

Guinea-Bissau: Poverty Reduction Strategy Paper—Second Annual Progress Report

This Second Annual Progress Report on the Implementation of Guinea-Bissau's National Poverty Reduction Strategy (NPRS) was prepared by the member country in broad consultation with stakeholders and development partners, including the staffs of the International Monetary Fund and the World Bank. The NPRS 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 for Guinea-Bissau is being made available on the IMF website, together with the Joint Staff Advisory Note on the Second Annual Report on NPRS, 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 Monitoring and Evaluation Report
on the Implementation of the
National Poverty Reduction Strategy (NPRS)**

2009–2010

August 30, 2010

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Acronyms and abbreviations

| | |
|----------------|---|
| AfDB | African Development Bank |
| AIDS | Acquired Immune Deficiency Syndrome |
| ANP | National People's Assembly |
| ARV | Anti-retroviral drugs |
| ASYCUDA | Automated System for Customs Data |
| BCEAO | Central Bank of West African States |
| CCIAS | Chamber of Commerce, Industry, Agriculture, and Services |
| CDC | UN Convention on the Rights of the Child |
| CEMGFA | Chief of the General Staff of the Armed Forces |
| CENFOJ | Judicial Training Center |
| CFA | African Financial Community Franc |
| CFC | Computer Training Center |
| CLP | Homeland Freedom Fighters |
| DENARP | National Poverty Reduction Strategy Paper |
| DTIS | Diagnostic Trade Integration Study (Integrated Framework) |
| EAGB | Guinea-Bissau Electricity and Water Services Company |
| ECF | Extended Credit Facility |
| ECOWAS | Economic Community of West African States |
| ENA | National School of Administration |
| EPCA | Emergency Post-Conflict Assistance |
| GDP | Gross Domestic Product |
| GN | National Guard |
| HIPC | Heavily Indebted Poor Countries |
| HIV | Human Immunodeficiency Virus |
| HNSM | Simão Mendes National Hospital |
| IDSR | Demographic and Reproductive Health Survey |
| IEC | Information, Education, and Communication (Outreach) |
| ILAP | Rapid Poverty Assessment Survey |
| IMF | International Monetary Fund |
| IMR | Infant Mortality Rate |
| INE | National Statistics Institute |
| IsDB | Islamic Development Bank |
| ISR | Income Tax |
| l.b. | live births |
| MCH | Maternal-child health |
| MDG | Millennium Development Goals |
| MDRI | Multilateral Debt Reduction Initiative |
| MICS | Multiple Indicator Cluster Survey |
| MILD | Insecticide impregnated bed-nets |
| MTEF | Medium-Term Expenditure Framework |
| NER | Net Enrollment Rate |
| NGO | Nongovernmental Organization |
| NPRSP | National Poverty Reduction Strategy Paper |

| | |
|----------------|---|
| OECD | Organization for Economic Cooperation and Development |
| OHADA | Organization for the Harmonization of Trade Legislation in Africa |
| PEMFAR | Public Expenditure Management and Financial Accountability Review |
| PIP | Public Investment Program |
| PNDS | National Public Health Development Program |
| PNLS | National Anti-AIDS Program |
| PPRDS | Priority Plan for the Reform of Defense and Security |
| PRGF | Poverty Reduction and Growth Facility |
| RGPH | General Population and Housing Census |
| RSDS | Defense and Security Sector Reform |
| SAB | Bissau Autonomous Region |
| SIGADE | Integrated Debt Management System |
| SIGFIP | Integrated Public Finance Management System |
| UCP | Central Procurement Unit |
| UNDP | United Nations Development Program |
| UNHCR | United Nations High Commissioner for Refugees |
| UNIOGBI | United Nations Integrated Peacebuilding Office in Guinea-Bissau |
| UNS | United Nations System |
| WAEMU | West African Economic and Monetary Union |
| WB | World Bank |
| WHO | World Health Organization |

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We would like to thank the UNDP, the WB, and AfDB for their assistance in the preparation of this report.

We welcome the fact that our government's efforts to ensure good governance, in line with the demands of the country's political and economic life, have earned the attention of our development partners.

Despite the improvements achieved, many challenges remain. Therefore, we call on the international community to maintain the political will, the understanding and the commitment that boosted our joint efforts, and we urge our development partners to actively support our efforts to ensure that the country will once and for all turn the page and transition to a path of stability, sustainable economic development, and poverty reduction.

The Government of the Republic of Guinea-Bissau

I. Introduction

This report on the progress made in implementing the National Poverty Reduction Strategy Paper (NPRSP, or DENARP in Portuguese) provides an update of the information contained in the first NPRSP monitoring and evaluation report approved by the government in August 2009 (of which the official Portuguese version is dated November 2009). This second report covers the year 2009 and part of 2010, while the first report described the progress made in 2007 and 2008, and some information available regarding the early months of 2009.¹

Guinea-Bissau's first NPRSP established the strategic directions, primary objectives, and commitments by the country and its people to reduce poverty and achieve the Millennium Development Goals (MDGs). That document, approved in 2004, was revised in 2005 and 2006. Not until November 2006 was a round-table meeting with partners held, aimed at improving dialogue and raising funds to finance the strategy. As a result, the time-frame for implementing the NPRSP was pushed back to the period 2007 to 2009. The year 2010 is considered a transition year to the second NPRSP (DENARP II in Portuguese), which is now being developed and will cover the period 2011 to 2015.

The NPRSP is structured around four pillars: (i) strengthening governance, modernizing the public administration, and assuring macroeconomic stability; (ii) promoting economic growth and job creation; (iii) expanding access to social services and basic infrastructure; and (iv) raising the living standard of vulnerable groups.

It must be mentioned that, during the implementation of the NPRSP, it became clear that there was a need to adjust priorities in view of the changing political and social context. Of particular importance was the need to give special attention to combating drug trafficking and organized crime, which had not been specifically targeted at the outset. This led to the adoption of an Emergency Plan to Combat Drug Trafficking and Organized Crime (2007 to 2010) and the holding of an international conference on the subject in Lisbon in December 2007. These developments led to specific actions which were launched in 2008 and continued in 2009 and 2010 in furtherance of the first pillar of the NPRSP, namely strengthening governance. To a degree, the urgency of this new priority drew attention away from other areas and caused resources to be redirected which otherwise might have been devoted directly to economic and social development.

