehensive quarterly report and send it to the Management Committee. The IMU will prepare the quarterly and annual reports and they will be submitted to the Monitoring Committee, the World Bank, the ADB, the UNDP, the European Union, the WAEMU, and to other bilateral and multilateral cooperation agencies.

6.4. The statistical information and capacity-building system of monitoring organizations

186. The logic that supports the development of the monitoring framework is the necessity of: (i) building long-term poverty monitoring/evaluation capacities as a requirement for ensuring the continuity, sustainability and survivability of the system in the organizations in charge of designing, managing and developing sector policies; (ii) developing national capacities to evaluate the impacts of development policies, results and program effects; (iii) ensuring the autonomy, objectivity and credibility of the monitoring and policy organizations.

187. The national statistical information system, in which the INEC is situated, must be strengthened in terms of its ability to produce and disseminate official statistical information that meets ever-growing and strict needs in order to achieve the NPRSP and to monitor the MDGs. INEC's capacities to coordinate organizations that produce sector statistics will be bolstered as well to ensure that the information and indicators are reliable. This strengthening will be achieved through legislation by enacting the necessary laws and regulations and by support in terms of training and equipment.

188. Statistical production must be strengthened to meet the greater needs generated by monitoring the MDGs and NPRSP. Technically speaking, strengthening statistical production must be centered on the most important instruments of coordination: the national accounts and the social scoreboard. The national accounts are the best instrument for integrating and coordinating economic statistics. The social scoreboard must be the central theme for social analyses and policies, as the national accounts must be the pillar for economic policies.

6.5. Risks

189. There are different types of risks inherent in the NPRSP implementation. (i) The first risk is institutional in nature. Institutional stability is important to ensure the successful implementation of the NPRSP. (ii) The second type of risk is related to the technical aspects of the NPRSP implementation. Absorption capacity and monitoring will be a great challenge. (iii) The third risk is obtaining funding to implement the programs planned in the NPRSP which, although they are considered ambitious, are feasible proposals that stem from a major ranking effort and an effort to arrive at a consensus throughout the entire participatory process. (iv) A fourth risk is related to impacts from abroad, and in particular changes in the price of oil, the depreciation of the dollar against the euro, the F CFA reference currency, and the ensuing deterioration of the terms of trade, with inevitable damage to microeconomic balances and a decrease in the growth that is essential for the poverty alleviation strategy to succeed.

190. These risks may be decreased, in particular by: (i) creating a legal and institutional environment that promotes stability and raises domestic and foreign funding to finance the strategy; (ii) strengthening the organization in charge of coordinating the NPRSP implementation and ensuring the coordination and participation of all stakeholders involved; strengthening the organizations involved in carrying out and monitoring the multiyear action plan; (iii) close cooperation with the private sector and other social partners to ensure a stable environment that promotes the sustainable development of growth; (iv) cooperation with the development partners to guarantee the aid necessary to absorb impacts from abroad that could jeopardize growth.

P. 7.1 NPRSP budget and breakdown by main pillar

191. The budgeting for the NPRSP is based on the priority programs as part of the 2006-08 multiyear action plan, regardless of whether or not financing has been secured. The timeframe for implementing the programs, which is three years will certainly change based on changes in the economic and social context.

192. The proposed budgeting reflects the structure and prioritization considered in the NPRSP⁷, the multiyear action plan and PIP covering each of the strategic pillars of the NPRSP. Expenditures were classified by category according to objective: expenditures intended directly for the poor populations and institutional support, human resources development, structural reforms and sector development. Investments or expenditures for equipment and construction the renovation of economic and social infrastructures were grouped into the appropriate category.

193. The exercise was carried out by the General Directorate of Planning of the Ministry of Economy with the participation sectoral departments in a manner consistent with the objectives of the overall strategy. These evaluations will be supplemented by those made in the context of planning for the MDGs as recommended by the United Nations General Assembly in September 2005. The timeframe that will be considered for planning based on the MDGs will cover the period from 2006 to 2015 and perhaps beyond.

194. Funding requirements for the NPRSP for the period 2006-08 are estimated at CFAF 227.2 billion, or USD 441.2 million. Of this amount, 148.4 billion F CFA, or 65.3% of the entire budget, will go toward investments throughout the entire period. The interventions that are intended directly for the poor populations, the different structural and sector reforms, institutional support and human resources development will account for the remainder of the total budget, or 34.7% of the NPRSP's budget. The annual planned investment amounts to 26.8% of GDP in 2006, 32.5% in 2007 and 21.9% en 2008. As planned in the convergence, growth and solidarity pact, the Government will make the efforts necessary to raise public investment to 20% of tax revenue.

195. The implementation of the NPRSP is expected to stimulate economic activity by increasing the production of goods and services thanks to increased capital and non-capital spending. However, this multiplier effect should not be exaggerated given the poor ability of the economy to supply the goods and services necessary for implementing the strategy. Significant demand for imported goods and services will follow. Although some of the investments will go toward renovating the economic and social infrastructures that were destroyed in the 1998-99 conflict, they may also impact capacity, which would in turn increase the production base in the long run. All of this will have undeniable effects in terms of stimulating growth and job creation, and therefore income opportunities for the in the long run.

⁷ Main pillars and sub-pillars.

Table 8: NPRSP Financing by Pillars, themes and subthemes (in F CFA)

