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# **Staff Country Reports**

## **Guinea-Bissau: Second Poverty Reduction Strategy Paper**

This poverty reduction strategy paper on Guinea-Bissau was prepared in broad consultation with stakeholders and development partners, including the staffs of the International Monetary Fund and the World Bank. The PRSP describes the country's macroeconomic, structural, and social policies in support of growth and poverty reduction, as well as associated external financing needs and major sources of financing. This country document is being made available on the IMF website, together with the Joint Staff Advisory Note on the Second Poverty Reduction Strategy Paper, by agreement with the member country as a service to users of the IMF website.

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**REPUBLIC OF GUINEA-BISSAU**  
**MINISTRY OF ECONOMY, PLANNING, AND REGIONAL INTEGRATION**

**SECOND NATIONAL POVERTY REDUCTION STRATEGY PAPER**

**DENARP/PRSP II (2011–2015)**

**Bissau, June 2011**

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## Acronyms and Abbreviations

<b>ACHPR</b>	African Commission on Human and People's Rights
<b>AfDB</b>	African Development Bank
<b>AGECF</b>	African Guarantee and Economic Cooperation Fund
<b>ANP</b>	People's National Assembly
<b>ARV</b>	Anti-retroviral drugs
<b>BCEAO</b>	Central Bank of West African States
<b>BOAD</b>	West African Development Bank
<b>CCIAS</b>	Chamber of Commerce, Industry, Agriculture, and Services
<b>CEDAW</b>	Convention on the Elimination of All Forms of Discrimination against Women
<b>CENFA</b>	Administrative Training Center
<b>CFA</b>	African Financial Community
<b>CIR</b>	Integrated Trade Program Initiative
<b>CISD</b>	DENARP/PRSP Implementation and Monitoring Unit
<b>CISNPC</b>	Commission to Establish the National Civil Protection Service
<b>CPLP</b>	Community of Portuguese Language Countries
<b>CSO</b>	Civil Society Organization
<b>DENARP</b>	National Poverty Reduction Strategy Paper (PRSP)
<b>EBE</b>	Basic Elementary Education
<b>ECOWAS</b>	Economic Community of West African States
<b>EDF</b>	European Development Fund
<b>EDIC</b>	Diagnostic Study on Trade Integration
<b>EFA</b>	Education for All
<b>ENA</b>	National School of Administration
<b>EPA</b>	Economic Partnership Agreement
<b>EU</b>	European Union
<b>FGT</b>	Foster, Greer, Thorbecke measure of poverty within an economy
<b>GBV</b>	Gender-based violence
<b>GDP</b>	Gross Domestic Product
<b>GER</b>	Gross Enrolment Rate
<b>HIPC</b>	Heavily Indebted Poor Countries
<b>HIPC Initiative</b>	Heavily Indebted Poor Countries (HIPC) Initiative
<b>HIV</b>	Human Immunodeficiency Virus
<b>IBAP</b>	Institute for Biodiversity and Protected Areas
<b>IDS</b>	Demographic and Health Survey
<b>IDSR</b>	Demographic and Reproductive Health Survey
<b>IGV</b>	General Sales Tax ( <i>Imposto Geral sobre Vendas</i> )
<b>ILAP</b>	Rapid Poverty Assessment Survey
<b>IMC</b>	Mother and Child Institute
<b>IMF</b>	International Monetary Fund
<b>INE</b>	National Statistics Institute
<b>INPA</b>	National Agricultural Research Institute
<b>MDGs</b>	Millennium Development Goals
<b>MDRI</b>	new Multilateral Debt Relief Initiative

<b>MEPIR</b>	Ministry of Economy, Planning, and Regional Integration
<b>MICS</b>	Multiple Indicator Cluster Survey
<b>MIGA</b>	Multilateral Investment Guarantee Agency
<b>MTEF</b>	Medium-term Expenditure Framework
<b>NER</b>	Net Enrolment Rate
<b>NGO</b>	Nongovernmental Organization
<b>OGE</b>	General State Budget
<b>OHADA</b>	Organization for the Harmonization of Trade Legislation in Africa
<b>PAIGC</b>	African Party for the Independence of Guinea-Bissau and Cape Verde
<b>PCAP</b>	Post-Conflict Assistance Program
<b>PIP</b>	Public Investment Program
<b>PMTCT</b>	Prevention of Mother-to-Child Transmission
<b>PRGF</b>	Poverty Reduction and Growth Facility
<b>PRW</b>	Protocol on the Rights of Women in Africa
<b>PVT</b>	Prevention of Vertical Transmission
<b>RDM</b>	Risk and Disaster Management
<b>RDSS</b>	Reform of the Defense and Security Sector
<b>SIGFIP</b>	Integrated Public Finance Management Systems
<b>SMART</b>	System Methodology for Analysis, Review, and Testing
<b>SMEs</b>	Small and Medium-sized Enterprises
<b>SRHR Action Plan</b>	Action Plan for Sexual and Reproductive Health and Rights
<b>SYSCOA</b>	West African Accounting System
<b>TFPs</b>	Technical and Financial Partners
<b>TOFE</b>	Government Financial Operations Table
<b>UNDP</b>	United Nations Development Program
<b>UNFPA</b>	United Nations Population Fund
<b>USD</b>	United States Dollar
<b>VAT</b>	Value Added Tax
<b>WAEMU</b>	West African Economic and Monetary Union
<b>WSSD</b>	World Summit on Sustainable Development
<b>WTO</b>	World Trade Organization

## **Executive Summary**

### **1. Progress made and new challenges**

#### **Economic and financial reforms in progress**

After a long period of recession since the beginning of 2000 followed by a slight recovery in 2007, the economy of Guinea-Bissau entered a new growth spurt in 2008. Therefore, despite an unfavorable environment (political and institutional instability, serious deficiencies in basic economic infrastructure including energy and transport, the impact of the international economic and oil crises), the average real growth rate averaged 3.1 percent between 2008 and 2009. This represents a marked improvement over 2006 and 2007 (1.2 percent), but still falls short of the 5-percent target set in the first PRSP. The growth rate was 3.5 percent in 2010.

Growth was propelled mainly by agriculture (6.3 percent in 2009), in particular the cashew industry. Although the export price of cashew nuts fell by almost 30 percent in 2009, the impact on export revenue was offset by a considerable increase in the volume of exports.

The reforms of the last three years produced concrete results, particularly in terms of macroeconomic stabilization and improvements in public finance. The budget deficit, which averaged 10 percent of GDP between 2005 and 2007, was reduced to 3.2 percent in 2008 and 3.0 percent in 2009 by raising more revenue domestically and by controlling expenses, including civil service salaries, which accounted for over 75 percent of government revenue. With the support of its partners, the government resumed investment and the payment of arrears to the private sector.

Several initiatives to remedy this situation were implemented under the PRSP I. For example, road building and repairs were started on some of the major arteries in Bissau, the preliminary studies for building 500 km of roadways linking Guinea-Bissau to neighboring countries (Guinea-Conakry and Senegal) were completed, and routine maintenance work was performed on 400 km of dirt roads.

However, owing to constraints and difficulties related to the availability of financing, institutional instability, and the country's institutional and human capacity to implement development projects on schedule, the outcomes have been below expectations.

#### **Weak and precarious human development**

Human development in Guinea-Bissau continues to be weak and precarious. The constant political instability made it impossible to create conditions conducive to the implementation of ambitious and sustainable public policies. According to the UNDP World Development Report, Guinea-Bissau, with a human development index (HDI) of 0.289, is ranked number 164 of a total of 169 countries. Between 2000 and 2010, Guinea-Bissau had an average annual HDI growth rate of 0.9 percent, as opposed to 2.1 percent for sub-Saharan Africa and 1.68 percent for the low-HDI countries. The two factors that contributed to the low HDI in Guinea-Bissau are: widespread poverty, with very low monetary incomes and a life expectancy of 48.6 years owing to problems with access to good quality health services. This situation correlates with a population growth rate of 2.5 percent and an economic growth rate that rarely exceeded a 3-percent average between 2000 and 2010. These poor indicators, with the exception of life expectancy, affect women in particular. As a result, the gender inequality

gap continues to be very wide in Guinea-Bissau (0.381 in 2007) placing the country 148<sup>th</sup> of the 155 countries considered.

The employment situation, especially for young people, has not improved much. The unemployment rate was 10.6 percent for the 15-24 age group in 2009 and 4.6 percent for women. If one includes youth underemployment and unemployment, the unemployment rate is probably closer to 30 percent. Therefore the unemployment issue is at the center of the strategic options of the PRSP II in agriculture, fisheries, and the processing industries.

Despite various limitations, significant progress was made in improving social development indicators, namely:

- the 4-10-point increase in the enrolment rate by level of education between 2004 and 2010 (MICS/IDSR-2010);
- the reduction in the maternal mortality rate from 822 to 800 per 100,000 pregnancies between 2006 and 2010;
- the increase in life expectancy from 43 years in 1989 to 48.6 years in 2009.

It is highly unlikely that Guinea-Bissau will achieve the MDGs, except in the education sector, where notable progress has been made. Among the indicators that are in decline are poverty, which worsened between 2002 and 2010. The results of the ILAP 2/2010 show that 69.3 percent of Guineans are poor and 33 percent are extremely poor (an increase of 5 and 13 points, respectively, in these figures compared with 2002). This clearly shows that extreme poverty has worsened. In Bissau, poverty held steady at 51 percent but increased in other regions (3 out of every 4 persons are currently affected as opposed to 7 out of 10 in 2002). The regions most afflicted by poverty in 2010 are mainly Oio, Bafatá, Tombali/Quinara, and Gabú and extreme poverty affects mainly Oio, Cacheu, Bafatá, Tombali, and Quinara. Widespread poverty has a direct impact on the situation of children. In 2010, for the country as a whole, 57 percent of children aged 5-14 worked. This percentage was higher in rural areas (65 percent) than in urban areas (45 percent).

Nonmonetary poverty affects 40 percent of the population of Guinea-Bissau, 60.3 percent of the rural population and 8.4 percent of the urban population. Its depth/severity (average gap relative to the poverty line) is 5.7 percent at the national level (8.8 percent in rural areas and 0.9 percent in urban areas). This result indicates that even limited improvements in living conditions, sanitation, access to safe drinking water, and possession of durable consumer goods can result in significant changes in the incidence of poverty.

## **2. Main Strategic Guidelines of the PRSP II**

### **Participatory process of drafting the PRSP II**

The PRSP II will take into account the lessons learned in the following areas:

- Gradual adoption of the approach to the poverty reduction strategy based on a holistic vision of national development issues and a participatory planning exercise involving all stakeholders;
- Taking on Guinea-Bissau's commitments at the international and continental levels regarding strategic choices for poverty reduction, strengthening peace and security, and

improving the quality of basic social services, namely MDGs, CEDAW, ACHPR additional protocol on women's rights, and Action Plan for Sexual and Reproductive Health Rights;

- Recovery of pro-poor economic growth and diversification of productive bases through a combination of measures in the areas of agriculture and livestock, fisheries, and development of processing activities and marketing;
- Improvement in national and local governance within the context of the national strategy for consolidating peace and economic development;
- Sectoral and geographic guidelines for action on the core areas of the PRSP;
- Reduction in disparities between men and women and elimination of inequalities and forms of discrimination against women;
- Strong link between the PRSP II priorities and the state budget through the MTEF and program budgets in the most strategic sectors (agriculture and social sectors);
- Dynamic system of monitoring and evaluation that is comprehensive (capable of providing information with breakdowns by sector, geographic area, gender, etc.) and efficient (easy to use and harmonized).

To correct the shortcomings of the PRSP I preparation process, in addition to the efforts to improve the quality of the technical documents, PRSP II preparation involved all development stakeholders, allowing broad-based participation by all the parties concerned to ensure that nationals maintained control and ownership of the PRSP II. Efforts were also developed to involve women in all stages of the process, as well as institutions and skills that could help identify the different needs, rights, interests, and priorities of women and men. This open and inclusive project went through the following stages: (i) official launch of the process in April 2010; (ii) seminar on technical validation of the methodological documents to guide the work (May 2010); (iii) establishment of thematic groups (nine groups in all); (iv) organization of specific seminars on various themes (four seminars); (v) organization of regional and national consultations (October 2010 and May 2011); and (iv) validation by the entities created (Technical Committee and Steering Committee).

### **Strategic guidelines based on diversification of the economy and accelerated achievement of the MDGs**

**The main objective** of the PRSP II is to significantly reduce poverty in all its dimensions creating greater opportunities for income generation, employment, and improved access to quality basic public services in a state where the rule of law is entrenched.

#### **The specific objectives of the PRSP II include:**

- i. Reduction in the incidence of poverty at the national level from 69.3 percent in 2010 to 59 percent in 2015 and of extreme poverty from 33 percent to 20 percent during the same period, taking into account the disparity between men and women;
- ii. Reduction in the food insecurity index from 32 percent to 16 percent in 2015;
- iii. An economic growth rate that averages 5 percent per annum between 2011 and 2015;
- iv. Stabilization of security in the country through the harmonized reform of the defense and security forces;
- v. Minimization of structural inequalities between men and women.

## **Four pillars of the PRSP II based on promoting the rule of law and developing the economy and human capital**

The PRSP II hinges on four core areas:

### ***Core area 1: Strengthen the rule of law and the institutions of the republic***

This first core area refers to building the state's capacity, structures, and authority for developing new political and administrative governance practices to establish the rule of law and thereby provide lasting security for individuals and their property. Certain important agendas for improving the human rights situation and for crisis prevention and management systems are underscored.

Ensuring the separation of powers, security, and the rule of law are at the basis of this core area. This involves accelerating and guiding the reforms undertaken in the defense and security sectors. Respect for human rights and the development of the judicial system will be strongly supported. Public administration reform is a major priority of the PRSP II as it will guarantee the success of new public policies and the development of the rule of law. Finally, the resumption of the process of decentralization and local development will be a priority, using a progressive approach to the implementation of local authority and the transfer of powers and resources.

### ***Core area 2: Guaranteeing a stable and stimulating macroeconomic environment***

This second core area attaches strategic importance to macroeconomic fundamentals and good public financial management with a view to creating the conditions for a resumption of growth and private sector development. The priorities of this core area are:

- to improve macroeconomic fundamentals and public financial management with a view to establishing better conditions for the recovery of economic growth and for attracting foreign investment;
- to promote private sector development by enhancing the legal and administrative framework for business and developing the financial system so that it can better support economic operators.

### ***Core area 3: Promote sustainable economic development***

This core area is based on the role of economic growth in poverty reduction. Unlike the PRSP I, this core area strategically selects the productive sectors that can create employment and diversify the production base. The main priorities will be to:

**Support and assist the development of promising industries in the agricultural sector** (agriculture, fisheries, livestock) and in tourism;

**Accelerate the development of basic economic infrastructure**, particularly in energy (expansion of the production and distribution infrastructure) and transport (road, marine, river, and air), within the framework of the new sectoral policies and institutional reforms, and in keeping with environmental requirements, in particular those related to climate change;

**Build the institutional, technical, and financial capacity** that would enable Guinea-Bissau to take urgent measures to address natural disasters that could prevent the achievement of development objectives (floods, drought, soil and forest degradation, disruptions in rainfall cycles, outbreaks and epidemics, etc.).

#### **Core area 4: Raise the level of development of human capital**

The fourth core area, based on accelerating the process of achieving the MDGs, seeks to develop human capital, improve living standards, and address gender issues in the context of the new sector-specific and broad-based policies. This core area is based on:

- enhancing the level of development of human capital, continuing the efforts to improve education, health, and literacy systems;
- improving access to safe drinking water and enhancing living standards through the creation of programs that make water more available, mainly in the rural areas, and that develop proper sanitation infrastructure;
- advancing gender issues with a view to reducing gender inequality across the board.

#### ***A monitoring and evaluation system that is simple and evolving***

The institutional framework for monitoring and evaluation will be organized around a simplified system, which includes:

- a structure for guiding political dialogue (Steering Committee);
- a structure for technical and administrative monitoring (Technical Committee)
- sectoral programming and monitoring committees based on sectoral research and planning offices (GEP) and existing (or planned) mechanisms for monitoring strategies and action plans.

The information system for monitoring will be based on two main components: (i) the component for monitoring poverty, living conditions, aggregates, gender disparities, inequities, and inequalities; and (ii) the implementation of a monitoring component.

#### **➤ Component for monitoring poverty, living conditions, aggregates, gender disparities, inequities, and inequalities:** this component is based on the following activities:

1. Planning the production of research data (planning surveys, mobilizing financial resources, preparing terms of reference, etc.);
2. Systematic breakdown by sex and age of all information provided;
3. Development of routine information systems to produce annual administrative data (focusing on the production of data on agriculture, education, health, water and sanitation, infrastructure, social solidarity, employment, and the security and justice sectors) and promotion of projects to support these systems that target primary data producers/gatherers (school directors, health center directors, etc.);
4. Promotion of quantitative and qualitative sectoral studies on gender.

#### **➤ Component for monitoring implementation:** This component is coordinated by the Directorate-General of Planning and is based on the following activities:

1. Production of reports on budget execution based on the SIGFIP (the organic, functional, and economic classification of expenditure);
2. Production of an annual report on PIP execution based on the transmission of GEP information, information on monitoring external assistance, and collecting specific data on pre-selected strategic projects;
3. Production of a mid-term and a final progress report on gender disparities, inequities, and inequalities;
4. Implementation of an external assistance management platform.

## Introduction

Within the framework of implementing its first National Poverty Reduction Strategy Paper (PRSP I), Guinea-Bissau made significant progress in stabilizing macroeconomic management, reforming public administration, and improving the provision of public services, particularly in the areas of education and health.

However, due to a combination of factors (political and institutional instability, scarcity of basic infrastructure, impact of the international oil and economic crises, etc.), these results fell far short of the objectives originally set, in particular as regards economic growth, which averaged 3.1 percent over the period 2007-2009 as opposed to an initial target of 5 percent. Consequently, the level of poverty continues to be quite high in the country (69.3 percent in 2010, up from 64.7 percent in 2002), which limits the country's chances of attaining the Millennium Development Goals (MDGs) by 2015.

Based on the lessons learned from this experience, the government prepared the second PRSP, which will cover a five-year period (2011-2015). The new strategy will be designed to consolidate peace and the rule of law, accelerate sustainable economic growth and human resource development, thereby accelerating the achievement of the MDGs.

Sustainable economic growth and human resources development are decisive factors in the significant reduction of poverty. On this basis and having learned the lessons of PRSP I implementation, particular attention will be paid to building institutional capacity and strengthening human resources, emphasizing the contribution of women and the exercise of human rights by all segments of the population.

The PRSP II is part of the forward-looking vision of development entitled "Guinea-Bissau 2025 Djitu Ten," adopted by the government in 1996. It provides a frame of reference for strategic planning, programming, and budgeting for development actions and for dialogue with technical and financial partners. The strategy defined revolves around four core strategic areas: (i) strengthening the rule of law and the institutions of the republic; (ii) ensuring that the macroeconomic environment is sustainable and provides incentives; (iii) promoting sustainable and inclusive economic development; and (iv) raising the level of development of human capital.

The PRSP II is divided into three parts. The first part presents recent developments in the political, economic, and social situation. The second part addresses the guidelines and describes the four strategic core areas of the PRSP II through the objectives and priority interventions that should guide the government's action during the period 2011-2015. The macroeconomic framework is also developed in this part. The third and last part emphasizes the framework for implementation, monitoring and evaluation of the strategy.

## **I. POLITICAL, ECONOMIC, AND SOCIAL CONTEXT**

### **1.1 Environment for Politics, Governance, and Security**

In the 2000s, public life in Guinea-Bissau was marked mainly by persistent political instability, a weak state, and the failure to respect the foundations of a democratic state, particularly as regards the submission of the military branch to civilian authority. The country was not able to overcome the political, economic, and social consequences of the political-military conflict of 1998-1999. The persistent political instability as demonstrated by the fact that (i) the average term of the successive governments between 2004-2009 did not exceed six months; (ii) the military continually interfered in political affairs and governance, undermining efforts to consolidate democracy and the rule of law; and (iii) the international community imposed conditionalities and development partners subsequently deferred their assistance.

In seeking an escape from this critical situation, the government made efforts to provide the country with a strategic framework for achieving the objectives of better governance and to create income generating opportunities for the population. These efforts resulted in the preparation of the first National Poverty Reduction Strategy Paper (PRSP) and the scheduling of an international donor conference to mobilize the resources for its implementation.

This action was underpinned by holding presidential elections in 2005 and the return to constitutional normalcy, a condition required by the international community. With the fall of the government in 2006, the announced stabilization did not materialize plunging the country back into another phase of increased political/governmental uncertainty and weakness with new political-parliamentary arrangements for governance introduced on the national political scene.

Another hallmark of the country's political-governmental situation was the use of the national territory for drug trafficking. Since 2006, this phenomenon has increasingly infiltrated the country's public life and the functioning of its institutions, in addition to other factors that generate political instability, corruption and weaken the state. This phenomenon has seriously damaged the image of the country and its institutions at the international level and has made it more difficult for the government to take action.

In 2007, the three major political groups, whose representatives supported the Forum Government, signed three basic political-parliamentary instruments for a new governance structure, called the "Pact for National Political Stability" and the "Agreement for Governmental and Parliamentary Stability." These two political-parliamentary instruments are essentially designed to: (i) create a sound parliamentary base of understanding, with a view to guaranteeing a climate of lasting stability in the country; (ii) create a government of national consensus between the signatories, open to other political forces, whether or not they have a seat in the parliament, including civil society; and (iii) implement urgent reforms that cannot be postponed to move the country out of a situation of functional strangulation and paralysis of the State and the public administration in key sectors of national life. The signatories of the aforementioned pact and agreement introduced and voted on a motion to censure the existing Convergence and Development Forum Government, as a result of which it demitted office and was replaced by a new government.

It was in this context that an international donor conference was organized in Geneva in late 2006 on the basis of the PRSP I. However, the commitments made by the international partners did not materialize, creating further problems for the country.

In 2008, with the end of the legislative session and the expiration of the terms of the members of parliament, and in light of the difficulties with holding legislative elections within the constitutionally established period, the People's National Assembly (ANP) was dissolved and the Government of National Consensus resigned. A government was formed at the initiative of the President for a term of scarcely more than two months, charged with a program that focused on preparing for legislative elections and managing day-to-day issues.

The legislative elections of November 2008 resulted in a parliamentary majority in favor of a single party, the ANP, which should have provided parliamentary and governmental stability.

Only in January 2009 did Guinea-Bissau enter a new cycle of governance mainly by implementing a fiscal consolidation program, creating better conditions for implementing reforms in the defense and security sectors, the civil service, and the justice system. The election of the President of the Republic that year further reinforced this new cycle of governance.

In August 2010, the ANP launched a national reconciliation program sponsored by the President of the Republic and having the support of all the civic forces (*forças vivas da Nação*). All parties have very high expectations for economic recovery and consolidation of governmental power.

The relationship between the government and its development partners has begun to show positive signs in the new context of governance with a view to fully restoring a climate of trust and more solid frameworks for partnership. The good outcomes of macroeconomic management, which resulted in reaching completion point under the HIPC Initiative, strengthened the government's credibility with its development partners.

The current government is about to implement a defense and security sector reform program, which is considered to be a priority. This year, it entered a new stage with the execution of an aid program financed by Angola under a bilateral agreement and in partnership with international organizations, namely ECOWAS, CPLP, and EU.

Efforts made in the last five years also include the active participation of women who are organized within civil society. However, their actions are constrained by their lack of representation on the National Steering Committee for consolidating peace and by scarce resources.

## 1.2. Economic Performance

After a long period of recession at the beginning of the 2000s, followed by a slight recovery in 2007, the economy of Guinea-Bissau entered a new growth spurt in 2008. So, in spite of an unfavorable environment (political and institutional instability, serious deficiencies in basic economic infrastructure including energy and transport, the impact of the international oil and economic crises), the real growth rate averaged 3.1 percent in 2008 and 2009, a marked improvement over the results for 2006 and 2007, when the average was 1.2 percent, but significantly below the target of 5 percent set in the first PRSP. In 2010, this rate is expected to rise to 3.5 percent.

This growth was largely propelled by agriculture (6.3 percent in 2009), including the chain of production and export of cashew nuts. Although the export price of cashews fell by almost 30 percent in 2009 after the world economic crisis, the impact on export revenue was offset by a considerable increase in export volumes.

Women made an important contribution to economic growth through (i) the development of agricultural production (including rice, cashew nuts, and horticulture), livestock, and fisheries; (ii) development of the informal sector (both urban and rural, especially trade); and (iii) domestic work. According to the ILAP II/2010, 77.1 percent of working women were employed in the primary sector and close to 23.0 percent in the tertiary sector (services), 12 percent of whom were in the trade subsector. Even though their activities helped improve the standard of living of families and raise GDP, their production and productivity levels continue to be low for a number of reasons, in particular, difficulties in accessing factors of production.

The reforms undertaken in the last three years produced some concrete results, particularly in terms of macroeconomic stabilization and improvement in public financial management. The budget deficit, which had risen to 10 percent of GDP between 2005 and 2007, was reduced to 3.2 percent in 2008 and to 3.0 percent in 2009 thanks to greater mobilization of domestic revenue and expenditure control (including civil servants' salaries, which represented more than 75 percent of government revenue). With the support of its partners, the government began a program to resume public investment and partial payment of its domestic debt to the private sector.

The balance of payments, which recorded a deficit of 5.1 percent of GDP in 2005, recorded a surplus of 1.6 percent of GDP in 2009. Similarly, with the exception of a peak of 10.4 percent in 2008 following the global food crisis, inflation remained generally low for most of the period, keeping within the limits set in the WAEMU Stability Pact and even fell to -1.6 percent in 2009.

**Table 1: Key Indicators**

	2005	2006	2007	2008	2009
GDP growth rate ( percent)	4.3	1.8	3.2	3.2	3.0
Per capita GDP growth rate ( percent)	0.3	-1.1	-0.3	1.3	0.8
Inflation rate	3.3	2.2	4.6	10.4	-1.6
Budget balance, including grants (in percent of GDP)	-11.9	-8.3	-10.9	-3.2	-2.9
Balance of payments current account, including transfers (in percent of GDP)	-5.1	-10.2	-9.4	-2.8	1.6
Gross domestic saving (in percent of GDP)	9.5	-0.3	16.5	8.9	10.0

*Source: Consultant's Mission Report, IMF*

Structural reforms were also implemented in recent years to modernize public administration (biometric census of civil servants—with the identification of 4,000 fictitious workers—, adoption of a budget nomenclature that is harmonized with WAEMU directives, introduction of an Integrated Public Financial Management System—SIGFIP) and to improve the business climate (adoption of a new investment code and OHADA regulations, establishment of a one-stop-shop to facilitate the establishment of businesses, creation of a Commercial Court, etc.).

Despite these advances, the economy of Guinea-Bissau continues to face serious structural constraints, as pointed out in the PRSP I. The country's diligence and efficiency in overcoming these drawbacks will determine its economic and social future. These include:

- the vulnerability of the economy due to its dependence on agriculture (almost 60 percent<sup>1</sup> of GDP) in particular the cashew industry alone, which is the main source of export revenue and a significant share of government revenue. Indeed, cashew nuts represent over 90 percent of total exports and about 17 percent of government revenue, hence the vulnerability of the economy to cyclical fluctuations in the market price of cashews. The private sector is weak and consists mainly of informal activities. In 2009, there were no more than 75 registered firms.
- Limited access to banking and financial services, which is restricted to 2-3 percent of the population.
- As a result of deficiencies in the business sphere, including those related to the serious shortage of basic infrastructure (energy, transport) and limited capacity of the public sector to provide support, Guinea-Bissau is ranked 181<sup>st</sup> of 183 countries on the World Bank's 2010 Doing Business list.
- The lack of visibility of women's contributions to the economic sector, particularly in the informal urban business sector and in the home, is a structural constraint in itself. This contribution is not recognized and, as a result, is not counted in the computation of GDP.
- The level of development of human capital, namely the skill level of the work force and the needs of the labor market, which result in structural problems with regard to finding skilled workers.
- The low level of investment, albeit considerably improved in recent years (24.1 percent of GDP on average between 2006 and 2008, as opposed to 13.0 percent of GDP between 2001 and 2003) is not nearly enough to rehabilitate the infrastructure destroyed

<sup>1</sup> National Accounts – 2008/INE.

in the armed conflict of 1998-1999, to strengthen and modernize the production apparatus, and to bolster the competitiveness of the economy. Of total public investment, which represented 53 percent of total investment in 2006-2008, less than 10 percent was applied to the productive infrastructure sectors. Foreign direct investment is virtually nonexistent.

In the PRSP I implementation table, several initiatives to remedy this situation were taken. In addition to the reforms mentioned above, the work on rehabilitating and extending the power grid was completed, work on construction and rehabilitation of some major arteries in the city of Bissau was started, the studies for building 500 km of roads linking Guinea-Bissau to its neighboring countries—Guinea and Senegal—were completed; 180 km of roadways in the national network were rehabilitated; and routine maintenance was performed on 400 km of dirt roads.

However, owing to constraints related to the availability of the necessary financing, political-institutional instability, and the country's limited institutional capacity to implement development projects on schedule, performance fell far short of the set objectives.

### **1.3 Profile of Human Development**

#### **1.3.1 Overall situation: Limited and precarious human development**

The level of human development in Guinea-Bissau continues to be limited and precarious. Political instability over several decades made it impossible to create better conditions for implementing ambitious and sustainable public policies. According to the UNDP World Development Report, Guinea-Bissau ranked 164<sup>th</sup> of 169 countries with an HDI of 0.289. Between 2000 and 2010, Guinea-Bissau's average annual HDI growth rate was 0.9 percent as opposed to 2.1 percent for sub-Saharan Africa and 1.68 percent for the countries with a very low HDI. The two factors that contributed to Guinea-Bissau's low HDI are: widespread poverty with very low monetary income and limited life expectancy (48.6 years old) resulting from the lack of income generating opportunities and access to quality health care. This situation is correlated with a population growth rate of 2.5 percent and an economic growth rate of little more than 3 percent on average between 2000 and 2010. These weak indicators affect women in particular, with a gender inequality index of 0.381 in 2007, placing the country 148<sup>th</sup> of the 155 countries considered.

The employment situation, especially among the youth has not improved much. The 2009 RGPH indicates that the potential labor force (15 years and older) is 37.7 percent of the total population of Guinea-Bissau and almost 61 percent of this age group. Women working for 6 years or more comprise more than 65 percent of the resident female population with less than 2 percent of this population considered to be nonworking.

The 89-percent employment rate does not reveal the underemployment that exists in rural areas in particular. The youth employment rate stood at 10.6 percent for the 15-24 age group in 2009, with an employment rate of 4.6 percent for women in that age group.

Factoring in youth underemployment and unemployment, the unemployment rate is probably close to 30 percent. Therefore, the question of employment will be at the heart of the strategic options of the PRSP II in agriculture, fisheries, processing activities, and public investment

policy options, which should provide an incentive for the creation of skilled, not unskilled employment.

With respect to children, the national document on the social protection of children distinguishes among: (i) children in a situation of structural vulnerability with limited access to basic services; (ii) children in a situation of acute vulnerability, who are not properly cared for by their families and therefore have no possibility of social protection; and (iii) children who are vulnerable as a result of HIV/AIDS, who live in an environment that offers them little protection against the effects of the pandemic.

Despite constraints of various kinds, significant progress was made in improving the social development indicators. According to the latest statistics, there was in particular;

- a 4 to 10-point increase in school enrolment rates depending on the level of education between 2004 and 2010 (MICS-4/IDSR-2010);
- a reduction in the maternal mortality rate from 822 to 800 per 100,000 pregnant women between 2006 and 2010;
- an increase in life expectancy from 43 years in 1989 to 48.6 years in 2009.

**Table 2: Changes in the main social indicators**

	2000-2003	2005-2007	2009-2010
Incidence of poverty:			
Incidence of absolute poverty (in percent)	64.7 (2002)	-	69.3 (2010)
Incidence of extreme poverty (in percent)	20.8 (2002)	-	33.0 (2010)
Education:			
GER at the primary level (in percent)	70.0	101.0	107.8
NER at the primary level (in percent)	45.3	56.9	67.4
GER at the secondary level (in percent)	19.0	30.0	46.6
Health:			
Infant mortality rate ( <sup>0</sup> / <sub>000</sub> )	122	138	104
Infant-juvenile mortality rate ( <sup>0</sup> / <sub>000</sub> )	205	223	155
Assisted delivery rate (in percent)			
Maternal mortality rate ( <sup>0</sup> / <sub>00,000</sub> )	...	38.8	43.0
	822	(2006)	(2010)
		800	...
Safe drinking water:			
Rate of access to safe drinking water (in percent)	-	35	40
Life expectancy at birth (years)	-	-	48.6
Human development:			
HDI	-	0.278	0.289 (2010)
HDI ranking			164 <sup>th</sup> of 169
<b>Gender inequality</b>			
<b>Gender inequality index (GII)</b>	-	0.381 (2007)	-
GII rank		148 <sup>th</sup> of 155	

This progress is partly the result of the following actions:

- **Education:** construction/renovation of infrastructure, partly with contributions from the private sector, local communities, and NGOs; recruitment, teacher training and development; and policy reform in the sector;
- **Health:** construction/rehabilitation of health infrastructure in the capital and different regions of the country; training of doctors, nurses, and health technicians, introduction of new vaccines, and greater immunization coverage; strengthening action programs against AIDS, tuberculosis, and malaria;
- **Water and Sanitation:** construction of public water fountains and institutionalization of training for members of the committees that manage those fountains; construction of more than 3,000 latrines and water distribution networks in the main urban centers; etc.

Nonetheless, as in other areas, the social sectors continue to face serious budgetary constraints, exacerbated by the lack of institutional and human capacity and staff motivation. As a result of the limited budget for overall government expenses (22 percent of GDP according to estimates—IMF report of May 2010), the share allocated to basic social services is among the lowest in the subregion. In 2006, for example, no more than 4 percent of government spending was allocated to education (US\$10 per capita) as opposed to 6.7 percent (US\$14) in Niger. In 2007, public expense on health was estimated at US\$4 in Guinea-Bissau, compared with an average of US\$11 for low-income countries and US\$34 for the African region.<sup>2</sup> In 2011, the budget allocated to education and health is a mere 20.7 percent of the total, as opposed to the international recommendation of 40 percent.

### 1.3.2 Access to basic services: progress made and challenges to be overcome

Access to and the quality of basic social services is particularly low. In 2005, only 38 percent of the population had access to quality health services. Certain diseases persist, such as malaria, tuberculosis, HIV/AIDS, and there are frequent outbreaks of cholera.

Generally speaking, access to basic social services, as reflected in the available statistics, improved relatively in recent decades. The new enrolment rate, for example, rose from 45.3 percent in 2000 to 67.4 percent in 2010. Over the same period, the infant-juvenile mortality rate dropped from 205 per mil to 155 per mil.

However, these advances are insufficient to meet the expectations of the population and the commitments assumed by the government in pursuit of the Millennium Development Goals. Almost one in three children (32.6 percent) of school age have no access to primary education; one in every 10 children (104 per mil) dies before his/her first birthday; maternal mortality continues to be one of the highest rates in the region (818 per 100,000 births in comparison with 556 in Gambia, 980 in Guinea-Conakry, 648 in Niger, 800 in Nigeria, and 401 in Senegal);<sup>3</sup> and, approximately half of the population does not have access to safe drinking water.

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<sup>2</sup> World health statistics, *WHO 2010*.

<sup>3</sup> World health statistics, *WHO 2010*.

Beyond this across-the-board situation nationally, there are serious disparities between **male and female individuals** and between different professional categories. Although the net primary school enrolment rate is 67.4 percent at the national level, it is only 56.5 percent in rural areas compared with 83.5 percent in urban areas. In the eastern part of the country, no more than one in two children (52.6 percent) of school age is enrolled in school. The country's literacy rate is low, particularly among women.

## Health

Public health care structures in Guinea-Bissau are divided into three levels, primary, secondary, and tertiary.

Despite efforts by the government and its partners to attain the MDGs, health indicators remain a cause of serious concern. The infant-juvenile mortality rate has been declining over the last 15 years, albeit slowly, from 223 per 1,000 live births in 1995 to 218 per 1,000 live births in 2000, 204 in 2005, 198 in 2007, and a sudden jump to 158 per 1,000 live births in 2010 (MICS-4/DHS). Maternal mortality, estimated at 800 deaths of mothers per 100,000 live births remains high and above the average for countries with a similar socioeconomic profile.