The NPRSP assumed 5 percent growth rate, a relatively ambitious goal requiring significant resources. However, taking into account the fragile state of the government's finances and the country's high level of debt and arrears, most of this funding had to come from abroad and mainly in the form of concessional resources. The actual level of funding fell short of what was needed, and consequently the NPRSP for 2009 and 2010 was limited to carrying out only those activities for which funding was available. These activities were all in accordance with the NPRSP, but external sources of funding effectively determined what could and could not be done, providing an example of the donor-driven model of

¹ That first report contains sections on "lessons learned" and recommendations with a view to the forthcoming second NPRSP. Those sections have intentionally not been repeated in this report.

development in lieu of the country-driven model recommended by the Paris Declaration. Overall, it is evident that greater importance has been given to safeguarding and securing macroeconomic management, to the detriment of social sectors.

This is the context in which the present report has attempted to describe the progress made on the four pillars of the first national NPRSP. The report is divided into four parts, with the introduction as Part I. Part II describes the political, institutional, economic, and social context in which the NPRSP was implemented, focusing on 2009 and 2010. Part III sums up the progress made in implementing the four pillars of the NPRSP during the same period. And lastly, Part IV briefly sets out the conclusion and a description of specific challenges that are likely to arise in the future. The report also contains an annex describing the NPRSP's four pillars and corresponding subareas and action lines.

II. Political, institutional, economic, and social context

Political and institutional context

Through the first decade of the new century, the country has been unable to put to rest the political and institutional instability arising in the wake of the political and military conflict of 1998-99. Ongoing political uncertainty and a string of governments that on average served less than two years each has meant that there could be no continuity in government policies and programs. One of the biggest problems has been interference by the armed forces in the political process. The international community has focused its attention on this instability as evidenced by the adoption of the Strategic Framework for Peacebuilding in Guinea-Bissau on October 1, 2008, and Security Council Resolution 1876 (29) of June 26, 2009.

Although several manifestations of this instability have taken place in 2009 and 2010 there have also been a number of positive signs. The legislative elections of November 2008 produced a clear parliamentary majority, meaning that there ought to be some return to government stability for at least four years. With the formation of a new government in January 2009 Guinea-Bissau seemed to have opened a new chapter. The government has shown that it is ready to govern the country on objective, efficient economic criteria, and to assure a gradual improvement of people's standard of living.

The tragic events at the beginning of March 2009—the assassination of the Armed Forces Chief of Staff (CEMGFA) on March 1, followed by that of the President on March 2—and then the events three months later—the assassination of a presidential candidate on June 4, followed by that of a member of legislature (the National People's Assembly [ANP]) on June 5—had destabilizing effects. Nevertheless, it has to be pointed out that these did not have any impact whatsoever on constitutional order in the country or on the economic and administrative reforms under way.

Indeed, the presidential elections held in the second half of 2009 following the legislative elections of November 2008 represented democratic progress and had the effect of reducing internal tensions, making it possible for a majority government to be formed and consolidating the current administration, which had been in office for just one year. In

addition, the events of April 1, 2010 once again tested the fragility of the political situation and the national development climate. The Chief of Staff was ousted and jailed by some elements of the Armed Forces, and the Prime Minister was detained and threatened with death. Here again, as in March 2009, no formal change took place in the country's constitutional order and government activity carried on normally. In July 2010 the new Armed Forces Chief of Staff, who had been among the elements responsible for the events of April 1, was appointed to office while his ousted predecessor remained in jail; this caused a great deal of concern on the part of the Economic Community of West African States (ECOWAS) and condemnations were expressed by several partners and members of the international community. In August 2010 a process of national reconciliation began, which would continue for six months, bringing together all the country's major groups (civil society, labor unions, religious groups, political parties, the Armed Forces, women's organizations, young people's organizations, and so on). During the course of his process it became clear that the people of Guinea-Bissau wanted to put an end to any perception that they might be indifferent to the continuing upheavals that have marked the country's political and social life. Indeed, recent spontaneous public demonstrations protesting against the events of April 1 led by elements of the Armed Forces show that all groups in the country are willing and must be able to participate in the reform process that is under way.

In short, the political consequences of these many tragic events have strongly influenced the level of engagement, continuity, and effectiveness of the government's actions along with those of both its domestic and international partners in support of development activities in 2009 and 2010.

Another factor characterizing the institutional and political context, which has contributed to instability, has been the continuing and apparently worsening problems associated with drug trafficking. Since 2006, traffickers have been using Guinea-Bissau as a drug transshipment hub to other destinations, particularly Europe. The threat posed by drug traffickers and the ominous influence they exert is so great that they imperil the rule of law and the country's constitutional order. Drug trafficking has greatly harmed the integrity of governance; it has damaged the country's image in the international community and substantially impeded the fight against corruption.

Aware of this situation, the great majority of Guinea-Bissau public opinion would be in favor of an international stabilization force entering the country to support the reform of the Armed Forces and to combat drug trafficking.

Economic context

GDP grew by 3 percent in 2009, lower than the 3.2 percent recorded in 2008 but higher than all forecasts at the beginning of the year. For 2010, with cashew nut prices recovering, domestic consumption increasing, and capital spending in the construction sector rising, the economic growth rate is expected to reach 3½ percent.

Although the international crisis had a negative impact, it was not as dire as expected. Falling cashew nut prices on the world market did result in a significant lowering of the producer

price in 2009. Although there was a large increase in the volume of exports (135,500 metric tons in 2009, compared with 109,600 metric tons in 2008 and 96,100 metric tons in 2007), Guinea-Bissau's export revenues (of which cashew nuts account for more than 90 percent of the total) shrank by about 10 percent from 2008 to 2009. In 2010, the volume of exports is expected to see a modest decline from the record figure attained in 2009.

Another impact of the crisis was evident in transfers and remittances of private funds to Guinea-Bissau: these too fell, from CFA 15.8 billion in 2007 to CFA 14.8 billion in 2008, and then to CFA 10.9 billion in 2009. During the period being examined (2009 and 2010), inflation eased and the budget was stabilized.