Main pillars, themes and subthemes	Years			Total	In %
	2006	2007	2008		
D) Strengthen governance, modernize the public administration and ensure macroeconomic stability	2,535,139,500	12,870,609,500	15,378,650,000	30,784,399,000	13.6%
<i>1.1. Strengthen governance and ensure macroeconomic stability</i>	<i>1,135,000,000</i>	<i>2,298,000,000</i>	<i>3,100,000,000</i>	<i>6,533,000,000</i>	<i>2.9%</i>
1.1.1. Continue with improvements in budget management	50,000,000	233,000,000	40,000,000	323,000,000	
1.1.2. Strengthen macroeconomic management	1,085,000,000	2,065,000,000	3,060,000,000	6,210,000,000	
<i>1.2. Modernize the administration and build capacities</i>	<i>720,139,500</i>	<i>2,382,609,500</i>	<i>1,773,650,000</i>	<i>4,876,399,000</i>	<i>2.2%</i>
1.2.1. Reform the public administration	205,000,000	1,955,000,000	1,345,000,000	3,505,000,000	
1.2.2. Build capacities	515,139,500	427,609,500	428,650,000	1,371,399,000	
<i>1.3. Strengthen the Rule of Law/judicial apparatus and support decentralization/social consensus-building</i>	<i>275,000,000</i>	<i>1,160,000,000</i>	<i>3,405,000,000</i>	<i>4,840,000,000</i>	<i>2.1%</i>
1.3.1. Promote rapid, transparent, accessible and independent justice and strengthen the National People's Assembly	175,000,000	1,060,000,000	3,305,000,000	4,540,000,000	
1.3.2. Promote local development and social consensus-building	100,000,000	100,000,000	100,000,000	300,000,000	
<i>1.4. Reform the security sector</i>	<i>405,000,000</i>	<i>7,030,000,000</i>	<i>7,100,000,000</i>	<i>14,535,000,000</i>	<i>6.4%</i>
1.4.1. Demobilize, convert and improve living conditions in the barracks	130,000,000	3,280,000,000	3,850,000,000	7,260,000,000	
1.4.2. Transform the defense and security forces into stakeholders for re-establishing peace and strengthening the Rule of Law	275,000,000	3,750,000,000	3,250,000,000	7,275,000,000	
II) Promote economic growth and job creation	31,345,229,929	43,272,110,295	30,015,095,147	104,632,435,371	46.1%
<i>2.1. Improve the business environment and stimulate the sectors that employ the poor populations</i>	<i>6,818,413,000</i>	<i>9,906,684,000</i>	<i>7,265,908,000</i>	<i>23,991,005,000</i>	<i>10.6%</i>
2.1.1. Improve the business environment and investment	627,925,000	100,000,000	100,000,000	827,925,000	
2.1.2. Stimulate the productive sectors and promote diversification and economic competitiveness	6,190,488,000	9,806,684,000	7,165,908,000	23,163,080,000	
<i>2.2. Develop the infrastructures that support production</i>	<i>24,526,816,929</i>	<i>33,365,426,295</i>	<i>22,749,187,147</i>	<i>80,641,430,371</i>	<i>35.5%</i>
2.2.1. Rehabilitate the energy sector	6,488,054,571	6,509,865,141	5,431,963,802	18,429,883,514	
2.2.2. Develop road infrastructures	13,973,043,558	19,932,631,094	9,239,870,675	43,145,545,327	
2.2.3. Support the development of surface and river infrastructures	2,735,373,250	3,980,839,250	5,175,235,000	11,891,447,500	
2.2.4. Support the air, meteorology and telecommunications sectors	1,330,345,550	2,942,090,810	2,902,117,670	7,174,554,030	
III) Increase access to basic social services and social infrastructures	28,460,258,285	26,678,367,549	20,208,293,613	75,346,919,447	33.1%
<i>3.1. Improve access to quality education</i>	<i>6,923,208,285</i>	<i>6,679,267,549</i>	<i>4,395,193,613</i>	<i>17,997,669,447</i>	<i>7.9%</i>
3.1.1. Increase access to primary, secondary and higher education	4,801,954,000	4,750,087,774	2,715,989,323	12,268,031,097	
3.1.2. Provide universal high-quality schooling	2,121,254,285	1,929,179,775	1,679,204,290	5,729,638,350	
<i>3.2. Improve the population's health status</i>	<i>8,850,350,000</i>	<i>9,010,100,000</i>	<i>6,755,800,000</i>	<i>24,616,250,000</i>	<i>10.8%</i>
3.2.1. Improve the supply and quality of health services	5,916,050,000	6,105,800,000	3,900,800,000	15,922,650,000	
3.2.2. Fight HIV/AIDS, tuberculosis, malaria and other diseases	681,800,000	651,800,000	602,500,000	1,936,100,000	
3.2.3. Improve the status of mothers and children	2,252,500,000	2,252,500,000	2,252,500,000	6,757,500,000	
<i>3.3. Improve the lifestyle of the populations</i>	<i>12,686,700,000</i>	<i>10,989,000,000</i>	<i>9,057,300,000</i>	<i>32,733,000,000</i>	<i>14.4%</i>
3.3.1. Improve access to drinking water and sanitation	5,035,000,000	5,414,000,000	5,374,000,000	15,823,000,000	
3.3.2. Improve social housing	7,651,700,000	5,575,000,000	3,683,300,000	16,910,000,000	

IV) Improve the living conditions of vulnerable groups	5,214,572,000	6,223,622,000	5,019,022,000	16,457,216,000	7.2%
<i>4.1. Promote the socioeconomic integration of vulnerable groups</i>	2,520,250,000	2,891,250,000	2,635,000,000	8,046,500,000	3.5%
4.1.1. Improve the social protection of vulnerable groups	70,000,000	857,500,000	807,500,000	1,735,000,000	
4.1.2. Promote income-generating activities	2,450,250,000	2,033,750,000	1,827,500,000	6,311,500,000	
<i>4.2. Develop specific programs to support vulnerable groups</i>	2,694,322,000	3,332,372,000	2,384,022,000	8,410,716,000	3.7%
4.2.1. Promote the creation of reception and monitoring centers and fight illiteracy in women	1,047,250,000	1,385,300,000	1,251,950,000	3,684,500,000	

Pillars and themes	Years			Total	In %
	2006	2007	2008		

<i>I) Strengthen governance, modernize the administration and ensure macroeconomic stability</i>	2,535,139,500	12,870,609,500	15,378,650,000	30,784,399,000	13.6%
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<i>II) Promote economic growth and job creation</i>	31,345,229,929	43,272,110,295	30,015,095,147	104,632,435,371	46.1%
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<i>III) Increase access to basic social services and social infrastructures</i>	28,460,258,285	26,678,367,549	20,208,293,613	75,346,919,447	33.1%
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<i>IV) Improve the living conditions of vulnerable groups</i>	5,214,572,000	6,223,622,000	5,019,022,000	16,457,216,000	7.2%
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NPRSP Total	67,555,199,714	89,044,709,344	70,621,060,760	227,220,969,818	100%
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NPRSP total in USD	131,175,145	172,902,348	137,128,273	441,205,767	
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4.2.2. Promote the practice of sports and renovate the poor areas (shantytowns)	1,647,072,000	1,947,072,000	1,132,072,000	4,726,216,000	
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NPRSP TOTAL	67,555,199,714	89,044,709,344	70,621,060,760	227,220,969,818	100%
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NPRSP in USD	131,175,145	172,902,348	137,128,273	441,205,767	
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Pillar I: Strengthening governance, modernize the administration and ensure macroeconomic stability

196. *The Government intends to overcome* the factors that cause weak governance through targeted interventions to strengthen economic governance by specific programs in budget and macroeconomic management, strengthen the Rule of Law with special emphasis on reforms in justice and the security sector, and modernize and strengthen the public administration's capabilities. The Government plans to spend CFAF 30.9 billion, or 13.6% of the NPRSP resources to implement activities under the first pillar - ***Strengthen governance, modernize the administration and ensure macroeconomic stability***. Much of this amount (CFAF 24.97 billion) will go toward structural reforms to pay the domestic debt and modernize the civil service and the security sector by retrenching civil servants, police officers and the military.