The corollary is a fertility rate that remains high for all women of childbearing age, characterized by multiple pregnancies that are not properly spaced, premature and late-term babies. The fertility rate is 5.8 children per woman. Early pregnancies affect 33 percent of adolescents and the prevalence of contraceptives has increased minimally to just 14.2 percent.<sup>4</sup>

However, considerable resources have been disbursed in recent years, particularly during the implementation of the PNDS. These resources have been used to improve the health status of the population to some extent.

Mother and child health has been the subject of special attention by the government and its main development partners. The reproductive health support programs are beginning to have an effect. Indeed, 93 percent of women between the ages of 15 and 49 years old had a live birth during the two years preceding the survey and received prenatal care at least once from qualified personnel—70 percent received prenatal care at least four times from qualified personnel. With respect to deliveries, 44 percent of pregnant women were assisted by qualified personnel (doctor, nurse, or midwife) and 42 percent of deliveries took place in health care establishments.

Annual immunization campaigns are conducted regularly. The rates of vaccination coverage of children range from 49 to 93 percent depending on the type of vaccine. According to data from the MICS-4/IDS-2010, 93 percent of children received the BCG vaccine, 76 percent the three DTP doses, 73 percent the three doses of the poliomyelitis vaccine, 61 percent of children were vaccinated against measles, while 49 percent received the yellow fever vaccine.

Regarding the fight against malaria, which affects mainly pregnant women and children under 5 years old, 64 percent of households have at least one insecticide treated mosquito net (ITN) and 35 percent of children under five years of age and 32 percent of pregnant women sleep under an ITN. The latter two social groups are most vulnerable to the epidemic and usually

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<sup>4</sup> See 2010 MICS data.

suffer the most serious consequences. From the nutritional standpoint, these two social groups are also considered to be the most vulnerable to malnutrition, which affects the growth of over one third of children under five years old, and to severe anemia, which continues to affect pregnant women frequently.

Female genital mutilation and obstetric fistula are other complications inherent to sexual and reproductive functions, which affect the health and social well-being of women. Almost 50 percent of women between the ages of 15 and 49 have been circumcised and the prevalence rate is 40 percent among girls 0-14 years old. Women may contract fistula as early as age 15 and be relegated to the margins of society (*levando-as ao banco da sociedade*) for the rest of their lives. The lack of data and resources makes it difficult for the health services to really understand these complications.

The main bottlenecks in the health sector are the lack of training of medical and paramedical personnel, the low level of investment in certain regions of the country, the public's lack of geographic and financial access to health services, particularly for pregnant women and adolescents.

## **Education**

Analysis of the education system shows that schooling for Guinean children continues to be difficult despite the progress made in recent years. The key indicators of the system show how many repeaters and dropouts there are. This is attributed to the high costs associated with the education and training of children.

According to the MICS 2000, 43.6 percent of children enrolled in the first year of school will complete the sixth year. The dropout rate is higher for girls than for boys. The net enrolment rate between 1994 and 2000 rose by 7.6 percent a year.

The MICS-4/IDSR-2010 confirms this trend, revealing an increase in the net enrollment rate from 56.9 percent in 2003/2004 to 67.4 percent, an improvement of 10.5 percent in the space of six years. For girls, this rate was 65.4 percent in 2010 compared with 55.9 percent in 2003/2004. The repetition rate for girls was one of the main reasons for dropping out of school. A decade ago, this rate trended upwards as the level of education rose: at the secondary and higher levels, the rate among the school-going population was 33.8 percent for girls and 65.9 percent for boys, with a ratio of 51 girls to every 100 boys. Girls accounted for 57 percent of the dropouts in 2009 (43.6 percent were boys). This had an immediate effect on the net enrolment rate for girls at the secondary level, which was less than 15 percent in 2010 compared with 23 percent for boys. This disparity was exacerbated by the higher repetition and dropout rates for girls. The main challenges to be faced can be summed up as follows:

- enhanced performance of the education system that would reduce the failure and dropout rate, particularly for girls;
- increased enrolment, in particular in rural areas;
- improved parity with a view to reducing the current inequalities, particularly at the secondary and higher level.

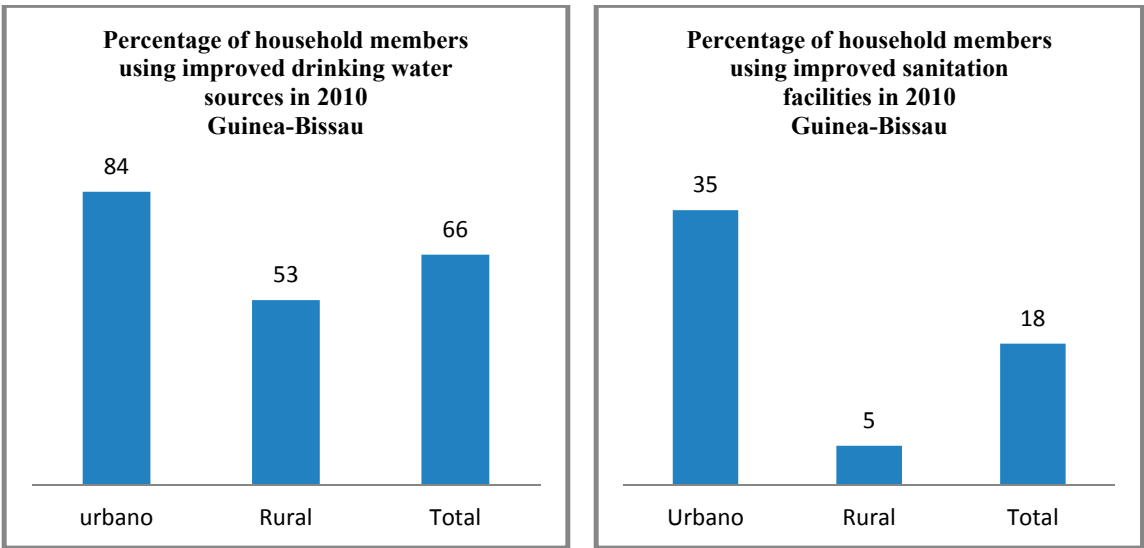
Although the literacy rate for the adult population is subpar, it is still a relatively high 56 percent, according to the 2009 RGPH data. The literacy rate in the 15-24 age group is 65 percent.

In 2010, the literacy rate for women was 39.9 percent at the national level, 50.4 percent in Bissau but a mere 9.7 percent in rural areas. This clearly demonstrates the magnitude of the challenge to create a skilled labor force in the country. Outside the Bissau, Bolama-Bijagós, and Cacheu regions, the literacy rate is very low, particularly in Oio and Tombali.

**Safe Drinking Water and Sanitation**

In 2010 and according to the MICS-4/IDSR-2010, more than half (two-thirds) of the population of Guinea-Bissau uses an improved water source. The gap between the urban and rural areas is wide; just 53 percent of families that live in rural areas have access to improved water sources while that proportion is 84 percent in urban areas.

The sanitation indicators in 2010 show up the disparities in terms of availability and use of improved infrastructures between urban and rural areas: at least 5 percent of households that live in rural areas use improved sanitation facilities, while 35 percent of households in urban areas use such facilities.



Therefore, in addition to improving the availability of basic infrastructure, there is still the issue of working women and children, their hours of work and the distances they must travel, particularly in the rural areas. These activities have a direct impact on the school enrolment rate of girls, the literacy of women, their health status, and their productive capacity.

**1.3.3 HIV/AIDS: modest gains to be consolidated and expanded**

The prevalence of HIV/AIDS was estimated at 3.6 percent in 2010 based on sentinel operations, with a higher rate for pregnant women (5 percent). HIV/AIDS infection is characterized by two types of viruses—HIV-1 and HIV-2—whose circulation is inversely proportional. It has been observed that the type 1 virus is increasing while the type 2 virus is trending downwards. PMTCT(PVT) activities have come to a standstill and the efforts made

in 2009 have not had time to bear fruit: 16 percent of pregnant women were tested for HIV during prenatal visits in 2008 and this proportion remained unchanged in the first half of 2009 even though the number of PMTCT/PVT centers increased from 18 in 2008 to 55 in 2009.

As in the majority of African countries, the epidemic is becoming feminized, which affects young girls in the 15-18 age group. This feminization has had dramatic repercussions on children, namely those that will be born to HIV/AIDS-positive mothers, those that cannot attend school because their mothers are unable to pay for their education, and those that are orphaned or abandoned to the care of a grandparent.

The MICS-4/IDSR-2010 reports that all women in Guinea-Bissau have already heard about HIV/AIDS. Yet, only 15 percent of young women between the ages of 15-24 years old have sufficient knowledge about HIV prevention and 43 percent correctly identified the three forms of mother-to-child transmission. Compared with women aged 15-49, these indicators are not significantly different.

In terms of sexual behavior, the MICS-4/IDSR-2010 shows that 80 percent of young girls aged 15-24 have already had sexual relations and that 39 percent of them had casual sexual relations with an occasional partner within the 12 months preceding the survey. Of these, 47 percent stated that they had used a condom during their most recent sexual encounter often because their partner refused to do so. The NGOs operating in this area recognize that male partners often refuse to use a condom, particularly in conjugal relationships, even if they know they are HIV-positive.

#### **1.3.4 Human rights: difficult to implement and to exercise**

The critical situation of human rights in Guinea-Bissau is the reflection of the political, social, economic, and cultural path the country has followed since independence, making Guinea-Bissau one of the countries that need to make progress in this area. Guinea-Bissau has not yet ratified several of the international instruments and conventions that promote and protect human rights, including the International Convention on the Elimination of All Forms of Racial Discrimination, Convention against Torture and Other Cruel, Inhuman, or Degrading Treatment or Punishment, and the Convention on the Rights of Persons with Disabilities, which applies to 13.5 percent of the Guinean population (RGPH/2009).

Despite the government's efforts in the area of human rights, the weakness of the judicial and security systems encourages some dangerous sociocultural practices, in particular gender-based violence and female genital mutilation. The most recent survey in 2010 (MICS-4/IDSR) indicates that 44.5 percent of women in the 15-49 age group were subject to the practice of excision. Early and forced marriages were also one of the most frequent forms of denial of the rights of women, with a national average of 27 percent of girls under 18 years of age.

Dysfunctional judicial institutions also seriously affect access to justice and undermine its credibility, giving rise to vigilantism and the risk of social conflict. This situation is compounded by the fact that the prison system is not designed with the reintegration of inmates in mind, as recommended by international standards, and, generally speaking, there is no effective criminal policy to end official lawlessness and guarantee the public's safety.

With respect to economic, social, and cultural rights, the situation has been deteriorating. The latest Rapid Poverty Assessment Survey in 2010 (ILAP II) showed that poverty was worse than in 2002 and that unemployment had increased, thereby confirming the ineffectiveness of the public policies and measures taken to increase income-generating opportunities and economic rights. Therefore, the progress made in recent years has not yet begun to have a positive impact or to improve the living conditions of the population.

The political instability that resulted in incessant changes in government and officials in public office was also one of the main obstacles to human rights advocacy and protection and significantly contributed to the structural deficits in this area and to the lack of a vision for truly overcoming the structural crisis of the past several years.

Similarly, the People's National Assembly (ANP) has not been able to exercise genuine parliamentary control over the government to consolidate the rule of law and political accountability regarding issues of human rights violations, including the ratification of international treaties, the adoption of mechanisms against official lawlessness (impunity), and proposed legislation against acts that violate human dignity.

The exercise of women's rights is in jeopardy owing to persistent legal loopholes—the laws on early and forced marriage, domestic violence, the inaccessibility of the judicial system, the lack of structures to accommodate and protect at-risk women, stereotypical attitudes and behaviors, and violence. According to the survey conducted in 2010 by the Mother and Child Institute (IMC) and the Interior Ministry, cases of gender-based violence (GBV) totaled 22,598 nationwide, of which 40 percent involved physical violence and 60 percent involved sexual violence.

In spite of this critical situation and numerous challenges, the country made significant progress in ratifying certain international conventions. A large number of international and continental texts on the rights of women and the preservation of their physical and mental integrity were ratified: CEDAW on the elimination of discrimination against women (1979), Resolutions 1325 (2000) and 1820 on the participation of women and their protection in conflict and post-conflict situations, and the Additional Protocol to the African Charter on Human and People's Rights on the Rights of Women in Africa (Maputo, 2003). However, the women are still waiting for these documents to become national standards that can be effectively applied at the local level for the benefit of women.

Finally, it is important to note that there is no social safety net to protect against social marginalization and extreme poverty. In addition, the country lacks a system for civil protection of citizens and to restore civil defense.

In recent years, Guinea-Bissau took a number of initiatives. Coordination structures and mechanisms were created and human rights advocacy and protection was encouraged, with the support of international organizations, including the Mother and Child Institute, the National Human Rights Commission, the National Commission to Abandon Harmful Practices, etc. With respect to human rights baselines, the country's performance has improved substantially over the past two years. Guinea-Bissau regularly submitted the reports required by international organizations and began to implement the Convention on the Elimination of All forms of Discrimination Against Women and the Convention on the Rights of the Child in May 2010. The government submitted an initial report on human rights to the United Nations Human Rights Council.

In the context of the current reform of the justice sector, there has been significant improvement notably in the rehabilitation and operation of the prisons in Mansoa and Bafatá, approval of the law governing access to the justice system, recruitment of new prison guards, legislative reform, restructuring and modernization of the police force, and adoption of a national policy for the justice sector by the government on January 13, 2010.

The main advocates and defenders of economic and social rights, such as the NGOs, receive sponsorship to help the government address the challenges of attaining the MDGs. Both national and international Nongovernmental Organizations play a decisive role in developing basic infrastructure and promoting human rights.

In the coming years, public policy must focus on economic development that promotes human rights by increasing opportunities for wealth creation and employment in the country and on the consolidation of the rule of law, the cultivation of a sense of citizenship, and the protection and effectiveness of human rights, including the right to development. It is necessary to improve the level of coordination between the existing institutions in order to avoid the duplication of efforts, overlapping, fragmentation, and inconsistencies, which could result in the waste of available resources.

In creating a platform for human rights advocacy and observance, the government clearly understands the need to first change regulations, attitudes, and practices, and to assume and honor its international obligations to combat social inequality and reduce poverty.

### **1.3.5 Gender inequality: structural inequalities and setbacks in the progress towards equality between men and women**

Guinean women make a significant contribution to economic activity, some social progress, and harmony in the household. According to the latest population census conducted in 2009, the women of Guinea-Bissau, who number 746,404, represent 51.5 percent of the total population of the country. Their participation in the production of goods and services, particularly in rural households and in the informal sector in both rural and urban areas, their crucial contributions to child rearing and the health of their families, and their responsibility for domestic work demonstrate the key role they play across the country and in all areas of development.

The disparities and lack of opportunities for women can be seen in all areas and sectors. Paradoxically, despite their acknowledged contribution to all spheres and sectors, women suffer more than men from subpar health, low levels of school enrolment, poor literacy rates, and reduced incomes. They face unemployment and difficulties accessing basic social infrastructures more so than men. With respect to exercising their rights, the number of women seeking remedy through the justice system is insignificant compared to the number of men.

Disparities in opportunity and discrimination are the result of the uneven social status of women and men caused by the dominant social system. Any reduction in gender disparity must involve action to correct structural inequality.

However, there is a willingness to seek the advancement of women in Guinea-Bissau. The government ratified most of the declarations, conventions, and international resolutions on the

advancement and protection of women. Furthermore, the National Policy on Gender Equality and Equity (PNIEG) that is being finalized will be used as the framework for promoting, coordinating, and following up on all actions in this area.

## **1.4. Economic development and infrastructure**

### **1.4.1 Main findings and challenges facing the primary sector: little development of potential**

The primary sector (agriculture, livestock, forestry, and fisheries) accounted for the formation of 62 percent of GDP in 2008. Agriculture, dominated by cashew growing, employs a large proportion of the working population and covers a large segment of the rural poor. It is still characterized by obsolete farming methods and is subject to fluctuating international cashew prices.

The agricultural sector is the mainstay of the economy of Guinea-Bissau, a source of income for 85 percent of the population. This potential is largely underexploited and could be used as leverage to accelerate the country's economic growth, especially in the regions with fertile soil, abundant rainfall, and very rich biodiversity. Agriculture plays an important role in the country's external accounts and therefore has a significant impact on Guinea-Bissau's macroeconomic stability. Agricultural exports represent 98 percent of total merchandise exports. It is by far the largest employer in the economy, accounting for 65 percent of total employment, and is a very influential factor in the country's poverty.

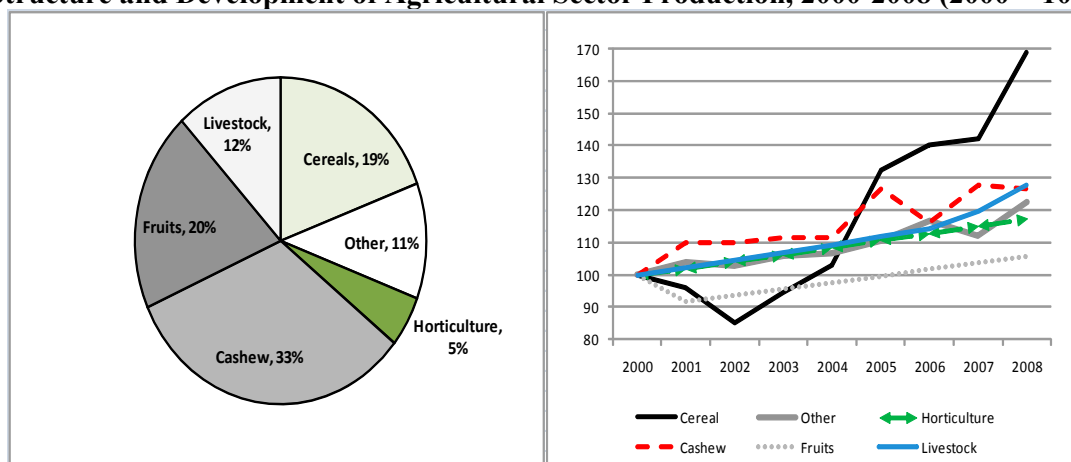
Rice is the predominant food crop and is very important to the country's food security. Yet there is huge potential for increasing income; fresh water rice production could be increased fourfold (from 600 kg/ha to 2.5 metric tons/ha). Water management problems are exacerbated by the fragmentation of small farms, which would normally be conducive to community management efforts. Obstacles to development of the rice industry are related, inter alia, to the isolation of production zones, failure to maintain traditional waterworks, the exodus of young people from the rural areas, the unavailability of improved seeds, and acidic and salty soils. Between 2000 and 2008, grain production was the most dynamic activity and recorded the highest growth after cashew nuts and livestock.

Cashew nuts are the country's main export product. The development of this export market was a great success, particularly in the rural areas. Exports of cashew nuts, which stood at a mere 1,200 metric tons in 1970, experienced a quantitative leap to almost 100,000 metric tons in 2005, 135,500 mt in 2009, and 122,300 mt in 2010.

However, only 4 percent of output is processed locally; the rest is exported unprocessed. Cashew crops occupy 47 percent of farmland and employ 80 percent of the rural farming population. It is a strategic sector for job creation and poverty reduction. The possibility of increasing production is real, taking into account the new plantations and the competitive yields (500–600 kg/ha) compared with other producers, such as Brazil, India, or Vietnam. The factor influencing poverty and employment is the development of processing. The internal rate of return (IRR) on investment in cashew nut processing is high. The country's economy would benefit from locally adding value to cashew exports, which would provide major benefits in terms of growth, employment creation, and poverty reduction, compared with the current situation.

The livestock subsector in Guinea-Bissau, with a total of 1.3 million heads of cattle, has not yet played its role in economic diversification, in improving export revenue, and in poverty reduction. The livestock subsector is underdeveloped in terms of the value attached to its products. The country continues to import meat, milk, and derivatives. The main constraints on the subsector seem to be the poor genetic quality of the breeds, animal diseases, and feeding conditions, as well as the lack of basic processing facilities, including for milk and meat.

### Structure and Development of Agricultural Sector Production, 2000-2008 (2000 = 100)



Source: INE and World Bank

**In the fisheries sector,** Guinea-Bissau has good natural conditions for developing fishing resources. The fish production potential in the Exclusive Economic Zone (EEZ) is estimated at 250,000 metric tons per year. Guinea-Bissau does not have a long fishing tradition like Senegal and Guinea-Conakry. Even in the coastal areas, such as the Bijagós islands, the local population is general a farming population and fishing is merely a secondary activity. This explains the development of different types of fishing by foreigners (artisanal and industrial) resulting in serious coastal surveillance problems. The economic and financial impact of fishing is still limited. Guinea-Bissau issued fishing licenses to about 200 industrial fishing vessels for periods ranging from 3 to 12 months in 2004-2006. The total value of the licenses in 2010 was about US\$4.2 million. In addition, the European Union paid the government annual compensation of about US\$9.5 million for access to fisheries. As a result, in 2010, the sector generated no less than US\$14 million in revenue for the government of Guinea-Bissau, paid mainly by foreign fleets for fishing rights. Over the years this amount has declined (under previous agreements, the EU had paid US\$15 million per year). However, the sector contributes 25-40 percent of the government's annual revenue. Processing activities are virtually nonexistent. To increase the fishery sector's contribution to poverty reduction and economic diversification, action is needed in the following areas in particular:

- restructuring the administration and operationalizing the legal and regulatory framework for business, to foster the development of industrial fishing and the small-scale marketing system;
- implementation of a fishery management system in which the decisions are made on the basis of knowledge of the status of fishery resource use and economic and social fishing conditions, supported by the regular monitoring of fishing activities and catches;
- regulation and development of industrial fishing rights;

- promotion of a system of coastal surveillance and monitoring activities related to fishing, with a judicial system that functions efficiently.

**Political and institutional instability** in the recent past made it impossible to adopt and implement a medium-term strategy or coherent and effective programs in the agricultural sector. The inability of the financial system to cater to primary sector activity, in particular in the agricultural sector, and the degraded state of the economic infrastructure, especially the ports, reduced the competitiveness of the sector, principally the cashew industry.

Aware of all the constraints facing the sector, the government recently prepared the National Agricultural Investment Program (PNIA), setting priority objectives for the next 15 years. The other subsectors (livestock and fisheries) also need special support to diversify the productive base and help the country move away from a cashew monocrop.

In order to allow the primary sector to fully perform its role as the driving force of strong economic growth and to help reduce poverty, priority investments will be channeled into: (i) cashew nuts and rice; (ii) livestock, given its close link with poverty reduction and food security; (iii) mango, as a crop with strong potential for export diversification; (iv) horticulture, given its connection to poverty reduction, self-employment, (especially of women), and food security; (v) fisheries, which has great potential; (vi) development of financial services; and (vii) strengthening of support and advisory services in all subsectors. In addition, special attention will be paid to building the productive capacity of the entire rural population, including women.

#### ***1.4.2 Level of infrastructure development: lags in energy and transport***

##### **Energy Sector**

The rate of electrification is very low especially in rural areas. In urban environments, power, which is frequently cut, is not available to all households. This persistent crisis, which results in high operating costs, major losses (including the stealing of electricity through clandestine hookups), high rates for consumers but low rates of bill collection, has significantly decreased the development of economic activity and improvement of the living conditions of the population. This represents a high cost for the entire economy of Guinea-Bissau, adversely impacting production costs and the population's standard of living. With the exception of other sources of energy, such as oil or candles, the population's access to power, both for lighting and cooking, is still heavily dependent on women's labor in collecting and selling firewood.

Since 2000, production has declined drastically. At the beginning of the decade, capacity exceeded 20 MW. In 2010, power production capacity was no more than 2 MW whereas the steadily increasing demand was close to 30 MW. Only a small proportion of the population has access to electricity and pipe-borne water, mainly in the capital Bissau, and only some of the time. Among the measures adopted, a contract was signed with a private enterprise to supply an additional 2.5 MW of capacity, resulting in a total current output of 5.5 MW. However, this capacity is theoretical; in reality only 2 MW are produced on average, owing to the lack of liquidity to purchase fuel. But this situation is set to improve with the obtention of a US\$10 million subsidy from ECOWAS and WAEMU to purchase fuel for the power company EAGB.

The main challenges of this sector are:

- restoring its solvency;
- reducing its excessive dependence on imported fuel by maximizing the potential for subregional production;
- protecting private investment in the sector and mobilizing financing to modernize the sector;
- improving knowledge and consideration of alternative energy sources in terms of sources of income and environmental impact.

### **The port of Bissau**

Today, the port of Bissau is the country's main port and accounts for 85 percent of its trade flows. This port is seriously dilapidated. Rates are high compared with the quality of service provided (delays in loading and unloading). The entity that manages port operations has no managerial autonomy or funding. Earlier efforts to resolve these problems failed. The Port Authority (APGB) is facing serious operational, human resource, and financial challenges, which could be resolved with just a medium-to-long-term restructuring and modernization plan. Such a plan should cover investment in rehabilitating the main port infrastructure, human resource development needs, and the port's legal status. In the medium term, it will be necessary to involve the private sector in managing the port in order to generate the investment in infrastructure needed to improve the management of port operations. The government has already devised a strategy for creating a public-private partnership, including a financial model and bidding process for procurement. This plan will allow the National Port Authority to retain its role as regulator, transferring port operation costs to a private contractor. This short-term strategy should lay the foundation for a medium- to long-term solution, which involves creating sufficient space for warehousing and handling volumes of expected merchandise, including containers and conventional cargoes.

### **Roads**

Guinea-Bissau's classified road network is 2,755 km long, two thirds of which is not paved. The main road network is in good condition, thanks to a number of projects carried out in recent years with the support of development partners. These projects concerned in particular the segment from Bissau to Ziguinchor in Senegal (including the construction to two bridges in 2004 and 2009), with access to Banjul in Gambia. The southern part of the country continues to be difficult to access, requiring a long detour.

The main problem with the road network is the state of secondary roads during the rainy season. This poses a number of problems for the flow of agricultural goods, particularly cashew nuts. The question of road maintenance is also one of the thorniest issues to be solved in the coming years.

The maintenance and development of a road network to facilitate the circulation of even the simplest vehicles is (i) a factor in the improvement of conditions of work for women, who are heavily involved in transporting goods; and (ii) the survival of pregnant women and children, for whom access to quality health care is still a problem, especially in certain regions.

### **1.4.3 Situation of the private sector: a developing sector in need of support**

The development of a dynamic private sector is a key element in rebuilding the country's economy. The private sector plays a crucial role in economic growth and job creation. In common with other weak States, Guinea-Bissau faces the problem of improving the investment climate. The complexity of its regulations, compounded by the lack of transparency of its procedures in a context of limited government capacity, is conducive to corruption and further dampens any incentive to simplify the regulatory environment.

In limited numbers and usually in subordinate positions, women are still very underrepresented in the workforce. According to the ILAP II, in 2010 only 3.9 percent of working women were employed in the private sector as opposed to three times as many men (10.4 percent). Their level of education and training and the persistent discrimination against them in job offers explains this state of affairs and makes it difficult for them to access certain activities or jobs that can generate substantial income.

Guinea-Bissau needs to promote private investment both nationally and abroad and to attract foreign investors with entrepreneurship skills and knowledge of the market. With limited business capacity and an underdeveloped financial system, Guinea-Bissau is creating the conditions for private sector recovery by simplifying the procedures for formally establishing a business through the introduction of a one stop shop. Two decrees approved in March 2010 laid the legal bases for creating enterprises. The lag time for registering a business was reduced from 213 to 11 days. These efforts were the result of strong leadership by the Ministry of Economy and the creation of a small interministerial team in the departments concerned, which continues to work on the recommended reforms. The issue of modernizing the tax administration is also an element of private sector reform. One of the main priorities of Guinea-Bissau is to rehabilitate the tax administration and restore its proper functioning, simplifying and streamlining the system for SMEs (more than 30 percent of enterprises consider the tax administration to be a hindrance in Guinea-Bissau).

In sum, the various constraints on private sector development, such as negative externalities, parasitism, inadequate financing, inadequate training, the lack of support and advisory assistance to enterprises, are hurdles that need to be overcome.

## **1.5 Analysis of poverty and MDG trends**

### **1.5.1 Profile of monetary poverty<sup>5</sup>: worsening poverty**

According to the results of the Rapid Poverty Assessment Survey, the rates of absolute poverty (income of less than US\$2 per day) and extreme poverty (income of less than US\$1 per day) stand at 64.7 percent and 20.8 percent of the population of Guinea-Bissau, respectively. Both absolute and extreme poverty are more prevalent in the interior of the country than in Bissau. The gap between the capital and the rest of the country, however, is much greater for absolute poverty than for extreme poverty. The intensity of poverty measured in terms of extreme poverty, is 19.8 percent for Bissau and 26.4 percent for other regions.

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<sup>5</sup> Poverty, (...) [*sic*]

The poverty assessment of 2002 showed that the poor in Guinea-Bissau are mostly youth (80 percent are between the ages of 15 and 35). The unemployed represent 6.5 percent of the population. Gender analysis shows that poverty affects more women than men. The probability of being poor is also related to one’s place of residence; persons living outside Bissau are more exposed to poverty. This probability increases with the size of the household, however the risk of poverty diminishes when the head of household is educated; a secondary education provides the opportunity to emerge from poverty.

Poverty worsened between 2002 and 2010. The ILAP II shows that 69.3 percent of Guineans are poor and that 33 percent are extremely poor, an increase of 5 and 13 percentage points, respectively, over 2002. This clearly shows that extreme poverty is fast growing. Poverty in Bissau held steady at 51 percent but worsened in other areas affecting 3 out of 4 people, as opposed to 7 out of 10 people in 2002. The most affected regions in 2010 are mainly Oio, Bafatá, Tombali/Quinara, and Gabú. Extreme poverty affects mostly Oio, Cacheu, Bafatá Tombali, and Quinara. The discrimination between men and women is insignificant for absolute and extreme poverty. Widespread poverty has a direct impact on the status of children. Indeed, in 2010, in the country as a whole, 57 percent of children aged 5-14 were working, far more in rural areas (65 percent) than in urban areas (45 percent).

The increase in poverty affected both the female and male populations with women suffering poverty more than men. Female-headed households are poorer in Bissau than in the other regions. With respect to absolute poverty (US\$2 per day per person), the proportions are 56.3 percent in Bissau and 70 percent in the other regions for female heads of household, and 48.8 and 76.5 percent, respectively, for men. With respect to extreme poverty (US\$1 per day per person), the proportions for female heads of household were 15.5 percent and 38.7 percent, respectively, and 12.2 percent and 40.0 percent for men.<sup>6</sup> But, in the regions, the incidence of poverty and extreme poverty is higher in male-headed households than in female-headed households.

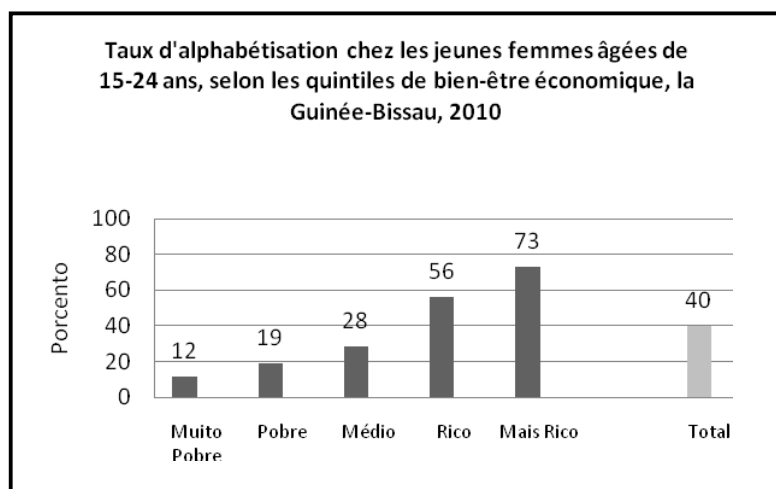
The determinants of poverty in 2010 were the same as in 2002. The level of poverty declined as the level of education of the head of household rose. Heads of household with a secondary or higher level of education are not as poor as those with a lower level of education. In 2010 (MICS-4/IDSR), only 12 percent of women in the poorest households were literate. Economic power increases as the literacy rate rises and women living in the wealthier households had a 73-percent literacy rate.

[Legend for table below]

Literacy Rate among Young Women Aged 15-24  
by quintile of economic well-being  
Guinea-Bissau 2010

Y axis = percent  
X axis = Very poor      Poor      Average      Wealthy      Wealthier      Total

<sup>6</sup> Source: Momar Ballé SYLLA, World Bank Consultant: Poverty Assessment, Bissau, December 2010, p.20/22



### 1.5.2 Profile of nonmonetary poverty: precarious living conditions of the population

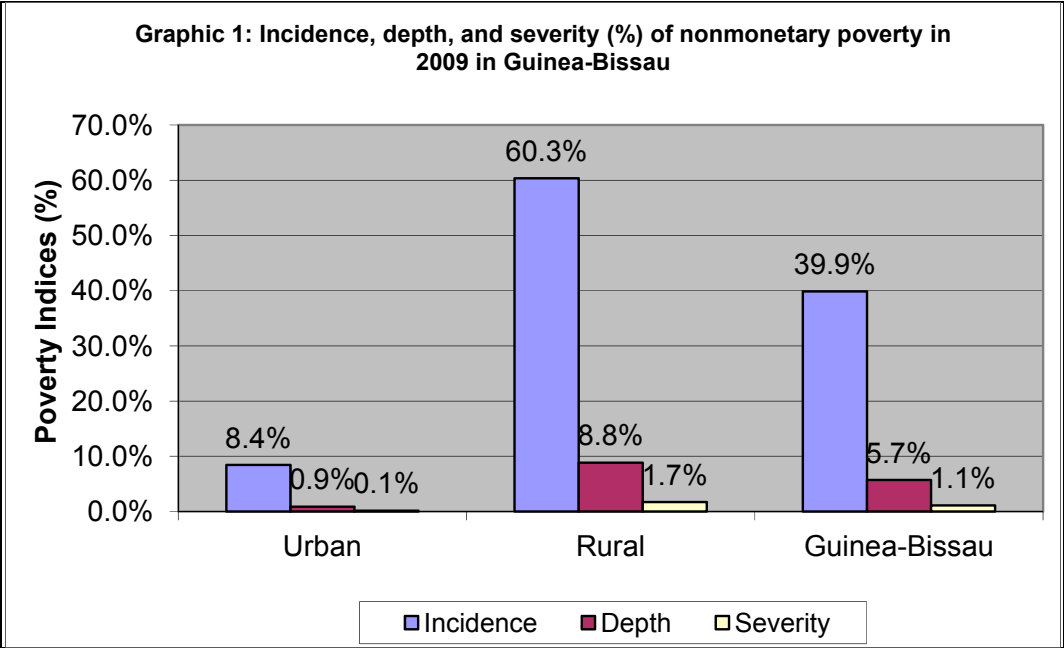
After the results of the General Population and Housing Census (RGPH) of Guinea-Bissau in 2009, a study on the profile of nonmonetary poverty was conducted in 2010. This study analyzed the relationship between poverty and its sociodemographic characteristics. According to the results of the 2009 RGPH, nonmonetary poverty affected 40 percent of the population of Guinea-Bissau. Broken down by residential area, nonmonetary poverty affects 60.3 percent of the rural population and 8.4 percent of the urban population.<sup>7</sup> The depth of poverty<sup>8</sup> is 5.7 percent nationally, 8.8 percent in rural areas, and 0.9 percent in urban areas. This low level of this indicator reflects the relative proximity of a large number of poor people to the poverty line. The result indicates that even limited improvement in housing conditions, sanitation, access to safe drinking water, and the possession of durable goods can cause a significant shift in the incidence of poverty.

Nonmonetary poverty is predominantly rural in terms of depth, incidence, and severity. In terms of spatial distribution, the poverty indices are higher in rural areas. The highest incidence of poverty has been found in Tombali, where 68.9 percent of the population is affected by nonmonetary poverty. The lowest incidence of nonmonetary poverty was found in the Autonomous Sector of Bissau (SAB), where only 2.6 percent of the population is affected. The fact that the SAB is completely urban and has more available durable goods and infrastructure explains the low incidence in this area. In other regions with a rural component, the incidence of poverty is higher (37.2 percent in Bafatá and 68.2 percent in Oio). The incidence of poverty is considerably skewed across regions. In terms of depth and severity, the Bolama/Bijagós region is in first place—depth of poverty, 12.9 percent and severity of poverty, 3 percent. By contrast, in the SAB, these indices are much lower (-3 percent). The five regions that account for the bulk of nonmonetary poverty are: Oio (25.4 percent of national poverty), Cacheu (16.2 percent), Gabú (13.9 percent), Bafatá (12.9 percent) and Tombali (10.9 percent), totaling 79.3 percent of national poverty. It is noteworthy that the regions of Gabú and Bafatá, where the incidence of poverty was lower, nonetheless accounted

<sup>7</sup> The well-being indicator was compiled on the basis of housing, sanitation, access to safe drinking water, and the possession of consumer durables.