The level of national debt, however, remained unsustainable.² The country is not in a position to repay debts as they mature, and arrears are piling up for both foreign and domestic debt. The country reached the decision point under the HIPC Initiative in 2000. Reaching the completion point will enable the country to obtain an overall reduction in its external debt of approximately US\$700 million to US\$800 million vis-à-vis its multilateral and bilateral creditors as a whole. That would send a positive signal to potential foreign investors and would produce a savings of approximately US\$50 million in the period 2011 to 2013 in debt service payments to multilateral creditors such as the World Bank and the African Development Bank (AfDB).

Guinea-Bissau received Emergency Post-Conflict Assistance (EPCA) from the IMF in 2008 and 2009. The improvement in the management of government finances made it possible for the country to achieve positive performance under the EPCA program and led to the signing in May 2010 of a new agreement under the Extended Credit Facility (ECF) for the period 2010-2012. The progress made in this area enabled the World Bank to approve two Economic Governance Reform grants, the first in December 2009 and the second in June 2010. Based on the recent reforms instituted by the government, the African Development Bank (AfDB) also approved a budget support grant in March 2010. However, in July 2010 the European Union—which has been one of Guinea-Bissau's major partners, providing support estimated at 102,800 Euros from 2008 to 2013 under the Cotonou Agreement—has announced its intention to reexamine its participation as a development partner following the events of April 2010 and the subsequent government appointments.

Through its various programs, funds, and agencies, the United Nations system has played a strategic role in implementing the NPRSP. Since 2009 the United Nations Integrated Office for Peacebuilding in Guinea-Bissau (UNIOGBIS) mission has strengthened its capacity to support reforms in the defense, security, and justice sectors, including combating drug trafficking and organized crime.

Traditional partners such as Portugal, France, and Spain have continued to provide their support. Non-OECD partners, particularly China, Brazil, Angola, South Africa, Libya, India, Iran, and even the Islamic Development Bank (IsDB), as well as subregional organizations (the Economic Community of West African States (ECOWAS) and the West African

² The joint IMF/IDA debt sustainability analysis for Guinea-Bissau, done at the end of May 2010, may be found at the Fund's website as part of IMF Country Report No. 10/117, May 2010.

Economic and Monetary Union (WAEMU)) are also making important contributions. A number of NGOs are active in the country, particularly in doing social and humanitarian work.

Social context

Even among the least developed countries Guinea-Bissau has some of the lowest social indicators in the world. Those indicators and Guinea-Bissau's performance on the MDGs were summarized in the previous report (Annex 4) and so have not been repeated here. In July 2010 a survey (MICS/IDSR) was done on a number of principal social indicators. The results of that survey have yet to be analyzed, but some preliminary data are reflected in this report. In summary, Guinea-Bissau remains one of the lowest-ranking countries according to the UNDP Human Development Index (ranking 173rd out of 182 countries in the 2009 UN report). It is unlikely that the country will be able to attain most of the MDGs established for 2015. For example, life expectancy has improved very little, from 43 years in 1989 to 47.4 years in 2009. Infant and child mortality rates continue to be very high, although the negative trend seen from 2002 to 2006 seems to have been reversed (see Section III.10). One positive factor is that in 2009 and 2010 there has been no case of cholera in the country thanks to a large-scale awareness campaign carried out by the health authorities to prevent outbreaks of the disease.

Another positive social development is that the lengthy strikes that were previously common in the public sector have now ceased as a result of civil-service salary payments being made regularly and arrears from 2008 being paid beginning in early 2009. There have been some instances in which certain individual sectors have experienced short-term work stoppages, principally in education and health, but no widespread disruptions in service provision have occurred.

III. Progress made in implementing the NPRSP in 2009 and 2010

As indicated in the previous section, in 2009 the government made a clear break with the past.

In 2009 and 2010, despite facing a difficult environment at both the national and international levels, the country carried out far-reaching reforms that enabled it to make remarkable progress in macroeconomic stabilization and the promotion of economic growth. At the same time, the preliminary results of the 2010 MICS survey exhibited a positive trend in social indicators, although progress was modest and began from a very low level.

The principal efforts made and results achieved by the country, assisted by its development partners, are presented for each of the four pillars set forth in the NPRSP (see Annex 1: Structure of the NPRSP; pillars, subareas, and action lines).

Because this report is intended to be a summary, the information presented below is meant to be illustrative rather than all-encompassing. It focuses on those actions considered strategic and on the criteria applied to reach the HIPC Initiative completion point. It must be pointed

out that in many areas, particularly health, water and sanitation, education, training, and culture, a number of decentralized initiatives have been undertaken by NGOs and grassroots organizations. These activities have contributed to the implementation of the NPRSP, although they have not been monitored in detail by the government.

PILLAR 1: Strengthening governance, modernizing the public administration, and guaranteeing macroeconomic stability

1. Macroeconomic management (NNPRSP 1.1)

The work of devising and implementing the NPRSP on the basis of the Plan of Priority Actions reflects ongoing efforts to direct the process of economic and social development responsibly and to coordinate the corresponding activities and policy measures. In 2009 the first NPRSP implementation report was prepared. It outlined the activities carried out, the results achieved, and the problems encountered through 2007, 2008, and part of 2009. Bearing in mind that most development funding comes from external sources, the government paid special attention to mobilizing, managing, and coordinating aid during the period being examined. Aid effectiveness was of particular concern, and the country joined the Paris Declaration on aid effectiveness in August 2010.

As previously mentioned under the heading “Economic context,” the country’s positive performance under the IMF’s Emergency Post-Conflict Assistance program in 2008 and 2009 enabled it to sign a new agreement in May 2010 under the Extended Credit Facility for the period 2010-2012. The progress made in macroeconomic management and the reform of the public administration prompted the World Bank to approve two Economic Governance Reform grants, the first in December 2009 and the second in June 2010.

In 2009 and 2010 Guinea-Bissau has made progress in macroeconomic stabilization and the implementation of management reforms in the areas of government finance and government contracts and procurement processes. As mentioned in the previous section, the impact of the international crisis was less adverse than feared. GDP growth was positive in 2009, and the same result is expected in 2010.