Pillar II: Promoting economic growth and job creation

197. The NPRSP prioritizes the implementation of programs that have a high impact on job creation. The impact of carrying out public works and economic infrastructure development on job promotion and revitalizing the economic base is known. The promotion of economic growth and job creation, with spending of CFAF 104.6 billion, or 46.1% of the entire NPRSP budget represent a significant element of the strategy. Improving the business framework and promoting economic diversification will cost CFAF 23.99 billion, and the development of infrastructure to support production (electricity, water, roads, ports, telecommunications, etc.) will cost CFAF 80.6 billion. 79.1% of the budget of the second pillar will represent investments and the rest will be expenditures for institutional support, sector reform, and building human capacities. Economic diversification will be accompanied by targeted support to improve both the productivity of facilities and labor and hence, the production systems to be promoted. Vocational education, as well as management programs in the farming, farm product processing and fisheries sectors, are important means of enabling those who are trained to move into the jobs that are created and to develop more productive systems, even though they require a modest amount.

Pillar III: Increasing access to social services and basic infrastructures

198. The interventions recommended for the third pillar will seek to develop human capital by improving access to quality education, greater supply and better quality of health services, and improvements in lifestyles and access to drinking water. The planned interventions and investments for this Pillar are expected to cost CFAF 75.347 billion over three years, or 33.1% of the budget planned for the NPRSP. Interventions and investments to improve access to quality education amount to CFAF 17.998 billion, or 7.9% of the total NPRSP budget. The cost for the health sector was estimated at CFAF 24.616 billion, or 10.8% of the total cost of NPRSP. Investments that seek to broaden the capacities of the supply of social services and basic infrastructures account for CFAF 32.733 billion, or 14.4% of the total NPRSP budget. 70.3% of the third pillar's budget will be spent on investments and the remainder on sector reforms and building human and institutional capacities.

Pillar IV: Improving the living conditions of vulnerable groups

199. For this pillar, the planned interventions are more likely to rapidly improve the living conditions of vulnerable groups because of well-targeted programs designed to protect and provide many types of support to these groups. The idea is primarily to contribute to improving their lifestyle and to supporting them in their income-generating activities. This pillar represents 7.2% of the entire NPRSP budget. The interventions under the socioeconomic integration programs for vulnerable groups will cost CFA 8.046 billion, or 3.5% of the NPRSP budget. The specific programs to support vulnerable groups will cost CFAF 8.410 billion or 3.7% of the total NPRSP budget. Investments amount to 48.9% of the amount planned for this pillar. It should be noted that programs to fight poverty are for the entire NPRSP, and the interventions planned for this pillar should not be considered the only ones that are meant to fight poverty. All the interventions under the NPRSP are either directly or indirectly aimed at fighting poverty.

Table 9: Financing by type of expense (in F CFA) 54

Pillars	Years			TOTAL	In %
	2006	2007	2008		
<i>I) Strengthen governance, modernize the administration and ensure macroeconomic stability</i>	2,535,139,500	12,870,609,500	15,378,650,000	30,784,399,000	
Build human capacities	423,155,000	305,800,000	155,800,000	884,755,000	2.9%
Structural reform	1,921,375,000	11,301,200,000	11,747,750,000	24,970,325,000	81.1%
Institutional support and current expenditures	80,100,000	140,100,000	110,100,000	330,300,000	1.1%
Investments	110,509,500	1,123,509,500	3 365,000,000	4,599,019,000	14.9%

200. The NPRSP monitoring and evaluation will require an amount of CFAF 250 million, or 485,437 dollars. This sum, which is available, is not incorporated into total NPRSP funding. It will contribute to training the staff involved in monitoring, data collection, performing impact studies, monitoring reports and information for the public and partners.

<i>II) Promote economic growth and job creation</i>	31,345,229,929	43,272,110,295	30,015,095,147	104,632,435,371	
Build human capacities	393,500,000	558,500,000	407,500,000	1,359,500,000	1.3%
Structural reform	472,300,000	-	-	472,300,000	0.5%
Institutional support and current expenditures	1,629,227,135	2,251,307,790	2,473,630,630	6,354,165,555	6.1%
Sector reform	3,411,988,000	5,542,684,000	4,718,408,000	13,673,080,000	13.1%
Investments	25,438,214,794	34,919,618,505	22,415,556,517	82,773,389,816	79.1%

<i>III) Increase access to basic social services and social infrastructures</i>	28,460,258,285	26,678,367,549	20,208,293,613	75,346,919,447	
Build human capacities	663,449,785	753,799,785	881,599,785	2,298,849,355	3.1%
Institutional support and current expenditures	3,815,288,285	3,992,447,549	3,896,133,613	11,703,869,447	15.5%
Sector reform	3,359,500,000	3,230,800,000	1,750,800,000	8,341,100,000	11.1%
Investments	20,622,020,215	18,701,320,215	13,679,760,215	53,003,100,645	70.3%

<i>IV) Improve the living conditions of vulnerable groups</i>	5,214,572,000	6,223,622,000	5,019,022,000	16,457,216,000	
Build human capacities	298,500,000	316,550,000	276,950,000	892,000,000	5.4%
Institutional support and current expenditures	1,960,000,000	2,800,000,000	2,762,500,000	7,522,500,000	45.7%
Investments	2,956,072,000	3,107,072,000	1,979,572,000	8,042,716,000	48.9%

For all NPRSP Pillars	YEARS			Total by category	In %
	2006	2007	2008		
<i>Build human capacities</i>	1,778,604,785	1,934,649,785	1,721,849,785	5,435,104,355	2.4%
<i>Structural and sector reform</i>	9,165,163,000	20,074,684,000	18,216,958,000	47,456,805,000	20.9%
<i>Institutional support and current expenditures</i>	7,484,615,420	9,183,855,339	9,242,364,243	25,910,835,002	11.4%
<i>Investments</i>	49,126,816,509	57,851,520,220	41,439,888,732	148,418,225,461	65.3%
Total per year	67,555,199,714	89,044,709,344	70,621,060,760	227,220,969,818	100.0%

Table 10: NPRSP monitoring and evaluation (in F CFA)

Categories	Years			Total
	2006	2007	2008	
<i>Training</i>	15,000,000	19,250,000	15,000,000	49,250,000
<i>Data collection</i>	25,000,000	27,500,000	25,000,000	77,500,000
<i>Impact studies</i>	20,000,000	33,250,000	20,000,000	73,250,000
<i>Reports, dissemination/communication</i>	15,000,000	20,000,000	15,000,000	50,000,000
Total	75,000,000	100,000,000	75,000,000	250,000,000

7.2 NPRSP financing strategy

200. Financing for the NPRSP is based on domestic contributions from the Government and the private sector, as well as on external assistance. Out of a total budget of CFAF 227.221 billion 80.3%, or CFAF 182.479 billion (USD 354.328 million) will depend on donor support. This shows how vital is the role of the development partners for the implementation of the NPRSP.