<sup>8</sup> Average difference in percent from the poverty line.

for a significant share of national poverty owing to their population density, which resulted in a concentration of large numbers of poor people.



Source: Analysis of nonmonetary poverty, MEPIR/UNDP- Feb-2011

**Table 3: Incidence, Depth, and Severity of Poverty (percent) in Guinea-Bissau**

	Incidence	Depth	Severity
Urban	8.4	0.9	0.1
Rural	60.3	8.8	1.7
Guinea-Bissau	39.9	5.7	1.1

Source: Analysis of nonmonetary poverty, Ministry of Economy, Planning, and Regional Integration/UNDP, February 2011

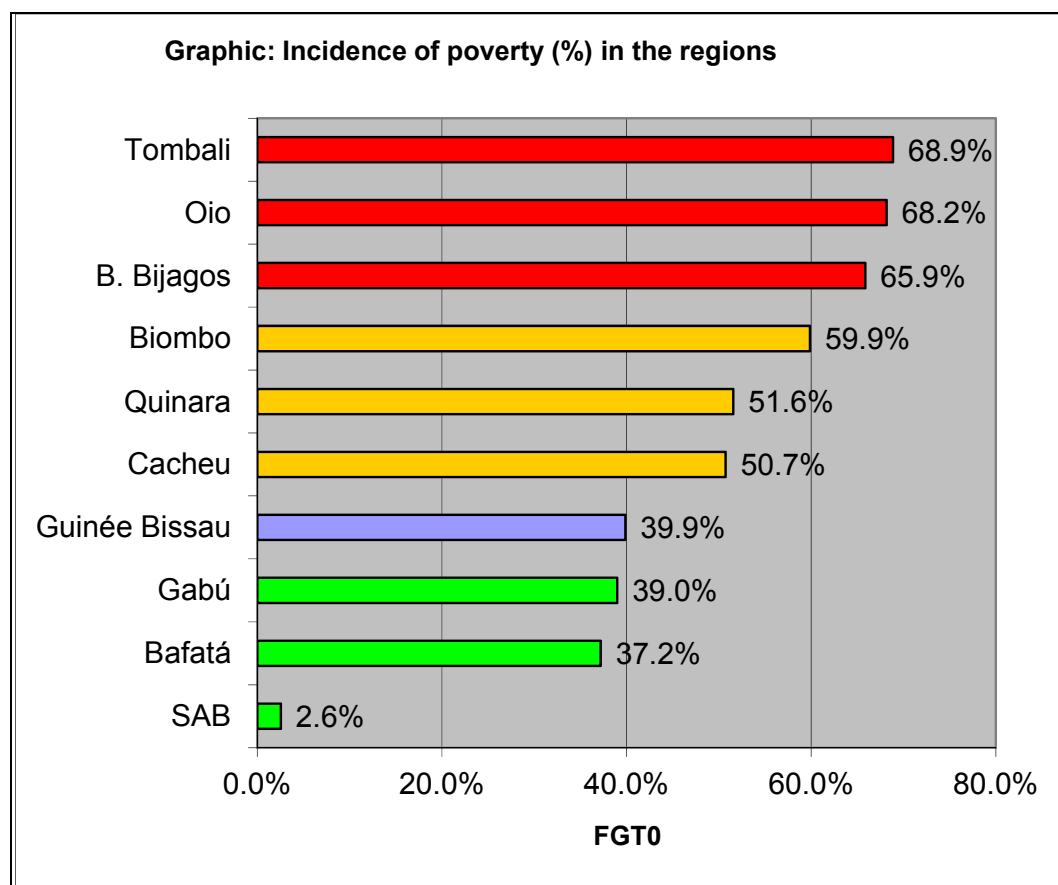
**Table 4: Incidence, Depth, and Severity of Poverty (percent) in the Regions of Guinea-Bissau**

Regions	Incidence			Depth			Severity		
	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural	Total
Tombali	41.3	73.4	68.9	3.9	11.3	10.2	0.5	2.2	2.0
Quinara	12.8	61.5	51.6	1.2	9.6	7.9	0.2	1.9	1.6
Oio	24.8	76.0	68.2	2.3	11.8	10.3	0.3	2.3	2.0
Biombo	43.9	62.0	59.9	6.1	9.9	9.5	1.2	2.0	1.9

B. Bijagós	18.9	84.0	65.9	1.7	17.3	12.9	0.2	4.0	3.0
Bafatá	13.6	42.8	37.2	1.4	5.1	4.4	0.2	0.9	0.7
Gabú	12.6	47.8	39.0	1.2	6.1	4.9	0.2	1.1	0.8
Cacheu	13.2	61.1	50.7	1.2	8.7	7.1	0.2	1.7	1.4
SAB	2.6	.	2.6	0.3	.	0.3	0.0	.	0.0
Guinea- Bissau	8.4	60.3	39.9	0.9	8.8	5.7	0.1	1.7	1.1

Source: Analysis of nonmonetary poverty, Ministry of Economy, Planning, and Regional Integration/UNDP, February 2011

The country can be divided into three groups of regions, namely: (1) the Tombali, Oio, and Bolama-Bijagós regions, which are most affected by poverty with an incidence of more than 60 percent; (2) the Biombo, Quinara, and Cacheu regions, with an incidence of nonmonetary poverty ranging from 50-60 percent; and lastly (3) the Gabú, Bafatá, and SAB regions, where the incidence was below the national average of 39.9 percent.



A more detailed analysis of the components of nonmonetary poverty and some data from the ILAP II show that:

- The main areas where well-being is lacking are the following: (i) durable floors, walls, and roofing; (ii) access to safe drinking water and modern sanitary facilities (bathroom, latrine); (iii) access to sanitation services; and (iv) access to key sources of energy (oil, gas, etc.). Problems in these areas were more pronounced in urban districts and related to difficulties with electrical lighting, basic sanitation, drinking water, and durable, modern housing. In rural areas, the main problems observed were related to makeshift housing, safe drinking water, and sanitation;
- Health centers and schools are the public services furthest removed from the poor. 61.5 percent and 74.6 percent of poor families live more than one hour from a health center or school, respectively;
- About one fourth (24 percent) of poor families live between 15 minutes and one hour away from a source of safe drinking water, and 23 percent of students from poor families spend at least one hour commuting to school.

The analysis of the determinants of nonmonetary poverty shows that different variables related to the MDGs help reduce the probability of being affected by nonmonetary poverty. In reality, a person who is extremely poor in monetary terms is predisposed to being poor in nonmonetary terms. On the other hand, location less than 30 minutes away from a primary school, a head of household with a primary, secondary, or higher education, the number of literate women aged 15-24 in a household, and its location less than 30 minutes away from a health center are the variables that significantly reduce the probability that a household would be affected by nonmonetary poverty.

Within this framework, and based on gender inequalities and the attainment of the MDGs, another important variable becomes a part of this strategy: “the number of women aged 15 and over with access to factors of production in the course of their economic activity.”

The level of professional qualifications is also an important factor in exiting from nonmonetary poverty. Agriculture, which is heavily dominated by unskilled labor, actually concentrates 75 percent of families and individuals who are poor in nonmonetary terms. The risk of poverty in other branches of industry is lower. Business, services, transport, and construction offer better opportunities for escaping from nonmonetary poverty.

The dimensions of well-being that would have a beneficial effect on nonmonetary poverty reduction are mainly: (1) access to modern durable materials for flooring, walls, and roofing for homes; (2) access to safe drinking water; (3) access to sanitation services; (4) access to gas, oil, and electricity; (5) access to some durable goods, such as televisions, generators, telephones, cellular telephones, and automobiles.

Taking into account the marginal impact, the most effective social policy measures for reducing nonmonetary poverty through the MDGs are the following: (1) having a secondary education reduces the probability of nonmonetary poverty by 0.10; (2) having a higher education reduces the probability by 0.099; (3) emerging from extreme monetary poverty reduces the probability by 0.092; (4) the presence of a literate female household member between the ages of 15 and 24 reduces the probability by 0.052; (5) the location of a health center within a radius less than 30 minutes away reduces the probability by 0.046; (6) having a head of household who has completed primary school decreases the probability by 0.038;

(7) the location of a primary school less than 30 minutes away reduces the probability by 0.028.

The policies derived from this marginal impact must be targeted from the outset. One of the main challenges would be to invest in secondary education in pursuit of the 2<sup>nd</sup> Millennium Development Goal, which greatly increases the chances of emerging from nonmonetary poverty.

The regions provide very uneven opportunities for emerging from nonmonetary poverty. The lowest probability of being poor in nonmonetary terms is -0.444 for SAB, -0.112 for Gabú, -0.109 for Bafatá, -0.108 for Cacheu, -0.075 for Quinara, and -0.059 for Oio. The opportunities are statistically no better in Biombo or Bolama/Bijagós. These results confirm the need to pay greater attention to reducing regional disparities in order to stem the tide of domestic migration towards the regions with greater potential to decrease the risk of poverty.

### 1.5.3 MDG status and trends: sectoral comparison

Guinea-Bissau is committed to improving the level of its basic social services. The areas where the most significant advances were made were in education—reduction of gender disparities at the secondary level—and access to safe drinking water. Progress towards the other MDGs was unremarkable: poverty worsened, with the rate of absolute poverty rising from 49 percent in 1990 to 69.3 percent in 2010. In the area of health, the maternal mortality rate continued to be high: 800/100,000 births compared with a goal of 229 in 2015. The situation is similar with respect to the under-five and infant mortality rates. By contrast, in education, the net enrolment rate tripled to 67.4 percent from 23 percent in 1990.

Overall, the MDGs for poverty, infant health, maternal mortality, and access to safe drinking water will not be achieved by 2015. As regards the other MDGs, Guinea-Bissau is committed to coming close to the set target.

**Table 5: Trend towards achieving the MDGs in Guinea-Bissau**

Objectives	Indicators	1990	2000	2010	2015
1. <i><b>Reduce poverty and extreme poverty</b></i> Half the proportion of people whose income is less than US\$1 or less than US\$2 a day.	• Absolute poverty ratio ( percent)	49	64.7 (1)	69.3	24.5
	• Extreme poverty ratio ( percent)	26	20.8 (1)	33.0	13
2. <i><b>Achieve universal primary education</b></i> Ensure that children everywhere, will be able to complete a full course of primary schooling	• Net enrolment rate	23	45.3	67.4	100
3. <i><b>Promote gender equality and empower women</b></i> Eliminate gender disparity in primary education	• Ratio of girls to boys in primary education	0.56	0.67	0.93	100

<b>4. Reduce under-five child mortality</b> Reduce the under-five mortality rate by two-thirds	• Under-five child mortality rate (per 1000 children)	240	239 (2)	158	80
	• Infant mortality rate (per 1000 children)	142	124 (2)	103	47.3
<b>5. Improve maternal health</b> Reduce by three-quarters the maternal mortality ratio	• Maternal mortality rate (per 100,000 women)	914	822	800	229
<b>6. Combat HIV/AIDS, malaria, and other diseases</b> Halt and begin to reverse the spread of HIV/AIDS	• AIDS prevalence rate	5.9	7.8	3.4	2.0
<b>7. Ensure environmental sustainability</b> Halve the proportion of the population without sustainable access to safe drinking water.	• Percentage of the population with sustainable access to safe drinking water		29 (1)	40	65

Sources: 2004 Report on the MDGs, 2009 population census, and 2010 ILAP, 2010 MDG-WSSD plan.

(1) Data for 2002

(2) Data for 1990

The analyses and diagnostic assessment for certain sectors with respect to accelerating progress towards the MDGs showed that there were problems complying with certain targets. The areas of concern included literacy, education, health, and water and sanitation.

## Education

To achieve goal 2 through targets 3 and 4, the following actions are planned:

- mass enrolment of children in the first year of primary school;
- construction and outfitting of classrooms to accommodate this flow of students;
- recruitment of a sufficient quantity and quality of teachers to provide instruction;
- training and retraining of teachers and instructors;
- other accompanying measures to keep the students in the school system until they complete their education.

The government is committed to:

- reducing the repeater rate to 10 percent by 2015;
- reducing multi-classes from 71 percent to 25 percent by 2015;
- reducing the student/teacher ratio from 48 to 44:1 by 2015;
- achieving a 100-percent primary school graduation rate;
- achieving a 10-percent preschool enrolment rate;
- building the maximum number of school infrastructures.

## **Health**

The second National Health Development Plan (PNDS) covering the period 2008-2017, reflects the commitment to the MDGs and takes into account the problems associated with poverty reduction. The National Health Programs are as follows:

- National Anti-Malaria Program (PNLP);
- National Program to Combat AIDS (PNLS);
- National Visual Health Program;
- National Program to Combat Leprosy and Tuberculosis;
- Expanded Program on Immunization (EPI);
- National Family Health Program.

Three of the MDGs relate to the health sector. They are: (i) Reduce child mortality; (ii) Improve maternal health; and (iii) Combat HIV/AIDS, malaria, and other serious diseases.

To attain these goals, it will be necessary to implement guidelines for reducing maternal and child mortality and the measures identified in the April 2010 Operational Plan to ramp up interventions that have a high impact on infant-juvenile mortality in Guinea-Bissau.

The objectives set for HIV/AIDS with a view to achieving the MDGs are as follows:

- increase the proportion of the sexually active population that knows its HIV status from 2 to 6 percent by 2015;
- guarantee that 15-32 percent of pregnant women receive the integrated vertical transmission prevention package at their prenatal consultations;
- guarantee that blood transfusions are 100-percent safe and up to standard by 2015;
- guarantee access to antiretroviral and opportunistic infection treatments for 8-43 percent of the persons living with HIV (PLHIV) by 2015.

The following actions are needed to implement these programs:

- communication with vulnerable groups for behavioral change;
- implementation of the plan to expand the CDV (Voluntary Screening Center);
- implementation of the Integrated PMTCT Program;
- promotion of communication for change activities targeting blood donors;
- consolidation of the services offered by antiretroviral treatment centers.

## **II. GUIDELINES AND STRATEGIC CORE AREAS OF THE SECOND PRSP**

### **2.1 Main lessons from the first PRSP**

Guinea-Bissau set ambitious targets in the first PRSP for economic and social development, including: (i) developing the infrastructure to support production; (ii) achieving an average annual growth of at least 5% over the period; (iii) keeping the average annual inflation rate below 3 percent; (iv) reducing the incidence of poverty from 68.5 percent in 2005 to 65.9 percent in 2008 and 64.1 percent in 2010; (v) expanding and improving the access to education with a view to achieving universal basic education; (vi) reducing the infant mortality rate from 122 per thousand in 2004 to 104.5 in 2008, (vii) reducing under-five child

mortality and infant mortality; (viii) reducing maternal mortality per 100,000 live births from 818 in 2004, to 800 in 2006, and 752 in 2008.

The government acknowledges that these objectives have not been achieved. Instead, the results are lower than expected in some areas, such as accelerated economic growth, poverty reduction (see the results of the ILAP II/2010) and the development of economic infrastructure. The reasons are numerous and of an internal and external nature, including:

- The political, institutional, and security fragility of the country stemming from the 1998/1999 armed conflict and from the recurrent interference of the military in the political life, as well as from the growing influence of international drug trafficking and organized crime. In spite of some improvements over the past three years, the climate remains adverse and marked by frequent institutional changes and, sometimes, by tragic events that are detrimental to the rule of law and to the dynamics of development.
- Limited institutional capacity and human resources in the country for successfully planning and implementing development policies and programs;
- Limited capacity to incorporate the gender dimension into planning led to women's issues (i.e., their practical needs) being insufficiently reflected in the first PRSP, thereby ignoring their strategic needs, whose inclusion is crucial for improving socioeconomic indicators, including productivity, education, and mortality and morbidity;
- The consequences of the global oil, food, and economic crises, made worse by the vulnerability of the economy due to its heavy dependence on cashew. The impact of these crises caused, namely: (i) a substantial increase in spending on imports (in 2009, the country spent nearly US\$50 million on food imports and over US\$30 million in petroleum products, compared to US\$30 million and US\$22 million, respectively, in 2007); (ii) a decrease in export receipts of 10 percent, despite a 30 percent increase in the exported volume of cashew nuts;
- Weak government financial capacity. Despite the small progress made in mobilizing domestic resources, the country is still dependent on foreign aid to finance public expenditure, including operating expenses;
- The debt service burden. Ten years after reaching the decision point under the HIPC Initiative (2000), the country managed to reach the completion point in late 2010;

government efforts supported by development partners enabled the country to make some gains over the past three years. The achievements include:

- Stabilizing the macroeconomic framework and implementing ambitious reforms in the areas of public financial management and public administration, which earned the country a new three-year program with the IMF in 2010;
- Improving key education and health indicators, reflecting the efforts toward the development and enhancement of human capital;

- Start of several projects supported by partners, the implementation of which may help reverse the current trend and lead the country to economic growth and the achievement of the MDGs;
- With regard to public financial management, the new nomenclature in line with WAEMU's directives has been completed, translated into Portuguese, adopted by the Council of Ministers (August 2008) and made public through training and outreach seminars.

In March 2008, the Ministry of Finance created an IT department that enabled improvements in budget management. This department was equipped with an integrated public financial management system (SIGFIP), the implementation of which helped to solve the problem of handling payment bulletins for civil servants and, starting in 2009, producing quarterly reports on the execution of the national budget. With respect to expenditure, worth mentioning are the government efforts to improve the market transfer system [*passação de mercados*] to procure goods and services through the implementation of a procurement plan in five ministries (Education, Health, Finance, Agriculture, and Infrastructure). Additionally, the government considerably reduced clearing as well as arrears. As for revenues, they were centralized at the Treasury through the creation of a single account at the BCEAO.

In terms of macroeconomic management, the Ministry of Finance's Research Department [*Direcção da Conjuntura e Previsão*] benefited from technical assistance and training in preparing economic analysis notes and the Table of State Financial Operations (TOFE). Efforts have been made to improve the translation of the PRSP into the National Budget, with a view to implementing a medium-term expenditure framework, but results in this area are unlikely. As for public debt management, a debt monitoring committee has been created to carry out domestic debt audits. In addition, an external debt management system (SYGADE) was rolled out in 2010.

**The main lessons learned from the implementation of the PRSP in 2007 and 2008 can be summarized as follows:**

- **Very optimistic assumptions and very ambitious goals were considered.** One of the key assumptions of the PRSP related to poverty reduction was posting an annual economic growth around 5 percent. Moreover, public investments were planned to represent at least 20 percent of GDP. Although the PRSP noted the difficulty in achieving these results in a context of political instability, the PRSP failed to define an alternative scenario and contingency measures. The definition of assumptions and objectives should be based on a thorough analysis of actual capacities of the country, including aid absorption capacity.
- **Underestimated risks, particularly with regards to drug trafficking.** This applies to factors—also known—such as the government's financial difficulties and the vulnerability of the economy (heavy dependency on one export product, poorly diversified economy, food insecurity, etc.). However, this particularly relates to the constraints on development caused by problems associated with drug trafficking and organized crime that were not specifically identified in the first PRSP. It is obvious, therefore, that the second PRSP should give special attention to the fight against narcotic drug trafficking and organized crime.

- **Poor ranking of priorities.** The PRSP identified numerous priorities, but they were not properly ranked. The hierarchy of these different priorities is not clear. The new PRSP will do a clearer ranking of actions through the Plan of Priority Actions (PPA), an instrument making the strategy operational.
- **Outcome indicators not sufficiently precise and measurable.** The preparation of the first PRSP did not take into consideration the principle of results-based management. The second PRSP will define appropriate indicators that are easily measurable in relevant sectors and priority areas.
- **Absence of objective-based budgeting.** The budget year is not conducive to the inclusion of actions in the PPA and PIP, and the PRSP remained disconnected from the National Budget. The implementation of the medium term expenditure framework and of the program-based budget should improve this situation.
- **Unpredictability, poor absorption capacity and lack of coordination of aid.** The unpredictability of aid, the multiplicity of procedures, the country's poor capacity to absorb aid, particularly related to institutional instability, insufficient human resources, poor organization and coordination, as well as lack of country ownership, are issues that will be included in the second PRSP.
- **Difficulties in implementing the first PRSP's monitoring and evaluation (M&E) mechanism.** Failure to make operational the monitoring and evaluation of the PRSP, scant, low quality human resources for producing and disseminating information and data necessary for PRSP M&E, the lack of effective coordination among ministries and between the government and its development partners adversely affected the process of implementing the first PRSP.
- **Lack of attention to aspects related to economic growth and improved living conditions of the population.** The government and its partners have given little attention to the challenges of promoting economic growth and developing basic social sectors (core areas 2 and 3, respectively). Preference was given to actions aimed at addressing political instability and poor governance.
- **Poor integration of cross-cutting issues,** such as HIV/AIDS, environmental protection, preparedness and response to emergency situations, as well as youth and gender issues, which were not sufficiently addressed in the first PRSP.
- **Guinea-Bissau's late adherence to the Trade Integration Program initiative (CIR)** in 2007 and the absence of a DTIS (Diagnostic Trade Integration Study) at the time of preparation of the first PRSP.
- **Low priority given to areas conducive to economic growth,** including trade-related issues (diversification of exports).
- **Lack of country ownership.** It must be admitted that the first PRSP's degree of country ownership its contents were insufficient. Various national leaders often failed to make reference to the PRSP and its contents when doing business or making statements. More generally, for subjects of the society in Guinea-Bissau, there are few channels and platforms for dialogue and dissemination of information, which applies not only to

politicians and the military, but also to civil society, local government, religious leaders, the media, etc.

**The second PRSP will seek to build on all of these lessons in seven points:**

- Gradual ownership of the strategic approach to poverty reduction based on a holistic approach to national development issues and a participatory planning exercise involving all stakeholders;
- Taking into account Guinea-Bissau's international and continental commitment to make strategic choices to reduce poverty, strengthen peace and security and improve the quality of key social services, including the MDGs, CEDAW, the ACHPRs Protocol on the Rights of Women, and the Action Plan for Health and Sexual and Reproductive Rights;
- Boost pro-poor economic growth and diversify the production base through a combination of actions in the areas of agriculture, livestock, fisheries, as well as the development of manufacturing and trade activities;
- Improvement of national and local governance in the context of the national strategy to promote peace and economic development;
- Sectoral and geographical orientation of actions across the core areas of the PRSP;
- Reduction of disparities between men and women and elimination of discrimination and inequity toward women;
- Meaningful link between the priorities of the second PRSP and the National Budget through the MTEF and program-based budgets for the most strategic sectors (agriculture and social sectors);
- Dynamic monitoring and evaluation mechanism that should be comprehensive (able to provide information broken down by sector, geographical area, gender, etc.) and efficient (easy to use and harmonized).

## **2.2. Guinea-Bissau's Forward-Looking View**

### **2.2.1. Guinea-Bissau 2025**

Guinea-Bissau prepared and adopted in 1996 a forward-looking view of its development called "*Guiné-Bissau 2025 Djitu ten.*" The future Guineans aim for in 2025 can be summarized as follows:

- A well-governed country, where social peace reigns and where the separation of powers leads to the exercise of governance in a transparent way;
- A country that is economically strong and well integrated in its subregion with a population growth rate that is sustainable and consistent with economic growth;
- A country where social inequality and poverty are reduced to tolerable levels thanks to an improved system of redistribution of income and of the fruits of economic growth;

- A country where equal rights and opportunities for men and women is recognized and enforced;
- A democratic country where people's participation in the management of public affairs should be a cornerstone of the promotion of the rule of law.

With a view to implement this view, the government launched the first PRSP for the period 2006–2008.

The second PRSP, covering the period 2011–2015, builds on the achievements and lessons from the PRSP through the objectives that can be summarized as follows: reducing poverty by strengthening the rule of law, increasing economic growth and achieving the MDGs.

### **2.2.2. MDGs, 2020 Horizon**

Guinea-Bissau is poorly poised to meet the MDGs by 2015. Delays in the implementation of ambitious, effective public policies due to the institutional instability that lingers on for more than two decades explain the growing social deficit and worsening poverty across all regions of the country. Guinea-Bissau intends to postpone the achievement of the MDGs to 2020 and adopt strategies to accelerate the achievement of certain MDGs by 2015, in order to make immediate gains that require sectoral better focused and targeted policies, as well as the relevant means to achieve the different objectives on the 2015 and 2020 horizons. The immediate gains to be made will be found in the following sectors:

- Primary and secondary education;
- Health and HIV/AIDS;
- Water and sanitation;
- Development of agriculture and promotion of local products in light of food security

In January 2011 the government started to consider the urgent measures to be taken to reduce the gap toward achieving the MDGs by 2015 and 2020. A national exercise to assess the needs and costs involved in achieving the MDGs was conducted covering the main sectors, including education, health, agriculture, infrastructure and energy. The first findings of this exercise reveal the financial effort required to achieve the MDGs. Indeed, it takes US\$210 per capita per year, that is, three times the amount currently allocated to sectoral activities of the MDGs.

The first results of the assessment of costs for the education sector reveal that, on average, about US\$42 million a year will be needed at the level of primary education to meet the challenge of the 3rd MDG, on universal primary education. This will require massive enrollment in first grade, or about 70,000 children on average, 1,500 teachers a year, and building nearly 800 new classrooms on average. As for health, the resources Guinea-Bissau needs to achieve the MDGs by 2015 are about US\$409 million, that is US\$40.62 per person per year. Child health and HIV/AIDS come first with 44 percent of direct costs, followed by maternal health (6 percent), malaria (5 percent) and tuberculosis (less than 1 percent).

Accelerating the pace of achieving the MDGs will require from the government, on the one hand, an efficient public spending effort and an increase in national budget own revenues and, on the other hand, strong advocacy to mobilize additional resources. Official development assistance should be geared toward certain strategic sectors and help to alleviate the bottlenecks that hinder growth and structural transformation in order to make quick gains.

The necessary conditions for ensuring a qualitative leap forward in the key sectors related to the MDGs are: i) consistent and well-coordinated sectoral policies and programs; ii) a budgetary allocation system based on the MDGs; iii) increased responsibility of local authorities and grassroots communities in providing and managing certain basic infrastructure; iv) better prepared institutional and human capacities to implement and monitor sectoral policies and take into account the gender dimension; and (v) greater involvement of civil society in all stages of the MDGs.

### **2.2.3. Methodology and PRSP preparation process**

To address the shortcomings of the preparation process of the first PRSP, in addition to the efforts to improve the quality of technical documents, the preparation of the second PRSP involved all development stakeholders, ensuring broad participation of all parties concerned in order to maintain control and ownership of the second PRSP by Guinean nationals.

Under the preparation of the second PRSP, efforts were also made to involve women in all stages of the process, as well as the institutions and skills that can help identify the different needs, rights, interests and priorities of women and men.

This open, inclusive process followed the steps below:

#### **1. Official launch of the process**

The preparation process of the second National Poverty Reduction Strategy Paper begun with the official launch of the process on April 23, 2010, under the auspices of the Prime Minister. In addition to the clear guidance of the Prime Minister on the government's priorities for the coming years, conveyed at that occasion, this ceremony also served to make public the first PRSP monitoring and evaluation report prepared in 2009.

#### **2. Seminar to validate and adopt the methodological documents to guide the work**

A forum to validate the methodological guidance and technical documents for the whole process took place on May 13–14, 2010, bringing together experts from all government departments, private sector, and other partners (a total of 36 people, six of them being female). This meeting also validated the organizational framework to steer the work.

#### **3. Establishment of thematic groups**

Nine working groups were set up on the themes outlined below, comprising staff from government departments, private sector and civil society representatives, as well as development partners: (1) reform of the defense and security sector; (2) reform of the public administration, institutional capacity and decentralization; (3) agriculture and food security; (4) macroeconomic management and growth-generating sectors; (5) population, human capital and social sectors; (6) poverty, vulnerability and inequality; (7) economic infrastructure, energy and telecommunications; (8) private sector and employment; and (9) monitoring and evaluation. One of the groups, namely, the sixth group, was chaired by the Ministry of Women, which oversees the Institute for Women and Children (IMC). Women accounted for 13.6 percent of the working groups that prepared the thematic reports, which was an improvement on the first PRSP.

The work of Thematic Groups (TG), which took place from May to September 2010 in gave way to a diagnosis of the different themes, identified bottlenecks and devised strategies to buttress the core areas of the second PRSP.

#### **4. Specific seminars on various themes**

One of the limitations of the first PRSP was the poor approach of cross-cutting issues. To remedy this shortcoming, early in the preparation process of the second PRSP, four specific seminars were held (between July and December 2010) to provide the staff involved in the process with training in issues related to HIV/AIDS, gender, environment, monitoring and evaluation, and human rights.

#### **5. Regional and national consultations**

To hear aspirations of the populations, two regional consultations in each of the eight regions of the country and two national consultations were conducted between October 2010 and May 2011. These served as a forum to better frame the concerns of populations, as well as to ensure greater ownership of the content of strategies. Likewise, consultations at the national level provided the opportunity for the private sector and civil society to express their views on the proposed priorities, as well as their expectations on strengthening their partnership with the government. Efforts toward greater participation of women also led to a better understanding of the needs, priorities and different perspectives of men and women with regard to poverty reduction and development planning.

#### **6. Technical Committee Meetings**

The Technical Committee comprises representatives from the government, private sector, and development partners. It met in three sessions to assess the successive versions of the second PRSP, including the final validation, and before presenting the document to the Steering Committee.

#### **7. Steering Committee Meetings**

Chaired by the Prime Minister, the Steering Committee is the highest level body in the PRSP preparation and validation process, comprising members of the government and representatives of other institutions of the Republic, as well as the private sector, civil society and development partners. This committee met in two sessions:

- On November 8, 2010, to assess progress made in the preparation of the second PRSP. On this occasion, the second report on the implementation of the first PRSP was also presented; and
- In May 2011, for the final validation of the document.

On the other hand, the second PRSP preparation process was based on the analysis, consideration and summary (and sometimes harmonization) of various official documents, surveys, and studies, including:

- a. Sectoral Plans (Health, Education, Planning, MDGs/WSDD 2010, etc.) adopted or in the process of being adopted by the government, with key aspects being reflected in the second PRSP;

- b. Three major statistical operations recently conducted: (i) General Population and Housing Census – RGPH (2009); (ii) Multiple Indicator Cluster Survey, including the demographic aspects of reproductive health MICS4/IDS (2010); and (iii) the second Rapid Poverty Assessment Survey – ILAP II (2010); (iv) an analysis of national institutional capacities in the area of gender – IMC (2008); and (v) an investigation of the fairness and equality in gender – INEP (2010).
- c. Studies conducted particularly due to the need to prepare the second PRSP: (i) a study on the origins of economic growth; (ii) a study on non-monetary poverty; and (iii) an assessment of needs and costs involved in achieving the MDGs. Added to these were other relevant studies already officially validated, such as the Diagnostic Trade Integration Study – DTIS (2009) and the National Agriculture Investment Plan – NAIP (2010).

Another important element of the process was the coordination of the second PRSP with the subregional policy orientation tables and other framework documents agreed on with development partners.

## **2.3. Strategic guidelines**

### **2.3.1. Baseline for development and programming**

In spite of the difficulties in implementing the first PRSP and weak institutions, due to the difficult relationship between civilian and military authorities, Guinea-Bissau always strived to include their development actions within a short- and medium-term planning framework. The second PRSP builds on this approach, with particular emphasis on the integration of the MDGs and taking into account in a clearer manner development issues, including governance priorities that raise so much concern among national political decision-makers and technical and financial partners.

The second PRSP differs from the first PRSP mostly because of its time horizon (five years) and its operational framework (MTEF and program-based budgeting). Additionally, a new monitoring and evaluation mechanism will be introduced, which will be articulated with the monitoring of and its connection with the monitoring of program-based budgets.

In order to clarify and implement the major national priorities, the government has multiplied its efforts to provide the main priority sectors with sound strategies and action plans. The following list highlights the efforts made in recent years. The government launched several planning and programming exercises, including:

- Diagnostic Trade Integration Study (DTIS);
- National Agriculture Investment Plan (NAIP)
- Second National Health Development Plan (NHDP II) for National Health for 2008–2017;
- National Strategy to Combat HIV/AIDS;
- Study on the origins of economic growth, conducted in 2010;
- National Gender Strategy, currently being finalized;
- Education Sector Policy Paper, 2009–2020;
- Three-Year Plan for the Development of Education, covering 2011–2013;
- Master Plan for Water and Sanitation, 2010–2020;

- Multiyear programming tools currently under development (MTEF, program-based budget; etc.).
- A platform for managing official development assistance, being implemented.

However, given the vulnerability of all economic sectors in Guinea-Bissau to climate change, these planning exercises incorporate climate change risks as well as strategies to adapt to these risks in order to increase resilience to climate change.

### 2.3.2. Objectives

The main objective of the second PRSP is to achieve significant reductions in poverty in its many dimensions, creating more opportunities for income, employment and improved access to quality basic public services under strengthened rule of law.

The main objectives include:

- i. Reducing the incidence of poverty at the national level from 69.3 percent in 2010 to 59 percent by 2015 and extreme poverty from 33 percent to 20 percent over the same period, taking into account the disparities between men and women;
- ii. Reducing the rate of food insecurity from 32 percent to 16 percent by 2015;
- iii. Attaining an annual economic growth rate of 4.3 percent in 2011, 4.5 percent in 2012, and 5 percent on average between 2013 and 2015;
- iv. Stabilizing the country's security by implementing a harmonized reform of Defense and Security Forces, reducing their workforce to (3,430), improving their intervention capacity, supporting the reassignment and reintegration of separated staff (2,300 on their way to retirement) and about 1000 [ineligible] individuals, and demobilizing and reintegrated personnel into civilian life;
- v. Reducing the wage bill vis-à-vis fiscal revenues from 63 percent in 2010 to 59 percent by 2015;
- vi. Reducing public service costs by restructuring and modernizing public institutions, including those related to Defense and Security Forces;
- vii. Eliminating structural inequalities between men and women;
- viii. Achieving universal primary education by 2015;
- ix. Reducing the rate of infant and child mortality, respectively, from 113 and 158 per thousand live births in 2010 to 90 and 120 per thousand births by 2015;
- x. Reducing the maternal mortality ratio from 800 to 600 per 100 thousand births between 2010 and 2015;
- xi. Reducing the prevalence of HIV/AIDS from 7.8 percent to 5.9 percent between 2010 and 2015;
- xii. Expanding access to safe drinking water, attaining an access rate of 65 percent by 2015 compared to 40 percent in 2010;
- xiii. Providing the country with operational legal and judicial institutions, accessible to the public at central and regional level;
- xiv. Transforming international and continental commitments ratified by Guinea-Bissau into national law with a view to their enforcement;
- xv. Ensuring 60-percent country-wide electricity coverage and 80-percent coverage in urban areas;
- xvi. Providing the country with programs and projects to enhance ecosystem services in local communities and strengthen their ability to adapt to the effects of climate change;

- xvii. Providing the country with an effective Territorial Management Plan in line with WAEMU's requirements and an operational national geographical information system;
- xviii. Increasing investment in sustainable land management by adopting a Strategic Investment Plan for the sector, aimed at addressing the increasing degradation of land, including flora, fauna and water resources;
- xix. Diversifying exports with a view to reducing vulnerability and improving food security;
- xx. Increase the coverage of protected areas under improved management.

The main objectives of the strategy, as baselines for the second PRSP, reflect the "Djitu ten" vision, the MDGs, the specific commitments at international and continental level, and strategy to improve governance.