In spite of a difficult external environment, fiscal performance has been satisfactory. An increase in tax receipts and strict controls on current spending have made it possible to increase government investment and pay down a portion of the arrears owed to the private sector, in turn providing a stimulus to domestic economic activity. In fact, far from deteriorating as one might have expected, fiscal balances have been improving. The primary domestic deficit fell from 3.2 percent of GDP in 2008 to 2.9 percent in 2009, while during the same period the overall balance rose sharply, from a deficit of 3.8 percent of GDP to a surplus of 2.9 percent.

Fiscal discipline also made it possible for external financing to resume from official donors, which lightened the burden considerably, not only in terms of the government’s own accounts but also the country’s external accounts, which had temporarily deteriorated due to the slump in export prices. Overall, the external balance on the current account (including

government transfers) remained unchanged from 2008 to 2009 at -4.1 percent of GDP. For 2010, owing to the strengthening of economic growth which should lead to an increase in imports considering the country's limited production capacity, and a decline in official transfers, a deficit is projected for the external current account balance of 5.8 percent of GDP.

Control of inflation has also exhibited positive results. After pressure from rising prices resulting from the food crisis, which produced an inflation rate of over 10 percent in 2008, the improvement in food prices and the slowing of economic activity led to a temporarily decline in the consumers price index by 1.6 percent in 2009, thus increasing the purchasing power of consumers. In 2010, inflation rose partly driven by rising import prices of fuel and a weaker euro. In the coming years inflation should remain at less than 3 percent, the level permitted by WAEMU.

2. Management of the government's finances (NPRSP 1.1)

It is important to stress the efforts undertaken to improve the fiscal balance. Progress was significant with regard to tax revenues: in a context of limited economic growth, revenues increased by 27.1 percent from 2008 to 2009, their growth split between (i) indirect taxes, which rose by 28 percent and (ii) direct taxes, at 24.7 percent. This trend has accelerated in 2010: in the first quarter of 2010 tax receipts increased 46.9 percent over the corresponding period the previous year. There were increases in all areas, including in (i) the portion of income tax relating to property value assessment, at 472.5 percent; (ii) the industrial assets assessment, at 85.1 percent; and (iii) the standard property tax, at 387.3 percent.

Beyond the strong macroeconomic initiatives aimed at consolidating fiscal stability and improving the quality, transparency, and effectiveness of public spending, the government has undertaken a process of structural reform in regard to its finances.

Thus, in 2009 and 2010, steady progress was made toward adopting a modern and stable legal and accounting framework to manage the government's finances in accordance with WAEMU guidelines and consistent with international best practices. The Council of Ministers approved a draft Organic Budget Law and Decree on Public Accounting which it submitted to the National People's Assembly, which adopted it in March 2010. Along the same lines, the Council of Ministers approved legislative decrees establishing the post of Financial Comptroller and reorganizing the Directorate-General of the Budget in accordance with the recommendations of the Public Expenditure Management and Financial Accountability Review (PEMFAR). In addition, regulations were established for credit managers and government accounts by means of government decrees and official directives issued by the finance ministry from March to June of 2010.

At the same time, operational advances in budget management have been accompanied by the institutional strengthening of budget execution. The rollout of the budget preparation and execution modules of the Integrated Government Finance Management System (SIGFIP) designed to improve budget execution efficiency and transparency and the preparation of a

procedural manual for use by all government ministries and departments have made these legal and institutional changes operational.

As a result of the legal framework that has been established and the progress made in putting the SIGFIP into operation it is expected that budget execution will be more efficient, that controls will be more effective, that budget execution reports will be more reliable, and that the annual accounts will be prepared more quickly. In particular, from June 2010 the government has started preparing simplified budget execution reports that should make decision-making about public spending more transparent and more responsive.

Actions to reform financial management also include improvements to the tendering system for awarding government contracts. In 2009 these reforms were implemented on a trial basis in five ministries (the education, health, finance, agriculture, and infrastructure ministries). The government has begun updating the existing regulations for public tendering aimed at harmonizing them with WAEMU standards by having the Council of Ministers approve a legislative decree to make the current system compatible with the WAEMU principles laid down in April 2010.

The regulatory and control functions have been adapted to conform to WAEMU guidelines on awarding government contracts. Lastly, also in April 2010, the Council of Ministers approved a decree setting up a Central Procurement Unit.

Table 1: Reforms and actions in regard to government finance, the civil service, and public contract tendering (2009-2010)

| Actions | Date of approval or implementation |
|--|------------------------------------|
| 1. Installing the SIGFIP budget preparation and execution modules in the budget units of central administrative ministries and agencies. | June-September 2009 |
| 2. Preparing the 2010 budget according to the WAEMU classification. | October 2009 |
| 3. Having the Office of the Inspector-General of Finance and the Office of Public Administration conduct visits to government offices to verify the payment of civil servants' salaries in person, and to cross-check their names against sector ministries' payroll lists. | July-December 2009 |
| 4. Submitting the framework law for the national budget to the People's National Assembly. | March 10, 2010 |
| 5. Having the Council of Ministers approve (i) a decree establishing Financial Comptroller posts and determining how they are to be organized and what their duties and responsibilities are to be, (ii) a decree reorganizing the Directorate-General of Treasury and Accounting and determining what its new duties and responsibilities are to be, and (iii) a decree determining the new responsibilities of the Directorate-General of Budget and the duties of financial administrators. | April 28, 2010 |
| 6. Publishing and distributing financial execution procedures manuals in all ministries. | April 27, 2010 |
| 7. Receiving the joint decision of the Ministry of Finance and the Ministry of the Civil Service regarding the selection of a new national human resources management system submitted to the Council of Ministers. | April 23, 2010 |
| 8. Having the Council of Ministers approve (i) new regulations on the awarding of government contracts consistent with WAEMU guidelines and (ii) an official service order regarding the establishment of the new Central Procurement Unit (UCP). | April 28, 2010 |

3. Reforming the public administration and modernizing the state (NPRSP 1.2)

The administrative reforms aimed at making Guinea-Bissau's public administration an effective tool to support development has been actively pursued in 2009 and 2010 under the joint direction of the civil service and the ministries of labor, state modernization, and finance.