201. Raising domestic funding will not be neglected. By improving the management of public finances and the effectiveness of the tax authorities, the Government intends to significantly improve fiscal revenue, which is currently about 10% of GDP, whereas the WAEMU stability and growth pact recommends increasing it to 17%. The introduction of the value-added tax to replace the sales tax and the modernization of revenue collection departments should contribute to improving the government's performances in terms of taxation. Along with this, the Government will implement appropriate reforms for using its natural resources, particularly fisheries, to obtain substantial revenues, while still paying attention to environmental conservation.

202. It is also expected that implementing the strategy will generate additional enterprises and hence additional revenue and income for all stakeholders, including the State. The implementation of the NPRSP should make it possible to quickly lower the budget deficit and to find additional funds for investment. It is not the Government's intention to increase its foreign and domestic debt under the NPRSP. Most of all, the Government wants to reach a point where it eliminates its foreign debt under the HIPC Initiative as quickly as possible so that it is eligible for the MDRI approved by the IMF and World Bank in September 2005. It is important for the Government that the support from its partners not be a source of increasing its foreign debt. The Paris declaration of April 2005 makes it possible for Guinea-Bissau to expect untied aid from all of its partners and this aid will indeed meet its development priorities as expressed in the NPRSP.

Table 11: Financing acquired and financing to be raised by Pillar (in F CFA)

Pillars	Total Pillars	Financing acquired		Financing to be raised	
<i>I) Strengthen governance, modernize the administration and ensure macroeconomic stability</i>	30,784 399,000	2,123,000,000	6.9%	28,661,399,000	93.1%
<i>II) Promote economic growth and job creation</i>	104,632,435,371	15,278,262,705	14.6%	89,354,172,666	85.4%
<i>III) Increase access to basic social services and social infrastructures</i>	75,346,919,447	25,280,335,447	33.6%	50,066,584,000	66.4%
<i>IV) Improve the living conditions of vulnerable groups</i>	16,457,216,000	2,060,216,000	12.5%	14,397,000,000	87.5%
TOTAL NPRSP	227,220,969,818	44,741,814,152	19.7%	182,479,155,666	80.3%
NPRSP in USD	441,205,767	86,877,309		354,328,458	

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203. The analysis developed by the Government in coordination with development partners highlights the country's main difficulties that must be urgently addressed in order to prevent a collapse of the already weak economic social structures.

204. The NPRSP includes a model for appropriate actions in a multidimensional and gradual context consistent with the difficulties and priorities of the country. As an emergency program, it will require raising financial resources estimated at USD 441.206 million of which only 19.7% has been secured. Many development partners have already stated the intention of supporting the implementation of the NPRSP priority programs in the amount of 44.742 billion F CFA, or 19.7% of the total. The remaining 80.3%, which amounts to 354.328 million dollars, has yet to be secured.

205. The deprivations that the population has endured over the past years must come to an end. The Government is committed to curbing the factors that have led the country into a critical social and humane situation. That is why the NPRSP was developed in a participatory manner. The effective implementation of the NPRSP will be a step toward reducing extreme poverty and achieving the MDGs in the country. Domestic efforts, however, will not be sufficient to accelerate the pace of reducing extreme poverty or achieving the MDGs. That is why the support of the development partners will be essential to accompany the Government's efforts and those of the entire society along the path to sustainable human development.

APPENDICES:

PROJECTIONS FOR THE MAIN MACROECONOMIC INDICATORS

	2005	2006	2007	2008	2009
National accounts and prices					
GDP in billions of current F CFA	158.641	171.8	178.237	188.832	200.057

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U. Annual growth rate

Real GDP growth rate at market prices	3.5	4.2	4.8	5.0	5.0
Real GDP growth rate per inhabitant	0.2	1.6	2.2	2.8	2.7
Consumer price index	1.0	2.5	2.0	2.0	2.0

As a percentage of GDP

Investments and savings					
Investments/GDP	14.6	17.2	18.7	20.6	20.5
Public investments /GDP	10.0	11.6	12.6	12.6	12.6
Gross domestic savings/GDP	-2.9	-0.3	0.6	3.3	3.9
Public savings/GDP	-16.7	-10.2	-8.2	-6	-2.1
National savings/GDP	7.5	12.1	10.8	13.9	14.5
Public finances					
Budget revenues/GDP	17.6	20.3	20.8	21.2	21.3
Tax receipts/GDP	11.5	11.9	12.3	12.8	13.0
Primary public expenditures/GDP	24.5	24.0	23.4	22.9	21.2
Primary budget balance/GDP					
Total budget balance					
Including donations	-12.1	-6.1	-8.1	-6.8	-4.8
Excluding donations	-20.5	17.6	-17.1	-15.7	-13.6
Current account balance (CAB)/GDP					
CAB Official transfers included as a percentage of GDP	-7.1	-5.1	-8.0	-6.8	-6.0
CAB Official transfers excluded as a percentage of GDP	-10.3	-14.1	14.4	-13.2	-12.3

GUINEA-BISSAU AND IMF SMP 2006

PILLAR I: Strengthen governance, modernize the public administration and ensure macroeconomic stability

Categories	Sub-categories	Projects/programs	Schedule for the financial execution of programs (in F CFA)			Source(s) of financing	Organization(s) in charge		
			2006	2007	2008			Total	
1.1. Strengthen governance, modernize the public administration and ensure macroeconomic stability	1.1.1. Continue making improvements in budget management	1.1.1.1. Improve receipt collection	15,000,000	188,000,000	10,000,000	213,000,000	Ministry of Finance		
		- Train workers	15,000,000	10,000,000	10,000,000	35,000,000			
		- Purchase 10 vehicles (regions and Bissau)		150,000,000		150,000,000			
		- Purchase 20 computers, 8 printers, 8 photocopying machines		28,000,000		28,000,000			
		1.1.1.2. Expand the tax base, primarily by replacing the ad valorem tax with the VAT	10,000,000	20,000,000	5,000,000	35,000,000			
		1.1.1.3. Improve budget preparation, execution and control	25,000,000	25,000,000	25,000,000	75,000,000			
		Subtotal of subcategory 1.1.1.	50,000,000	233,000,000	40,000,000	323,000,000			
		1.1.2. Strengthen macroeconomic management	1.1.2.1. Revitalize the Directorate of Economic Conditions and Forecasting by giving it the necessary human and physical resources	45,000,000	20,000,000	15,000,000		80,000,000	Ministry of Finance
			- Equipment and computerization	20,000,000				20,000,000	
			- Training and surveys	25,000,000	20,000,000	15,000,000		60,000,000	
			1.1.2.2. Allocate the resources in the PIP according to NPRSP priorities	25,000,000	20,000,000	20,000,000		65,000,000	
1.1.2.3. Improve domestic debt management	1,015,000,000		2,025,000,000	3,025,000,000	6,065,000,000				
- Studies and strengthening of skill sets	15,000,000		25,000,000	25,000,000	65,000,000				
- Pay the debt	1,000,000,000		2,000,000,000	3,000,000,000	6,000,000,000				
Subtotal of subcategory 1.1.2.	1,085,000,000		2,065,000,000	3,060,000,000	6,210,000,000				
Subtotal of category 1.1.	1,135,000,000		2,298,000,000	3,100,000,000	6,533,000,000				