**Table 6: Baselines for the Second PRSP Objectives**

Area	Indicators	Status in 2010	Status in 2015
<b>Monetary poverty and food security</b>	▪ Incidence of monetary poverty (%) <i>Of which: rural areas</i>	<b>69.3</b> <b>79.5</b>	<b>59.0</b> <b>68.0</b>
	▪ Malnutrition rate	32%	16%
<b>Growth</b>	▪ Real GDP growth rate (%; 2011–2015 average)	3.5	5
	▪ GDP per capita growth rate (%)	1	2.7
	▪ Rate of public investment (% of GDP)	...	...
<b>Macroeconomic Stabilization</b>	▪ Fiscal burden (%; 2011–2015 average)	6.7	10
	▪ Inflation rate (%; 2011–2015 average)	2.3	3
	▪ Fiscal balance, including grants (% of GDP)	-2.9	0
	▪ Wage bill/fiscal revenues	63.2	40
	▪ Current account deficit (% of GDP)	...	...
<b>Education</b>	▪ Net primary-education enrollment rate (%)	67.4	100
	▪ Primary-education retention rate (%)	...	...
	▪ Net secondary-education enrollment rate (%)	23.5	40
	▪ Adult illiteracy rate (> 15 year-olds) (%)	56	35
	▪ Women	64.1	43
	▪ Men	47.9	27
<b>Gender</b>	▪ Ratio of girls to boys in primary education	0.93	0.98
	▪ Ratio of girls to boys in secondary education	0.73	0.95
	▪ Ratio of girls to boys in vocational training	...	...
	▪ Proportion of seats held by women in national parliament	...	...
	▪ Proportion of girls victims of gender-based violence (all types), who filed a complaint with a competent authority	10	30
<b>Health</b>		28.6	50
	▪ Infant mortality rate (%)	103	80
	▪ Infant and child mortality rate (%)	158	110
	▪ Maternal mortality rate (%)	800	600
	▪ Malnutrition rate (%)	...	...
<b>Drinking water and sanitation</b>	▪ Female genital mutilation rate (0–14 years of age)	38.7	28
	▪ Access to drinking water at the national level (%)	40	65

Area	Indicators	Status in 2010	Status in 2015
	▪ Access to drinking water in urban areas (%)	53	75
	▪ Access to drinking water in rural areas (%)	40	55
	▪ Percentage of households with toilet facilities in urban areas	35	50
	▪ Households with a female head of household	...	...
	▪ Households with a male head of the household	...	...
	▪ Percentage of households with toilet facilities in rural areas	5	25
	▪ Households with a female head of household	...	...
	▪ Households with a male head of the household	...	...
	▪ HIV prevalence rate, 15–44 years of age (%)	2.6	1.0
	▪ Women	...	...
<b>HIV/AIDS</b>	▪ Men	...	...
	▪ Proportion of orphans and vulnerable children identified and under a program	...	60
	▪ Ratio of patients receiving ARV treatment (%)	...	...
	▪ Women	...	...
	▪ Men	...	...
<b>Environment</b>	▪ Ration of protected areas (%)	...	...

### 2.3.3. Strategic guidelines

The low level of human development and the latest baseline status of poverty in 2010, as well as the first elements of MICS-4/IDSR-2010 led to the choice of four strategic core areas for the second PRSP:

- Core area 1: Strengthen the rule of law and republican institutions;
- Core area 2: Ensure a stable, stimulating macroeconomic environment;
- Core area 3: Promote inclusive, sustainable economic development;
- Core area 4: Raise the level of human capital development.

#### ➤ Core area 1: Strengthen the rule of law and republican institutions

This core area refers to the government's capacity building, structures and authority, and its ability to develop new political governance and administration practices in order to establish the rule of law and offer permanent security for people and their property. This includes important agendas aimed at improving the situation of human rights and crisis prevention management mechanisms.

The affirmation of the separation of powers, security and the rule of law are the foundation of the building. This implies accelerating and conducting reforms in the defense and security sectors. The smooth functioning and effectiveness of democratic institutions is one of the key guarantees of stability for the country, in order to decisively turn the page on the constant political instability of recent years linked to the interference of the armed forces in public affairs. To this should be added the necessary fight against the proliferation of small arms and light weapons and of drug trafficking through prevention tools and deterrent mechanisms.

Respect for human rights and the development of the judicial system will be heavily backed in order to overcome at least three major challenges: i) effectively integrating human rights into legal texts and the practice of institutions; ii) paying particular attention to women and youth access to justice; iii) providing more resources to the judiciary/prison systems; and (iv) enforce the rule of law.

Public administration reform is an important priority of the second PRSP in order to ensure the success of new public policies and the development of the rule of law. The modernization of public administration, implies the renewal and effectiveness of government agencies in implementing public policies. The main challenges for 2015 include: i) to downsize the functions of the administrative apparatus and review the size of public administration, ii) strengthen institutional capacity; and (iii) improve the management of human resources.

Finally, it envisages relaunching the decentralization and local development process by introducing a progressive approach toward creating local authorities and transferring skills/resources to communities, so that they can play their role in boosting the economy and promoting local governance.

#### ➤ Core area 2: Ensure a stable, stimulating macroeconomic environment

This core area attaches strategic importance to macroeconomic fundamentals and sound public financial management, with a view to creating optimal conditions for the revival of growth and private sector development.

Priorities under this core area include:

- Improving macroeconomic fundamentals and public finance management, allowing for the creation of improved conditions to reactivate economic growth and attract foreign investment, by deepening the ongoing public finance reform (tax and customs regime, increasing fiscal revenues and the tax burden, containing public spending, etc.). The consolidation of budget bases should also be accompanied by a gradual migration to a new budget framework (MTEF). Planning and programming instruments will be improved, relying on the reform of the statistical system;
- Promoting private sector development by: i) improving the legal and administrative framework for business; ii) developing the financial system to better support economic operators and effectively taking into account the differences in social status between men and women; and (iii) developing public-private partnerships in order to better manage certain economic services provided to businesses (port, airport, urban development, etc.).

- Special attention will be given to encouraging the private sector to boost investments in low-carbon energy, particularly decentralized renewable energy.
- Core area 3: Promote inclusive, sustainable economic development

This core area is based on the importance of economic growth and poverty reduction. Unlike the first PRSP, the strategic choice is to focus on certain productive sectors capable of creating jobs and diversify the production base. The main priorities are:

- **Supporting and monitoring the development of promising agricultural and similar activities** (agriculture, fisheries, livestock), as well as tourism. These sectors will benefit from priority investments in terms of agricultural infrastructure and services for framing productive and trading, including manufacturing activities framework for productive and marketing activities, including processing industries for local products.
- **Speeding up the development of basic economic infrastructure**, including energy (expanding infrastructure for generation and distribution) and transport (road, sea, river, and air) as part of new sectoral policies and institutional reforms, according to environmental requirements, particularly those related to climate change. Priority will be given to solutions that favor economic development with low emissions of greenhouse gases. This will be achieved by means of the full prioritization and removal of obstacles, taking advantage of financing opportunities under the program for mitigating climate change, particularly through appropriate national mitigation measures.
- **Fostering employment, particularly among the youth as part of a national employment and vocational training policy and a targeted multiyear action plan.** Challenges include: strengthening vocational training and identifying specific programs to maximize job creation. Within the framework of regional programs for development and the improvement of urban infrastructures, this core area will include a highly labor-intensive approach (HIMO) to urban works and road maintenance.
- **Developing institutional, technical, and financial capacities** to enable Guinea-Bissau to act promptly to deal with climate-related disasters that may hinder the achievement of development goals (floods, droughts, land and forest degradation, disturbed water cycle, outbreaks and epidemics, etc.) and, in the medium and long term, allow for the incorporation of climate risks into policies, planning processes and investment decisions of growth-generating sectors in order to make them more adaptable to climate change.

- Core area 4: Raise the level of human capital development

This core area, focusing on accelerating the pursuit of the MDGs, aims to develop human capital within the framework of a better life for the people as well as gender, in the context of the new sectoral and cross-cutting policies. This core area will be based on:

- **Raising the level of human capital development** through further efforts to improve the educational and health systems and literacy rates, in pursuit of the MDGs for education (enrollment rate of 100 percent and gender parity in primary and secondary education) and health (full vaccination coverage of children and reducing maternal

mortality). The efforts will focus on investments to make up for delays as well as on service accessibility and quality.

- **Improving access to drinking water and living conditions of populations**, by creating programs focused on increasing access to drinking water, especially in rural areas, and developing adequate sanitation infrastructures. The management of domestic waste, particularly in rural areas, will be an integral part of an urban development program covering large and small towns. The revitalization of the housing sector, focusing on large urban centers will be integrated into the national housing policy.
- **Promoting gender** in order to reduce inequalities between men and women in all areas. It envisages the implementation of the 3rd MDG, CEDAW [principles], Security Council Resolutions 1325 and 1820, and the Additional Protocol to the ACHPR. The aim is to: i) improve women's access to basic social services, economic opportunities and decision-making inside the marriage and the family, as well as at all levels of governance; and (ii) enhance their legal status and make sure they exercise their rights in all areas, including in the context of the fight against gender-based violence (GBV).

### **2.3.4. Guiding principles**

#### **1. Adopting a stance geared toward development under the rule of law**

Peace, development and the law are the cornerstones of the second PRSP. The goal is to take account of the lessons learned from the first PRSP and the evolution of poverty in the country.

The first PRSP placed much emphasis on the issue of governance and security to the detriment of development priorities. The ILAP/2010 found that poverty had worsened, affecting two thirds of the population, particularly the female population. To significantly reduce this widespread poverty, actions called for in the second PRSP are set in a development perspective, in which support to productive sectors and infrastructure will be provided in the context of sustainability and peace, security and legal rights are preconditions.

As poverty is a multifaceted phenomenon, the fight against poverty calls for a forward-looking approach. In other words, the government must have adequate knowledge of the future and the aspirations of the country and develop the ability to plan ahead by adopting best practices in terms of governance and security. Guinea-Bissau's 2025 Forward-Looking View and its programming tools under development (sectoral plans and MTEF) provide a coherent framework of decline of the priorities in the short, medium and long term of poverty-reducing policies and programs. This means that the guidelines of the second PRSP should reflect an ambitious vision of high impact growth to create jobs and a community of small and medium enterprises.

#### **2. Respect for and promotion of human rights**

There is a close link between poverty reduction, development and human rights. Economic development that respects the social and economic rights is likely to lift people out of poverty and insecurity, thereby helping to make human rights a reality. Human development, in its multiple dimensions of security (economic, social, legal, etc.), aims at improving welfare and ensuring full respect for human dignity. Poverty denies human rights and severely limits the

scope of the freedoms of the poorest citizens, depriving them of the wherewithal they need to live with dignity.

Human rights must be developed across all levels to reverse the current trend and ensure each individual enjoys their economic, social and legal rights.

### **3. The need to take the gender dimension into account**

The evaluation of the first PRSP showed the limited effects of failing to consider gender issues in improving the living conditions of families. All studies and surveys carried out over the past five years enabled the second PRSP to identify the differences between the sexes and better reflect women's contribution to economic growth, social development and governance. The approach taken here highlights two levels: the cross-cutting level and the sectoral level, to ensure strong social and political advocacy in promoting the economic and social status of women. This responds to a manifest willingness of Guinea-Bissau to opt for equitable, sustainable development and build a society in which men and women "are equal before the law in all levels of political, economic, social and cultural life" as specified in Article 25 of our Constitution. This will imply (i) combating all forms of discrimination against women; (ii) equitable access to employment and income opportunities, and (iii) improving access to leadership and decision-making positions.

### **4. Considering the issue of capacity building**

The lessons learned from the first PRSP showed the poor performance of management structures and of the mission due to insufficient ownership of programs and to a lack of professional skills and support required. The same finding also applies to all other sectors (education, health, etc.). Overcoming the deficit of skills emerges as a necessary condition for the success of the second PRSP. However, capacity building is not limited to training, it should be seen from a holistic point of view, integrating the institutional dimension and elements such as training, professional attitudes and practices, logistics, and motivation.

Current support from technical and financial partners in terms of capacity building in various forms (public administration, National School of Public Administration –ENA, etc.) are the primary elements of a broader strategy to define and implement the framework of the second PRSP.

The government, as part of a more ambitious capacity building program, will prepare actions around the following objectives:

- Raising the level of human capital development through massive investment in the educational and health systems;
- Seizing the opportunities from Guinea-Bissau's participation in the WAEMU to exchange experiences and certain economic benefits;
- Strengthening the capacity for coordination of official development assistance;
- Developing vocational training and higher education centers;
- Strengthening the national statistical system with a view to attaining four goals: monitor poverty and social development, develop policies for setting quantitative targets, make projections and identify progress made, and follow up on policy implementation.

## **5. Promoting sustainable development that is more resilient to climate change**

Climate change is one of the most important development challenges of the 21st century. According to the latest report of the Intergovernmental Panel on Climate Change (IPCC), the world is currently facing an increase in average temperatures that will reach 2°C in 2050. The Human Development Report 2007/2008 stated that the achievement of some of the Millennium Development Goals, including poverty reduction, will be compromised because of five human development factors affected by climate change, including a decline in agricultural productivity, increased water insecurity, exposure to extreme weather events/conditions, disruption of ecosystems and increased health risks (UNDP, Human Development Report 2007). Guinea-Bissau's National Action Plan for Adaptation to Climate Changes (PANA) showed that gradual increases in temperature and reductions in precipitation will significantly reduce agricultural productivity and exacerbate water shortages. Therefore, it is urgently necessary for the government of Guinea-Bissau to launch initiatives, such as developing new, more resistant crops; changing agricultural systems to increase the resiliency of its agriculture to climate change; protecting coastal ecosystems, as well as measures to reduce risks in the long run, such as mainstreaming climate change into local development plans, forest management and land use plans, and, more broadly, development policies and strategies.

To improve efficiency, the initiatives taken in the context of climate change should not be isolated efforts, limited to individual projects to adapt or mitigate climate change. Rather, they must be consistently incorporated into a wider policy framework with a view to developing strategic and programmatic approaches that integrate climate-related development policies; planning policies and actions at the national, regional, and local levels to involve all sectors of the Guinean economy; and integrating all other dimensions of environmental and natural resource management, including biodiversity conservation and the sustainable management of land and water.

## **6. Promoting a new partnership with technical and financial partners**

The success of the second PRSP requires the implementation of a new partnership between the government and technical and financial partners, based on an open and fair policy dialogue. In this context, the government is responsible for defining development strategies and policies, while technical and financial partners will be in charge of committing their support for their implementation, in accordance with the principles of the Paris Declaration.

This partnership will necessarily require the affirmation of the rule of law, security, professionalism and effectiveness of public administration. A credible national leadership, the development of new governance practices, and the implementation of the general objectives of the second PRSP are attributes that facilitate the engagement of technical and financial partners in the national priorities of reducing poverty and strengthening the country's institutions. It is also necessary to take into account the following concerns:

- Ensuring consistency between the second PRSP and the choices already confirmed in the National Aid Policy Document, which is being finalized;
- Reaffirming the alignment of partners' interventions with the objectives of the second PRSP;
- Reaffirming the alignment of development partners, subject to principles of the fragile situation;

- Strengthening inclusive participation of different governmental and nongovernmental players in the process of development and development aid.

## **2.4. The four strategic core areas of the second PRSP**

### **2.4.1. Core area I: Strengthen the rule of law and republican institutions**

Successive attempts upon constitutional order, the state of crisis in the justice system, the keeping of public order and security, and the failure of military power to submit to civilian rule helped weaken government authority, democracy and the rule of law, and republican institutions, with direct consequences for governance and the respect for human rights and fundamental freedoms. These problems have been compounded in recent years by the emergence of drug trafficking, organized crime, and the threats they pose to democracy, governance and the security of the state and of the population, as well as to the country's external image and the mobilization of partnerships for development.

Given the foregoing, strengthening the rule of law and republican institutions is, among others, a priority of the second PRSP. The main challenge is to promote the consolidation of peace and stability and lay the foundations for sustainable development and welfare for all. In this regard, the government intends to further pursue and intensify efforts already exerted in six key areas, namely: (i) reform of the defense and security sector; (ii) reform of the justice system and affirmation of the rule of law; (iii) capacity building at the National Assembly as a legislative and control body; (iv) fostering reconciliation and national dialogue; (v) promoting participatory development through decentralization and local development; and (vi) emergency prevention and management.

#### **1. Reform of the defense and security sector**

Repeated interference by Defense and Security Forces have contributed to political instability and worsening the security climate, thus constituting a serious obstacle to strengthening the rule of law and consolidating peace.

This situation is the result of a long historical process, dating back to the struggle for national liberation, and reflects the close ties that have always existed between the political system and the armed forces in ruling the country after independence. Formed on the terrain of the liberation struggle, the Defense and Security Forces failed to make the changes needed to transform themselves into truly civilian forces and to adapt to the new challenges entailed by economic and social development, and the armed forces retain their links to the political arena. This state of affairs is compounded by structural weaknesses accumulated in the past decades, which led to: (i) an inversion of the armed forces pyramid;<sup>9</sup> (ii) inadequate levels of training, (iii) a deficient legal and regulatory framework governing armed forces operations, and (iv) strong resistance to change, innovation and the application of law. Security forces are not immune to these weaknesses.

The approaches employed in past demobilization and reintegration experiences failed to yield the expected results in the form of changes to the operation of the Defense and Security Forces, thus requiring a new approach and other implementation strategies to promote a true security and republican armed forces subject to the rule of law.

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<sup>9</sup> Reportedly, there are more officers than soldiers? (Statistics??) [sic].

The government is aware of the constraints and challenges that failing to implement this reform poses for the preservation of peace and stability, and it is also mindful of the sensitivity of such reform. These constraints include: resistance to reform within the Defense and Security Forces; weak organizational and operational capacities within the public sector; inadequate levels of training; the proliferation of small arms and light weapons; the precarious living conditions within the Defense and Security Forces; and the weak financial capacity of the state to deal with this situation. The government intends to implement its reform strategy and mobilize, on the one hand, active support from all stakeholders (civil society, population in general, development partners) and, on the other, maximum technical and financial resources to support the reform. In this regard, support from the international community, including the sharing of experiences, will be invaluable.

In this context, the government has initiated, with the support of partners, an ambitious reform program of the security and defense forces, whose main objectives are: (i) modernizing the sector by improving the legal framework and building material and human capacities; and (ii) creating defense and security republican institutions that are law-abiding and respectful of public service and citizenship. This comprehensive reform program is based primarily on the following: (i) downsizing the Defense and Security Forces in light of actual needs and economic capacities of the country; (ii) modernizing defense and security, (iii) safeguarding the dignity of homeland freedom fighters (HFF), and (iv) participating in the consolidation of subregional security.

**The program is structured around seven lines of action:**

1. Implementation of a regulatory framework for the Defense and Security Forces;
2. Implementation of the new legal framework to make operational the laws adopted by the People's National Assembly: (i) Law on Compulsory Military Service; (ii) Basic Organic Law of the Organization of the Armed Forces; (iii) Law on National Defense and the Armed Forces; (iv) Law on the Right to National Defense and Armed Forces; and (iv) Statutory Regime of the Armed Forces.
3. Demobilization and recruitment in order to downsize the armed forces based on its actual capabilities and national development challenges;
4. Professionalization of the Defense and Security Forces, by increasing the levels of education and training offered to personnel (continued education, requirement for higher education for new recruits), particularly to ensure public order, the security of people and goods, and the fight against drug trafficking and organized crime across the country;
5. Improving the living conditions of soldiers in the barracks and modernizing infrastructure and equipment needed to perform new tasks and functions of the armed forces. For paramilitaries, the goal is rehabilitating and equipping police stations and security forces buildings;
6. Implementing options for following the military, demobilized agents (men and women) separated the Defense and Security Forces (access to the Pension Fund; establishment and operation of a pension fund for the Defense and Security Forces, rehabilitation and

socioeconomic reintegration of demobilized personnel and of those who are yet to reach retirement age);

7. Improving living conditions and status of military women and of those integrated in the police force, so that they may in practice enjoy the same rights as men to protection against gender-based violence at work;

Implementation of this program has already started, with the completion of: a biometric census of the military in 2008, a census of homeland freedom fighters and of security forces in 2009, and an assessment of the needs for rehabilitation of 33 barracks in 11 military installations. In the coming years, implementation of said program will be pursued and expedited.

With regards to respect for the dignity of homeland freedom fighters (HFF), the government envisages the following actions:

- 1) Improving the living conditions of the HFF by better matching services to the economic and social situation.
- 2) Adopting a new pension scale to put an end to the precarious material condition of the HFF, honor their service to the country, and contribute to social justice.<sup>10</sup>
- 3) Implementing a comprehensive and realistic program of rehabilitation of HFF through the engagement and accountability of beneficiaries and the allocation of a sufficiently attractive and compensatory allowance to ensure successful economic and social reintegration. Additionally, taking into account the issue of capacity building of former fighters.

This new strategy will be part of the implementation of:

1. An operating plan for the reform of the defense and security sector, whose activities are closely coordinated with the strategic orientations and priority actions of the roadmap of Heads of the General Staffs of ECOWAS and CPLP nations, enacted by national and community authorities;
2. A revised regulatory framework for the Defense and Security Forces;
3. Choices, such as retirement/pension fund necessarily consistent with retirement under the public administration regime, or economic reintegration, which will be coordinated with the country's economic development objectives.

As for the participation in the consolidation of security and stability in the subregion, the focus will be on supporting peacekeeping efforts (creation of a peacekeeping battalion), including the promotion of exchanges between the security and defense forces under UN Security Council Resolution 1325.

The reform of the armed forces and security will contribute to: (1) political stability and security of the country; (2) structural reform of public institutions; and (3) providing the country with quality government agencies, capable of combating the factors and agents of national and regional crime.

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<sup>10</sup> For example, a retired captain earns CFAF 16,370, while his immediate superior, a retired major, earns CFAF 192,152, or about 12 times more. About 97 percent of the HFF receives a pension of less than CFAF 16,000.

## **2. Combating the proliferation of small arms and light weapons and of drug trafficking**

Insecurity and organized crime in recent years have reached unsustainable levels in West Africa, boosted by armed conflict in the subregion and the attendant trafficking of small arms and light weapons, as well by the weaknesses of poorly trained and insufficiently equipped public institutions. Moreover, this is aggravated by the poverty growth, often in a context that favors corruption and also weakens the government's ability to respond.

**Weakened by the consequences of the war**, Guinea-Bissau, facing serious difficulties in controlling its borders and with its strategic position close to Europe and its porous coast (a maze of islands), is an ideal place for criminal organizations that provide storage and transportation of illegal products, particularly drug trafficking. These networks, it should be noted, are of foreign origin, and are always endowed with considerable means to destabilize government institutions already very fragile due to over a decade of instability and shortages of human, material, and financial resources.

**Aware of this, the government, with the support of technical and financial partners**, started to reform the security services in order to strengthen their capacity to enforce law and order. In 2006, it institutionalized the National Commission to Combat the Proliferation of Small Arms and Light Weapons. Also in 2007, it prepared and introduced a plan to combat drugs. At the subregional level, ECOWAS countries have also adopted the "Convention on Small Arms and Light Weapons in the ECOWAS zone." This Convention provides for the prohibition of arms transfers to member countries, strengthened law enforcement and participation in peacekeeping operations. It also provides for the a ban, without exception, of transfers of weapons to non-governmental organizations without approval of the importing country.

**But results are still mixed.** To continue to effectively fight the proliferation of small arms and light weapons and contain the actions of drug trafficking networks and organized crime, more sustainable and continuous efforts are needed, with national structures that are well formed, well organized, and better equipped.

In this sense, efforts should take place both at national level and, to a large extent, at subregional and international levels. The main interventions will take place at two levels: i) at national level: capacity building through the reform of legislation to implement all necessary legal measures; reorganization, training and equipping of security services, including the government information service; and (ii) at the subregional level: reinforcing regional and international cooperation (sharing information experiences, developing subregional approaches to border control). At both these levels, sustained international financial and technical assistance will be required given the country's limited resources country vis-à-vis the challenges it must overcome.

## **3. Promoting human rights**

To expand human rights opportunities and ensure the dignity of every citizen according to the human rights ideals of in Guinea-Bissau, the government intends to introduce the measures and actions below:

- (1) Revising the By-laws of the National Commission on Human Rights, adapting them to the Paris Principles, which serve as guidelines for the implementation and operation of the national human rights body as the office for monitoring, early warning, counseling, research, advocacy and promotion of human rights;
- (2) Introducing a national policy for the promotion and protection of human rights and citizenship as an essential instrument for the harmonization of public policies geared toward: (i) developing integrated strategies and sectoral plans to promote human rights; and (ii) promoting the fundamental rights of vulnerable groups, women, children and people with disabilities;
- (3) Implementing measures to fight official lawlessness and promote a culture of dialogue and tolerance through the introduction of human rights in the national educational system;
- (4) Reforming the welfare and social security system in order to direct greater attention to the most vulnerable, including by providing social support, assistance and protection, and monitoring populations and their efforts to reduce poverty and social exclusion;
- (5) Ratifying international conventions related to human rights, including the Rome Statute, which governs the International Criminal Court, and a specific piece of legislation to protect human rights in accordance with Resolution No. 53/144 of December 9, 1998 of the UN General Assembly;
- (6) Reaffirming and aligning with international human rights instruments through their implementation or incorporation into national legislation, as well as intensifying efforts to submit overdue reports to specialized agencies;
- (7) Designing a strategy to eliminate discriminatory practices and cultural stereotypes and to repeal all discriminatory laws against women, and introducing a law to penalize female genital mutilation and trafficking in persons, particularly women and children;
- (8) Intensifying efforts to reform the justice sector, with a particular focus on the humanization of the prison system, the separation of prisoners and the introduction of legislation requiring full implementation of the infrastructure and justice system for minors, in accordance with the provisions of the Convention on the Rights of the Child;
- (9) Revising national legislation to harmonize national legal standards with international standards on human rights, particularly the Constitution.

#### **4. Strengthening justice and the rule of law**

**The justice sector faces enormous problems**, such as the precarious living and working conditions of judges, the high costs of access to justice for the poor, and the lack of respect for professional ethics, which explain why recourse to courts to settle disputes is uncommon. Challenges against decisions of the Judiciary gives rise to a sense of impunity and disrespect for justice and generates distrust in the system's decisions.

Regarding women in particular, a number of factors limit this access: the persistence of deficiencies in the legal system (early and forced marriages, female circumcision, and

domestic violence); the difficulty in enforcing sentences; the lack of access to information on the possibility of appeals; difficult access to judiciary bodies; and insufficient facilities to accommodate and protect women in distress.

These weaknesses largely explain the lack of respect for basic civil, economic and social rights in Guinea-Bissau.

Still focusing on the reform the defense and security sector, the government also intends to treat the reform of the justice sector as a priority under the second PRSP. Set in the context of strengthening social capital, promoting fundamental freedoms, and combating all forms of crime, this reform should held to pave the way for sustainable economic and social development. The government introduced in 2010 its new national policy for the justice sector for the period 2010–2015, with a three-year action plan. The national strategy for the justice sector defined the strategic mission for the sector as a system that must act to guarantee democracy and the rule of law, social and political peace, and the preservation of constitutional values.

**For the next five years, the justice sector** seeks to create adequate infrastructure to meet the demands of society by providing qualified legal professionals, enabling each and every person to have access to justice and citizenship. Making this vision a reality entails the creation of certain conditions: (i) sound legal training of legal system participants; (ii) an active civil society; and (iii) political will to improve the system.

The recommended strategies are:

1. Establishing an adequate infrastructure to perform institutional functions;
2. Conducting a coherent legislative reform and enacting legislation;
3. Professional training of all participants in the judicial system;
4. Promoting access to justice and citizenship.

In this sense, the reform will focus on:

- i) Revising the legal and institutional framework of the sector to further clarify the roles and responsibilities of different participants
- ii) Rehabilitating and building adequate infrastructure and providing courts with the necessary human resources to turn them into a modern judicial system accessible to the population;
- iii) Establishing an adequate prison system, by introducing an appropriate legislative and institutional framework, including infrastructure and personnel needed for its effective operation;
- iv) Revising the different codes (criminal, civil, etc.) in order to adapt them to ratified conventions, charters and resolutions;
- v) Developing skills of justice personnel to ensure proper administration of justice. To this end, participants in the judicial system will receive training on national, regional, and international legal instruments, including those related to human rights;
- vi) Adapting the judicial system to the national context, particularly by taking into account the traditional system of conflict resolution, the population's low level of education, and the difficulties vulnerable people face to have access to justice. In the same vein, there will be a need to adapt the judicial system to meet the current challenges, namely, the fight against corruption, drug trafficking and organized crime;

- vii) Developing a training partnership with national and international institutions to train future judges, prosecutors, lawyers and other legal professionals.

## **5. Capacity building at the People's National Assembly**

The People's National Assembly, as the highest sovereign body in the nation, is faced with a set of undermining problems, which prevent it from effectively exercising legislative power (legislating and controlling government actions). The problems identified include: (i) the meager qualifications of member of the National Assembly, including in specialized committees, and (ii) insufficient financial and material resources.

To allow the People's National Assembly to play its role to the fullest, the following measures are envisaged: (a) redefining the criteria for election to the office of member of the National Assembly, placing emphasis on the academic background of the candidate; (b) strengthening the capacity of parliamentarians and specialized committees; (c) strengthening the National Assembly's administrative and financial management capacity to ensure greater independence and quality in the performance of their functions; and (d) laying the foundation for creating a state structure that represents local authorities at the national level.

## **6. Civic participation, national dialogue and reconciliation**

**The lack of dialogue, tolerance** and understanding between the country's major groups has resulted in social upheavals that have frequently culminated in violent conflicts. In this sense, the disclosure of information relating to development and governance takes on a particular importance. The difficulties the country faces with regards to economic growth, the institutional instability and precarious living conditions of the population in general, whether in terms of health and education or in terms of income and access to justice, are also important factors behind this. However, in spite of the various media of communication (print, radio, and audiovisual outlets, including television and Internet), the disclosure of information remains difficult in Guinea-Bissau. Insufficient resources hinder any possibility of pursuing long-term efforts to ensure the population's access to the media—in the latter case, particularly because of the growth of community radio stations across the country. Another concern expressed by the general public in the public debates on major national issues—the reconciliation between the various elements of society—is, therefore, a major challenge facing the country.

Recognizing this, the Presidency of the Republic and Parliament launched in August 2010 a large-scale process of dissemination and sharing of information in the context of the national dialogue for reconciliation, involving all stakeholders. This joint initiative aims to reconcile Guineans and rebuild the foundations of durable social cohesion. It should be noted that this joint initiative builds on other previous initiatives, such as General States and Voice for Peace [*Estados Gerais e a VOZ DI PAZ*], which gathered over 6,000 participants to discuss the causes of conflicts and ways to prevent them.

**Over the next five years, the government intends to keep um and increase this momentum by:** (i) promoting fora, mechanisms and opportunities for dialogue including at community level, to build consensus around major national issues, (ii) promoting sound dialogue and concertation practices, including political exiles; (iii) building the capacity of governments, employers, trade unions, civil society and media to promote social dialogue and freedom of expression in a responsible and constructive manner; (iv) strengthening national

capacities for managing and monitoring electoral processes and ensuring participation of civil society in the preparation of national development strategies; (v) strengthening national capacities for conflict prevention and management, particularly at the local level; and (vi) promoting the participation of women at all levels and bodies involved in making decisions relating to peace negotiations and conflict prevention and resolution.

## **7. Public administration reform and modernization**

Public administration reform must address two challenges: streamlining structures and staffing of the administration and improving the effectiveness of public services. In this sense, the program launched in 2008 will be continued through the implementation of three core areas: (1) downsizing the functions of the state administrative apparatus and gradually adapting the structure and size of public service, (2) building institutional and human capacity; and (3) improving human resources management.

Regarding the downsizing of the functions of the state administrative apparatus, a biometric census of public servants was held in 2009. This exercise allowed us to arrive at 22,236 as the actual number of public servants and identify about 4,000 “ghost” workers, which allows for annual savings of nearly CFAF 2.5 billion, or about 12 percent of current expenditure. Going forward, planned measures will mainly focus on: (i) revising and improving the legal and regulatory framework of public administration; (ii) further disengagement of the state from productive and commercial activities; and (iii) streamlining public service recruitment.

As for building institutional and human capacity, this means: (i) revising the organic framework of different government structures according to their missions; (ii) improving and modernizing of working instruments and methods with a view to improving performance of public services (clear definition of mandates and responsibilities, introduction of performance evaluations, interconnection of government structures to facilitate information sharing and access to knowledge, etc.); (iii) promoting human resource development through training and skills enhancement, while ensuring equity between the sexes; and (iv) deconcentrating public services and providing them with the means for their effective operation in the field, including the necessary motivation for effectively moving qualified staff.

Finally, the management of human resources is a priority area of the reform. In addition to the real shortage of qualified human resources, the public administration still lacks an effective policy for managing existing resources. A comprehensive view of the future of the public administration should provide a solid foundation for this policy, as well as for any reform to be implemented. In the coming years, the goal will be to develop and put in place a human resources management policy with greater emphasis on: (i) recruiting on the basis of skills to match the needs of the administration; (ii) introducing and effectively implementing a career plan for staff; (iii) introducing a transparent system of promotion based on merit; and (iv) improving conditions and treatment of staff, including better salaries and the reorganization of the social security and pension regime. For each dimension of the human resources policy, gender equality should be systematically observed to ensure greater social justice in order to fully exploit the potential of women’s skills to improve public management and service delivery to the population.

On the other hand, in light of the epidemic nature of HIV/AIDS and the threat it poses to public administration, the fight against this pandemic will be part of the human resources management policy. In this sense, the main objectives are: (1) reducing the spread of

HIV/AIDS and mitigating its impact on people infected and affected; (2) improving the quality of life for people living with HIV/AIDS; and (3) protecting the rights of people living with HIV (PLWHA), including the fight against discrimination and prejudices associated with the HIV/AIDS pandemic and other sexually transmitted diseases (STDs).

## **8. Decentralization and Local Development**

Guinea-Bissau is divided into eight administrative regions. The capital, Bissau, has a special status. The regions are, in turn, divided into sectors. Despite having passed laws on decentralization, the country still has no local government headed by elected officials. For now, there are only administrative sectors that are still under the supervision of government employees. The region still is just as operating administrative center. The government is represented by a governor under the Ministry of Territorial Administration. At sectoral level, the administration is represented by a Sectoral Manager, supported by some officials, including, among which, his Deputy, who performs the duties of Administrative Secretary. In parallel, at the regional level, there is a technical structure to support the regional government, comprising representatives from technical ministries, the Traditional Power, and NGOs. At the section level, the administration has no direct representative, but relies on the traditional structure of “native rulers” [*régulos*]. These, in turn, rely on Councils of Elders. Finally, at the village [*tabanca*] level, the chief supports traditional structures (elders) to ensure the resolution of local cases and conflicts. Guinea-Bissau has texts relating to the management of local communities, which were approved before the conflict, but are yet to be implemented.

The government’s goal in terms of decentralization is to promote the development of local and regional organizations through, among other things, the revision of the 1995 texts and the provision of organizations with financial and human resources according to a realistic implementation strategy that will take account the institutional and financial capacities of the country.

Efforts made over several years focused on strengthening regional governments around the governor and promoting local initiatives capable of building local capacities for programming and reviving local economies. The Ministry of Territorial Administration is supporting initiatives to build self-development skills as a future benchmark for communities. Currently, despite limited financial and human resources, the government is endeavoring to address any emergency situations in the most isolated regions and localities. Given the importance of grass-roots government that enjoys the trust of local populations, decentralization emerges as a key factor in improving basic public services and boosting local economies. The local development role performed by coordinating public and private initiatives to create local wealth and employment and income opportunities is central to the poverty reduction strategy and the pursuit of the MDGs. Decentralization is an important catalyst for the regionalization of the MDGs and the emergence of regional development centers.

### **In this respect, the following actions are envisaged:**

- Making the reform operational by establishing pilot communities before extending the process to the national level;
- Preparing and implementing a decentralization plan that takes into account, among others, needs in terms of human, financial, and organizational resources, including the holding of the first local authority elections [*eleições autárquicas*];

- Strengthening local capacities for development planning and management, ensuring direct participation of communities and populations concerned. To this end, decentralized/deconcentrated services and civil society organizations should provide an essential contribution;
- Implementing the decentralized financing mechanism at regional level to enable regions to prepare some local development plans and start acquiring local programming and development management skills;
- Implementing adequate financial management and control mechanisms at the local level (centralization of regional revenues at financial [offices]) in order to combat widespread corruption. This also means improving transparency and accountability of local elected officials to the populations that demand that political authorities are held to account.
- Mobilizing resources and holding the first municipal elections, making sure conditions are in place for female candidacies;
- Building national and regional capacities to provide support and advice to local organizations in different regions;
- Strengthening local capacities for planning, natural resources and development management and development, ensuring direct participation of communities and populations concerned. In fact, official maps should be updated and harmonized with the traditional one; decentralized services and civil society organizations should provide an essential contribution;
- Developing legislative mechanisms to promote decentralized and community management of natural resources;
- Establish municipal police forces to control the exploitation of natural resources based as much as possible on co-management principles;
- Empowering local communities to promote and manage their natural resources;
- Promoting local residents' reserved right of access to natural resources.

## **9. Natural disaster risk prevention and management**

Guinea-Bissau is vulnerable to various types of disasters, namely: tropical storms, floods, locust attacks, droughts, coastal erosion, fires, etc. In this case, between 1987 and 2009, droughts affected 132,000 people, floods affected 1,750 and tropical cyclones caused 2,712 casualties. As for epidemics, they affected 105,380 people, causing 3,032 deaths, while man-made accidents led to 7,000 casualties (OFDA/CRED).

According to a 2010 study on monetary and non-monetary poverty, many people are in very deep poverty and now live in conditions that are almost identical as those after natural disasters and/or epidemics. Disasters often push families into poverty and produce negative effects on economic activities and the National Budget, at the expense of development efforts.