The problem of the size and cost of the public administration has been tackled head-on. Personnel expenses declined from 98 percent of government revenues in 2008 to 77 percent in 2009, and are expected to decline further in 2010 to 67 percent of government revenues. The number of civil servants is clearly excessive, and in some cases they possess inadequate qualifications, have no proper management or oversight, and lack a clear and precise description of their duties.

The government carried out a biometric census of government personnel at the end of 2009. This exercise revealed that about 4,000 civil servants were in fact “ghost workers”. Corrective measures were taken in the first half of 2010, which produced significant savings that could be increased if the findings of the census were fully utilized. Overall, it is unlikely that total payroll costs can be reduced by the full amount equivalent to that saving, as it will be necessary to motivate the most productive civil servants and recruit new staff having new skills.

The government is now completing a technical evaluation in preparation for purchasing a new payroll information management system to bring together all the data from the biometric census and strengthen controls on personnel expenditures.

Since 2009 the government has also been paying civil servants their salaries on a regular schedule, and is now devising a way to finish paying salary arrears still pending from 2003.

Among the modern information systems being put in place are the following:

- The Integrated Debt Management System (SIGADE), which was installed in the third quarter of 2009.
- The Integrated Government Finance Management System (SIGFIP), the budget preparation and execution modules of which were installed in 2009, and the government accounting module will be operational by the end of 2010.
- The Automated System for Customs Data (AYSCUDA++) was installed in August 2010.
- A data center designed to provide improved connectivity for government ministries and agencies using a single communications platform based on a single data network.
- Finally, at the regional level, all local government administrative centers had internet connections and computer equipment installed by July 2010.

In 2009 the government adopted the draft law setting up the National School of Administration (ENA), and in August 2010 regulations were established to govern its operation. By the end of 2010, 200 Guinean professionals will have received training in the areas of strategic planning, government finance (with particular emphasis on budget management and debt management), statistics, mobilization and coordination of aid, and administrative organization.

Other advances in this area in 2009 and 2010 have been as follows: (i) restructuring the organization of various government bodies and units, redefining their missions, and reconfiguring their organizational charts; (ii) establishing job descriptions and staff profiles; (iii) instituting competition-based recruitment procedures; and (iv) establishing a literacy program for civil servants with a view to enabling them to gain new skills and become more integrated economically and socially.

4. Consolidating the rule of law and the justice system (NPRSP 1.3)

Institutional reforms are under way to strengthen the judicial branch of government in order to improve the way it operates while ensuring that it fully abides by the principle of the separation of powers and is governed by legislation tailored to the specific needs of Guinea-Bissau. Achieving this objective means strengthening the capacity of the judicial branch's human resources and providing the material resources necessary for the proper administration of justice.

In 2009 and 2010 a number of actions were carried out demonstrating that the executive, judicial, and legislative branches of government have the will and resolve to strengthen the administration of justice. Listed below are the most important measures undertaken thus far:

- Work began in March 2010 on drawing up the National Justice Policy for the period 2011-2015 to provide a framework of priorities for the reform of the justice sector.
- In the second half of 2009 a plan for the continuous training for judges, prosecutors, lawyers, and justice officials was approved and implemented. Over 40 training activities concerned with various aspects of the legal system have been carried out over a four-month period.
- In July 2010 work was completed on drafting the legal basis and training regulations for the Judicial Training Center (CENFOJ), which is expected to be approved by the Council of Ministers by the end of 2010. Until construction of the CENFOJ building has been completed a number of classrooms in the National School of Administration will be reconfigured and fitted out (in late 2010) to serve as temporary premises for the CENFOJ so that training activities can begin.
- In June 2010 the regional jails that had been remodeled in Mansôa and Bafatá, with capacities of 30 and 50 inmates respectively, were officially turned over to new administrators. Five wardens and 80 guards have been recruited, and they are to receive specific training in September 2010.
- In 2009 and 2010 a series of basic legal texts to reform the judicial and legislative branches was drafted and approved. Among these were the following: legislation to harmonize Guinea-Bissau's legal texts with the standard texts established under the Organization for the Harmonization of Business Law in Africa (OHADA); a law on organizational structure and criminal investigation; a procedural law for the sentencing court; a revision of the organic law on judicial tribunals; a law setting up the Judicial Coordination Board; amendments to the Code of Civil Procedure and the Code of Penal Procedure; regulations governing detention centers; the schedule of court costs; a law on access to the justice system; the by-laws of the National Commission on Human Rights; and a law on forfeiture of property to the government. Also during that period a national consultation exercise was conducted to develop draft legislation on female genital mutilation and the trafficking of persons.

5. Reform of defense and security (NPRSP 1.4)

In spite of the political disruptions that affected the ongoing implementation of actions concerned with the defense and security sector, the work crucial of reforming the sector was not seriously interrupted during this period.

Instead, reform initiatives affecting different areas of the sector proceeded at different paces. In 2009 and 2010 actions related to the Priority Plan for the Reform of Defense and Security (PPRSDS), which was prepared and approved in January 2010, seem to have been both a response to and an impetus for reform.

Among other things, this plan emphasizes reducing the size of the military and security forces, setting up a military pension fund and related benefits programs, and establishing professional standards for new recruits. The following actions have been carried out:

- In April and May of 2010 the legal framework for the defense and security forces' new mission and mandate was revised. The People's National Assembly approved over a dozen legal texts to reorganize and restructure the defense and security sector: (i) the Law on National Defense and the Armed Forces; (ii) the Basic Organic Law of the Organization of the Armed Forces; (iii) the Law on the Responsibilities of the Armed Forces; (iv) the Law on Compulsory Military Service; (v) the Statutory Regime of the Armed Forces; (vi) the Code of Military Justice; (vii) Regulations on Military Discipline; (viii) the Organic Law of the Ministry of Public Security and Homeland Affairs; (ix) the Organic Law of the Police Force for Public Order; (x) the Organic Law of the National Guard (GN); (xi) Statutory Regime of the Police Force for Public Order; (xii) Statutory Regime of the National Guard (GN); (xiii) Disciplinary Regulations of the Police Force for Public Order; (xiv) Disciplinary Regulations of the National Guard (GN); (xv) the Statutory Regime of the Armed Forces; (xvi) the Organic Law of the Armed Forces.
- In June 2010 a national campaign to promote awareness of the reforms in the defense and security sector was officially launched.
- In 2008 a biometric census of the armed forces was conducted. One year later (in June 2009) biometric censuses were conducted of the security forces and the Homeland Freedom Fighters (CLP). These found that the armed forces, the paramilitary security forces, and the CLP numbered 4,458, 3,450, and 5,883 respectively.
- In June 2010 the government and the ANP approved the overall legal framework and attendant economic and legal requirements, including arbitration procedures, for setting up the pension fund. The fund will be managed by an independent financial institution selected through a public tendering process to guarantee transparency and procedural soundness.