1.2. Modernize the administration and strengthen skill sets	1.2.1. Reform the public administration	1.2.1.1. Control the wage bill and civil service staffing levels	100,000,000	50,000,000	50,000,000	200,000,000	UNDP, EU	Min. of the Civil Service/Min. of Finance
		1.2.1.2. Prepare a plan to redeploy the civil servants - Prepare the plan - Implement the plan	50,000,000 50,000,000	1,750,000,000 1,750,000,000	1,200,000,000 1,200,000,000	3,000,000,000 50,000,000 2,950,000,000	Research in progress	Min. of Justice/ Min. of the Civil Service
		1.2.1.3. Prepare and enforce the Government organic law/Ministries/State Secretariats	25,000,000	15,000,000	40,000,000	UNDP, EU	Min. of the Civil Service/Min. of Finance	
		1.2.1.4. Execute a civil service hiring and downsizing plan	20,000,000	50,000,000	50,000,000	UNDP, EU	Min. of the Civil Service/Min. of Finance	
		1.2.1.5. Prepare measures that stimulate assigning Government personnel to rural areas	10,000,000	5,000,000	15,000,000	UNDP, EU	Min. of the Civil Service/Min. of Finance	
		1.2.1.6. Reform the retirement and social security systems - Study		85,000,000 50,000,000	45,000,000	Research in progress	Min. of Finance, Min. of the Civil Service, Min. of Solidarity	
		- Equipment - Train personnel		5,000,000 30,000,000	15,000,000 30,000,000	Research in progress		
		Subtotal of subcategory 1.2.1.	205,000,000	1,955,000,000	1,345,000,000	3,505,000,000		
1.2. Modernize the administration and strengthen skill sets	1.2.2. Strengthen skill sets	1.2.2.1. Prepare and implement a medium-term plan to strengthen human skill sets	100,000,000	140,000,000	240,000,000	ADB, EU, UNDP	Min. of the Civil Service/Min. of Finance	
		1.2.2.2. Create a National School of Administration (ENA) - Restore the facilities of the Administrative Training Center (CENFA) - Equip a computer room - Build and equip administrative facilities and 10 classrooms	385,139,500 212,355,000 15,509,500	257,609,500 15,509,500	398,650,000 225,000,000	1,041,399,000 212,355,000 31,019,000 225,000,000	Research in progress	Office of the Prime Minister, Min. of Education, Min. of Finance, Min. of the Civil Service

1.3. Strengthen the Rule of Law/Judicial apparatus and support decentralization/social consensus-building	1.3.1. Promote swift, transparent, accessible and independent justice while strengthening the ANP	1.3.1.1. Make substantial improvements in the working conditions of court personnel by doing the following:	140,000,000	885,000,000	3,140,000,000	4,165,000,000	Min. of Justice	
		- Building		700,000,000	3,000,000,000	3,700,000,000		Research in progress
		- Rehabilitating the jurisdictional organs	50,000,000	50,000,000	50,000,000	150,000,000		
		- Modernizing equipment	75,000,000	75,000,000	50,000,000	200,000,000		
		- Providing codes	15,000,000	60,000,000	40,000,000	115,000,000		
		1.3.1.2. Facilitate access to justice	20,000,000	5,000,000	5,000,000	30,000,000		
		1.3.1.3. Give human and physical resources to the ANP's support services	15,000,000	170,000,000	160,000,000	345,000,000		
		- Support the parliamentary committees	15,000,000	15,000,000	15,000,000	45,000,000		
		- Equipment	75,000,000	75,000,000	75,000,000	150,000,000		
		- Create a documentation center	50,000,000	50,000,000	50,000,000	100,000,000		
- Train personnel	30,000,000	30,000,000	20,000,000	50,000,000				
	Subtotal of subcategory 1.3.1.	175,000,000	1,060,000,000	3,305,000,000	4,540,000,000			
1.3.2. Promote local development and social consensus-building	1.3.2.1. Create a legal framework on decentralization and local development	50,000,000	50,000,000	50,000,000	150,000,000	Min. of Tourism, Min. of the Interior		
	1.3.2.2. Prepare a statutory framework that fosters social consensus-building	50,000,000	50,000,000	50,000,000	150,000,000	Min. of Solidarity		
	Subtotal of subcategory 1.3.2.	100,000,000	100,000,000	100,000,000	300,000,000			
	Subtotal of category 1.3.	275,000,000	1,160,000,000	3,405,000,000	4,840,000,000			

1.4. Reform the security sector	1.4.1. Demobilize and redeploy and improve living conditions in the barracks	1.4.1.1. Take a census of soldiers and police officers	30,000,000			30,000,000		
		1.4.1.2. Prepare and implement a demobilization and redeployment plan for war veterans	20,000,000	1,730,000,000	2,100,000,000	3,850,000,000		
		- Prepare a plan	20,000,000	30,000,000		50,000,000		
		- Implement the plan		1,700,000,000	2,100,000,000	3,800,000,000		
		1.4.1.3. Reorganize the national retirement and social security system for soldiers and police officers	50,000,000	500,000,000	500,000,000	1,050,000,000	Min. of Defense, Min. of the Interior	
		1.4.1.4. Prepare and implement a barracks renovation plan	30,000,000	1,050,000,000	1,250,000,000	2,330,000,000		
		- Prepare a plan	30,000,000	50,000,000		80,000,000		
		- Implement the plan		1,000,000,000	1,250,000,000	2,250,000,000		
			Subtotal of category 1.4.	130,000,000	3,260,000,000	4,150,000,000	5,030,000,000	