Strengthening capacities for prevention, preparedness, response, and post-disaster rehabilitation and mitigation is fully justified. The lessons learned from this experience, indicate that capacity building in these areas should be a major concern in the context of the second PRSP. Efforts will be made to implement the five areas of the Hyogo Framework for Action ratified by Guinea-Bissau. However, it should be admitted that for a fragile country like Guinea-Bissau to take the required actions, such efforts will essentially be conditional on external financial and technical assistance. There are multiple actions to be taken, ranging from prevention to assistance to people affected.

## **1. Disaster risk reduction**

The national framework (political, strategic, institutional and programmatic) in the area of disaster risk reduction remains very weak. However, in August 2009, a national committee was established to consider the creation of a National Civil Protection Authority. This committee, co-chaired by the General Directorates of Geology and Mines and Energy conducted the following work: (i) preparing the basic law on the creation of a national civil protection service; (ii) identifying, at a workshop, of the principal disaster risks; (iii) establishing ways to mobilize funds that enable the national protection authority to carry out its mandate.

In the short run, this basic law must be submitted for approval and enactment by the People's National Assembly by end-2011. Subsequently, a national authority in charge of civil protection will be appointed, which will ensure national coordination of disaster risk management activities.

In the medium run, efforts will be focused on drafting and finalizing texts for the implementation of the institutional framework at the national level, as well as a national strategy for disaster risk management accompanied by a multiyear program.

## **2. Identify risks and take action**

Efforts have been made in terms of information systems related to DRM, at the national weather service, and in the areas of epidemic monitoring system. However, it is important to push these and other actions further, and conduct an in-depth study of the vulnerability profile of the country, which is scheduled for 2012. Women will be involved in such study, so as to reflect their specific risks, capacity to act, needs, priorities and perspectives. Study outcomes will be updated periodically in order to feed a dynamic database on disaster emergency in Guinea-Bissau and better anticipate disasters. The long-term goal is to put in place an early warning system accessible to communities, including vulnerable groups and women.

## **3. Ensure risk understanding and awareness**

Measures will be taken to integrate the DRM dimension into the basic education curriculum and training modules; create an information mechanism to raise awareness and communicate the range of communities at risk, and create a network of journalists specialized in DRM.

## **4. Reduce the underlying risk factors**

The vulnerability of housing was the main finding. In order to make housing (especially the housing for the poorest members of society) more resilient to risk, risk-reducing building standards will be defined and disseminated. In addition, vulnerable groups should be encouraged to seek access to safe housing through social housing programs, which follow risk-reducing building standards. Regulatory provisions should also be taken into account so as to integrate DRM in land management, urban planning and the banning of construction of housing and social infrastructures in areas that are underwater or prone to flooding.

## 5. Prevention and action at all levels

In this connection, it will be necessary to adopt a stance of prevention and action at all levels. Therefore, the government will prepare a national contingency plan reflecting the country's level of exposure to disaster risks according to risk factors in each region. Then, simulation and feedback exercises (RTEX) will be conducted with a view to improve performance and operation. Additionally, a strategy and a mechanism for rapid mobilization of resources in emergency situations should be created. The relief and rescue capacity of emergency teams (firemen) will be strengthened.

### 2.4.2 Core area II: Ensure a stable, stimulating macroeconomic environment

The evaluation of the implementation of the first PRSP found that: (i) the political and

security climate was not conducive to reform implementation; (ii) economic performance has been limited (average annual growth of about 3 percent compared to a target of 5 percent) and largely dependent on the cashew sector, itself highly dependent on the international market situation; (iv) and the country is far from reaching the MDGs in 2015.

*First-tier criteria: (i) basic budget balance to GDP ratio  $\geq 0$  percent; (ii) inflation below 3 percent; (iii) nonaccumulation of domestic and external arrears by the government in the current period; and (iv) internal and external debt to GDP ratio  $\leq 70$  percent.*

*Second-tier criteria: (i) wage bill  $\leq 35$  percent of fiscal revenues; (ii) public investment financed by own resources  $\geq 20$  percent of fiscal revenues; (iii) current external deficit (excluding grants) to GDP ratio  $\leq 5$  percent; and (iv) tax burden reaches at least 17 percent of GDP.*

With a view to reducing poverty and accelerating the achievement of the MDGs in Guinea-Bissau, one of the main aspirations of the second PRSP will be the revival of growth and diversification of the economy, including a reduction of its heavy dependency on cashews.

To that end, the government intends to consolidate the gains made with the first PRSP, raise the economic growth rate to 5 percent on average between 2013 and 2015, and diversify its exports to gradually move away from its dependency on just a single product. For that purpose, an ambitious strategy will be implemented around the following priorities:

(i) consolidating macroeconomic stability; (ii) developing basic infrastructure, including energy; (iii) improving the business environment and promoting the private sector; and (iv) supporting growth-generating sectors, including agriculture, livestock, fisheries, industry and tourism. Particular attention will be given to the development of the emerging mining sector in light of its potential impact on growth, employment and income distribution, and of potential foreign currency revenues.

### 1. Stabilization of the macroeconomic framework and capacity building for strategic development management

Significant progress has been made in this area over the past three years. In public financial management, for example, improved revenue mobilization and expenditure control allowed for a reduction of the budget deficit and accumulated arrears. However, major limitations remain, because tax revenues are below the target of 17 percent of GDP set in the context of the WAEMU convergence criteria. The National Budget is heavily dependent on foreign aid. Although the wage bill to own revenues ratio has declined, standing at 75.6 percent in 2009 vis-à-vis 90.3 percent in 2006, it still remains well above the standard ( $\leq 35$  percent) set by the WAEMU. Moreover, this is compounded by the pressing needs related to financing

strategic priorities to promote economic growth and reduce poverty in the country, including the reform of Defense and Security Forces.

In accordance with the commitments made under the WAEMU, the government intends to keep the budget deficit below 3 percent of GDP, the balance of payments current account deficit below 5 percent of GDP, and annual inflation below 3 percent.

**To that end, the government will maintain its efforts to:** (i) strengthen revenue mobilization; (ii) improve the quality of public expenditure; (iii) promote foreign direct investment (FDI) and emigrant remittances by implementing the new investment code and reinforcing the capacity of structures in charge of licensing and formalizing businesses; and (iv) mobilize external resources to cover the country's investment needs and support the balance of payments.

In parallel, with a view to durable, sustainable development, a long-term strategic approach, based on the optimal exploitation of the potential of the country and supported by a program of consistent reforms and investments will, therefore, be required.<sup>11</sup> In this respect, the forward-looking view called "*Guinée-Bissau 2025 Djitu ten*" and its implementation through the PRSP and relevant sectoral policies will determine to a large extent the guidelines for government action on economic and social development.

**With a view to** strengthening national capacities to steer the economy, major initiatives have been launched in recent years by the Ministry of Economy, Planning and Regional Integration with the support of partners, including: Program to Support National Capacity Building for Economy Steering and Aid Coordination (ADB/UNDP) and the Program for Modernization and Capacity Building of the Public Administration (WAEMU).

Over the next year, in addition to the implementation of consistent international technical assistance and the recruitment and training of staff in macroeconomic analysis and forecasting, policy-making, and strategic planning, the government's actions will result in: (i) development and/or improvement of key tools needed to improve the steering of the economy (forecasting models and macroeconomic framework, Priority Action Plan – PPA, Public Investment Program – PIP); (ii) improvement of the institutional framework and aid coordination mechanisms in accordance with the Paris Declaration on Aid Effectiveness; (iii) strengthening the monitoring and evaluation of the PRSP, including indicators to better understand the situation of women and ensure their access to benefits stemming from actions taken; and (iv) development of a system to monitor and evaluate the performance of policies and strategies, including the preparation and implementation of the National Strategy for the Development of Statistics (NSDS).

## **2. Public financial management reforms**

**The government launched a process** of structural reforms in the area of public finance with a view to consolidating fiscal stability and improving the quality, transparency and efficiency of public spending. These reforms, undertaken with the support of partners, resulted in the implementation of a modern legal and accounting framework to manage the government's

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<sup>11</sup> The structure of the national economy has not changed fundamentally since independence, as the primary sector, largely dominated by traditional and family farming, still accounts for about 40% of GDP. With the exception of cashews, no other sector has proved buoyant enough to possibly accelerate growth and economic transformation.

finances, the strengthening of the control system, and improvements in the operational management of the budget, including the rollout of the integrated Government Finance Management System (SIGFIP) in ministries to improve efficiency and transparency in budget execution. Concurrently, there was a reduction in the budget deficit, despite the difficult situation associated with the significant decline in the price of cashew in 2009 and the fact that international assistance is still limited.

**To consolidate the gains noted above, the government introduced** in the short run the following strategies: (i) merging the database produced from the biometric census of the Ministry of Civil Service with that of the Ministry of Finance; (ii) payment of public servants' salaries in person in some ministries; (iii) implementing the public accounting system in accordance with the provisions of the SIGFIP. Additionally, the government will further pursue the following:

- Strengthening revenue mobilization through: (i) strict enforcement of the tax and customs regime; (ii) broadening the tax base, including by integrating the real estate and property assessments (or expanding the tax base by assigning to the DGCI the role of registering property titles); (iii) streamlining and tracking of tax and customs exemptions; (iv) controlling revenue by centralizing collection at the DGCI; (v) developing mechanisms and procedures to expedite general sales tax (IGV)/value-added tax and ACI refunds; and vi) including the tax issue in the agenda for the dialogue between the government and the private sector;
- Improving the quality of public spending. To this effect, the measures below are already being implemented by the government: (i) unification of the balance file in the Ministry of Finance, including that for the public service stemming from the biometric census of public servants; (ii) payment of wages in person in certain ministries; and (iii) implementation of the public accounting system in accordance with the SIGFIP.

To consolidate and increase the effectiveness of budget management, measures will be taken in order to: (i) align budget to the priorities identified through the second PRSP, thereby guaranteeing budgetary allocations that favor the reduction of disparities and the elimination of all forms inequities and inequalities in spatial terms and between men and women (ensuring better coordination of the budget as an implementation instrument); (ii) effectively implement the Medium Term Expenditure Framework (MTEF) to ensure better planning of expenditure in priority sectors; (iii) improve the management of public tenders for greater transparency and consistency in the awarding of government contracts, and better budgetary monitoring and control; (iv) strictly supervise the use of exceptional budget execution procedures; and (v) publish on a regular basis information on the budget execution, management accounts, and National Budget Law.

### **3. Improving the business climate and promoting the private sector**

According to World Bank's "Doing Business" report, Guinea-Bissau ranks among the bottom countries in terms of adequacy of the business climate: 173rd out of 175 in 2005/2006 and 181st out of 183 in 2008/2009 (2010 Report). Besides the political and security climate and the lack of basic infrastructure, the main constraints facing by potential investors are: (i) lack of information that severely penalizes investors who wish to start a new business in the country; (ii) complex, cumbersome procedures, high cost of setting and registering a business; and (iii) the multiplicity of institutions interfacing with the private sector. The time and cost

required to establish a company were estimated at, respectively, 213 days on average and 250 percent of GDP per capita.

Additionally, it should be mentioned that other constraints, no less important, limit the dynamics of private sector development. These include the lack of financial and technical support instruments to foster private initiatives.

However, the country could potentially become attractive to national and international investors thanks to the diversity of its natural resources and the remarkable progress made in the institutional and legislative sectors. In this sense, a significant step forward was the government's creation of a one-stop-shop Business Registration Center to facilitate and expedite the procedures for registering new businesses. The creation of a court and a commercial arbitration center are also part of the government's actions to consolidate the achievements in creating a climate that is more conducive to private sector development. In the area of legislative reform, the Labor Code, the implementation of the Land Law and a new Investment Code are currently being discussed.

**Under the second PRSP, the government will continue** its efforts to promote investment and support private sector development. The actions envisaged for this purpose will be linked to the following priorities: (i) improving basic infrastructure—particularly energy and transport—; (ii) reinforcing the legal framework and the judicial system in relation to private investment (introduction of the new private investment code, enforcement of legal acts by the Organization for the Harmonization of Business Law – OHADA), updating the Land Code, particularly to facilitate access to land and securing land tenure, revising the civil and commercial codes, etc.); (iii) further simplifying and streamlining processes and procedures for the establishment of businesses (strengthening capacity of services responsible for licensing and registering companies and properties, decentralizing and/or privatizing notary services, etc.); (iv) improving the system of information between the public administration and the private sector (creating a website for the dissemination of existing legislation relating to the establishment and operation of businesses, implementing and promoting a framework for consultation between the government and the sector private); (v) continuing the process of repaying the domestic debt; (vi) strengthening the financial system, particularly to support investments in productive sectors such as agriculture (updating the legislation on microfinance institutions (MFIs), capacity building, and introduction of new financing models adapted to the needs of the economy, including the creation of funds to support the promotion of small and medium enterprises); (vii) applying trade policies harmonized with the directives of the WAEMU; and (viii) improving cross-border trade in order to fight against illegal trafficking of cashew nuts and other products.

**In parallel to these different measures, sustained efforts** will be made to build the skills of human resources, both in terms of technical and vocational training and in the development of entrepreneurship. An improved business climate will also require good governance, through the development of training programs and information about the business climate, as well as through the intensification of the fight against corruption (information, awareness, reduction of the opportunities for corruption, legal action).

In Guinea-Bissau, as in most developing countries, there is a strong current of emigration, which reached a new level in recent years. To improve its contribution to national development, the government created the Institute for Supporting Emigrants (IAE), in order to

encourage and facilitate the entry of emigrants' remittances<sup>12</sup> and investments in the country. The measures to achieve these objectives involve establishing a legal framework to regulate the transfer of funds from migrants, streamlining access to land, facilitating building materials import, and simplifying the administrative procedures for registering businesses.

Guinea-Bissau ranks among the twenty countries with the highest corruption perception index (CPI)—154th place, with 2.1 points, according to the latest report by Transparency International, an NGO. Compared to 2009, there was a slight improvement (158th place, 1.9 points). However, as this situation remains a concern, the government has been assigning particular importance to this issue in the public service as it helps to deepen poverty and undermines the country's prospects for economic and social development. Indeed, corruption manifests itself mainly in the workings of public services, in the awarding of government contracts, or when the systems for monitoring the use of public finances can be bypassed.

Thus, efforts have been made in the fight against corruption to implement some initiatives that constitute progress to be consolidated and deepened, by enhancing the independence of justice and providing access to better quality public services.

The government aims to attain a 2.5 index by 2015 and, for this purpose, should take measures/actions that will mainly focus on the fight against corruption, money laundering, embezzlement, and lack of transparency. This time, it is expected to enhance transparency in public administration through institutional and financial audits, the strengthening of citizen participation in the control and supervision of administrative acts, thus creating the institutional conditions for public services to operate in accordance with the new public management techniques based on accountability and subject to a better assessment of the use of public resources.

On the other hand, the factors that are behind the fragile governance will be particularly targeted, by clearly identifying responsibilities and taking the necessary decisions to punish the practices of embezzlement and corruption.

The envisaged measures will target both the effectiveness in public management and citizen participation. Therefore, the actions below should be carried out:

- i) Strengthening of policymaking and strategic planning;
- ii) Reform of the legal and institutional framework of the planning system;
- iii) Introduction of an ongoing mechanism of collaboration with development partners to improve management and coordination of international aid;
- iv) Reorganization and strengthening of the national statistical system;
- v) Reorganization and strengthening of the Court of Auditors and the Office for the Fight against Corruption;
- vi) Training of members of the People's National Assembly in the field of public finance management
- vii) Improvement of the economic and financial management mechanisms across all public administration institutions.

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<sup>12</sup> According to Balance of Payments data, remittances to the country stood at around CFAF 15 billion or 4% of GDP in 2008.

### 2.4.3. Core area III: Promote inclusive, sustainable economic development

#### 1. Support for growth-generating sectors

For several years, the growth trend of Guinea-Bissau's economy has varied between 4 percent and 1.5 percent in real terms, if taken into account a population growth rate of 2.5 percent per year. The government intends to deepen its economic and financial reforms to gradually move toward its goal of attaining a growth rate over 5 percent by 2015. This will be a benchmark for its public policies. Favorable conditions are in place for the attainment of this goal. In fact, the macroeconomic stability of recent years, improved conditions for private sector development, the gradual restoring of confidence among domestic and foreign investors, as well as the political will to push forward reforms in the public administration and in the Defense and Security Forces, are factors conducive to strong and sustainable growth, driven by buoyant sectors, such as agriculture, fisheries, mining and tourism. The government is concerned with the urgent need for the growth generated by buoyant sectors to bring about real changes in the lives of the poor. In fact, strong, sustainable growth is needed, but it will be insufficient if it does not have an effect on the poor fringes that still account for nearly two thirds of the population. It should drive all activities across all sectors that enable large segments of the population to find stable jobs and, consequently, money income, so that they can be better integrated in the economic and social fabric and enjoy better quality of life.

**This strong and durable growth should be more pro-poor** and calls for two complementary approaches, with particular attention to vulnerable groups, among which women. The first step is to involve poor farmers, particularly to create more wealth. One of the main avenues is to establish or strengthen promising activities or sectors, while ensuring food security and diversification of production bases in connection with the development of SMI/SME that can serve as intermediate networks for exports of cashew nuts. This will require expediting the process of securing land tenure improving farmers' access to production means such as credit, markets and training opportunities. The second approach includes a set of measures designed to develop urban economies in order to reduce urban poverty.

**To obtain high, sustainable, pro-poor growth**, the government will pay special attention to programs aimed at reducing the vulnerability of Guinea-Bissau's economy and poverty by diversifying the sources of growth. The government will provide increased support to private sector development, with special emphasis on small and medium enterprises, including microenterprises that are on the edge of the informal sector. This support will be equally applied to all existing or proposed productive activities, including agriculture, livestock, fisheries, crafts, industry, and services, regardless of their targeting the domestic, regional or international market.

However, in order to prioritize its actions, the government will concentrate on targeted interventions in a limited number of sectors considered priorities, focusing on partnerships with the financial sector to support and stimulate the private sector, mobilizing contributions from the Diaspora, and investing in infrastructure and vocational training. These sectors were identified after extensive consultation and specific DTIS studies, EPA about the needs and barriers to trade, as well as a study on the origins of economic growth in relation to their potential, thereby boosting economic growth, job creation and poverty reduction. These include the cashew sector, fisheries, tourism, and mining, which reflect the willingness of the country to open to the outside world and contribute (or will contribute) to increase

government revenues. A simulation study revealed that all these sectors (except, for the time being, the emerging mining sector) have multiplier effects on household income and strong links with the rest of the economy. They are also those that appear to have a comparative advantage. The sectors below are considered strategic: (i) cashew crop ii) rice crop iii) horticulture; iv) fisheries; v) tourism (at an infant stage); and (vi) mining (emerging sector).

To achieve this, the development of the agri-food sector, with greater emphasis on cereals (including rice), cashew nuts, fisheries and livestock should be at the heart of the strategy for the development of Guinea-Bissau. Around this sector, a set of activities will be carried out in the areas of tourism, transport, trade, construction and public works, and mines. This would enable Guinea-Bissau to leverage comparative advantages, by increasing export and tourism receipts and enhancing food security and employment. This growth, stronger and more durable than before, as set in the main objectives of the second PRSP, will be buttressed by priority investments in the rural sector, thus laying the foundations for a true green revolution in a country that has great, untapped agro-pastoral potential. This strategy will also include a booming mining sector, to ensure that socioeconomic impacts on local economies are more diffuse and sustainable.

With these guidelines in mind, the government, in making its investments, will strive to ensure that the issue of social and environmental safeguard of the country is well integrated into all sectoral policies. The challenges and problems posed by climate change will also be integrated into investment programs and projects across all sectors, particularly in the rural sector (agriculture, livestock, forestry), fisheries, water resources, tourism, energy, housing, and public works (roads and bridges) to ensure the strengthening of the capacity to respond and adapt to climate change.

To address the economic problem of the poor and very poor, the government will develop two strategies: the first will be the revitalization of the agricultural sector; the second will be the creation of income-generating jobs for the poor through an approach to help farmers develop processing techniques for cashew nuts and fruit and horticultural products. This would enable farmers to allay their fear of obsolescence of their products and would help them avoid selling at any price to buyers. Concurrently, the state will revive the sector, by promoting diversification and encouraging the cultivation of other competitive agricultural products. This revitalization will include the mechanization of the sector and dissemination of fertilizers, so that the sector can move toward continuous production throughout the year. Special emphasis will be given to resource mobilization (both financial and human) in order to establish microfinance management structures and micro-finance supervision, as well as integrate and monitor beneficiaries in the field.

Five strategic areas will be developed:

1. Ensuring food security: The food security policy includes (i) an offensive aspect that consists of increasing as much as possible the production of strategic foods, such as rice, cassava, maize, and “bacil” maize; and (ii) a defensive aspect, which is to acquire a certain resilience to shocks (climatic, economic), by means of rapid post-disaster response;
2. Improving farmers’ incomes: Attaining this goal requires sound market information, a high degree of organization of the agricultural economy (involving collaboration

between stakeholders in the production chain) and an opening to exports. The agro-industry helps the country to obtain foreign currency when its products are exportable. This track is very demanding and requires a special effort to organize the different product segments. A quality set of policies should be designed and implemented, and effective control services should be in place.

3. Develop activities to promote local products: Such activities are sources of development of the productive fabric (both at local and regional levels), driven by small and medium enterprises, which will be supported under the private sector development framework. Priority products to be developed are: cashew nuts, rice, animal products, and fish as well as some tourism-oriented products;
4. Promote some regional growth centers in order to enhance the value of regional resources aimed at the development of regional economies, including by:
  - Managing agricultural activity areas and improving road and communication infrastructure in tourist areas;
  - Developing a new development partnership between the state and the private sector;
  - Expediting the implementation of electrification projects in certain regions with a view to attracting more investors to sectors such as agricultural product processing and tourism;
  - Implementing specific programs for the development of local economies through local development funds and regional funds for economic development.
5. Integrating climate change into policy, planning and investment decisions in growth-generating sectors to increase their resilience to climate change. Taking climate risks into account will allow for the development of agriculture, housing, tourism and coastal areas and the designing of road and communication infrastructure that is able to face climate-related disasters. The integration of climate change will also cover aspects related to reducing greenhouse gas emissions, thus allowing, among other things, greater attention to energy efficiency and renewable energy sources in all policy and investment decisions, as well as in strategies on the energy issue. Therefore, development strategies for the various growth sectors should become development strategies with low-carbon emissions and resilient to climate change in order to promote sustainable development.

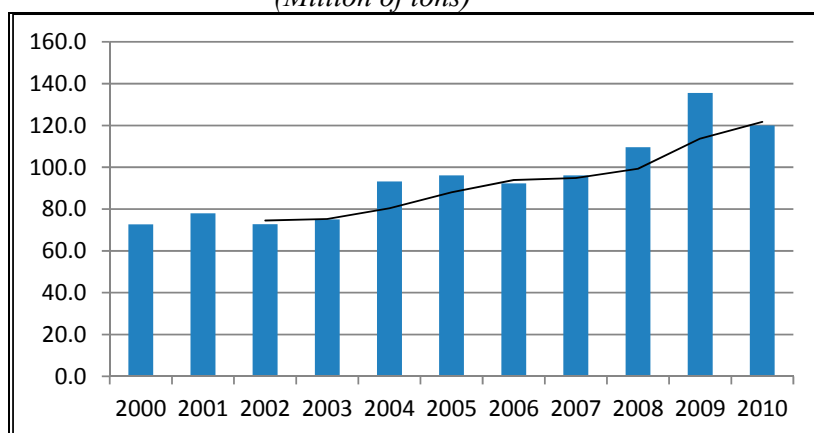
#### **a. Development and enhancement of the cashew sector**

The production of cashew nuts in recent years experienced a spectacular growth. Production began only in 1970. Exports went from 10,000 tons in the mid-1980s, to 57,000 tons in 1997, and despite fluctuations from one year to another, the trend continued over the next decade, to reach 135,500 tons in 2009.<sup>13</sup> Guinea-Bissau is currently the sixth largest exporter of cashew nuts. The performance of the cashew sector is remarkable, despite the fact that it has not been given any special attention by the State or external partners.

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<sup>13</sup> Data from the National Cashew Board – CNC.

### Changes in Cashew Exports (2000–2010) (Million of tons)



Source: Directorate-General for the Economy (MEPIR)

This sector employs more than 85 percent of households in the country, and it is rare to find a farmer who does not cultivate at least a few cashew trees. Its receipts play an important role in poverty reduction. It is estimated that a 15-percent increase in producer prices would increase the consumption level of the “extremely poor” and “the poor” by, respectively, 9.5 percent and 3.3 percent.

**Given the vital role** of this sector, it is important to sustain the gains, improve performance and avoid the threats facing it. Local processing has been a priority of the government for a long time, albeit with few results to date. Processing units, whose number surpasses 20, are virtually idle right now. The biggest problem is the lack of financial capacity to build up stocks of raw material. A new approach has enabled the construction of three processing units of a new type with foreign partners, which should be operational in 2011. The government created the National Cashew Board and intends to create the National Cashew Institute. The Cashew Board, in collaboration with the National Institute for Agricultural Research (INPA), will coordinate all activities relating to the development of cashew plantations and promotion of its byproducts.

Interventions in this sector under the second PRSP will focus on three priorities:

(i) conducting research to support the introduction of agro-technical parameters to increase cashew productivity, including pest control; ii) strengthening quality control and standards with a view to maximizing opportunities in the international market; and (iii) promoting local processing of cashew nuts as the foundation for the emergency plan to revive the cashew nut processing industry, as approved in 2010. Processing also includes the production of pulp, which will serve to produce juices, biscuits, jams and biofuel; and (iv) facilitate access to tax credits and incentives.

#### **b. Development of the rice sector**

Rice is a strategic product of great importance in the fight against poverty. This cereal is the staple food of more than 95 percent of the population. Average annual consumption is estimated at 190,000 tons. However, for over ten years, there has been a growing deficit, which was estimated at over 100,000 tons in 2009/2010, with domestic production covering only 47 percent of consumption.

**Rice production is essentially** guaranteed by family farmers (estimated at nearly 90,000, who account for about 90 percent of production). They use rudimentary production techniques and obsolete working methods, which mostly require manual and physical labor from elderly farmers, of which a great number is illiterate. This results in a low yield (1.7 ton/ha). These family production units comprise mostly women, whose contribution and working conditions and hours must be taken into account, because of their impact on maternal and family health, women's literacy, and girls' schooling. Modern "elite" farmers (around 1,200 on the ground), enjoy significant land grants (ranging from 20 to 2,500 ha), from the government, covering about 27 percent of arable land (9 percent of the total area of the country), but these farmers do not use this land much for rice cultivation, albeit it would be well suited for this crop.

The obstacles to rice production include people's preference for cash crops (such as cashew), lack of manpower, and low intensification of production. This stems primarily from insufficient investment in research and dissemination of practices, lack of production techniques based on improved seeds, poor use of chemical and organic fertilizers and of pesticides, and low level of irrigation (out of more than 250,000 ha of rice fields that could be potentially irrigated, less than one fourth is). Lack of access to financing in the medium and long run and the extremely poor condition of rural and access roads are also limiting factors.

O objective of the government for 2015 under the Agriculture Investment Plan, which is part of the PRSP, is to raise production by 158,000 tons of paddy rice, with approximately 95,000 tons of paddy being, that is, a deficit reduction by more than 50 percent, to meet 80% of consumption through domestic production, compared to 45 percent.

This will be achieved by:

- Controlling water, not only in areas where rice is cultivated, but also through drainage and efficient management of the numerous rivers that are used for agriculture;
- Providing inputs, such as fertilizers and pesticides, and improving dissemination of varieties of high-yield seeds. To this end, a program will be implemented in order to support the distribution of 1,000 liters of pesticides, 3000 tons of fertilizers and 2,500 tons of improved cereal seeds in rural areas (over 5 years). Production should be intensified through the introduction of more productive varieties, including quick-growing ones in certain areas, and close monitoring of the peasants.

**The gradual mechanization of agriculture** associated with indigenous cultures, and in particular with rice crops is called for. Planned investments should enable farmers to acquire 100 tractors, 1,000 pumps and accessories for the development of small irrigation, and 1,500 cultivators. In addition, it will be advisable to support the access of farmers to 5,000 animal-traction ploughs. As for post-harvest treatments, the program aims to add to existing equipment more than 300 harvesters, 600 threshing machines and 200 mills over the same period.

**It is anticipated that 46,368 ha of rice fields** (27,088 ha of mangrove areas, plus 19,280 ha in rice paddy areas) will be cultivated over the next five years. The opportunity costs preserving mangroves and converting them to rice cultivation will be taken into account. The government is aware that it is important to identify and demarcate areas to be converted and those to be preserved, in a context where the potential risk of climate change impacts is real.

Envisaged land use zoning will entail labor-intensive works to create jobs during a so-called “dead” time, thus generating income in the rural area and helping to curb the rural exodus, as well as to boost the income of local populations. Private companies specializing in zoning and irrigation will also be called upon to play an important role in implementing the planned hydro-agricultural projects.

Maize, grain maize and “bacil” maize are also important for food security and will also be indirectly considered to benefit from large intervention measures targeted at all farmers. Horticulture is a female activity par excellence that currently employs women’s associations on a large scale, particularly in the east. Its enhancement is key in the context of the second PRSP, as rising incomes at this level will have an impact on the attainment of the MDGs in terms of economic production or social welfare.

To achieve these objectives, it will be necessary, among others, to revitalize the National Institute for Agricultural Research (INPA) and the National Plant Protection Service.

### **c. Livestock and other crops**

Livestock products account for about 17.0 percent of national GDP and 32 percent of agricultural GDP. Mostly women are in charge of the breeding of short-cycle animals (poultry, goats, sheep, pigs, etc.). Small units for the semi-industrial production of eggs and broilers have been developed only in Bissau, while milk production still is very underdeveloped. Much of the urban demand for meat, poultry and dairy products covered by imports, often in the form of frozen products.

In the medium term, the challenge is to improve and increase animal production, with special attention to short-cycle animals through measures such as research/dissemination to develop of improved breeds that are more productive and better adapted to local environment and to improve animal health, particularly through the promotion of veterinary services.

**As for other agricultural products**, the country also has favorable natural conditions for the production of palm oil, groundnuts, roots and tubers, and fruit and vegetables. Sugar cane brandy is still produced, including for export, but with a tendency to decrease. Some of these products serve both as a means to improve food security and as an opportunity for growth and diversification of incomes of rural populations and exports. Women are involved in all of these activities and are concerned generally with the help of children, harvesting, and sale of fruit and vegetables. These crops will benefit from measures to promote and enhance skills of the private sector in general, as well as from support provided by the Ministry of Agriculture. Interventions may include the implementation of an organizational mechanism structured so as to assure that products are harvested and exported. They will help improve the nutrition of children and pregnant women and bring the country closer to achieving the MDGs.

### **d. Fisheries**

**The abundant aquatic flora and an extended continental shelf** (45,000 km<sup>2</sup>), combined with its geography (islands and mainland, with many rivers and mangrove areas), make Guinea-Bissau a country rich in fishery resources. Its sea area is among the richest in fish in the region, with an annual catch of 250–350 thousand tons (including shrimp). If well managed and better promoted, the sector could be an important source of economic growth,

creating jobs, improving the food diet, and increasing and diversifying exports and tax receipts.

**However, development of this sector is subject to various constraints**, including: (i) the absence of a clear, effective policy to boost the sector; (ii) insufficient knowledge of fishery resources exploited and marine ecosystems; (iii) poor institutional and human capacity to meet the challenges linked to the development of the sector, particularly in terms of planning, monitoring and control of the exploitation of fishery resources and promotion of private investment; (iv) insufficient infrastructure to support conservation and processing of fisheries products; (v) weak organizational capacity of the country's entrepreneurial fabric; (vi) absence of an economic environment that attracts private investment, particularly foreign capital; (vii) financing gap of the sector; (viii) weak institutional cooperation between stakeholders (fisheries, finance, and navy); and (ix) insufficient means to supervise and control fishing vessels and combat illegal activities in the EEZ.

As the fishing port of Bandim will be operational in 2011, followed by a quality control laboratory, this sector will be poised to help improve the country's economy.

To further ease the different constraints, the government intends to implement the following strategic measures: (i) improving fisheries management (preparing and introducing a fisheries development policy, revising the regulatory framework, improving information system for managing and exploiting fishery resources, providing training in the areas of planning and management, including the implementation of the necessary institutional reforms, etc.); (ii) promoting private investment in the sector; (iii) developing infrastructure to support both industrial and small-scale in-shore fishing, (landing ports, processing and storage facilities, and maintenance and repair shipyards); (iv) acquisition of two large vessels and two aircraft to ensure an effective presence in the EEZ, so as to combat illegal, unreported and unregulated (IUU) fishing; (v) improving the quality of fishery products, particularly with regards to health standards and international standards; (vi) improving knowledge of the state of fisheries resources and ecosystems, and defining the period of biological recovery for major fisheries; (vii) establishing a credit system for small-scale fishermen and women working as street vendors to finance their production, processing, and marketing activities; (viii) preparing a Strategic Plan for Aquaculture Development in Guinea-Bissau; (ix) dismantling fishermen camps in areas considered sensitive and important for reproduction and growth of species; (x) identifying degraded areas for subsequent repopulation (mangroves); (xi) assessing the impact of conservation measures, especially in marine protected areas; and (xii) registering artisanal canoes in order to consider mechanisms to reduce the fishing effort in estuaries and inland waters.

Considering its contribution to poverty reduction and the attainment of food security, special attention will be given to the organization and development of small-scale in-shore fishing, including the processing of fishery products.

#### **e. Tourism**

**Guinea-Bissau has tourism potential**, ranging from cultural diversity to landscapes and natural resources. Potential tourist destinations include, among others, the Bijagós Archipelago, Varela beach, the Cantanhez forest reserve, the island of Bolama—the former capital—, and the hills and mountains of Boé, which represent an important part of the country's history. Some of these destinations are not feasible during the rainy season.

There are no recent data on the number and profile of tourists and visitors, nor on the number of beds/rooms available and their occupancy rates.

The latest available estimates (2006) refer to less than 12,000 registered visitors, of which 3,000 were leisure or vacation travelers.

**The development of tourism is faced with several constraints, including:** (i) the absence of a strategy for the sector; (ii) the lack of basic infrastructure; (iii) the lack of qualified personnel; and (iv) the negative image of the country due to recurring political instability and insecurity. The first PRSP identified tourism as a sector “that, in terms of employment, would be able to encompass all social classes, especially the poorest” and envisaged several activities. However, almost none of these activities were carried out. However, it was possible to explore some niches such as ecotourism, the tourism potential of fishing and hunting activities.

Over the next few years, the government intends to boost the development of this sector, defined as strategic and with the potential to create direct and indirect jobs (particularly in rural areas). However, it would be unrealistic to expect the tourism sector to evolve rapidly and make a significant contribution in terms of foreign currency inflows for poverty reduction during the period of the second PRSP.

**The main interventions proposed include:**

- Formulating and introducing a strategic vision for the sector, so as to incorporate the perspective of economic progress, well-being of the population, and the need to preserve natural resources. To this end, preparatory activities will be launched during 2011 focusing on processing and disseminating basic information, such as the arrival of visitors and the provision of accommodation, with the government relying on the promotion of niche eco-tourism rather than on the development of mass tourism.
- Strengthening the capacities of stakeholders (relevant institutions and structures in this sector) through institutional reforms and the implementation of an adapted vocational training program;
- Investing in training the youth through tourism schools in order to prepare them for employment in the eco-tourism sector, among others;
- Developing information services in order to create hosting and Internet access facilities, and preparing a tourism development roadmap;
- Preparing a tourism code of conduct;
- Supporting the development of a system for financing investments, focusing on the generation of national wealth, the reinforcement of human resources and community infrastructure;
- Implementing community projects and taking into account gender issues in developing eco-tourism activities.

The involvement of grassroots communities in running tourism businesses will allow for the feasible use of natural resources, the non-trivialization of cultural aspects, poverty reduction, and environment protection.

In parallel with said preparatory activities, efforts will be made to develop the tourism market by creating lodging and hosting facilities; conserving historical sites and better equipping areas of great tourism potential (Bijagós Islands, Boé, Cantanhez, Varela, etc.); and increasing

their accessibility. Special attention will also be given to organizing tours and promoting diversified products. Moreover, existing institutions that promote the private sector, investment funding, and tourism projects will be particularly encouraged.

## **2. Develop basic economic infrastructure**

For many years, the widespread shortage of basic infrastructure has been one of the most severe constraints the national economy is facing. In particular, the electricity sector is drowning in a serious and structural crisis that limits the economy's competitiveness. This thwarts every opportunity for change with the emergence of modern sectors such as the manufacturing industry and service activities with high added value capable of accelerating national development. In 2010 it was estimated that less than 20 percent of the country was electrified, as opposed to more than 40 percent at the regional level. Despite the fact that PRSP I considered this sector a priority, the many government efforts have yet to show tangible results in the field. This situation is the same for all transport infrastructures and for developing domestic and foreign trade.