- The capabilities of the ANP are being strengthened in this area through support to the Special Committee on Defense and Security, which is considered crucial to the reform process, and by the establishment of a Documentation Center.
- Fort Amura in Bissau has been renovated, and work has begun on renovating two other military installations (Gabú and Quebo).
- The old NECSO shipyard in João Landim has been converted into a Police Training Center. The premises have been officially turned over to the Ministry of Public Security and Homeland Affairs, and the final work is under way to make the training center operational.
- The Computer Training Center (CFC) has been in full operation since June 2010. Its purpose is to improve the skills of officers working in domestic security and criminal investigation. It has already trained 89 members of the Police Force for Public Order, the Judicial Police, the Intelligence and Security Service, and the Immigration Service.
- In July 2010, to combat the trafficking of children and domestic violence, especially against women, training activities were conducted for members of the security forces in the Bafatá and Gabú regions.
- In June 2010 the International Conference on Raising Awareness of the Reform of the Defense and Security Sector was held with the participation of all sovereign agencies. Its purpose was to increase the awareness of the security forces and the international community of the government's determination to follow through with the reform process. That conference culminated in what became known as the Bissau Declaration.

Throughout 2010, in an effort to develop a new policing paradigm geared to respect for the rights of individual citizens within the context of a community policing approach, a model police station was built and put into full operation in the military district (*Bairro Militar*).

PILLAR 2: Promoting economic growth and job creation

6. Improving the business climate (NPRSP 2.1.1)

The lack of resources to finance investment in economic infrastructure has led the government to place special emphasis on improving the business climate. How serious the situation is can readily be seen in the “Doing Business 2010” report, which ranks Guinea-Bissau at 181 out of 183 countries. Nevertheless, this is a one-rank improvement over the previous year, and that change reflects a set of important pro-business reforms.

Efforts to develop the private sector made huge advances in 2009 and 2010. The new Investment Code was promulgated in 2009 and published in 2010; it entered into force in the second half of the year. The new code removes the myriad investment regimes, eliminates the existing arbitrariness in granting tax incentives, and provides equal opportunities for private investors. At the end of 2009 the government also approved the Law on Public-

Private Partnerships with the twofold objective of overcoming the lack of financing for public-sector investment projects and reaffirming the government's commitment to promoting private investment.

The government has made significant progress in streamlining administrative procedures:

- In March 2010 the Council of Ministers approved a decree that included a number of measures to streamline the establishment, operation, and closure of businesses, thereby making it much easier to do business in Guinea-Bissau according to the terms of the Decree to Streamline Business Procedures.
- Another important step has been to set up a “one-stop shop” (*guichet único*) for business. The Council of Ministers approved this in March 2010, calling it a Business Procedures Center. The Center combines the offices of several different government agencies in a single location, enabling citizens to take care of the procedures and paperwork for all agencies in a single visit. The Center, which will be fully operational by the end of 2010, provides easy access for citizens to deal with matters relating to taxation, credit, environmental regulations, infrastructure, and business registration requirements. The aim is to help new businesses to get started and existing businesses to formalize, expand, or modernize their operations.
- Finally, the National People's Assembly adopted the Law on Information and Communication Technology, establishing the regulatory framework for the country's telecommunications services. The President of Guinea-Bissau promulgated this law in June 2010.
- A revision of the General Labor Law is also underway.

Modernizing the Investment Code, bringing it into line with regional standards regarding commercial law, and simplifying business procedures will foster a gradual improvement of the business environment in Guinea-Bissau. This will help to lay a solid foundation for a more robust private sector, supported by political stability, a more efficient public administration, and a stronger justice system.

Further specific actions to promote private sector development have also been carried out. To encourage entrepreneurship by financing small and medium enterprises and to further the development of the business community the government has joined with a private bank to set up the Rapid Impact Fund, which is designed to finance business activities capable of creating jobs and making an immediate impact on the strength of the economy.

Table 2: Reforms and actions to improve the business climate and develop the private sector, 2009-2010

| Actions | Dates and formalities |
|--|--|
| 1. Approval of the Investment Code by the Council of Ministers. | May 2009, with entry into force and implementation in the second half of 2010 |
| 2. Approval of the Law on Public-Private Partnerships by the Council of Ministers. | December 2009 |
| 3. Approval of the Decree to Simplify Business Registration Procedures by the Council of Ministers. | March 25, 2010 |
| 4. Approval of the “one-stop shop” through the decree by the Council of Ministers to establish a Business Procedures Center. | Approved by the ANP on March 9, 2010, promulgated by the President in May 2010 |
| 5. Promulgation of the Basic Law on Telecommunications by the President. | June 2010 |

From November 2009 to May 2010 31 such loans were approved, totaling approximately CFA 173 million. The subsectors benefiting from this support included commerce, farming, flower production, livestock, small-scale manufacturing and production, artisan fishing, transportation, microcredit associations, food vendors, maintenance workers, beauty salons, meat vendors, carpenters, and woodworkers. Through these loans 129 jobs were directly created. The beneficiaries have consisted of 15 women’s groups, 12 men’s groups, and four associations that are not gender-specific.

In addition, awards were established in December 2009 for Businessperson of the Year, Business of the Year, and Young Entrepreneur of the Year; and the Chamber of Commerce, Industry, Agriculture, and Services (CCIAS) was placed under the Statutory Regime of Public Service Organizations.

7. Fostering growth in sectors that employ the poorest population groups (NPRSP 2.1.2)

The agricultural sector

The agricultural sector in general and farming in particular account for the bulk of Guinea-Bissau’s economy, representing over 50 percent of GDP and employing about 90 percent of the population.