	Subtotal of subcategory 1.4.1.	130,000,000	3,280,000,000	3,850,000,000	7,260,000,000	
1.4.2. Convert the security forces into stakeholders for pacification and strengthening the Rule of Law						
		275,000,000	3,750,000,000	3,250,000,000	7,000,000,000	Min. of Defense, Min. of the Interior
	Subtotal of subcategory 1.4.2.	275,000,000	3,750,000,000	3,250,000,000	7,275,000,000	
	Subtotal of category 1.4.	405,000,000	7,030,000,000	7,100,000,000	14,535,000,000	
	Total Pillar I	2,535,139,500	12,870,609,500	15,378,650,000	30,784,399,000	
	Total Pillar I in USD	4,922,601	24,991,475	29,861,456	59,775,532	

PILLAR II: Promote economic growth and job creation

Categories	Subcategories	Projects/programs	Schedule for the financial execution of programs (in F CFA)				Source(s) of financing	Organization(s) in charge	
			2006	2007	2008	Total			
2.1. Improve the business environment and stimulate the sectors that hire the poor populations	2.1.1. Improve the business environment and investment	2.1.1.1. Create a single window	77,250,000			77,250,000	Research in progress	Min. of the Economy	
		2.1.1.2. Revise the investment code	15,000,000			15,000,000	World Bank, ADB	Min. of the Economy	
		2.1.1.3. Join MIGA	55,625,000			55,625,000	Portuguese Cooperation	Min. of the Economy	
		2.1.1.4. Join FAGACE	100,000,000	100,000,000		300,000,000	Research in progress	Min. of the Economy	
		2.1.1.5. Adopt the OHADA labor code	36,050,000			36,050,000	Research in progress	Min. of the Economy	
		2.1.1.6. Set up the Business Arbitration Tribunal	77,250,000			77,250,000	Research in progress	Min. of Justice, Min. of Commerce	
		2.1.1.7. Approve the Land Act settlement	25,000,000			25,000,000	Research in progress	ANP	
		2.1.1.8. Prepare an action plan for removing the administrative barriers to investment	77,250,000			77,250,000	Research in progress	Min. of the Economy, Min. of Justice	
		2.1.1.9. Viability study and create an SME supervisory agency	164,500,000			164,500,000			
		- Perform a viability study	10,000,000			10,000,000			
		- Create the SME supervisory agency	154,500,000			154,500,000			
					100,000,000	100,000,000	827,925,000		
		2.1.2. Stimulate the productive sectors and promote the diversification and competitiveness of the economy	2.1.2.1. Strengthen the agricultural sector to increase productivity and diversify exports through:		2,025,000,000	1,320,000,000	4,775,000,000		Min. of Agriculture, Forests and Hunting
			a) Agricultural zoning and the implementation of two pilot projects	175,000,000	275,000,000	175,000,000	625,000,000	Research in progress	
	- Agropastoral census	150,000,000	175,000,000	75,000,000	400,000,000				
	- Prepare an agriculture zoning plan	25,000,000			25,000,000				
	- Implement two agricultural projects		100,000,000	100,000,000	200,000,000				
	b) Improve agricultural productivity through:	1,005,000,000	1,500,000,000	895,000,000	3,400,000,000				
	- Agronomic research	100,000,000	100,000,000	100,000,000	300,000,000	Research in progress			
	- Strengthening human skill sets (have technicians specialize in the different areas of agronomy)	150,000,000	250,000,000	120,000,000	520,000,000	Guaranteed			

		<ul style="list-style-type: none"> - Equipment - Reforestation c) Revise the Forestry Act 	<p>30,000,000</p> <p>25,000,000</p>	<p>50,000,000</p> <p>225,000,000</p> <p>10,000,000</p>	<p>15,000,000</p> <p>150,000,000</p> <p>5,000,000</p>	<p>95,000,000</p> <p>400,000,000</p> <p>15,000,000</p>	<p>Guaranteed</p>	
<p>2.1. Improve the business environment and stimulate the sectors that hire the poor populations</p>		<p>d) Regulate exports of bulls and species of wild animals</p> <p>e) Manage biodiversity and the coastal zone</p> <p>2.1.2.4. Improve production of the pastoral sector</p> <p>a) Health coverage of the country by providing means to fight diseases that devastate herds of large livestock</p> <p>b) Survey on the short-cycle species reproduction</p> <p>c) Dissemination and outreach with breeders of short-cycle species reproduction</p> <p>2.1.2.5. Promote the development of the fisheries sector</p> <p>a) Improve marketing systems for fishery products</p> <ul style="list-style-type: none"> - Study - Build offloading ramps - Build cold storage warehouses at the main offloading and marketing points for fishery products - Build sales outlets for fishery products - Train technicians to repair and operate the infrastructures that are created and people involved in the distribution and commercialization systems for fishery products <p>b) Assist the National Fisheries Training Center located in Bolama</p> <ul style="list-style-type: none"> - Studies - Restore and equip the National Fisheries Training Center in Bolama - Manage and administer the Center - Teaching materials for the CNFPB Library - Technical assistance (TA) <p>c) Create a fund to assist the private sector (SMEs) for processing and preserving fishery products (private sector SMEs)</p>	<p>15,000,000</p> <p>318,000,000</p> <p>838,988,000</p> <p>338,988,000</p> <p>350,000,000</p> <p>150,000,000</p> <p>2,012,000,000</p> <p>375,000,000</p> <p>25,000,000</p> <p>125,000,000</p> <p>100,000,000</p> <p>50,000,000</p> <p>75,000,000</p> <p>345,000,000</p> <p>20,000,000</p> <p>150,000,000</p> <p>75,000,000</p> <p>25,000,000</p> <p>75,000,000</p> <p>500,000,000</p> <p>15,000,000</p> <p>350,000,000</p>	<p>573,000,000</p> <p>984,684,000</p> <p>234,684,000</p> <p>500,000,000</p> <p>250,000,000</p> <p>3,072,500,000</p> <p>595,000,000</p> <p>40,000,000</p> <p>250,000,000</p> <p>125,000,000</p> <p>80,000,000</p> <p>100,000,000</p> <p>425,000,000</p> <p>200,000,000</p> <p>125,000,000</p> <p>35,000,000</p> <p>65,000,000</p> <p>460,000,000</p> <p>350,000,000</p>	<p>726,800,000</p> <p>708,608,000</p> <p>208,608,000</p> <p>300,000,000</p> <p>200,000,000</p> <p>2,021,000,000</p> <p>550,000,000</p> <p>175,000,000</p> <p>150,000,000</p> <p>100,000,000</p> <p>125,000,000</p> <p>445,000,000</p> <p>250,000,000</p> <p>125,000,000</p> <p>20,000,000</p> <p>50,000,000</p> <p>460,000,000</p> <p>350,000,000</p>	<p>15,000,000</p> <p>1,617,800,000</p> <p>2,532,280,000</p> <p>782,280,000</p> <p>1,150,000,000</p> <p>600,000,000</p> <p>7,105,500,000</p> <p>1,520,000,000</p> <p>65,000,000</p> <p>550,000,000</p> <p>375,000,000</p> <p>230,000,000</p> <p>300,000,000</p> <p>1,215,000,000</p> <p>20,000,000</p> <p>600,000,000</p> <p>325,000,000</p> <p>80,000,000</p> <p>190,000,000</p> <p>1,420,000,000</p> <p>15,000,000</p> <p>1,050,000,000</p>	<p>Guaranteed</p> <p>Guaranteed</p> <p>Guaranteed</p> <p>Guaranteed</p> <p>Guaranteed</p> <p>Guaranteed</p> <p>Guaranteed</p> <p>Guaranteed</p> <p>Guaranteed</p> <p>Research in progress</p> <p>Guaranteed</p> <p>Guaranteed</p> <p>Research in progress</p> <p>Research in progress</p> <p>Research in progress</p> <p>Research in progress</p> <p>Research in progress</p>	<p>Min. of Agriculture, Forests and Hunting</p> <p>Min. of Fisheries and the Maritime Economy</p> <p>Min. of Fisheries and the Maritime Economy</p> <p>Min. of Fisheries and the Maritime Economy</p>
<p>2.1.2. Stimulate the productive sectors and promote diversification and economic competitiveness</p>		<p>- Studies</p> <p>- Assistance and Guarantee Fund</p>	<p>15,000,000</p> <p>350,000,000</p>	<p>350,000,000</p>	<p>350,000,000</p>	<p>15,000,000</p> <p>1,050,000,000</p>	<p>Research in progress</p>	<p>Min. of Fisheries and the Maritime Economy</p>