### **a. Energy**

**Energy use in Guinea-Bissau** is roughly 0.3 TOE per person per year, and is one of the world's lowest. Even in the capital city, just 40 percent of the population has access to electricity, while in the country as a whole, the rate is 20 percent. Even this access is highly irregular. Empresa Pública de Electricidade e Águas (EAGB) experiences technical and commercial losses that account for more than 50 percent of the actual power generated. Most equipment is obsolete, outdated and not in use. The government acknowledges that the current situation in this sector is inconsistent with the goal of promoting economic growth and the development of competitive businesses.

**Major reforms were approved in 2010** as part of the implementation of the Sector Development Policy Paper to:

- Improve access to electrical energy by extending the distribution grid and by implementing a policy with prices that are accessible for the majority of the population;
- Give incentives for private investment for power generation and distribution, including renewable energy, by implementing the public-private partnership law enacted in 2010;
- Implement a policy of innovative and differentiated rates that takes the different consumer categories into account, as well as periods for amortizing investments and for economic competitiveness;
- Mobilize massive public and private financial resources to be invested in the energy sector to ensure 80 percent average coverage in urban areas and 60 percent at the national level by 2015.
- Launch the interconnection of the sub-regional grids and accelerate the implementation of the OMVG program;
- Bolster training and retraining activities at all levels to improve the sector's technical and technological competencies;
- Carry out an institutional and legal restructuring of the sector;
- Liquidate the EAGB and create a new entity for providing energy supply services;
- Create an entity to regulate the electricity and water sector;

- Adopt a strategy to optimize the various initiatives in progress in the sector, such as the PMRI, White Paper, OMVG, make feasible the project to build the Saltinho Dam, etc.).

**For the medium and long term:** i) continue to develop the country's energy capacities, including as part of sub-regional initiatives that will foster access to more low-cost hydropower; ii) encourage alternative energy sources as a means of reducing dependence on petroleum products; and iii) promote access to modern energy services in the rural and semi-urban areas.

In 2020, it is expected that the power grid will cover 80 percent of urban centers, as opposed to current 60 percent coverage in the country. For 2015, the targets are 60 percent and 35 percent respectively.

To remedy this situation, the government will focus its efforts as follows:

- Increase power generation infrastructure and distribution systems, particularly for Bissau, the capital city, including the implementation of current projects or projects now in the negotiating phase with partners;
- Strengthen the EAGB's technical and operating capacities and implement the institutional reforms required to grow the sector;
- Upgrade commercial management by raising the power use recovery rate from 40 to 70 percent or more with the goal of financially stabilizing the EAGB (to this end, give priority to controlling illegal connections by strengthening the legal framework and by bolstering control capabilities);
- Revise the rate structure and introduce a prepayment system;
- Plan the sector's development to meet future requirements, incorporating opportunities for development and grid interconnection under the Rio Gambia Development Organization (OMVG) and;
- Promote alternative domestic energy systems with greater efficiency to stem the per capita use of firewood and charcoal, thus ensuring the sustainability of this crucial source of energy for the majority of the population;
- Promote energy efficiency: (i) in buildings, houses and in the industrial sector, to lower the amount the country pays for oil and to meet the growing demand for electricity; (ii) in the production and use of charcoal to preserve the country's forestry resources;
- Implement a strategy for supplying family units with fuel to safeguard forestry resources as well as public finances and the country's balance of payments.

**Table 7: Electricity Sector Performance Indicators (2010-2015)**

	2010	2015
Power generation (MW)	5.5	15.5
Percentage of generation invoiced and actually paid	40	70

**Wood-based fuel accounts for** roughly 90 percent of domestic energy consumption and meets practically all the needs in the rural areas. Women play an important role in this activity, not just in production, but in marketing and rural and urban consumption as well. Furthermore, all of the activities carried out at this level under PRSP II will take this role of women into account. The demand probably outstrips the 550,000 tons of wood per year

(including about 137,000 for the supply of charcoal in Bissau), and this amounts to a volume of 1.2 million m<sup>3</sup>, or over 80 percent of forest production. It is a fact that forest coverage has declined considerably in Guinea-Bissau. Therefore, in this area, the energy requirements of the people—especially the poorest and rural populations—must be reconciled with preserving the forests.

The government will continue to redouble efforts to accelerate the implementation of the programs planned under the CILSS: solar panels for lighting, and meeting small-scale domestic needs, such as for televisions and preparing food, as well as community necessities, such as dispensaries and telecommunications.

By contrast, taking the country's hydro, solar and biomass potential into account, and to meet its international commitments for lowering greenhouse gas emissions, the government will commit to promoting renewable energy by adopting a national policy to promote renewable energy, including wind, solar, and small and micro-hydroelectricity from biomass) under its master plan.

#### **b. Transport infrastructure (road, sea, river and air)**

Significant progress has been made in upgrading the primary road network and in building crossings under a major program begun several years ago with external partner support. Most of the regional networks have been brought out of isolation and connected to the neighboring countries of Senegal and Guinea Conakry, and are nearly passable all year long.

Of the country's total road network (2,755 km), only 770 km are paved (27.5 percent). The entire network is on the continent. More than 75 percent of national and regional roads are in poor condition. Just 45 percent of local streets are paved, and at the national level, 75 percent of streets are unpaved. The islands have only 79 km of roads, and only 13 km are paved.

However, obstacles remain: (i) the deterioration of the road network,<sup>14</sup> which limits access to production areas, especially in the South of the country; and ii) the country's limited port capacities. Initially planned for 5,000 containers per year, the Port of Bissau, the country's only port, is currently handling traffic of about 20,000 containers. This in fact is the reason ships have to wait. In addition, access conditions have worsened and the exorbitant costs of port operations so that this port now has the highest costs in the sub-region.

**To mitigate these constraints, the following priority actions are planned in the road sector:** i) upgrade access to the country's production areas by implementing the program to rehabilitate rural trails, with special emphasis on the regions of the South; ii) maintain and expand the national road network by establishing programs to maintain, rehabilitate and/or build streets and crossings; and iii) pursue the efforts to permanently interlink Senegal, Guinea-Bissau and the Republic of Guinea with Transwest African and interconnection roads (intercommunity corridor under the Regional Economic Program (PER).

**For maritime and river transport,** the rehabilitation and expansion of the Port of Bissau is a priority given its strategic importance for the national economy, including imports and

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<sup>14</sup> According to DGEP data (see the MDG costing report, September 2010) the country has 2,755 km of roads, and only 770 km are paved. In total, more than 75 percent of national and regional roads are in poor condition, while 45 percent of local streets are paved and 75 percent are unpaved.

exports of cashew nuts.<sup>15</sup> Along the same lines, the following should be considered: i) improving security conditions at sea by: providing support equipment for ships, such as beacons, buoys and other equipment; ii) hydrographic surveys to update small-scale nautical maps; iii) building a second deepwater port at the Port of Buba as part of the development of the country's integrated agricultural and mineral potential following the environmental impact study; iv) supporting the revitalization of river and maritime transport, in particular to bring the islands in the South of the country out of isolation (prepare and implement a plan to restructure the river and maritime transport system: establish a river fleet, dredge navigable waterways, acquire communication and safety equipment, etc.).

This way, the government focuses on updating the technical studies and creating the mechanisms necessary for promoting and supporting private investment. To support this dynamic, and to foster the successful implementation of this program, it will be necessary to strengthen the applicable institutional capacities, in particular for the Merchant Marine General Directorate, which is tasked with regulating, supervising and setting up a maritime transport meteorological center.

**For air transport**, the primary requirement will be to upgrade Osvaldo Vieira International Purpose to meet the standards of the International Civil Aviation Organization (ICAO) and to standardize the air navigation system.

### **c. Telecommunications:**

**In the last several years, the telecommunications sector has made significant strides** by opening up to different economic operators. Currently there are three cellular telephone operators (Guinetel, MTN and Orange), and 39.3 percent of the population has cellular phones. To advance the sector's development, the government enacted several laws and regulations, including the framework law on the administration of telecommunications: i) interconnection and network access; ii) providing network and information and communications services; iii) carrying out projects, penalties, and dispute resolution; and iv) public consultation.

**For the coming years, the main challenges will be to:** i) extend the coverage of telecommunications services, including the Internet (the access rate is limited to less than 1 percent); and ii) upgrade service quality.

To this end, the government policy will address: i) strengthening the legal framework to promote private investment, strengthen free competition and improve service quality for the people; ii) strengthening the capacities of the Guinea-Bissau Communication Institute (ICGB) as regulating entity; iii) preparing and implementing a plan for the government divestiture of Guiné-Telecom; and iv) promoting the development of rural telephony, in particular the creation of a universal access fund for telecommunications services.

In addition, the development of landlines is still problematic. The switch by customers to mobile telephones contributed to the development of this service, which is essential for high-speed data transfer. To remedy this situation, developing a national fiber optic network would

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<sup>15</sup> Currently, more than 85 percent of imports and 95 percent of Guinea-Bissau's exports go through the Port of Bissau.

be beneficial. To do so, given the volume of investment required, the government will promote private investment.

#### **d. Urban development, housing, mapping and regional planning**

In the context of urban development, to improve the lives of the people, the government: (i) adopted the General Civil Construction and Urban Housing Regulation; (ii) created the Real Estate Development Agency; (iii) enacted the Regional Planning and Urban Development Law; and (iv) established the National Regional Planning Policy.

Under PRSP II, in accordance with the guidelines in the policy paper for the infrastructure sector, the following measures will be implemented: i) develop and implement the regional planning regional development plans; ii) develop coherent instruments for maintaining national physical spaces and natural resources (National Regional Development Plan and map updates); iii) regulate land rights (the Land Law); iv) adopt national housing and urban development policies; v) begin the process of urban restructuring and rehabilitation in the cities of Guinea-Bissau; vi) renovate and build urban infrastructure, such as markets, slaughterhouses, public latrines, recreational facilities, etc.; vii) update the topographical maps of the country and urban centers; viii), strengthen national capacities in urban planning, geographical information systems, mapping and planning; and ix) create green spaces in urban areas.

In addition to the social status of women for owning real estate and accessing financial resources, women who are heads of family units, widows, divorced or single, experience more difficulty than men with regard to their houses and the context of their housing. PRSP II will strive to integrate and respond specifically to the needs of these women who are in fact the poorest of the poor proportionately speaking.

### **3. Improve governance in the emerging sectors of mining and oil**

**The country has mineral resources**, and developing them could be used to advantage to accelerate economic growth, providing major resources for the government budget to finance the provision of basic social services and to alleviate poverty. Development work has identified considerable deposits of bauxite, phosphate and, as well as other minerals of economic interest.

**Nonetheless, there are major challenges for developing this sector, such as:** i) the difficulty of mobilizing the necessary investments; ii) poor national capacities for negotiating and monitoring legal instruments to protect the country's interests, and; iii) controlling the impact of mining activities on the environment.

To address these challenges, the government recommends the following core areas of intervention:

- i. Improve the investment framework by revising the Mining and Hydrocarbons Law to make the investment framework more transparent and to better tailor it to the country's current context (this revision will be completed in 2012);
- ii. Strengthen the technical and administrative capacities of the entity responsible for mines and hydrocarbons so that a national mining and oil policy can be prepared in 2011-2012; train staff and provide the entities with substantial means in terms of

- equipment; and improve the transparency of the agreement negotiating and approval process;
- iii. Plan measures to optimize the fluctuations in mining resources for the country: revise and adjust mining and oil taxation to make it compliant with international standards; involve mining companies more in local development; and join the Extractive Industries Transparency Initiative (EITI + +) in 2011;
  - iv. Implement environmental preservation measures by preparing and implementing a suitable policy, including the actual implementation of strict measures such as: requiring operators to perform environmental impact studies for which work has already begun on rehabilitating mined or affected areas; institutionalize fees for restoring and preserving the environment and strengthen government control and monitoring capacities over utilities as well as civil society. Moreover, there are plans to strengthen the capacities and evaluate the monitoring of the impact that extractive industries have on the environment.

**Moreover, special attention will be paid to preventing the risks of spreading HIV/AIDS and GBV** in mining operating areas when the work begins. Moreover, women will be protected in these areas, for the purpose of preventing and mitigating all acts of sexual violence against them. In addition to being a violation of their rights and affecting their mental health, this may be a factor in transmitting sexually transmitted diseases, including HIV/AIDS.

Pending the implementation of this institutional framework, the government will not be in a position to award new concessions or to begin new large-scale projects. The exception is the Boé deposits, where the resumption of work will be authorized in accordance with environmental standards, including repairing damage already caused. Concessions already established for precious metals in Varela and the phosphate deposits in Farim should be revised in accordance with international environmental protection standards.

#### **4. Develop the processing industry**

Faced with many constraints, beginning with the supply and high cost of electricity, the industrial sector is in an embryonic state and has been somewhat sluggish in the recent past. Studies and consultations have been performed, including preparing the PRSP, and they do not consider this sector a vehicle for growth in the next five years. Consequently, as was the case for PRSP I, a specific program for this sector was not proposed. The existing potential for processing cashew nuts and fish products was addressed and authorized for the corresponding industries. The existing potential for agro-industry (fruit juice, for example), will be taken into account, as well as general measures for improving the business environment. However, the government will begin a detailed study of the type of industrialization that Guinea-Bissau can implement in the medium and long run based on its comparative advantages, and taking into account competition from the countries of the sub-region as well as environmental impact studies.

#### **5. Improve and develop the job market**

Pending a more detailed and updated analysis of the job situation in Guinea-Bissau, the initial results of the 2009 census of the population and the 2010 poverty survey, as well as the study of non-monetary poverty in February 2011, show at least six (6) levels of priorities:

- The cross-cutting dimension of employment through certain arbitrations of macroeconomic policies and strategies for implementing investment programs that address job market concerns and social pressure on people looking for dignified and sustainable jobs;
- Implement a job observatory with information disaggregated by gender, so that the measures that are taken are appropriate and benefit women and men alike;
- Specific programs to solve underemployment problems in rural areas and unemployment in urban areas;
- Prepare a strategy for jobs for youth, incorporating the government social welfare and environmental policy;
- The legal framework for incentives and protecting workers' rights;
- Create a job program based on urban and road investments so that the question of employment is the crux of the strategy by using high-intensity techniques for manpower, training and growing small- and medium-sized businesses.

**For the next five years, the government will stress the following aspects:**

- Developing a national employment and vocational training policy;
- Developing employment indicators to better grasp the unemployment situation and target its interventions based on housing location (urban and rural);
- Establishing a youth job program that incorporates the gender equality issue in terms of access and training opportunities;
- Establishing a regionalized program for creating jobs, using high-intensity manpower techniques in implementing certain types of projects in the Public Investment Program.

## **6. Environmental management and protection**

In comparison with other countries in the sub-region, Guinea-Bissau seems to have preserved its environmental balance. The intensification of economic activities in certain areas such as agriculture and fishing, and in the extractive industries in particular, may be a real threat to the ecosystem and the sustainability of natural resources.

Several practices that involve developing soil resources, water and the forests are among the main causes of the increase in types of soil deterioration, the fragmentation of habitats, soil erosion, fewer available water resources, a loss of ecosystem services, and the rapid drop-off in biological diversity. Among these threats, the following can be mentioned: slash-and-burn agriculture practices, subsistence hunting, charcoal and small livestock production, general herding of livestock, the indiscriminate cutting of forestry resources in order to extract the last cuttings of wood, and the rapid expansion of cashew nut plantations, as well as unsustainable hunting and burning (fire is often used as a hunting technique). This trend is of particular concern in the context of climate change, whose impacts may gradually exacerbate the negative effects of forest losses in terms of biodiversity and jeopardize the subsistence and survival capacity of rural communities.

The solutions adopted by the national natural resource management papers (NBSAP, NAPA, PAN, LCD, national messages, etc.), are based on five pillars: (a) building institutional, technical and financial capacities to manage natural resources; (b) strengthening the regulatory framework; (c) incorporating environmental and natural resource management into

economic development policies; d) making people in rural areas aware of the role of ecosystem development services; and e) engaging the interested parties, including communities, in ecosystem management.

To achieve the objectives of the PNGA, the following steps should be taken: i) revise the PNGA; ii) develop consistent instruments for managing national physical spaces and natural resources (National Regional Planning); iii) design a national strategy to properly manage water resources and ensure rational access for all users; iv) encourage renewable energy to ensure that energy requirements can be met sustainably, thereby reducing pressure on forestry resources (firewood); v) establish a reliable information system accessible to all users for better environmental management; vi) develop environmental research; vii) implement a reforestation program to curb or reverse the deterioration of natural resources; viii) implement conventions and protocols that are directly or indirectly related to the environment and sign others considered relevant; ix) modernize economic activities, in particular by intensifying agriculture for food security through sustainable natural resources development; x) develop the national plan to mitigate greenhouse gases (NAMA), the National Zero Carbon Development Strategy in the Strategy Investment Plan for the Sustainable Management of Land; xi) strengthen the operational capacities of institutions in charge of monitoring, evaluating and protecting the environment; and xii) mobilize financial resources to implement the aforementioned strategy plans.

#### 2.4.4. Core area IV: Raise the level of human capital development

This core area establishes the priority measures for education, health, water, and sanitation, taking into account the necessity of accelerating the achievement of the Millennium Development Goals (MDGs). To this end, special attention will continue to be paid to the poor and vulnerable groups, and to women and children in particular from the poorest units and people who require special treatment, with the challenge of ensuring that everyone has equal access to basic social services. The measures in this core area are part of a vision to accelerate the development of the quality of living and human resources by developing and upgrading the quality of education, health, drinking water supply, and sanitation services.

##### 1. Develop and improve the quality of the education system

**The assessment of the education sector in Guinea-Bissau shows considerable progress** in access to education at all levels of the system throughout the last seven years. In part, this is due to the contributions communities have made at the primary level.

According to the provisional results of the 2010 Multiple Indicator Cluster/Reproductive Health Demographic Survey (MICS/IDSR), the net enrollment rate at the primary level was 67.4 percent at the national level, versus 56.9 percent in 2003/2004. This is an increase of 10.5 percentage points in six years. This rate rose to 87.1 percent in Bissau, 83.5 percent in all urban areas combined, and 56.5 percent in rural areas. The difference between girls and boys continues to be relatively slight (65.4 percent for girls and 69.3 percent for boys) in primary education. At the secondary level, the net enrollment rate is 23.5 percent at the national level, while the rate for girls is only 19.9 percent.

Nevertheless, this relative progress has not solved the serious issues of the dysfunctional education system in the country. Access to schools is far from being within everyone's reach, and retention of children in schools continues to be poor, in that of every 100 children that enroll for the first year, just 40 reach the sixth year of school.

A comparable situation is observed in secondary education, with even greater regional and gender disparities. In fact, in the rural areas, boys have twice as many chances of completing primary education as girls, and the difference in urban areas is 1.4. Still worse, the quality of education leaves much to be desired, primarily due to the insufficient infrastructure as a result of practically nonexistent teaching resources (few or no textbooks available for the students), the lack and poor qualifications of faculty and the ensuing structural disturbances observed over the last years. The literacy rate continues to be quite low, with just 42 percent of the adult population that is literate, as a result of the lack of an effective literacy training policy.<sup>16</sup>

**In an attempt to remedy the situation, the government** adopted the Education Sector Policy Paper for 2009 to 2020 with the following expected results among others: i) raise the preschool registration rate to 11 percent in 2020 versus 5 percent in 2006, ii) provide primary education to all children, iii) improve access to primary education (7<sup>th</sup> to 9<sup>th</sup> grades), to give most youths the nine years of education; iv) upgrade higher education and promote scientific research; and v) improve the quality of education at all levels.

PRSP II is part of implementing the Education Sector Development Policy.

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<sup>16</sup> Estimated based on the 2000 MICS.

PRSP II is implemented with the following planned measures:

- **Preschool level:** i) develop community and madrassa models; ii) promote private centers to raise acceptance capacity to 10 percent per year; iii) improve the public supply by streamlining the resources allocated to kindergartens;
- **Primary school level:** The stated goal is to have 100 percent of children in an age group registered in first grade in a given year and to give them a complete education of six years in 2020. While PRSP II is being implemented, the goals will aim at 68.8 percent in 2011 and 81.6 percent in 2015.

As for supporting vulnerable groups, under PRSP II the government also plans to develop programs to support the poor and very poor. These programs should prioritize a systematic approach that takes into account the supply and demand of education for children. The specific programs to be implemented are:

- Provide equipment and materials for teaching and strengthening educator capacity;
- Lower the costs of educating children with the goal of implementing the free education policy;
- Provide free education for children who are in extremely vulnerable situations;
- Increase the number of and diversify school cafeterias;
- Develop adult literacy and instructional programs as a way to contribute to alleviating poverty in family units.

**Achieving this objective requires implementing the following measures:** i) lower the failure rate to 10 percent starting in 2015 versus 14.8 percent in 2010; ii) gradually have the government take over the community and madrassa schools; iii) promote the supply of private schools through incentives (10 percent of the unit cost of a public sector student for each private sector student); iv) eliminate disparities in access to education; v) with community support, establish school cafeterias, with priority given to areas with low demand for education and high dropout rates to make education universal; vi) systematically use classes with more than one grade in areas with low school enrollment; vii) build and renovate an average of 365 classrooms per year; and viii) hire an average of roughly 635 teachers per year. If these planned measures are implemented, it will be possible to educate 546,000 children by 2020, as opposed to 362,000 in 2010.

**Table 8: Primary level targets and indicators**

	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Number of textbooks to be distributed	941,727	969,234	997,578	1,026,786	1,056,294
Course completion rate	66.8%	70.5%	74.2%	77.9%	81.6%

*Ministry of Education/Education System Statistics and Planning Office, simulation model, June 2009 edition*

Improving quality will require: i) strengthening initial and continuing training of faculty; ii) gradually decreasing the number of classrooms with more than one grade; iii) lower the student-teacher ratio; iv) distribute textbook and educational materials to schools free of charge; v) beginning in 2012, prepare and adopt new school programs appropriate for the country's economic and social realities; and vi) strengthen the administrative and educational management of schools. In this context, the Fast-Track Initiative will be an opportunity for mobilizing the additional financing necessary for the primary education initiative for all.

**Secondary schools:** The goal is to improve access to quality education. To this end, interventions will: i) raise public secondary school enrollment capacity, which will climb to 28,000 students in 2020 versus 13,000 in 2006; ii) hire an average of about 115 teachers per year; iii) build an average of roughly 35 classrooms per year; and iv) have the government pay tuition and purchase textbooks for the most disadvantaged students. The following steps are in addition to these recommended measures: i) gradually increase the actual amount of time students spend in school, from 20 weeks currently to 25 weeks in 2020; ii) raise the number of weekly hours per teacher from 17 to 25 hours by 2020, iii) revise the initial training of teachers and implement appropriate continuing education; iv) strengthen the teaching of scientific disciplines by building and outfitting laboratories; v) strengthen the administrative and educational management of schools; and vi) reorganize the academic year by introducing the twelfth year to harmonize it with sub-regional practices, including the revision of the program and curriculum.

**Table 9: Primary school targets and indicators**

Indicators	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Enrollment capacity	17,303	18,033	18,701	19,301	19,825
Retention rate in the 10 <sup>th</sup> and 11 <sup>th</sup> grades	89.5%	90.1%	90.7%	91.3%	91.9%

*Ministry of Education/Education System Statistics and Planning Office, simulation model, June 2009 edition*

## BOX 1

### Requirements for achieving universal education by 2015: MDG 2

According to the Education Sector Policy Paper, the government has committed to make the following the main priorities: universal primary education and universal completion of the third basic course (1<sup>st</sup> secondary course) with an improvement in the quality of services. To this end, the policy will focus on: i) promoting preschool education; ii) improving the coverage of the 3<sup>rd</sup> basic course to progress toward broader coverage, with a system that provides most youths with nine years of schooling; iii) improving the quality of educational services offered; and iv) develop skills youths need to enter society.

The government is aware of the challenges ahead, and performed an assessment of the most relevant requirements in order to achieve MDG 2 by 2015. The results are as follows:

Classrooms to be built:

Academic year	2010/11	2011/12	2012/13	2013/14	2014/15	Average
Primary	304	907	972	987	971	828
Secondary 1	15	128	196	354	505	240
Secondary 2	7	38	84	62	69	52

New teachers to be hired:

Academic year	2010/11	2011/12	2012/13	2013/14	2014/15	Average
Primary	1,360	1,459	1,575	1,615	1,615	1,525
Secondary 1	364	529	852	1,607	1,608	992
Secondary 2	97	115	175	42	67	99

**For technical education and vocational training (ETFP),** the proposal is to: i) increase access to technical and vocational training; ii) improve the quality of and diversify training programs; and iii) improve the monitoring of technical and vocational training.

To achieve these outcomes, various measures will be implemented, including: i) building the capacities of the Technical and Vocational Training Institute; ii) restructuring the management system as a framework for dialogue and cooperation between training institutions and responsible companies; iii) institutionalizing a management system based on the permanent revision of matching training with jobs; iv) requiring initial and continuing training of trainers; v) preparing and implementing suitable training programs, including entrepreneurship; vi) rehabilitating teaching equipment and materials; vii) promoting work-linked training; viii) strengthening monitoring-evaluation and quality control; and ix) implementing systems to support the socio-occupational integration of trained youths, in particular through facilities for accessing basic equipment as well as initial coaching.

In addition, ETFP capacities will be developed so that by 2020, the vocational training schools will be able to accommodate 15 percent of the youths who complete the primary and secondary courses and the traditional ETFP can be expanded. To this end, the requirements are as follows: i) strengthen the enrollment capacities of existing establishments and create new facilities based on need, as well as on national capacities, to accommodate 447 students in 2010 and 604 in 2020; ii) pay some of the costs of vocational education and integration to

make it accessible to the largest possible number of youths; iii) diversify the specializations directed to the priority sectors of the economy; and iv) hire trainers.

**For higher education and scientific research:** The main goal is to improve system effectiveness to meet the needs for high-level national managers for the country's economic and social development. To this end, the priorities will focus on the following: i) diversification and professionalization of training; ii) implementation of an observation and job market search system; iii) promotion of private education and distance learning to enhance the public sector's weak capacities in this area; iv); continuing education for teachers; v) improvements in teaching resources, such as laboratories, libraries, electronic networks, NICT, etc.); and vi) develop partnerships between the Public University and foreign universities.

**In adult literacy,** the policy aims to: i) expand opportunities for accessing knowledge for persons between 15 and 35 years of age; ii) lower the illiteracy rate to 21 percent in 2015 versus 42 percent in 2010; iii) have a functional approach to literacy oriented to literacy activities; and iv) develop the intensive literacy program through audiovisual ALFA-TV.

This policy will be developed by: i) identifying the target population (using census results); ii) mobilizing all actors to fight illiteracy; iii) developing literacy training programs and guides; iv) training facilitators/literacy trainers; v) strengthening the monitoring-evaluation system; and vi) implementing literacy programs for parents of students with the support of primary education teachers.

With regard to gender issues specifically, PRSP II will intervene through seven (7) priority actions: (i) pay special attention to girls so that their enrollment, retention and course completion rate targets will be achieved at every level; (ii) ensure that girls register for school and remain in the education system during the legal age; (iii) at every level, create the administrative, social and legal conditions to protect female and male pupils and students from sexual harassment; (iv) facilitate and promote the enrollment and retention of women in the literacy facilities and support them in post-literacy; (vi) strike a gender balance in retaining and hiring teachers; and (vii) include gender issues in cross-cutting training programs for teachers and students starting at the primary level.

## **2. Develop the health sector and upgrade the quality of services**

The country's health situation is characterized by the low level of use of health services and the people's vulnerability in terms of health. More particularly, this affects children under five and mothers. There are fewer than 0.4 visits to health facilities per inhabitant per year, despite the improvement in the geographical coverage of health facilities in the country. The use of health services by women continues to be very low because of their own status, primarily in rural areas. The status of the people's health continues to be cause for concern. Despite progress, one in ten children (104 per thousand) dies before the age of one and the maternal mortality rate remains one of the highest in the sub-region. It was found that the risk of a woman of childbearing age dying in Guinea-Bissau is 184 times greater than the risk of women who live in developed countries.

The level of national coverage of health services remains low, especially in rural areas. Health requirements are on the rise for the following reasons: i) demographic growth (2.47 percent according to the results of the 2009 census of the population); ii) the people's demands in

terms of the coverage, availability and quality of health services; and iii) the need to improve the people's rate of health coverage.

**The main causes of morbidity and mortality** among the population are communicable diseases, including HIV/AIDS,<sup>17</sup> and obstetrical and neonatal complications. Thus, despite the progress made in primary health care, malaria continues to be an endemic disease with a stable transmission rate and high prevalence. The groups most vulnerable to malaria are children under five and pregnant women.

According to the National Tuberculosis Control Program (PNLT), the incidence of tuberculosis in 2005 was 206 per 100,000 persons per year (WHO, SD), and 19 percent of new cases in adults were HIV+ (WHO, SD). Prevalence in the same year was 293 cases per 100,000 persons (WHO, SD). The trend in this disease is closely linked to HIV/AIDS infection.

In addition to communicable diseases and vaccine-preventable diseases, there is malnutrition, which is the leading public health issue among noncommunicable diseases. Its contribution to both infant-child and maternal mortality is significant. As for the clinical context of noncommunicable diseases, cardiovascular diseases stand out, as well as hypertension, diabetes and other chronic degenerative diseases such as cancer.

The social status of women, with the corollaries of being dependent on men's decisions, the inability to refuse sexual acts in the marital context, and making women feel guilty in cases of violence, make them a group that is structurally vulnerable to disease, thereby exacerbating their physiological vulnerability to STDs, one of which is HIV/AIDS.

**The coverage level of national health care services** is still low, particularly in rural areas. Health requirements are rising due to: i) demographic growth (2.47 percent according to RGPH-2009); ii) the people's demands for available housing and quality health services; and iii) the necessity of improving the people's health coverage rates.

**To remedy the health situation in the country, the government** just adopted the National Health Development Program II (PNDS), whose objectives are fully in line with the MDGs 4, 5 and 6. Essentially, it addresses lowering maternal-child mortality, promoting reproductive health, and fighting HIV/AIDS. The national health strategy focuses on developing primary health care with community involvement in creating and implementing health development programs, including the management of health services. As defined in the PNDS Operationalization Instrument, the sector's primary goal is to improve the people's health status by strengthening the national health system, including care services, management entities and their functional connections.

**The strategic challenges that the Health Development Strategy Plan is considering are expressed in PRSP II through the following measures:** i) build, renovate and outfit health infrastructures; ii) develop and upgrade human resources; iii) supply pharmaceuticals and nonpharmaceuticals; iv) promote expanded programs to control infectious and contagious diseases such as tuberculosis and hepatitis; v) launch the referral and counter-referral system; vi) ensure the supervision, monitoring, assessment and development of operational research;

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<sup>17</sup> The three (3) leading communicable diseases alone generate over 70 percent of consultations in clinics.

vii) strengthen governance, leadership, partnerships and quality control; viii) develop intersectoral cooperation and health promotion; ix) adopt and implement obstetric care; x) support the expanded program on immunization for children; xi) prevent and mitigate cholera epidemics and support the authorities in preventing and fighting HIV/AIDS and other sexually transmitted and endemic diseases; and xii) distribute malaria treatment kits to children.

**The sector development strategy** is based on strengthening primary health care through a minimum package of activities (MPA) to all the health centers in an effort to meet the people's needs. Moreover, the strategy promotes a genuine financial and budget management partnership with the communities at the local level in accordance with the Bamako Initiative. The expansion of this strategy, combined with other financing systems, should make health services viable. It should also provide complete complementarity between the central, regional and local facilities and the institutions that meet the people's operational needs in terms of curative, preventive and promotional services.

Other guidelines will contribute to directing government action. They are: i) strengthening the expanded program by implementing cost-recovery mechanisms and facilitating access for vulnerable groups; ii) equitably distributing human, material and financial resources; iii) improving the operation of health services and the quality of care; iv) gradually decentralizing the health system, along with upgrading management capacities; v) developing a human resources policy, including a training plan and a plan to improve working conditions for health professionals; and vi) develop better programmatic and operational cooperation and coordination.

To fight the poverty that has grown worse in recent years, the government plans to develop a new strategy by creating a system of partial coverage of health care costs for poor and very poor families. This system will identify those families and provide coupon books for partial support for medical care that are to be surrendered to health facilities to take advantage of the coverage of costs, which may be between 80 and 90 percent. The care centers, with which contracts were signed to assist the poor and very poor, will obtain assistance in the form of drugs, equipment and personnel training.

## Requirements for achieving the health sector MDGs: MDGs 4, 5 and 6

The main interventions identified are: i) develop infrastructure; ii) hire, train and assign personnel; iii) meet other requirements for managing the health system (cost management, M&E, etc.); iv) provide health care to children (primary, hospital care and immunization) and mothers (family planning and antenatal and postnatal care); v) control malaria (distribute ITNs and use IPT for pregnant mothers); and vi) control HIV/AIDS (youth awareness, complete PMTCT services for pregnant women, full screening services and the cost of ARV treatment).

The main recommended strategies are: subsidize certain drugs, vaccines and consumables; promote essential generic drugs; pay emergency costs, including for disadvantaged persons, promote solidarity mechanisms, streamline care, standardize prices, and identify and apply criteria for the allocation and use of resources and the promotion of risk-sharing systems for health (the government, TFPs and families).

Infrastructures to be renovated

	2011	2012	2013	2014	2015
Community health units	60	60	60	60	61
"C" health center	17	17	17	17	17
"B" health center	4	3	0	0	0
"A" health center	2	2	2	2	0
Regional hospital	1	1	1	0	0
National referral clinic	0	0	0	0	0
National hospital	0	0	0	0	0

Human resources requirements

	2011	2012	2013	2014	2015
General clinic physician	68	68	68	68	68
General Practitioner [Médico integrado]	8	8	8	8	8
Surgeon	18	20	20	20	20
Obstetrician-Gynecologist	16	16	16	16	16

Pediatrician	22	24	24	24	24
Nurses/partners	637	685	685	685	685
Public health worker	43	43	43	43	43
Nurses' assistants	459	459	459	459	459
Laboratory assistants	145	153	153	153	153
Laboratory technicians	53	53	53	53	53
Ophthalmology technicians	22	24	24	24	24
Community ophthalmology technicians	8	8	8	8	8
Optometry technicians	14	16	16	16	16
Pathology anatomy technicians	2	2	2	2	2
Physical therapists	14	16	16	16	16
Radiology technicians	36	40	40	40	40
Optometry technicians	10	10	10	10	10
Optometry assistants	14	16	16	16	16
Stomatology technicians	14	16	16	16	16
Anesthesia technicians	44	48	48	48	48
Instrument technicians	58	64	64	64	64
Surgical technicians	36	40	40	40	40
Pharmacy technicians	44	48	48	48	48
Social workers	14	16	16	16	16
Senior administrators	23	23	23	23	23
Secretaries	20	20	20	20	20
Mid-level administrators	22	22	22	22	22
Dieticians	5	5	5	5	5
Cooks	23	23	23	23	23
Laundry workers	45	45	45	45	45
Drivers	45	45	45	45	45
Janitors	486	486	486	486	486

Statisticians	27	27	27	27	27
Electricians	9	9	9	9	9
Community health workers (CHW)	4,206	4,206	4,206	4,206	4,206

### 3. Intensify and expand HIV/AIDS programs

According to UNAIDS SPECTRUM in 2009 the total prevalence of HIV/AIDS in Guinea-Bissau is 2.6 percent. The epidemiological profile is characterized by the coexistence of two types of viruses, HIV1 and HIV2. Nevertheless, a reversal of the epidemiological profile of the infection is occurring. Dominated by HIV1 up to the beginning of the 1990s, HIV2 became more frequent, especially among young pregnant women under 25 years old. The results of the sentinel study on HIV/AIDS in pregnant women show that the rates in young women were twice as high as the prevalence of HIV1 compared to the rates of women over 30 years old. In the regional capitals of Guinea-Bissau, they have the higher prevalence of the infection. The INASA and IHM study found that the average prevalence rate is 5.8 percent.

As a result, the government will implement an ambitious program that focuses on: i) information, education and communication (IEC) for a better understanding of HIV/AIDS and how it is transmitted; ii) behavior change awareness; iii) expanding access to antiretrovirals (ARVs) as well as psycho-social support; iv) assistance for PLWHIV and their families, including AIDS orphans; and v) strengthening national capacities to provide a response to fight HIV/AIDS. To address this challenge, the strategy will concentrate on deconcentrating and decentralizing interventions and on the involvement of PLWHIV in information and awareness campaigns. However, partner support will be necessary, and the government, despite its financial limitations, will contribute substantial resources to fight HIV/AIDS.