One component of the agricultural sector, the production of cashew nuts, accounts for over 80 percent of the country’s export revenues and employs a large proportion of rural families. In 2009 and 2010 the National Cashew Board built up its capacity to responsibly regulate cashew marketing and undertake sector policy planning. In 2008 the government liberalized producer prices for cashews, and efforts were made to increase funding for cashew marketing

by connecting producers with local commercial banks. The subsequent increase in output was in part the result of that policy. Domestic capacity for processing cashew nuts has been increasing gradually. About 300 producers have received cashew nut shelling kits and the training necessary to use them.

For rice, which is the principal food crop, the following developments reflect the progress achieved between January 2009 and June 2010:

- In the Oio, Cacheu, Biombo, Bafatá, and Gabú regions and the Bissau Autonomous District 14,628 rural producers (5,764 men and 8,864 women) received improved seed for rice and other crops, as well as agricultural inputs.
- In the Oio, Bafatá, and Gabú regions a total area of 3,169 hectares was prepared and planted with improved seed for rice. Farm implements were distributed and training sessions were conducted, 25 locally and 4 abroad, for the ministry's technical staff.
- In the Gabú region 12,154 meters of protection levies, 8,896 meters of separation levies, and 1,570 meters of drainage channels were built.

During the same period work was also undertaken to promote the production of oil palms, mangoes, and other tropical fruits, with 500 plants distributed in the Bolama and Cacheu regions. Several training sessions were organized in a number of regions on producing high-quality farm output, processing fruit, and preserving and canning vegetables.

In regard to livestock, a nationwide survey was carried out in 2009, and 19 demonstration units were established to show how animals could be raised to full size quickly. All the units are operational.

The fisheries sector

- The strategic plan for the period 2011-2015 was developed in 2009. It will be considered for approval and implementation by the National Fisheries Conference to be held in 2010.
- To strengthen fishing controls and inspection advanced patrol offices in Cacheu and Cacine were renovated in 2009, and in Caravela a new advanced patrol office was opened in June 2010. In the Bijagós archipelago, a central inspection base was set up in Bubaque in June 2010. Thanks to these efforts it was possible for 88 inspection missions to be conducted from 2009 to August 2010.
- The construction of the Alto Bandim fishing port is nearing completion, and it should be operational in 2011. Work on building the adjacent quality control laboratory should begin by the end of 2010.

The extractive industries sector

In the medium term the development of mineral deposits and oil reserves is likely to contribute significantly to foreign exchange earnings, tax revenues, and the country's overall financial position, thereby helping to reduce poverty.

Still, this is a sensitive area and the government has proceeded cautiously in 2009-2010, undertaking preparatory activities to ensure that transparent and accountable practices will be followed in the mining and oil and gas sector, including dealing with the environmental impact of the development of mineral deposits. For this reason a number of legal texts have been prepared or reviewed, including: (i) a law on the oil and gas sector, together with the corresponding regulations; (ii) a law on mines and quarries; and (iii) by-laws for the National Petroleum Exploration and Development Corporation (PETROGUIN). Further draft legislation for the mining and oil and gas sector was developed at a workshop on July 8 and 9, 2010, and the Council of Ministers is expected to approve these drafts by the end of 2010. In addition, to ensure full transparency regarding the government's plan for the extractive industries, a national conference on extractive industries was held in February 2010. Development partners, civil society, and the private sector were represented in significant numbers at that conference.

The current status of mining concessions is as follows:

- To allow for the development of the Boé bauxite deposits, work on a deep-water port began in 2009. It was suspended as a result of the instability brought on by the events of April 1, 2010, but is expected to resume shortly.
- The Varela heavy metals deposit (ilmenite, zircon, and rutile) is covered by a concession granted to the company TBS GB Ltd. in 2009.
- The Farim phosphate deposit has not been developed.
- The area covered by the volcano-sedimentary Precambrian formations in north-eastern Guinea-Bissau is covered by a concession under a geological and mining exploration license.
- With regard to oil and gas, three of the 14 blocs making up the country's offshore zone have had draft decrees for the concession of exploration licenses submitted to the Council of Ministers for consideration. For two other sectors, draft decrees to cancel previous licenses have also been submitted to the Council of Ministers for approval. The first contract to participate in oil and gas exploration on the country's continental shelf, in an area known as the Boé Paleozoic basin, was signed on October 18, 2008.

8. Developing infrastructure to support production (NPRSP 2.2)

One of the main characteristics of the business climate in Guinea-Bissau is the woeful lack of basic infrastructure, especially in energy and transportation, which are essential to stimulate growth and diversify the economy.

Energy

In regard to energy, there are a number of recent advances worth highlighting:

- In 2009 the work that had been started in 2008 to rehabilitate and extend the electricity grid (rehabilitation and expansion of medium- and low-voltage lines, purchase and installation of new transformers, extension of the grid, etc.) was completed.
- The study on restructuring and reorganizing the Guinea-Bissau Electricity and Water Services Company (EAGB) was finalized and validated in December 2009. And in March 2010, the draft sector policy on electricity and the proposed reform program for the water and electricity sector were submitted to the government for approval.
- In 2010, the process of recruiting a professional project management firm to install a 5 megawatt power station was begun.
- Preparations were made in 2010 for building a 700 cubic meter reservoir to upgrade the drinking water distribution system.
- In 2009 and 2010, power generators were installed in Farim, (50 kilowatts), Cacheu (350 kilowatts), and Canchungo (500 kilowatts).

In June 2010, the government and the World Bank negotiated a project with a cost of US\$12.7 million to reactivate electricity generation and distribution installations in Bissau, the capital city. As of August 11, 2010, the government had received support from the ECOWAS and the WAEMU totaling US\$10 million to strengthen the EAGB's capacity to generate electricity (for the purchase of fuel).

In addition, to reduce the country's dependence on oil and gas, a sector strategy and an action plan to promote and develop alternative domestic energy have been devised. In 2010, 20 technical staff have been trained in rationalizing biomass energy. Also under the Regional Energy Biomass Program, training has been provided for 15 artisans, 10 of them women, for producing the ceramic component of an improved stove.