	<ul style="list-style-type: none"> j) Replace the EE generating system in Mansoa and Buba k) Build an energy management and control center l) Implement the plan to reorganize and build the energy sector's institutional capacity m) Acquire 10 generators to provide energy for the City of Bissau n) Install a new decentralized system for generating power in the islands and areas that are far from the grid (renewed energy) 	<p>147,590,325</p> <p>73,795,163</p> <p>29,518,065</p> <p>2,500,000,000</p> <p>163,989,250</p>	<p>327,978,500</p> <p>163,989,250</p> <p>65,595,700</p> <p>2,500,000,000</p> <p>393,574,200</p>	<p>262,382,800</p> <p>131,191,400</p> <p>52,476,560</p> <p>2,500,000,000</p> <p>303,380,113</p>	<p>737,951,625</p> <p>368,975,813</p> <p>147,590,325</p> <p>7,500,000,000</p> <p>860,943,563</p>	<p>Research in progress</p> <p>Research in progress</p> <p>Research in progress</p> <p>Research in progress</p> <p>Research in progress</p>
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2.2. Develop the production support infrastructures	Subtotal of subcategory 2.2.1.	6,488,054,571	6,509,865,141	5,431,963,802	18,429,883,513	Research in progress	Min. of Public Works, Construction and Urban Planning
	a) Build the Quebo-Boke road	992,000,000	2,988,000,000	1,000,000,000	4,980,000,000	Research in progress	
	b) Build the Jugudul-Farim road	650,000,000	2,000,000,000	1,000,000,000	3,650,000,000	Guaranteed	
	c) Build the Buba-Caito road	2,325,260,000	1,550,173,390	1,000,000	3,875,433,390	Guaranteed	
	d) Restore the rural roads and trails	1,500,000	2,500,000		5,000,000	Guaranteed	
	e) Restore the Quinara and Tombali secondary trails (post-conflict)	793,563,558			793,563,558	Research in progress	
	f) Road maintenance	3,650,000,000	3,646,888,875	3,600,000,000	10,896,888,875	Research in progress	
	g) Preserve works of art		400,000,000	580,000,000	980,000,000	Research in progress	
	h) Assist and upgrade river-crossing vessels	325,000,000	350,000,000	992,120,000	1,667,120,000	Research in progress	
	i) Build the São Vicente bridge	4,951,170,000	8,591,068,829	1,872,750,675	15,414,989,504	Guaranteed	
	j) Study on building the Farim bridge	97,000,000	194,000,000	194,000,000	485,000,000	Research in progress	
	k) Guinea-Bissau Special Program	140,000,000	210,000,000		350,000,000	Research in progress	
	l) Prepare the roadmap	20,000,000			20,000,000	Guaranteed	
	m) Prepare the highway code	27,550,000			27,550,000	Guaranteed	
	Subtotal of subcategory 2.2.2.	13,973,043,558	19,932,631,094	9,239,870,675	43,145,545,327		
	a) In the area of land transportation	1,037,581,250	2,170,581,250	1,044,275,000	4,252,437,500	Research in progress	Min. of Transportation and Telecommunications
	- Urban mobility	292,581,250	392,581,250	356,775,000	1,041,937,500	Research in progress	
	- Build shelters and a central transportation terminal in Bissau	200,000,000	400,000,000	300,000,000	900,000,000	Research in progress	
	- Build regional public transportation terminals	380,000,000	1,120,000,000		1,500,000,000	Research in progress	
	- Improve road traffic and safety conditions	105,000,000			105,000,000	Research in progress	
	- Manage and control the frequency spectrum	60,000,000	258,000,000	387,500,000	705,500,000	Guaranteed	
	b) In the area of river infrastructures	1,697,792,000	1,810,258,000	4,130,960,000	7,639,010,000	Research in progress	Min. of Transportation and Telecommunications
	- Develop maritime/river transportation	1,456,860,000	1,385,290,000	3,656,860,000	6,499,010,000	Research in progress	
	- Rehabilitate the port of Pindjiguite de Bissau (restoration, equipment, dredging and beaconing)	-	-	-	-	Research in progress	
	- Rehabilitate and equip the ports of Cacheu, Cacine, Bolama and Bubaque	-	-	-	-	Research in progress	
	- Create a National Naval Academy	240,932,000	424,968,000	474,100,000	1,140,000,000	Research in progress	
	Subtotal of subcategory 2.2.3.	2,735,373,250	3,980,839,250	5,175,235,000	11,891,447,500		
Assist the air, meteorology and telecommunication	a) In aeronautics	651,787,480	1,704,378,720	2,093,583,600	4,449,749,800	50% guaranteed	Min. of Transportation and Telecommunications
	- Modernize civil aviation	148,872,480	573,308,720	906,203,600	1,628,384,800		