Women are faced with a special situation since their physiological frailty and their social conditions make them more likely to fall victim of the HIV/AIDS pandemic. In Guinea-Bissau, as in most countries of Africa, the epidemic is affecting women more and more, and is particularly striking young girls between 15 and 24 years old. The social status of women, deprived of any power over their bodies and decision-making, makes them—in the marital context and otherwise—disadvantaged and vulnerable, so that this situation needs to be addressed in a special way.

To effectively control HIV/AIDS, the government, in the National Strategy Plan (PEN), focused its activities for 2011 to 2013 on the following four goals and five intermediate objectives:

1. Lower HIV infection trends in the population in general by: strengthening counseling and voluntary screening capacities and behavior change communication capacities for the vast majority of the sexually active population and make them aware of HIV status; provide an integrated PMTCT prevention package to 50 percent of women who use antenatal care; and ensure 100 percent safety for blood or its derivatives in the blood transfusion facilities;

2. Improve living conditions for people living with HIV/AIDS by improving the quality of life for more than 80 percent of PLWHIV eligible for ARV and OI treatment, including orphans and children vulnerable to HIV/AIDS;
3. Provide complete and reliable information on strategic trends in the epidemic for decision-making and allocating the necessary resources;
4. Involve all the actors/partners in the fight against AIDS in the country to obtain an appropriate national response to the epidemic, and to strengthen the capacity of the entities that provide institutional and program coordination for the fight against HIV/AIDS at the local, regional and central levels.

To reverse the infection trend, PEN II (2007-2011) recommends the following objectives grouped into four areas of interventions:

- Intervention area 1: universal access to STD/HIV/AIDS prevention
  - With emphasis on youths, increase from 7 percent to 60 percent the percentage of the population who should know and be able to correctly identify at least three ways HIV/AIDS is transmitted;
  - Increase from 33 percent to 60 percent the use of condoms in occasional sexual relations during the last 12 months;
  - Decrease from 8 percent to 4 percent the percentage of the sexually active population that had an STD in the last 12 months;
  - Increase by at least 30 percent the number of sexually active people who know their HIV status;
  - Ensure that 100 percent of blood transfusions continue to be performed in accordance with safety standards;
  - Ensure that 100 percent of the minimal conditions are met for preventing infection by blood transfusion and sharps and cutting objects in the health facilities.
- Area 2: reduce the impact of HIV/AIDS
  - Ensure access to treatment for OIs and antiretroviral therapy (ARVT) for 80 percent of the costs of treating PLWHIV;
  - Provide access to care and community support for persons infected and affected by HIV/AIDS;
  - Reduce the vulnerability of OVCs infected and affected by HIV/AIDS;
  - Reduce the stigma against persons infected and affected by HIV/AIDS.
- Area 3: bolster epidemiological vigilance, monitoring and evaluation, and promote operational research.
  - Determine the prevalence of and trends in the epidemic and at-risk behaviors among the general population and priority vulnerable groups;
  - Monitor the sensitivity of microbes responsible for STDs, their resistance to antibiotics and ARVs, and coinfection with HIV/tuberculosis;
  - Determine the burden of the epidemics on health services and other sectors;

- Put into practice the national unified monitoring and evaluation of AIDS in Guinea-Bissau;
- Strengthen national operational research capacities;
- Area 4: reform coordination to improve the partnership and mobilize resources by involving civil society organizations and the government agencies that work in GBV.
- Obtain a political and institutional commitment to fight AIDS at all levels;
- Ensure that each sector—public or private and civil society—takes ownership of the fight against AIDS as a national emergency;
- Upgrade the capacity to mobilize additional resources and financial management to reach the PEN objectives;
- Build technical capacities for implementing activities to fight AIDS;
- Implement a system that will mobilize resources to fight AIDS at all levels.

#### **4. Improve access to water and sanitation services**

**According to the 2010 MDG-WSSD Plan, only 40 percent of the population** has access to drinking water (from a tap or public fountains, protected wells, or reservoirs), and roughly 35 percent of families in the country have no latrines that meet the minimum requirements for protecting public health. There is no organized system to remove or treat urban waste. The supply of drinking water to families and waste removal are the woman's responsibility because they are socially codified chores that are among domestic duties, particularly in rural areas.

These data confirm that, despite efforts made over the last four years, the situation has not changed. Yet significant progress has been made: expanding the water main network for drinking water to more than 3,000 families; building public fountains in the neighborhoods of Bissau; drilling wells and installing modern pumps in the regions; building 300 water points in rural areas as well as many family and school latrines.

The challenge for PRSP II in this area is to considerably improve the people's access to water and basic quality sanitation services. According to the objectives of the 2010-2020 Master Plan for Water and Sanitation, the access rate for drinking water is expected to rise from 40 percent to 65 percent, and access to improved latrines should be up from 22 percent to 61 percent by 2015.

To achieve this, the priority actions are to: i) approve the policy paper and the national strategy to develop the sector, as well as the water code; ii) expand capacities for producing, treating and controlling water quality, and build new large-capacity reservoirs for major urban centers, and for Bissau in particular; iii) upgrade and expand the water network in the city of Bissau; iv) build 3,291 water points at the national level, particularly in the neediest areas, by 2015; v) build 125,078 latrines in the country, especially in the disadvantaged areas; vi) implement and/or strengthen the capacities of management entities to promote or sustainably develop the sector at the central and regional levels, mainly by training the parties involved; vii) establish a vocational training center for water supply and sanitation and the integrated management of hydrographic basins and wetlands; viii) promote civic education in sanitation; ix) build markets under acceptable sanitary conditions; and x) establish partnerships between the authorities, NGOs and communities in this area.

## 5. Improve and expand social protection

**Notwithstanding the solidarity principle being strongly affirmed in the various laws that govern national life**, such as the Constitution of the Republic and ratified international conventions, access to a social protection system is quite limited and reserved for a minority of the population (about 2 percent), consisting of civil servants and a few private sector employees in banks, insurance companies, etc.

In general, much of the population is faced with danger and vulnerability. This situation is explained by a combination of several factors, including the level of poverty in the country and the lack of formal protection mechanisms accessible to the majority of the population. In addition, there is the status of the vulnerable groups, including disabled persons, the elderly without resources, youths of school age looking for jobs, children,<sup>18</sup> etc. Many people, including pregnant women, die from a lack of access to quality social services.

**Under PRSP II, the challenge** is to contribute to fairness and to human development by improving the people's access—and especially for the most vulnerable—to their rights to protection and access to essential services: food; education; health; drinking water and sanitation. This will be taken into consideration in all the sectoral policies through the different programs to be implemented.

To this end, the government is stressing the following strategic priorities: i) create viable and reliable mechanisms to define, structure and implement a more just and real social protection system; ii) standardize the different social protection systems and lessen inequalities to guarantee that the civil servants have these rights; iii) prevent social marginalization through efforts to promote a sense of collective responsibility and to ensure that the social protection system can truly adapt to the new realities (including poverty, drug dependence, gender, HIV/AIDS, major vulnerabilities, etc.); iv) set up improved pension funds for civil servants and give them medical care and better treatment; v) determine and implement appropriate legislation and inclusive social policies for children in vulnerable situations (for inclusion in the general government budget of funds channeled into the implementation of policies and action plans to support vulnerable groups, and especially women, children and the disabled); vi) promote supporting the implementation of programs to strengthen community involvement to protect children and to provide access to basic social services; vii) strengthen institutional mechanisms for protecting women and children at risk of violence and abuse, including child labor, and create a response coordination and management system; viii) improve access to basic social services for children, the elderly, and people with special needs and or in vulnerable or at-risk situations; and ix) improve nutrition assistance for children.

In addition, regarding certain practices in given formal private sector entities, it will be necessary to strengthen the capacities and the effectiveness of the labor agency, proposing strict enforcement of the statutory provisions on labor rights, including hiring, purchasing insurance under the system, etc. Along the same lines, there are plans to: i) promote education, literacy and vocational training for women and youth and their income-generating

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<sup>18</sup> According to the 2010 MICS, 57 percent of children from 5 to 14 years old are subjected to child labor (655 in the rural areas versus 455 in urban areas).

activities; and ii) provide legal assistance for women to fight violence and demeaning treatment.

## **6. Develop advocacy actions for gender equality and justice**

**Since the first days after independence, Guinea-Bissau** has always placed importance on the advancement of women. This led the government to ratify all the conventions, treaties, protocols and recommendations at the international, continental and regional levels that promote their rights and improve their living conditions. Efforts have been made to translate the commitments into national laws and specific action plans, primarily by performing a series of studies [institutional analysis of national gender capacities, surveys on GBV, living conditions for women and men], a proposal for a draft law on female genital mutilation (FGM), creating a group of activists with an action plan to implement Resolution 1325 and to draft the cumulative report on the implementation of the Committee on the Elimination of Discrimination Against Women (CEDAW). Moreover, the government has a ministry in charge of women's issues that deals with matters of family, social cohesion and poverty alleviation. This ministry and the entity that oversees the Women's and Children's Institute (IMC) are responsible for the government's activities and approaches in the specific area of gender and the advancement of women. Moreover, civil society has many associations and NGOs that are involved in this specific area and that specialize in various areas, such as microcredit, GBV, mutual health systems, education, and HIV/AIDS.

Today, the country is finalizing the National Equality and Gender Equity Policy (PNIEG). Once this document is finalized, the country will have a framework for orientation, dialogue and coordination for gender issues. This framework, which will put an end to the poorly coordinated efforts in this area as well as pluralistic approaches that are not always well-suited to social and cultural conditions, will enhance the effectiveness of the activities carried out and will make the resulting outcomes truly sustainable for all the interventions, including the actions associated with PRSP II.

**Nonetheless, efforts remain below expectations.** The data from many statistical tables is seldom disaggregated by sex, a "women and development" approach persists, gender skills are in short supply, actions are sometimes poorly coordinated, and the parties involved have no resources to carry out or monitor activities.

**The challenge of PRSP II in this specific area** is fourfold: (i) ensure that the contribution of women is used to advantage in activities carried out in each sector and in the areas under consideration, keeping in mind their efficiency and their effectiveness; (ii) ensure that women and men alike enjoy the expected benefits in order to pull them out of poverty and consequently to pull the country out of poverty en masse; (iii) allow parents to fulfill their commitments regarding women's rights; and finally, (iv) forge ahead in the next five years to achieve all the MDGs.

**To meet this challenge**, two objectives must be achieved to contribute to: i) curbing economic and social disparities between men and women; and ii) eliminating the inequalities and injustices that women face.

**A cross-cutting approach for gender issues was chosen**, taking gender into consideration as a cross-cutting dimension for the design, budget, institutional framework and management of

its implementation, as well as the subsequent monitoring and evaluation. Likewise, the two objectives will be met through a cross-cutting analysis in every sector and area through gender activities that will be proposed. The purpose of this approach is to ensure that specifying gender activities in a complementary program does not lead to a situation in which such activities are quietly forgotten during implementation, resource allocation, or monitoring. The involvement of the national public and nongovernmental entities that operate in the area of promoting gender equality and justice (GEJ) in this process is essential, with women on an equal footing with men, and national gender competencies. Thus, this is also a challenge to ensure this cross-cutting integration and to achieve outcomes in alleviating poverty that should benefit women and men alike.

## **2.5. Macroeconomic framework, PRSP II financing, and key risks**

In May 2010, Guinea-Bissau signed a medium-term program with the International Monetary Fund for the period 2010-2012, supported with the Extended Credit Facility (ECF), and reached the Heavily Indebted Poor Countries (HIPC) Initiative completion point in December 2010. These two events reflect the government's efforts to implement the reforms required for fiscal rehabilitation, to make the country's economy more attractive, to move forward in government operations, and to solve defense and security problems. Security policy under the second Poverty Reduction Strategy Paper (PRSP II) will be implemented in this economic, political, and security context. The macroeconomic outlook for PRSP II will be more favorable owing to the consolidation of the country's progress and the expansion of its economic and financial reforms.

### **2.5.1. Key trends and lessons from macroeconomic developments 2006-2010**

#### **1. Economic growth**

During the period 2006-2010, the real GDP growth rate averaged 3.2 percent. This growth is characterized by gradual but positive progress reflecting the dynamics of the tertiary sector, although dominated by the primary sector (44 percent of GDP). The dynamic performance of the tertiary sector during this period, in which real growth averaged 4.4 percent, helped dampen the impact of negative growth in the secondary sector (-0.4 percent), while growth levels in the primary sector (2.4 percent) remained modest.

In 2010, real GDP growth amounted to 3.5 percent, while it is projected at 4.3 percent in 2011, when we can expect the strengthening trend in the tertiary sector to be confirmed, at the expense of the primary sector.

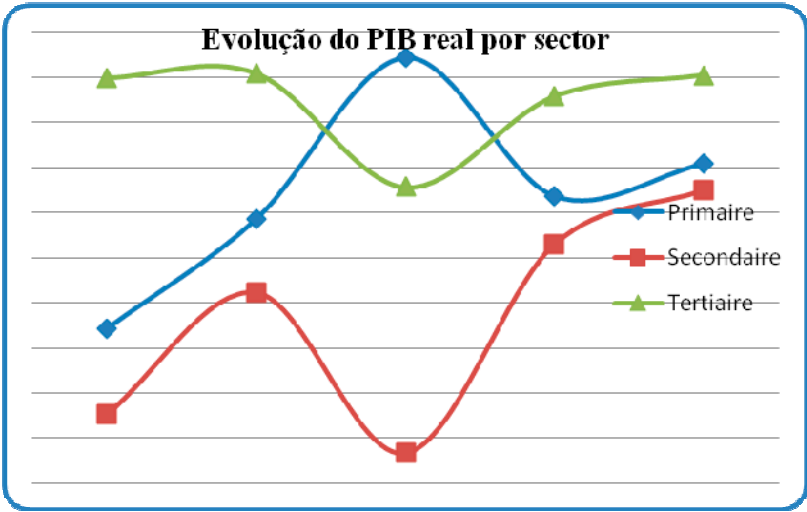
The primary sector accounted for an average of 44 percent of real GDP during the period 2006-2010. This sector reflected a real increase of approximately 2.4 percent, dominated by agriculture, which accounts for an average of 72 percent of production in the sector, driven by cashew production, while livestock and fishery represented respectively 11 percent and 12 percent of production in the sector. Average cashew production was estimated at 136,000 tons during the period 2006-2010. In 2009 and 2010, the sector was characterized by efforts to rehabilitate production capacities in the agriculture and fishery subsectors.

The secondary sector regressed during the period 2006-2010, with an average real growth rate of -0.4 percent. Disappointing performance in the sector is attributable to negative performance in the agrofood subsector (an average of -1.4 percent) which accounts for

75 percent of secondary sector production. However, the construction subsector, with major works on government buildings, the military hospital, the government palace, and the São Vicente Bridge registered more dynamic performance. The water and electricity subsector registered a resurgence of productivity (3.2 percent) with the rehabilitation of the water and electricity distribution network. The increase in petroleum prices with the energy crisis had a clear impact on trends in industrial activities.

Growth in the tertiary sector contributed to Guinea Bissau's sound economic performance during the period 2006-2010, with an average annual growth rate of 4.4 percent. This growth was stimulated primarily by the subsectors of transportation and telecommunications, which registered an increase of 10.3 percent, 10 percent from commercial sector production and an average of 7.4 percent throughout the period, accounting for 53.8 percent of sector production. Disappointing performance in the subsectors of financial services (-3.7 percent) and, more importantly, public services (-2.6 percent), which account for 22 percent of the sector, limited the performance of the tertiary sector.

Trends in Real GDP by Sector



[legend:]      Primary  
                      Secondary  
                      Tertiary

Growth during the period 2006-2010 was supported by investment, which increased an average of 24.6 percent under the impetus of public investment (35.9 percent), particularly in connection with major works. Nominal domestic demand grew 5.7 percent during the period analyzed. Exports increased 7.45 percent, although they reflected a sharp decline in the cashew prices, particularly in 2006 and 2009, while imports increased 7.5 percent. Average inflation was 4 percent during the same period, marked by a year of inflationary pressure accentuated in 2008 with price increases for imported cereals and petroleum products.

## 2. Government finance

With an average tax burden of 6.3 percent throughout the period 2006-2010, a far cry from the WAEMU requirements (17 percent), tax revenue (excluding grants) registered a nominal increase from 18.5 billion in 2006 to 32.4 billion in 2010. This performance was attributable to effective tax collection in 2009 and 2010, exceeding commitments undertaken with the IMF. The country's budget resources reflected the importance of grants (in connection with

projects and programs) that represented an average of more than 50 percent of budget revenue during this period, increasing from 19.1 billion in 2006 to 50.4 billion in 2010.

Total expenditure registered a steady increase from 58.7 billion in 2006 to 97.1 billion in 2010. Expenditure is characterized by insufficient capital expenditure with own resources, while expenditure financed with external resources registered an increase from 17 billion in 2006 to 35.4 billion in 2010. However, the ratio of the wage bill to tax revenue has followed a downward trend since 2008, declining from 96 percent to 65 percent in 2010 as a result of the efforts to contain the civil service and to improve tax revenue collection. The basic budget balance in respect of GDP registered an average deficit of -4 percent throughout the period, while the overall balance excluding net loans and grants widened from -27.2 billion in 2006 to -51.8 billion in 2010.

### **3. External payments and debt**

Analysis of changes in the external accounts showed an average overall balance of payments surplus of CFAF 9.5 billion during the period 2006-2010, with a substantial decline in the overall surplus in 2010 (CFAF 5 billion as against CFAF 12-14 billion in previous years). This factor was attributed primarily to performance of the capital account (an average of 23.7 billion during the period) and financial transactions (5.8 billion), despite the deterioration in the current account (an average of -19.6 billion) with a persistent trade deficit at the level of (-32.2 billion) and deterioration in the services balance (-18.5 billion), while the balance of transfers was positive at an average of 36.9 billion.

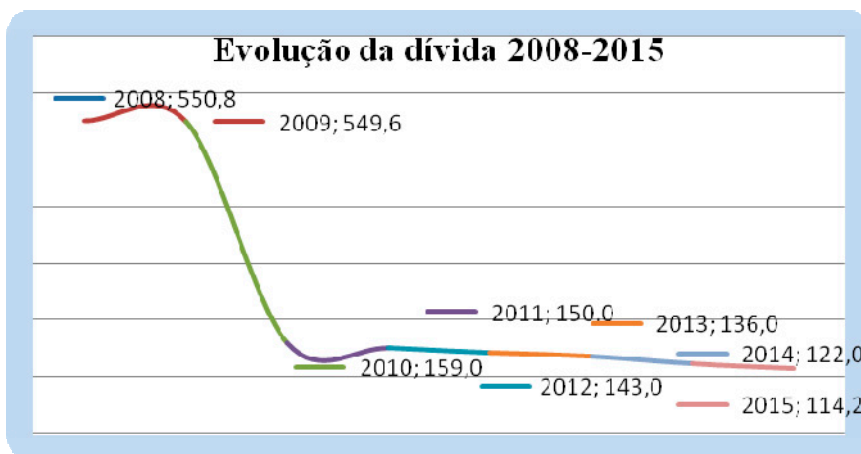
Guinea-Bissau is highly dependent on debt<sup>19</sup> to finance its budget, and particularly investments. At end-2009, public debt amounted to US\$1[,]65.1 million, of which US\$427.5 million in arrears. Multilateral debt represented US\$528.3 million, corresponding to 49.6 percent of the total debt stock, while bilateral debt represented 5.4 percent, including 30.11 percent with Paris Club creditors. Commercial debt represented 0.02 percent of the total debt stock. Guinea-Bissau's key multilateral donors are: IDA, IMF, AfDB, ABEDA, IsDB, ECOWAS, EIB, OFAD, and OPEC. IDA continues to be the largest donor, with 57.49 percent of total multilateral debt, followed by the AfDB, with 29.05 percent. Guinea-Bissau has no debts in arrears with the IDA, AfDB, or the IMF.

The fact that Guinea-Bissau reached the completion point in connection with the HIPC Initiative in December 2010, which entailed forgiveness of more than 86.5 percent of its debt, should bring the level to just under CFAF 120 billion in 2015.

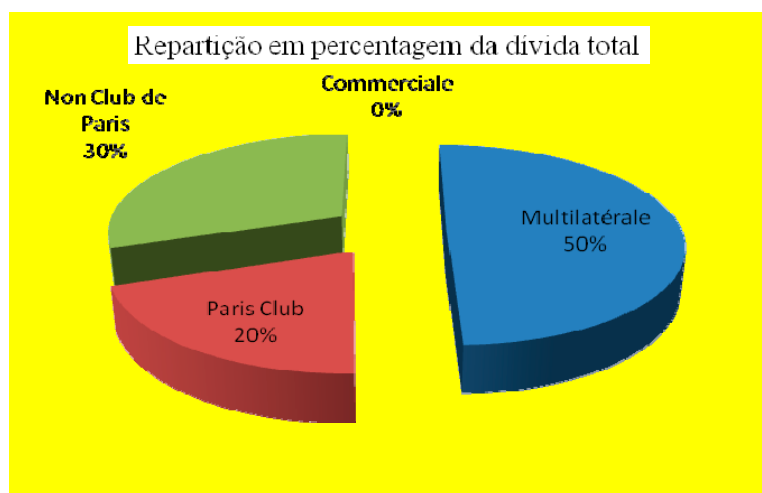
#### **Debt Trends 2008-2015**

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<sup>19</sup>See debt analysis, *Meeting the Challenge for Aid Coordination and Partnerships in Guinea-Bissau*, United Nations.



#### Distribution of Total Debt by Percentage



[Legend:]	Non- Paris Club	30 percent
	Commercial	0 percent
	Paris Club	20 percent
	Multilateral	50 percent

#### 2.5.2. Macroeconomic outlook 2011-2015

The macroeconomic forecasts are based on a set of assumptions reflecting the country's economic development in recent years, all reforms, and the policy and economic measures in progress or planned in the medium term. In addition, the Extended Credit Facility agreed with the IMF and the strategic objectives under PRSP II constitute the reference framework for defining the assumptions to guide the medium-term macroeconomic projections to ensure that the adopted strategy is generally consistent. These assumptions entail the following:

(i) strengthening sociopolitical stability with tangible results from reforms in government, defense, and security; (ii) continuation of efforts to modernize government finance management, and specifically improving revenue collection capacities and generating more tax revenue (increase in the benchmark price of cashews from US\$600 to US\$750 per ton, increase in benchmark prices used by customs administrations to calculate import duties on rice, sugar, and wheat flour; reintroduction of taxes on alcoholic beverages; implementation

of the Automated System for Customs Data (ASYCUDA ++)) and its harmonization with tax return systems for large importers) and containment of expenditure (specifically wages); (iii) strengthening the contribution of growth sectors (agriculture, agro-industry, fishery, and tourism) where Guinea-Bissau enjoys comparative advantages based on the diversification of products (in addition to cashews, rice, and cereals); (iv) the increase in public and private investment, with the increase in public development assistance, foreign direct investment flows, and additional resources expected from debt cancellation and the improved business environment with the opening of the Business Procedures Center (one-stop window) and the simplification of enterprise creation procedures; and (v) enhanced electricity production and distribution.

Forecasts for the key parameters in the macroeconomic framework were designed to maintain macroeconomic and budget equilibria based on the economy's real potential and the overall and sectoral objectives under PRSP II. To that end, three forecast scenarios were considered:

- A baseline (trend) scenario with the assumption that additional capital resources provided under PRSP II will not be mobilized or absorbed. Accordingly, real growth would be expected to remain at of 5.3 percent per year during the period 2011-2015.
- A "moderate" scenario with the assumption that only 50 percent of the additional capital resources provided under PRSP II would be absorbed or mobilized. Against this backdrop, the expected average growth rate for the period in reference would be 6.5 percent.
- An "optimistic" or best-case scenario reflecting the assumptions of substantial growth in the promising sectors and sustained fiscal performance, combined with the mobilization of all additional capital resources provided under PRSP II (100 percent).

## 1. Baseline scenario

The growth objective for the period 2011-2015 will be to achieve an average annual rate of 5 percent. Trends in different economic sectors in respect of this benchmark scenario are as follows in terms of reaching the macroeconomic stability and growth objectives:

**In the primary sector**, the average growth rate should increase by approximately 4.4 percent influenced by 4.4 percent growth in the agriculture subsector, with the implementation of programs designed to diversify agricultural production and to improve cashew production. Growth in the cattle breeding and fishery subsectors should reach 5.2 percent and 2.7 percent, respectively, as against an average annual rate of 4.6 percent and -0.3 percent during 2006-2010. The fishery subsector should benefit from construction works on the Port of Alto Bandim. An average growth rate of 3.5 percent per annum should be expected in the forestry subsector.

**The secondary sector** should rebound as compared with the previous period with an average growth rate of 4 percent, as against -0.4 percent during 2006-2010. This upturn would be driven by growth in the agrofood subsector, which accounts for 75 percent of production in the sector. The contribution of the subsectors of construction (6.1 percent) and water and electricity (5.2 percent) could be expected to strengthen these dynamics with the continued efforts to improve the electricity distribution system and major public works policy, particularly in construction. Further support could be expected from a shift in public

investment through the elimination of productivity barriers associated with insufficient energy production.

**The tertiary sector** should continue to expand with an average growth rate of approximately 6.4 percent during the period 2011-2015, primarily in connection with sound performance in the transportation and telecommunications, and trade sectors, registering average annual growth levels of 11.2 percent and 8.1 percent, respectively. The recovery of the financial services subsector observed in 2010 should continue with average growth of 2.1 percent throughout the period, while implementation of government reforms should lead to enhanced execution of public administration services.

**Table 10: Real growth rate in the sectors during the period 2011-2015**

	2011	2012	2013	2014	2015
Primary sector	<b>3.8%</b>	<b>4.1%</b>	<b>4.4%</b>	<b>4.6%</b>	<b>4.9%</b>
Agriculture	4.0%	4.3%	4.5%	4.8%	5.1%
Cattle breeding	4.9%	4.9%	5.2%	5.5%	5.6%
Fishery	2.1%	2.3%	2.6%	3.1%	3.5%
Forestry	3.1%	3.1%	3.4%	3.7%	3.9%
Secondary sector	<b>3.1%</b>	<b>3.5%</b>	<b>4.0%</b>	<b>4.5%</b>	<b>4.7%</b>
Mining activities	5.8%	6.4%	6.8%	7.0%	7.1%
Agrofood	2.6%	2.9%	3.5%	4.0%	4.2%
Other industries	4.4%	4.9%	5.2%	5.6%	5.8%
Construction	5.2%	5.7%	6.2%	6.5%	6.7%
Water and electricity	4.7%	4.9%	5.2%	5.4%	5.7%
Tertiary sector	<b>5.6%</b>	<b>6.1%</b>	<b>6.4%</b>	<b>6.9%</b>	<b>7.2%</b>
Transport and telecommunications	10.8%	10.9%	11.3%	11.4%	11.6%
Trade	7.6%	7.9%	8.0%	8.5%	8.7%
Financial services	1.3%	1.6%	2.1%	2.4%	2.8%
Public administration services	-2.1%	-1.8%	-1.5%	-1.4%	-1.3%
Other services	4.1%	4.2%	4.5%	4.7%	4.9%

**In terms of GDP applications,** investment is expected to remain dynamic on average (9.3 percent), despite a correction in the trend as against the period 2006-2010, reflecting the conclusion of the rehabilitation of some roads and the construction of bridges, the military hospital, and the government palace. Final consumption will register a slight increase (4 percent) as a result of public expenditure containment. Net external demand should improve with average growth in exports of goods and services of 6.1 percent in real terms, dominated by cashew exports (90 percent), while goods and imports could be expected to grow to 4.5 percent in real terms. The general price level is projected at an average of 3 percent during this period, as a result of inflationary pressures in connection with the increase in petroleum prices registered in recent years on the international market.

**Where the balance of payments is concerned,** the balance of current account transactions is expected to improve from -4.6 percent of GDP in 2011 to -1.9 percent of GDP in 2015. This performance will result from an improved balance of transfers (average growth of 9.8 percent) and balance of trade (-8 percent of GDP in 2011 as against 6 percent in 2015), as a result of a sustained increase in exports of an average of 6 percent (with increased performance in cashew production), as compared with an average of 3.5 percent for imports. The overall balance will improve during this period from 2.7 percent of GDP in 2011 to 4.6 percent of GDP in 2015, owing to sound performance of the capital account and financial operations with direct investments increasing from 5 billion in 2011 to 9 billion in 2015.

**Where government finance is concerned**, total revenue can be expected to increase from 83.9 billion in 2011 to 120.7 billion in 2015, equivalent to an average increase of 5.3 percent during the period. The average tax burden should remain at 8.3 percent throughout the period based on a moderate expansionary trend in the tax base.

**Table 11: Projected Revenue 2011-2015 (in billions of CFA francs)**

ITEMS	2011	2012	2013	2014	2015
<b>Total and grant revenue</b>	<b>83.9</b>	<b>100.1</b>	<b>107.4</b>	<b>113.9</b>	<b>120.7</b>
Budget revenue	47.0	49.8	53.3	57.2	61.1
Tax revenue	35.0	37.4	40.1	43.0	46.0
Non-tax revenue	11.9	12.4	13.2	14.1	15.1
Grants	36.9	50.3	54.1	56.8	59.6
Project	25.7	32.7	34.9	37.2	39.7
Program	11.2	17.6	19.2	19.5	19.8

Total expenditure can be expected to increase from CFAF 92.8 billion in 2011 to CFAF 123 billion in 2015. Capital expenditure will grow steadily under the impetus of investment financed with external resources. Wage expenditure should develop consistently with the aim of controlling trends as stated in the government reform program, while the social sectors (education and health) will remain protected.

**Table 12: Projected Revenue 2011-2015 (in billions of CFA francs)**

ITEMS	2011	2012	2013	2014	2015
<b>Total expenditure and net borrowing</b>	<b>92.8</b>	<b>99.5</b>	<b>106.3</b>	<b>115.2</b>	<b>123.0</b>
Current expenditure	52.2	58.6	61.4	66.6	70.4
Debt expenditure	2.2	2.0	2.0	1.8	1.7
<i>Capital expenditure</i>	38.3	40.9	44.9	48.5	52.7
<i>Domestically financed</i>	3.2	3.4	4.9	5.8	7.1
<i>Externally financed</i>	35.1	37.5	40.0	42.7	45.6

In general, the primary balance will continue to register a deficit, which will widen from the level of -3 billion in 2011 to -7.5 billion in 2015, while the overall balance, including grants, will continue to improve from -9 billion in 2011 to -2.3 billion in 2015. The overall balance, excluding grants and loans, will remain negative and relatively substantial as a share of GDP, increasing from -10.5 percent in 2011 to -11.3 percent in 2015.

**Table 13: Budget Balances 2011-2015**

ITEMS	2011	2012	2013	2014	2015
<i>Primary balances</i>	<b>-3.0</b>	<b>-6.8</b>	<b>-6.1</b>	<b>-7.7</b>	<b>-7.5</b>
Overall balance (commitment basis)					
Including grants	-9.0	0.6	1.1	-1.3	-2.3
Not including net borrowing and grants	-45.9	-49.7	-53.0	-58.0	-61.9
Excluding grants	-45.9	-49.7	-53.0	-58.0	-61.9
<i>Overall balance (cash basis)</i>	<b>-9.0</b>	<b>0.6</b>	<b>1.1</b>	<b>-1.3</b>	<b>-2.3</b>

In terms of the WAEMU convergence criteria, we observe a slight improvement in Guinea-Bissau's economic performance, although there is scope for further efforts in connection with

the second-order criteria. Where the first-order criteria are concerned, only one criterion involving the basic budget balance in respect of GDP will not be reached, registering an average of -2.65 percent. The debt-to-GDP ratio will be reached as the country has achieved the HIPC Initiative completion point. Where the second-order criteria are concerned, while we observe some improvement in performance, none of the criteria will be achieved. Substantial progress will be possible in terms of investment financed with domestic resources with relation to tax revenue, from 9.2 percent in 2011 to 15.3 percent in 2015. The current account deficit, excluding grants as a share of GDP, is estimated at 5 percent, the maximum authorized level, in 2011, and -5.5 percent in 2015. Accordingly, the tax burden will fall short of the minimum of 17 percent required by the WAEMU, at an average of 8 percent during 2011-2015.

**Table 14: WAEMU Convergence Criteria**

ITEMS	2011	2012	2013	2014	2015
FIRST-ORDER CRITERIA					
Basic budget balance in respect of nominal GDP	-1.94%	-2.68%	-2.68%	-2.98%	-2.99%
Non-accumulation of payment arrears	0.0	0.0	0.0	0.0	0.0
Average annual inflation rate	3.0	3.0	3.0	3.0	3.0
Ratio of total public debt stock/GDP	34.33	31.27	28.10	23.71	20.95
SECOND-ORDER CRITERIA					
Wage bill/budget revenue (in percent)	65.43%	63.15%	61.57%	60.54%	59.95%
Investments financed with internal resources /tax revenue (in percent)	9.24%	9.22%	12.13%	13.57%	15.38%
Current account deficit excluding grants/GDP	-7.14%	-7.71%	-7.12%	-6.22%	-5.52%
Tax burden	8.0%	8.2%	8.3%	8.4%	8.4%

## 2. Alternative scenarios

Under the **intermediate scenario**, only 50 percent of the additional capital resources provided in PRSP II will be absorbed or mobilized. Further, the tax burden is estimated to average 9.9 percent of GDP as a result of tax administration and taxation reforms. The average annual expected growth rate is 6.5 percent, with increased investment in agricultural production, tourism, fishery, construction, and an improved business climate. At the sectoral level, the primary sector will be driven by dynamic performance in agriculture (6.4 average growth per annum during 2011-2015) and livestock (average annual growth of 7.3 percent). The secondary sector will be driven by better performance in the mining industries subsector (an average of 13 percent growth per annum), the construction subsector (an average of 13.1 percent growth per annum) and the water and electricity subsectors (an average of 7.8 percent growth per annum). The subsectors of financial services and trade will enable the secondary sector to maintain its dynamic performance with annual average growth of 6.2 percent and 9.7 percent respectively during 2011-2015. Capital expenditure as a share of GDP will increase an average of 10 percent while additional investment expenditure in connection with the PRSP as a share of GDP is expected to reach annual average of 4.2 percent. The basic budget balance in respect of GDP is estimated at an annual average of approximately 4.7 percent. The overall deficit, including grants, can be expected to narrow from -21.3 billion in 2011 to -12.4 billion in 2015.

**Table 15: Macroeconomic Framework of PRSP II**

ITEMS	2011	2012	2013	2014	2015	Average 2011-2015
Tax burden	8.56	9.2	10.0	10.6	11.2	9.91
Wage bill/fiscal revenue (in percent)	61.21%	56.32%	50.91%	47.98%	45.73%	52.43%
Capital expenditure	40.4	46.9	50.0	54.2	61.8	50.67
Investments financed with own resources	5.3	9.5	10.0	11.5	16.2	10.51
Investments financed with external resources	35.1	37.5	40.0	42.7	45.6	40.17
Additional expenditure on investments in connection with PRSP II	16.19	16.19	21.59	21.59	32.38	21.59
Real GDP growth rate	4.99%	5.83%	6.64%	7.26%	7.95%	6.53%
Nominal GDP	438.4	461.9	494.9	533.8	575.7	500.92
Basic budget balance as a share of nominal GDP	-4.73%	-5.55%	-4.59%	-4.41%	-4.58%	-4.78%
Overall balance (commitment basis)						
Including grants	-21.3	-12.8	-8.6	-9.5	-12.4	-12.92
Not including net borrowing and grants	-63.4	-67.8	-71.9	-74.5	-90.0	-73.51

### PRSP II financing in the context of the intermediate scenario

Based on the assumptions on the macroeconomic and budget framework in connection with the growth rate, the tax burden, and the sustainable budget deficit, we can prepare a forward-looking PRSP II financing plan reflecting the estimated overall cost of the strategy. The costs adopted in the current version are derived from PRSP I. The table below was prepared on the basis of programming for the period 2011-2015. With only 50 percent of the costs being mobilized, the overall cost of implementing the strategy for the intermediate scenario is estimated at CFAF 113,610 billion, as against a total financing capacity of CFAF 62.62 billion, reflecting an average basic budget deficit to GDP ratio of 4.7 percent.

The total cost of investments is CFAF 107.93 billion, as against additional operating expenditure in connection with the PRSP (CFAF 5.68 billion) for the period 2011-2015. Financing for the strategy will be covered 55.11 percent with own budget resources and 44.89 percent with external resources to be mobilized, constituting the financing gap. The financing deficit will therefore be proportional to the deficit of additional resources not mobilized.

External resources will also be mobilized through recourse to the traditional bilateral and multilateral partners, as well as emerging sources. To cover financing requirements identified in PRSP II, Guinea-Bissau will focus on a strategy of raising additional grant funds.

**Table 16. Financing for the Intermediate scenario (in billions of CFA francs)**

ITEMS	2011	2012	2013	2014	2015	TOTAL
Overall cost of PRSP II (A)	17.04	17.04	22.72	22.72	34.08	113.61
Operating expenditure	0.85	0.85	1.14	1.14	1.70	5.68
Capital expenditure	16.19	16.19	21.59	21.59	32.38	107.93
Investments financed with own resources (B)	10.96	11.55	12.37	13.34	14.39	62.62
Financing gap (C=B-A)	-6.08	-5.49	-10.35	-9.38	-19.69	-51.00
External financing to be mobilized (D)	6.08	5.49	10.35	9.38	19.69	51.00

ITEMS	2011	2012	2013	2014	2015	TOTAL
Investments (project loans and grants)	40.36	46.94	50.02	54.25	61.80	253.37
Gap (C+D)	0	0	0	0	0	0

### 3. Optimistic scenario

The **optimistic scenario** is based on assumptions of substantial growth in the promising sectors and more sustained fiscal performance, combined with the mobilization of all additional capital resources provided in PRSP II (100 percent). This scenario is realistic, albeit optimistic. Accordingly, considering Guinea-Bissau's fiscal potential, the increase in tax burden, projected at an average of approximately 10.5 percent during the period, will be driven by revenue collection efforts by revenue agencies and expansion of the tax base. The growth rate is expected to average 7.5 percent throughout the period 2011-2015. In the primary sector, the subsectors of agriculture (7.6 percent), livestock (8.3 percent), and fishery (3.5 percent) will drive the growth dynamics; the secondary sector will be supported with the dynamic performance in the construction sector with an average of 18.8 percent, and water and electricity with an average of 10.6 percent. The tertiary sector will be driven by improved performance in the public administration (3.8 percent) and trade (10.7 percent) sectors. Additional capital expenditure in connection with PRSP II should average 8.3 percent as a share of GDP in this scenario. The basic budget deficit will be established at around -6.4 percent of GDP, enabling substantial financing with domestic resources for strategy expenditure.

**Table 17: Macroeconomic Framework for PRSP II - Optimistic Scenario**

ITEMS	2011	2012	2013	2014	2015	Average 2011-2015
<b>Tax burden</b>	<b>9.0</b>	<b>9.8</b>	<b>10.5</b>	<b>11.1</b>	<b>12.1</b>	<b>10.5</b>
Wage bill/budget revenue (in percent)	57.80%	51.91%	47.71%	44.36%	40.25%	48.41%
Capital expenditure	40.4	45.0	49.2	54.3	60.2	49.8
Investments financed with own resources	5.3	7.6	9.2	11.6	14.6	9.7
Investments financed with external resources	35.1	37.5	40.0	42.7	45.6	40.2
PRSP II capital expenditure	32.38	32.38	43.17	43.17	64.76	43.2
<b>Real GDP growth rate</b>	<b>5.62%</b>	<b>6.58%</b>	<b>7.50%</b>	<b>8.50%</b>	<b>9.48%</b>	<b>7.54%</b>
Nominal GDP	441.1	468.0	505.4	551.3	602.9	513.7
Basic budget balance in respect of nominal GDP	-6.92%	-7.02%	-6.60%	-6.14%	-5.38%	-6.41%
Overall balance (commitment basis)						
Including grants	-31.0	-20.0	-19.3	-19.8	-18.4	-21.7
Not including net borrowing and grants	-78.2	-79.3	-91.3	-92.2	-112.6	-90.7

### PRSP II financing in the optimistic scenario

The assumptions in connection with this scenario involve an assessment of the overall cost of the strategy at more than CFAF 227 billion for the period 2011-2015. Financing for this amount will be distributed on an increasing basis during the period with the assumption of a gradual improvement of sociopolitical conditions and absorption capacities, allowing more external resources to be mobilized. Expenditure will be distributed as follows: 15 percent per annum during the first two years, 20 percent per annum during 2013 and 2014, and 30 percent in 2015. The overall investment cost will amount to CFAF 216 billion during the same period,

while the additional operating expenditure in connection with PRSP II is estimated at CFAF 11 billion.

The strategy will be financed 56.5 percent with own resources and 43.5 percent with external resources. The financing deficit is theoretically zero owing to the assumption that 100 percent of the requirements will be financed through mobilization of external financing. In fact, the financing deficit will be proportional to the absence of external resources mobilized.

Accordingly, excluding external support provided in the baseline scenario, and if no further external resources are mobilized, the deficit will exceed CFAF 98 billion during this period.

**Table 18: Financing for the Optimistic Scenario (in billions of CFA francs)**

ITEMS	2011	2012	2013	2014	2015	TOTAL
Overall cost of PRSP II (A)	34.08	34.08	45.44	45.44	68.17	227.22
Operating expenditure	1.70	1.70	2.27	2.27	3.41	11.36
Capital expenditure	32.38	32.38	43.17	43.17	64.76	215.86
Financing with own resources (B)	22.05	23.40	25.27	27.57	30.14	128.43
Financing gap (C=B-A)	-12.03	-10.68	-20.17	-17.88	-38.02	-98.79
External financing (D)	12.03	10.68	20.17	17.88	38.02	98.79
Investments (project loans and grants)	40.36	46.94	50.02	54.25	61.80	253.37
Additional gap (C+D)	0.00	0.00	0.00	0.00	0.00	0.00

### 2.5.3. PRSP II financing risks

The risks of the strategy are related to changes in the political situation that ensures a stable operating framework for the partners, as well as exogenous shocks potentially compromising the country's macroeconomic objectives.

**Political and institutional risks** affecting the capacity to mobilize external resources have been incorporated into the various scenarios discussed. These risks are primarily connected with the process of reform in the defense and security sector, and may directly affect implementation of investments provided throughout the PRSP II execution period. The insufficient level of capital expenditure may significantly affect growth and in this case compromise the achievement of the goals set for 2015.

**Natural risks** include rainfall, which continues to be the key factor affecting agricultural production. Developments in the agriculture subsector may be affected by insufficient rainfall, leading to poor cashew production and seriously reducing the country's external revenue.

**On the economic front**, the main risks are related to price trends on the international markets in general, and more specifically, the prices of cashews and crude oil. The energy subsector is also highly vulnerable to price fluctuations on the international oil market.

**Failure to mobilize all** expected external resources is also a considerable risk that has been reflected in the scenarios. The success of the strategy therefore relies on the assumption that all required resources will be mobilized. The mechanisms to minimize all of these risks should be incorporated into the PRSP II implementation strategies.

### III. Institutional mechanism for PRSP II implementation, monitoring, and evaluation

#### 3.1. Assessment and lessons from PRSP I monitoring and evaluation

##### 3.1.1. Assessment of PRSP I monitoring and evaluation

A monitoring and evaluation framework was proposed in connection with PRSP I, based on key guidelines reflecting the standards of the poverty reduction strategy papers. This framework should be developed with a focus on:

- An institutional framework that can ensure regular, inclusive participation of the various players involved in PRSP implementation;
- An operational programming framework (priority program for 2005 and priority action plan 2006-2008);
- An information system based on: (i) quarterly reports produced by the research and planning offices (GEP) of the various ministries, and (ii) an annual consolidated monitoring report for PRSP implementation.
- A base of key indicators for monitoring, by core area.

Six years after the first PRSP was adopted, however, the monitoring and evaluation system has not met the established objectives, and it has yet to become operational:

1. ***Institutional framework:*** The institutional framework for monitoring and evaluation substantially has not become operational. The Steering Committee, intended to meet on a semiannual basis, has met only once. The PRSP implementation and monitoring unit (CISD), the centerpiece of the entire system, has yet to become operational. Linkages at the sectoral (GEP) and regional levels, when active, carry out monitoring activities that are typically not included in the general framework of PRSP monitoring. This problem is attributable to technical factors (failure to define missions and tasks of the various monitoring and evaluation units), institutional factors (absence of a monitoring and evaluation culture, intra-ministerial instability, insufficient engagement among the ministries), and a shortage of human resources (shortage of qualified personnel) and financial incentives (motivation of professional staff, financing for follow-up missions, etc.).

The process of participation and ownership in connection with PRSP execution has failed to materialize as there is no specific, operational institutional framework.

2. ***Operational programming framework*** The pluriannual action plan—PAP (2006-2008) was adopted with delays and could not be used as a reference, as it was insufficiently realistic and failed to effectively prioritize its activities and financing (available financing only represented approximately 20 percent of the total). By contrast, the PAP did not identify indicators to be used for its monitoring.

3. ***Statistical information and database:*** The fragility of the national statistics system is also a tremendous constraint: availability of statistics data is generally limited, particularly in the area of government statistics, and the reliability of the data is often questionable in the absence of capacities to verify and control the quality of data collection, and as a result of the lack of adequate training for the primary data production personnel. These weaknesses involve product, performance, and impact indicators, as well as the data describing the human and financial resources mobilized in connection with public policies. Staff and their

distribution by region and subarea are often ineffectively managed (absence of reconciliation between the data from the Ministry of Finance, the Ministry of Civil Service, and the sectoral ministries). Expenditure monitoring entails a threefold problem: comprehensiveness, reliability, and alignment with the PRSP objectives, primarily where external assistance is concerned. Similarly, the project to establish a database for public investment projects has not produced tangible results.

4. **Monitoring information system:** the government has produced two outturn reports: the first final report on PRSP assessment and monitoring (adopted in August 2009) and a second report on the 2009 fiscal year (August 2010). However, ownership of these activities continues to be limited, the midterm reports (sectoral and regional research offices) were not produced, nor has any permanent information system been implemented.

5. **Monitoring and evaluation indicators:** efforts to build monitoring and evaluation indicators into the PRSP process were made with delays (with the 2010 Priority Action Plan). Further, production of the identified performance and impact indicators was largely dependent on surveys that were not conducted until 2010. Last, neither the Ministry of Economic Planning and Regional Integration (MEPIR) nor the sectoral ministries were able to identify the appropriate intermediate indicators to constitute the base for annual sectoral monitoring.

In the framework of PRSP II, solutions must be found for the constraints identified, and an approach must be adopted based simultaneously on pragmatism (preferably to address the operational monitoring and evaluation indicators), accuracy (to define the terms of reference for monitoring and evaluation players, to agree on a stable set of indicators, and to identify clear targets for 2015), and realism, reflecting the structural constraints and focusing on simple, low-cost mechanisms and tools. Accordingly, it should be possible for the monitoring and evaluation system under PRSP II to benefit from the most recent progress.

### 3.1.2 Main advantages of an operational monitoring and evaluation system

As a result of numerous actions, recent or in progress, we can expect PRSP II monitoring and evaluation to benefit from new opportunities such as:

**A renewable statistical base on the population living conditions:** A current, broad base of information should be made available from the beginning, deriving from data from the 2009 general population census, MICS4<sup>20</sup> and ILAP 2<sup>21</sup>. Further completed studies (nutritional survey, survey on border flows, topical studies, etc.) can be used to establish a solid base for the PRSP II benchmark scenario. For all of these information sources, it is expected that the data in the statistical tables will be broken down by gender and age categories to permit adequate, more detailed analyses.

- **Adoption of sectoral strategies and action plans:** These reference frameworks are essential to define priorities and the goals to be reached in the context of the PRSP. In 2009-2010, a number of reports were adopted or are in the preparation phases:

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<sup>20</sup> The Multiple Indicator Cluster Survey is carried out with support from UNICEF, now with a quarterly periodicity.

<sup>21</sup> The Rapid Poverty Assessment Survey was conducted in 2002 and in 2010 based on the Core Welfare Indicators Questionnaire—CWIQ.

Sectors	Strategic and programming frameworks
Security	<ul style="list-style-type: none"> <li>• Strategy for restructuring and modernization of the defense and security sector (2006)</li> <li>• Priority plan for defense and security reform (PPRSDS) (approved in January 2010)</li> </ul>
Justice	<ul style="list-style-type: none"> <li>• National justice policy (March 2010)</li> </ul>
Agriculture	<ul style="list-style-type: none"> <li>• National program for agricultural investment (PNIA) 2011-2015 (2010)<sup>22</sup></li> </ul>
Fishery	<ul style="list-style-type: none"> <li>• Strategic plan 2011-2015 for the fishery sector (prepared in 2009)</li> </ul>
Electricity / water	<ul style="list-style-type: none"> <li>• Sectoral electricity policy (draft submitted to the CM; March 2010)</li> <li>• Water and electricity reform program (March 2010)</li> </ul>
Education	<ul style="list-style-type: none"> <li>• Political charter for the education sector 2010-2010</li> <li>• Three-year development plan for the education sector 2011-2013 (completed in June 2010)</li> </ul>
Health	<ul style="list-style-type: none"> <li>• Second National health development plan 2011-2017 (adopted in May 2010)</li> </ul>
Gender	<ul style="list-style-type: none"> <li>• National policy on gender equality and equity (PNIEG)</li> </ul>

- **Improvement of government finance monitoring instruments:** The government has implemented the integrated government finance management system (SIGFIP), whose budget preparation and execution modules have been functional since 2009, while the implementation of the accounting module is now in progress. Specialized information systems were also installed in the area of debt service (installation of the Integrated Debt Management System—SYGADE during third-quarter of 2009) and in customs (installation of the Automated System for Customs Data—AYSCUDA++ in August 2010). By contrast, installation of the new payment information management system is being studied. Last, an aid management platform (PGA) should be implemented from 2011 with support from Development Gateway.
- **Emergence of projects to reorganize sectoral information systems:** Some ministries are working on reorganizing their information systems. Accordingly, the Ministry of Health assigned National Health Institute (INASA) the task of establishing a set of essential indicators to constitute the core for annual sectoral monitoring. Work in education is in progress to benefit from the Fast Track Initiative, which should also lead to the definition of essential indicators. At the same time, the Information, Planning, and Assessment Office for the Basic Education System is expected to establish a new model sectoral information system in 2011.
- **Coordination of budget support:** In February 2009, a Joint Framework for Aid Coordination (QCAO) was signed by the Ministry of Finance and six of its technical and financial partners (Spain, France, Portugal, the European Union, IMF, and World Bank). The QCAO offers a joint forum for sharing information, dialog, and coordination, confirmed with quarterly meetings (in April, July, October, and January).
- **Planning for the development of the national statistics system:** When the June 2010 inventory was completed, with financial and technical support from the AfDB and UNDP, a national statistical development strategy (ENDE) was prepared to cover the period 2011-2015. This strategy should lead to an operational action plan and budget for priority actions.
- **Adoption of the WAEMU harmonized framework for public financial management:** The new March and June 2009 directives applicable to all eight WAEMU countries have been transposed to Guinea-Bissau's legislation. A new organic law on finance laws was adopted in

<sup>22</sup>There is a charter on agricultural policy, although it is not current (it was prepared in 1997 and revised in 2002).

March 2010. There are plans, *inter alia*, to migrate from resource-based budgeting to performance-based budgeting. Accordingly, all ministries and institutions will be required to adopt program budgets by 2017. Annual execution plans will be prepared for each program, based on a selection of performance indicators for each objective. Under the law, annual progress reports will be prepared to assess the results in connection with the established goals for each program, which will subsequently be appended to the regulating law that will be submitted to the Peoples' National Assembly. These new arrangements, which should be implemented gradually, provide a substantial opportunity to establish a mechanism to monitor ministerial policies, structured on the basis of the predefined objectives and linked with clearly identified budget allocations.

## **3.2. PRSP II monitoring and evaluation system**

### **3.2.1. Institutional framework for implementation, and monitoring and evaluation**

The reformulated institutional framework is organized on the basis of a simplified system that includes:

- A political dialog and steering structure (Steering Committee);
- A technical and administrative monitoring structure for the system (Technical Validation Committee);
- Sectoral Programming and Monitoring Committees coordinated with the Sectoral Research and Planning Offices (GEPs) and schemes for monitoring any strategies and action plans that may exist (or those to be created).

**The Steering Committee (CP)** is a structure for guidance, dialog, and policy decisions, that executes the following functions: (i) provides major thrusts for PRSP implementation; (ii) approves priority action plans (PAP) and any revisions of such plans; (iii) validates annual PRSP progress reports and any monitoring and evaluation reports that may be required; and (iv) makes recommendations to improve the process of implementation, monitoring, and assessment of the strategy. The presence of representatives from bilateral and multilateral donors within the CP also enables it to function as a forum for high-level cooperation between the government and its development partners. The Steering Committee is chaired by the Prime Minister and includes all representatives from the parties connected with the strategy (government, People's National Assembly, private sector, civil society, and development partners).

Proper functioning of the Steering Committee will be essential to the extent that its functions include: (i) providing impetus for technical structures; (ii) ensuring ownership of the strategy and its performance at the policy level; and (iii) promoting a high-level dialog between the government and the country's bilateral and multilateral partners. The Steering Committee holds regular semiannual meetings, and extraordinary meetings may be organized when justified in connection with the detailed PRSP implementation report. An end-of-year meeting will take stock of activities and performance during 12 months of execution. These meetings will be essential in cooperation between the government and its partners, and these issues will also be covered in other meetings in more specialized settings such as the Joint Framework for Budget Aid Coordination (QCAO) or annual sectoral policy reviews. On the other hand, the Steering Committee is also required to address issues strictly related to the PRSP, such as monitoring of the Millennium Development Goals (MDGs), or aid efficiency. On the latter issue, the twofold representation of the Ministry of Economy, Planning, and Regional

Integration (MEPIR) and the Ministry of Foreign Business on the Technical Committee should facilitate joint monitoring of the PRSP and development assistance, with the resolute aim of improving alignment of aid with national strategies. By contrast, baseline information for monitoring the Paris Declaration may be produced by a different unit created especially for that purpose. In keeping with its function, it must be ensured that the Commission comprises women and organizations operating in the area of gender and promotion of women's issues, as well as in other areas to ensure that cross-cutting issues that are important, although not reflected in the core areas of the PRSP, are monitored.

The **Technical Committee** is the operational structure that provides technical coordination for the overall process of PRSP implementation, monitoring, and evaluation, oversees proper operation of the system, and ensures technical validation of programming and monitoring documentation before they are submitted at the policy level. The Technical Committee meets quarterly and is chaired by the minister responsible for planning. It will be comprised of the strategic MEPIR directorates (Planning and National Statistics Institute), the Ministry of Finance (Budget), the Ministry responsible for poverty reduction, and representatives from the ministries involved in implementation of the strategy.

**The Sectoral Programming and Monitoring Committees (CSPS)** constitute the monitoring and evaluation center for sectoral programs, policies, and strategies. These committees should serve as points to centralize information on the monitoring of each sector and region, and, accordingly, they represent the benchmark structures for the Technical Committee and its secretariat. Configuration, representation, and assignment of steering functions to sectoral committees are under consideration by the relevant sectoral ministries or regional governors. However, Sectoral Programming and Monitoring Committees should be established by the Research and Planning Offices as well as by the Administrative and Financial Directorate of the ministries involved and their key technical directorates. A pragmatic approach should be used with simple mechanisms designed to optimize existing resources.

Owing to the lack of gender issue skills in most public structures, state institutions, and civil society organizations, and in light of the importance associated with these issues in PRSP II, training seminars on diagnostics, planning, and monitoring and assessment, by gender, will be carried out to develop the relevant knowledge and skills, to create the conditions for adequate use of the gender approach and thereby to ensure that tangible results are achieved. These workshops will be held during and after preparation of the PRSP II priority action plan.

The architecture proposed in this connection meets **five requirements**: (i) to simplify the institutional framework (essential from the standpoint of available capacities and difficulties in organizing coordination); (ii) to avoid dispersion of monitoring and evaluation responsibilities for the national strategy at the central level; (iii) to strengthen the responsibilities of the sectoral ministries in implementing PRSP monitoring and evaluation; (iv) to involve the technical and financial partners in the high-level dialog framework; and (v) to ensure that the PRSP Implementation and Monitoring Unit (CISD) is effectively operational within the MEPIR.

This framework constitutes the generic system which is supported on a *de facto* basis by the various other cooperation or operational management organizations outside of the PRSP implementation framework. This specifically applies to: (i) the QCAO, which should be considered an absolutely essential framework for coordination between the government and

donors to monitor certain PRSP components; and (ii) structures substantially prepared to stimulate regional and municipal development.

### **3.2.2. PRSP II monitoring and evaluation system**

#### **1. Organization of the Information System**

Operation of the system for preparing the report will reflect: (i) efforts made to strengthen upstream production of information and to develop databases to feed the monitoring and evaluation reports; (ii) current procedures that are observed to ensure the circulation, control, and analysis of the data.

The information system for monitoring will be structured on the basis of two main PRSP components: (i) monitoring of poverty and household living conditions; and (ii) monitoring of PRSP implementation.<sup>23</sup>

##### **(a) Monitoring of poverty and household living conditions**

The first component as indicated above will be coordinated by the INE, and will be based on the following activities:

1. Production planning for data from surveys (planning of surveys, mobilization of financial resources, and preparation of specifications);
2. Systematic breakdown of all data and information provided by age and gender;
3. Development of routine information systems to produce annual administrative data (with the aim of producing data related to agriculture, education, health, water and sanitation, social solidarity infrastructures, employment, and security and justice sectors) and promotion of projects to support these systems focusing on primary data collectors and producers (directors of schools, health center managers, etc.);
4. Quantitative and qualitative sectoral studies on gender;
5. Consolidation of the DevInfo database, a central storage instrument for social statistics;
6. Production of an annual monitoring framework for indicators (key impact and performance indicators);
7. Impetus for mechanisms to check the reliability of information;
8. Reorganization and development of institutional capacities of services in the national statistics system;
9. Continuing education of statistics services professionals.

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<sup>23</sup>These two components correspond to the first two subsystems of the Economic and Statistical Observatory for sub-Saharan Africa of the United Nations (CRESMIC).

The second component, coordinated by the Directorate-General of Planning, entails the following key activities:

1. Production of quarterly budget outturn statements based on Integrated Public Finance Management System (administrative, functional, and economic classification of expenditure);
2. Production of an annual report on PIP execution based on information from the research and planning offices, information on external aid, and specific data collected in connection with a selection of strategic projects;
3. Production of a midterm and final report on gender disparities, inequalities, and disparities in trends;
4. Establishment of a management platform for external aid;
5. Gradual introduction of program budgets (pluriannual expenditure programming documents) based on a roadmap covering the period 2011-2017;
6. Development of a management system of ministerial program budgets, to provide a model instrument for processing information on budget programs (2012/2013);
7. Accompanying activities in connection with management training, restructuring of services in departments related to the implementation of WAEMU directives, availability of information and equipment, etc.

Considering the time required for the external aid management platform to become fully operational, a provisional database will be fed with data collected quarterly from the state institutions (MEPIR, Ministry of Finance, National Election Commission, etc.) and the development partners (including the key international NGOs).

The evaluation component, the third subsystem of the Economic and Statistical Observatory for sub-Saharan Africa (CRESMIC), should be developed when sound monitoring capacities have been established. The essential objective will initially be to collect and explore midterm and final assessments of projects financed by the development partners. If the first two subsystems function effectively, the monitoring and evaluation system might, by the end of the period, be supplemented with an assessment activity structured on the basis of a national assessment policy, an annual assessment plan, and operational research conducted by an observatory type organization.

The PRSP II monitoring system will be developed in two stages:

## **2. Minimum system (2011-2012)**

Monitoring will be based on the annual PRSP II implementation report. Based on a model template, preparation of the report for fiscal year N will begin in January of N+1 and will be validated and published at the website no later than April. This synthetic report will be supplemented with:

- An annex detailing physical and financial execution of the Priority Action Plan;

- A panel of monitoring indicators divided into two components: key impact and performance indicators; and annual intermediate sectoral monitoring indicators.

### 3. Reinforced system (2013-2015)

When the minimum system is functional, it will be reinforced with the development of sectoral monitoring reports (for at least the key PRSP II sectors) and quarterly reports. Accordingly, the annual performance report will be supplemented with:

- Quarterly synthetic reports containing (i) a summary page (main points), (ii) a map on execution of major programs and projects, and (iii) a map on ministry expenditure execution (administrative, functional, and economic classification);
- An annual performance report on ministerial programs, in terms of budget reform inspired by the 2009 WAEMU directives will be implemented. A roadmap will be issued to cover the procedures and timetable for development of the ministry programs. In 2011-2012, program budgets may be developed and consolidated in four sectors (education, health, agriculture, and infrastructure). Preparation of annual progress reports will begin in 2013.

### 4. System of indicators

The proposed system of indicators will be based on two panels:

- The first is comprised of impact and performance indicators (the majority of which are measurable with surveys that can be carried out every three to five years). It contains the key indicators on monetary poverty, income inequality, and deterioration of living conditions. It also includes all of the country's potentially measurable MDG indicators. Updating of the indicators will be highly dependent on conducting surveys of household units (Rapid Poverty Assessment Survey—ILAP, MICS, and 123 Survey [*inquérito 123*]) and may be carried out every 3-5 years as resource mobilization permits.
- The second panel is used to support annual monitoring of PRSP II policy implementation (Annual Progress Report). This panel focuses on a selection of annually measurable indicators based on information that is already available or that will be made available, with a minimum investment, to strengthen routine data collection. Preparation of the priority action plan will provide an opportunity to supplement this second framework, if required. For certain areas that are difficult to measure, particularly in the context of the structural weakness in Guinea-Bissau's information systems, international benchmarks will be used for certain indicators (Human Development Index—IDH, World Governance Indicators, and Doing Business). The respective tables will be provided in an annex.

The MPEIR has established a website ([www.mepir-gov.org](http://www.mepir-gov.org)), where documents involving PRSP II and related reports, *inter alia* will be uploaded:

- Available strategy papers (PRSP II, sectoral political charters, and sectoral action plans);
- All documentation related to PRSP II implementation and monitoring: regulations and timetables; organizational texts; monitoring and evaluation plan, and annual implementation reports;

- Tables of the key indicators and annual sectoral performance indicators;
- Monitoring report on the MDGs and the Paris Declaration;
- PAP/program budgets for the sectoral ministries.

**Table 19: List of PRSP Impact Indicators**

Indicators	Source of verification	Periodicity	Manager	CRESMIC Code	MDG Code
<b>Human development</b>					
HDI	Human Development Report (HDR)	Annual	UNDP		
HDI ranking	HDR	Annual	UNDP		
<b>Poverty and social inequality</b>					
Poverty incidence (a)	ILAP	3 years <sup>24</sup>	INS	10	
Depth of poverty (a)	ILAP	3 years	INS	11	
Severity of poverty (a)	ILAP	3 years	INS	12	
Proportion of the population living on less than one PPA dollar per day	ILAP	3 years	INS	13	1
Poverty deviation index	ILAP	3 years	INS	14	2
Share of the poorest quintile in national consumption	ILAP	3 years	INS	15	3
Gini index	ILAP	3 years	INS	16	

These indicators are supplemented with a further list of indicators that can be easily calculated, according to the four PRSP II core areas.

<sup>24</sup>Periodicity may vary to reflect the capacity to carry out the next ILAP.

## IV. Annexes

Sectors	Strategic and programming frameworks
Defense and Security	Strategy for restructuring and modernization of the defense and security sector (2006) Priority plan for defense and security sector reform—PPRSDS (approved in January 2010)
Justice	National justice policy (March 2010) Plan to fight drug trafficking in Guinea-Bissau (adopted in 2007)
Agriculture	National program for agricultural investment (PNIA) 2011-2015 (prepared in 2010) <sup>25</sup>
Fishery	Strategic plan 2011-2015 for the fishery sector (prepared in 2009)
Electricity / water	Sectoral electricity policy (March 2010) Water and electricity reform program (March 2010)
Education	Policy charter for the education sector, 2010-2010 Three-year development plan for the education sector 2011-2013 (June 2010)
Health	Second National Health Development Plan—PNDS 2011-2017 (approved in May 2010)
Gender	National policy on gender equality and equity General Population and Housing Census (conducted in 2009) Multiple Indicator Cluster Survey—MICS-4 survey (conducted in 2010)
Statistics	Second Rapid Poverty Assessment Survey (ILAP) (conducted in 2010) Study on non-monetary poverty (conducted in 2010) Nutritional survey (conducted in 2010) Survey on border flows (conducted in .....) Assessment of requirements and costs involved in achieving the MDGs (carried out in 2010)
Research	Study to identify sources of economic growth (carried out in 2010) Thematic studies (carried out in 2010)

### 4.1. List of key PRSP II monitoring indicators

- Poverty indicators**

Indicators	Benchmark situation		Target		Source of information	Periodicity	Responsible agency	CRESMIC Code	MDG Code
	Year	Value	2013	2015					
Poverty incidence	2010	69.3%	52.0%	34.6%	ILAP	3 years	INE	10	
(a)									
Cut the proportion of people living on less than one PPA dollar per day in half	2010	33%	24.75%	16.5%	ILAP	3 years	INE	13	1
Poverty deviation index		AR			ILAP	3 years	INE	14	2
Share of the poorest quintile in national consumption		AR			ILAP	3 years	INE	15	3

<sup>25</sup>There is an agricultural policy charter but it is not current (prepared in 1997 and revised in 2002).

- Indicators by core area and subarea

# CORE AREA 1: Strengthening the rule of law and republican institutions

Subarea	Indicator	Benchmark situation		Target		Information source	Responsible agency/producer	Periodicity	CRES MIC Code	MDG Code
		Year	Value	2013	2015					
<b>1.1. Defense and security sector reform (RSDS)</b>	Political stability and absence of violence	2009	- 0.49			World Governance Indicators (WGI) <a href="http://info.worldbank.org/governance/wgi/sc_country.asp">http://info.worldbank.org/governance/wgi/sc_country.asp</a>	World Bank	Annual		
<b>1.2. Fight the proliferation of light and small caliber weapons and drug trafficking</b>	Percentage of weapons held by the security forces registered and stored under internationally recognized standards		ND			Administrative registers	Ministry of Defense	Annual		
<b>1.3. Strengthen justice and the rule of law</b>	Index of public satisfaction with the legal system		ND			Specific survey or satisfaction survey/public services or Standardized Questionnaire on Basic Well-Being Indicators (QUIBB) module	INE, Min. of Justice	3 years	57 <sup>26</sup>	
	Percentage of cases tried on matters filed with the regional courts		AR			Judiciary statistics	Min. Justice	Annual	60	
<b>1.4. Civic participation, dialog, and national reconciliation</b>	Rate of participation in elections									
	Legislative 2008	2008	82%			Electoral statistics	Electoral commission	Each election		
	Presidential 2009	2009	60%				Min. of Interior			
	Percentage of women deputies	2008	10%			Parliamentary statistics	National Assembly	Annual	56	12
<b>1.5. Decentralization and local development</b>	Percentage of public resources allocated to local governments		AR			Budget statistics	Min. Finance	Annual	61	

<sup>26</sup>CRESMIC Indicator 57: Satisfaction index for administrative persons.

## CORE AREA 2: Streamlining and improvement of government finance management

Subarea	Indicator	Benchmark situation		Target		Source of information	Responsible agency/producer	Periodicity	CRES MIC code	MDG Code
		Year	Value	2013	2015					
2.1. Reform of public administration and capacity building in public management	Wage bill/budget revenue (percent)	2009	75.6%		35%	State budget outturn statement	Ministry of Finance	Annual		
	Proportion of public administration recruitment carried out by competitive examination		ND			Administrative registers	Ministry of Administrative Reform, Civil Service, and Labor (MRAFPT), Sectoral ministries	Annual		
2.2. Government finance management reforms	Overall budget execution rate		AR			Government finance statistics	Ministry of Finance	Annual		
	Non-accumulation of domestic payment arrears (in thousand million CFA francs)	2008	11			Government finance statistics	Ministry of Finance	Annual		
	Tax burden as a percentage of GDP (WAEMU convergence criterion)	2010	7%			Government finance statistics National Accounts	Ministry of Finance INE	Annual	7	
	Current expenditure as a percentage of GDP	2009	23.04%			Government finance statistics	Ministry of Finance	Annual		

## CORE AREA 3: PROMOTE SUSTAINABLE ECONOMIC DEVELOPMENT

Subarea	Indicator	Benchmark situation		Target		Source of information	Responsible agency/producer	Periodicity <sup>27</sup>	CRESMIC Code	MDG Code
		Year	Value	2013	2015					
3.1. Stabilization of the macroeconomic framework										
3.1.3. [sic] Macroeconomic	Real GDP growth rate	2010	3.5%	4.7%	5.5%	National Accounts	INE	Annual	3	
	Inflation rate (WAEMU convergence criterion)	2010	2.3%			Price statistics (Harmonized consumer price index--IHPC)	INE	Annual	1	
3.1.2. [sic] Financial stability	Basic budget balance as a percentage of GDP (WAEMU convergence criterion)	2009	-10.66%			Government finance statistics	Ministry of Finance	Annual	9	
3.2 Development of basic economic infrastructures	Kilometers of asphalt roads	2010	770 km			Infrastructure statistics	Ministry of Infrastructure	Annual	49	

<sup>27</sup> While major statistical operations (MICS, IDS, ICVM) are normally carried out with five-year periodicities, we observe that an indicator may be produced with a shorter frequency as the baseline data can be calculated from a number of different statistical operations.



Subarea	Indicator	Benchmark situation		Target		Source of information	Responsible agency/producer	Periodicity <sup>27</sup>	CRESMIC Code	MDG Code
		Year	Value	2013	2015					
<b>3.5. Preserving the environment and natural resources</b>	Percentage of households that use solid fuel (firewood, wood-based charcoal)	2006	98.4%			RGPH; ILAP; 1-2 Survey; QUIBB; MICS	INE	3 years	55	29
	Proportion of areas protected to preserve biodiversity		ND			Environmental stat.	Awareness and Education for the Environment and Development (SEEDD)	Annual	54	26

#### CORE AREA 4: Improve quality of services in the social sectors

Subarea	Indicator	Benchmark situation		Target		Source of information	Responsible agency/Producer	Periodicity <sup>32</sup>	CRESMIC Code	MDG Code
		Year	Value	Year	2015					
<b>4.1. Education</b>	Net primary school enrollment rate	2009	67% (MICS)		100%	RGPH, ILAP, MICS	Min. National Education, INE	3 years	27	6
	Primary school completion rate	2006	4.1%			Scholastic statistics	Min. National Education, INE	Annual	28	7
	Literacy rate for persons 15 years of age and over	2009				RGPH, ILAP, MICS	Min. National Education, INE	3 years		10
	Men		52.04%							
	Women		35.88%							
<b>4.2. Health and nutrition</b>	Total		43.72%							
	Percentage of births attended by qualified health personnel	2009	44% (MICS)			MICS, ILAP, QUIBB, Health and reproduction survey	Ministry of Health, INE	3 years	22	17
	Infant-juvenile mortality rate	2009	158‰			RGPH, MICS, ILAP/QUIBB, Health and reproduction survey	Ministry of Health, INE	3 years	19	13
	Infant mortality rate	2009	103‰			RGPH, MICS, ILAP/QUIBB, Health and reproduction survey	Ministry of Health, INE	3 years	18	14
	Antigen vaccine coverage ratio:									
	BCG		93%							
	Measles	2009	61%			MICS, Health and reproduction survey, health statistics	Ministry of Health, INE	3 years	17	15 <sup>33</sup>
	DTC3		76%							
	Polio		73%							
	Yellow fever		49%							

<sup>32</sup> Forecast.

<sup>33</sup> 15 MDG Indicator: Proportion of one year-old children vaccinated against the measles.

Subarea	Indicator	Benchmark situation		Target		Source of information	Responsible agency/ Producer	Per-iodicity <sup>32</sup>	CRES MIC Code	MDG Code
		Year	Value	Year	2015					
4.3. Water and sanitation	Number of orphans with HIV/AIDS	2009	9,700 (UN-AIDS est.)			MICS, Health and reproduction surveys	Ministry of Health, INE	3 years		20
	Rate of HIV prevalence among pregnant women 15-24 years of age	2010	3.2%			Centennial study	Ministry of Health National Institute of Public Health	Annual		18
	Percentage of underweight children under five years of age	2006	19.4%			RGPH, MICS, ILAP/QUIBB, Health and reproduction survey, food survey	INE	3 years	25	4
	Proportion of the population with access to drinking water	2009	66% (MICS)			RGPH, MICS, ILAP, EDS, Survey 1-2	INE	3 years	37	30
	Proportion of the population with access to an improved sanitation system	2009	16% (MICS)			RGPH, MICS, ILAP, EDS, Survey 1-2	INE	3 years	39	31
	Proportion of the population with access to home occupancy security	2009	73.1% (RGPH)			RGPH, MICS, ILAP, EDS, Survey 1-2	INE	3 years	40	32
4.5. [sic] Social security and housing										