	- Meet international aviation standards (Bissau Airport)	502,915,000						Research in progress
	b) In the area of meteorology	362,024,000	1,131,070,000	1,187,380,000	2,821,365,000			
	- Create and equip the INM	294,024,000	550,000,000	350,000,000	1,262,024,000			
	- Training the employees of the future INM	50,000,000	482,000,000	282,000,000	1,058,024,000			
	- Regularly provide meteorological information	18,000,000	50,000,000	50,000,000	150,000,000			Research in progress
	c) In the area of telecommunications	316,534,070	687,712,090	458,534,070	1,462,780,230			
	- Modernize the postal service with facilities, equipment and personnel	93,000,000	323,000,000	210,000,000	626,000,000			
	- Improve telecommunications capabilities in the rural areas	100,000,000	150,000,000	75,000,000	4,449,749,800			
	- Strengthen human skill sets and the equipment of the RTGB	123,534,070	214,712,090	173,534,070	1,628,384,800			
	Subtotal of subcategory 2.2.4.	1,330,345,550	2,942,090,810	2,902,117,670	7,174,554,030			
	Subtotal of category 2.2.	24,526,816,929	33,365,426,295	22,749,187,147	80,641,430,370			
	Total Pillar II	31,345,229,929	43,272,110,295	30,015,095,147	104,632,435,370			
	Total Pillar II in USD	60,864,524	84,023,515	58,281,738	203,169,777			

PILLAR III: Increase access to basic services and infrastructures

Categories	Subcategories	Projects/programs	Schedule for the financial execution of programs (in F CFA)			Source(s) of financing	Organization(s) in charge
			2006		Total		
3.1. Improve access to quality education	3.1.1. Increase access to primary, secondary and higher education	3.1.1.1. Build and equip 150 primary schools - Build 300 classrooms, 300 administrative rooms and respective lavatories - Equipment - 4,500 double chairs - 300 tables - 600 cabinets (300 of which are for the offices) - 600 desks and chairs for the teachers	1,681,750,000	1,201,250,000	720,750,000	3,603,750,000	Min. of Education
			1,540,000,000	1,100,000,000	660,000,000	3,300,000,000	
			141,750,000	101,250,000	60,750,000	303,750,000	
			99,750,000	71,250,000	42,750,000	213,750,000	
			9,800,000	7,000,000	4,200,000	21,000,000	
			18,200,000	13,000,000	7,800,000	39,000,000	
			14,000,000	10,000,000	6,000,000	30,000,000	
			280,000,000	220,000,000	100,000,000	600,000,000	
			125,650,000	89,750,000	50,990,000	266,390,000	
			99,750,000	71,250,000	42,750,000	213,750,000	
		9,800,000	7,000,000	4,200,000	21,000,000		
		9,100,000	6,500,000	1,040,000	16,640,000		
		7,000,000	5,000,000	3,000,000	15,000,000		
		480,900,000	320,600,000		801,500,000	Research in progress	
379,500,000	253,000,000		632,500,000				
68,400,000	45,600,000		114,000,000				
60,750,000	40,500,000		101,250,000				

	3.1.2. Guarantee universal and quality education	3.1.2.1.1. Restore the Bolama Normal School (teacher training) - Restore the facilities - Equipment - Operations	100,000,000 45,000,000 30,000,000 25,000,000	25,000,000	25,000,000	25,000,000	150,000,000 45,000,000 30,000,000 75,000,000	Research in progress	Min. of Education
3.1. Improve access to quality education	3.1.2. Guarantee universal and quality education	3.1.2.2. Training basic education teachers - Training 2,100 basic education teachers (700/year) - Select 30% of the 700 teachers trained in the previous year to obtain the diploma (plus six months of training over two years) - Domestic technical assistance - International assistance (supervision and organization of training) 3.1.2.3. Strengthen primary school teacher skill sets in the area of the Portuguese language (Bissau and regions) - Training - Technical assistance 3.1.2.4. Build the capacities of the "Tchico Té" Training Center - Restore Tchico Té - Various equipment (including the chemistry and physics laboratory) - Short-term technical assistance (two per year) - Operations 3.1.2.5. Train 600 secondary school teachers - Training	228,400,000 176,400,000 36,000,000 16,000,000 116,000,000 36,000,000 80,000,000 215,000,000 100,000,000 70,000,000 20,000,000 25,000,000 108,000,000 68,000,000	296,000,000 176,400,000 75,600,000 36,000,000 8,000,000 69,600,000 21,600,000 48,000,000 75,000,000 30,000,000 20,000,000 25,000,000 176,000,000 136,000,000	371,600,000 176,400,000 151,200,000 36,000,000 8,000,000 46,400,000 14,400,000 32,000,000 45,000,000 20,000,000 25,000,000 244,000,000 204,000,000	896,000,000 529,200,000 226,800,000 108,000,000 32,000,000 232,000,000 72,000,000 160,000,000 335,000,000 100,000,000 100,000,000 60,000,000 75,000,000 528,000,000 408,000,000	Research in progress	Min. of Education	

- Short-term technical assistance (4 per year in the major disciplines)	40,000,000	40,000,000	40,000,000	120,000,000	
3.1.2.6. Assist with the reorganization and redesign of careers in the Normal Schools for training primary and secondary school teachers	15,000,000	10,000,000		25,000,000	
3.1.2.7. Reform the programs for basic education, secondary education and teacher training schools in order to introduce cross-cutting themes (HIV/AIDS, environment, etc.)	20,000,000			20,000,000	UNICEF, PLAN
3.1.2.8. Prepare and implement the Education Plan (supply and demand for education, socioeconomic milieu)	25,000,000			25,000,000	Guaranteed
3.1.2.9. Create 5 school libraries (1 in Bissau, 4 in the regions)	345,000,000	260,000,000	80,000,000	685,000,000	
- Construction	135,000,000	90,000,000		225,000,000	
- Equipment	90,000,000	60,000,000		150,000,000	
- Books/textbooks	90,000,000	60,000,000	30,000,000	180,000,000	
- Operations	30,000,000	50,000,000	50,000,000	130,000,000	Research in progress
3.1.2.10. Introduce new information and communication technologies in the secondary schools in the regions and in Bissau	285,000,000	235,000,000	75,000,000	595,000,000	
- Build or restore facilities	90,000,000	60,000,000		150,000,000	
- Equipment (100 computers, 30 printers, solar panels, fans, office equipment, etc.)	150,000,000	100,000,000		250,000,000	
- Operations	45,000,000	75,000,000	75,000,000	195,000,000	
3.1.2.11. Develop athletic activities in the schools	5,000,000	110,000,000	110,000,000	225,000,000	
- Study on holding regional and national games	5,000,000			5,000,000	Guaranteed
- Create recreational and athletic spaces (regions)		100,000,000	100,000,000	200,000,000	Research in progress