Roads and bridges

One of the largest projects in this sector is the construction and rehabilitation of the *Avenida dos Combatentes da Liberdade da Pátria* [Homeland Freedom Fighters Avenue] and the section of road between the QG [site of the armed forces barracks] and Antula, which will significantly alter the urban landscape along the route entering Bissau. Contracts for this project were awarded in May 2010, and the total length of time for completing the work is 13 months.

Other work completed consists of studies for the construction of 500 kilometers of road connecting Guinea-Bissau to neighboring countries (Guinea and Senegal), 200 kilometers of secondary roads providing access to production areas, and 180 kilometers of roads forming

part of the national highway system: Mansaba-Bafatá, Canchungo-Caio, Mansoa-Bissorâ, and a second route out of Bissau (Bissau-Nhacra). Ongoing maintenance of 400 kilometers of roads throughout the country is carried out using resources from the Highway Fund.

The Euro-African Bridge crossing the Cacheu River at São Vicente was opened in September 2009. A system of tolls has been set up to cover ongoing maintenance costs.

Telecommunications

As indicated in the first NPRSP report, the telecommunications sector has seen significant growth, particularly since 2007. The principal operator's nationwide coverage is now estimated at 36.2 percent of the country's territory, compared with less than 10 percent in 2007. There has likewise been commensurate growth in its number of subscribers, from 180,000 in 2007 to over 550,000 in 2010. New equipment has been purchased for the Port of Bissau, which will enable the port to function better.

The transport sector is one of the largest private sector employers, and also offers significant potential for increasing government revenues, particularly as exemptions are eliminated. As indicated above in section III.6, "Improving the business environment," the Law on Information and Communication Technology was approved in 2010.

PILLAR 3: Expanding access to social services and basic infrastructure

9. The education sector (NPRSP 3.1)

The challenge that the government has taken on here centers on organizing and restructuring the education system. Thus in 2009 and 2010, to follow through on this, the government has approved and the People's National Assembly has adopted a series of legal texts:

- In September 2009, the Council of Ministers adopted the Education Policy Charter (2010-2020), which sets out the general lines of the government's policy for the education and training sector for the next 10 years.
- A number of texts have been adopted to organize and structure the education system, as follows:
 - The Basic Law on the Education System was approved by the People's National Assembly in March 2010, setting out the organizational principles of the education system. One new feature in the law was to increase primary education from six grades to nine grades, so that primary education would consist of three cycles: first cycle, grades 1 to 4; second cycle, grades 5 and 6; and third cycle, grades 7 to 9. The law also lowered the official enrollment age for primary education from 7 years to 6 years.

- The Statutory Regime of the Teaching Profession establishes the procedures and criteria for the recruitment of teachers and their advancement in their careers. It also provides for teachers to have performance appraisals.
- The Law on Higher Education and Scientific Research was adopted in June 2010.
- The Law on School Cafeterias was adopted in June 2010.
- The Higher Institute of Education (ESE) was created by merging three teacher-training schools as an institute having administrative, financial, and pedagogical autonomy.
- Work on drawing up the Education Sector Plan (2011-2013) was completed in June 2010, and will soon be approved by the government. Guinea-Bissau's development partners are expected to endorse it in September 2010, marking Guinea-Bissau's formal accession to the "Education for all—Fast-track initiative" (EFA-FTI). In joining the EFA-FTI, Guinea-Bissau will submit a financing request for approximately US\$25 million to support the implementation of the Education Sector Plan during the next three years.
- It has been made mandatory for students to continue to the end of grade 12, and for them to sit national examinations.

In regard to improving access to primary education, accomplishments in 2009 and 2010 have included building 123 new classrooms and renovating 110 existing classrooms in various parts of the country, resulting in a higher enrollment.

In 2009 and 2010, more than 600 adolescents and adults became literate thanks to training at 10 training centers, while training activities continued at 50 new centers, for a total of 9,000 students. During the third quarter of 2010, 3,920 school-desks and other materials were distributed, benefiting a total of 196,000 students.

According to provisional results from the MICS4/IDSR survey, the net primary-education enrollment rate in 2010 was 67.4 percent nationally, compared with 56.9 percent in 2003/2004. This translates into an improvement of 10.5 percentage points in six years. The net primary-education enrollment rate was at its highest in Bissau, at 87.1 percent; in urban areas overall it was 83.5 percent; and in rural areas it was 56.5 percent. The gap between the enrollment rates of girls and boys was relatively small, 65.4 percent for girls compared with 69.3 percent for boys. At the secondary level, the net enrollment rate was 23.5 percent nationally, while for girls it was 19.9 percent.

It should be noted that the fee for registering children to attend public primary schools was abolished in 2002, as were import duties on textbooks.

10. The health sector (NPRSP 3.2)

Considerable progress has been made in 2009 and 2010 in the area of health. The results of the 2010 MICS have still not been analyzed, but provisional figures indicate that for two of the four MDGs that relate directly to health—under-five child mortality and infant mortality—the upward trend observed from 2000 to 2006 was reversed (see Annex 2: Monitoring table of MDG indicators). For the first indicator (MDG = target 80), the figure of 203 per thousand live births in 2002 rose to 223 in 2006, and then fell to 155 in 2010. For the second indicator, the figure of 124 per thousand live births in 2002 rose to 138 in 2006, and then fell to 104 in 2010 (MDG = target 47.3).

The second National Health Development Plan (2011 to 2017) was validated and adopted in May 2010.

To help reduce shortages of personnel and improve the conditions of health providers, 115 health professionals were trained and assigned to health facilities in the various regions. Isolation and moving allowances for health personnel working in remote places in the interior of the country started to be paid in 2009 and will continue.

Other work done in 2009 and 2010 included the following: (i) construction of health centers in Bissau (three), Biombo (one), Quinara (one), and Bolama (two); (ii) rehabilitation and fitting out of the hospital in Canchungo; (iii) rehabilitation and fitting out of the operating room at Mansoa; (iv) construction and fitting out of the operating room at Gabú; and (v) construction of accommodations for health staff in various health districts.

The new 200-bed Military Hospital was opened in August 2010. The work of rehabilitating and expanding the National Simão Mendes Hospital, which began in 2007, is scheduled to be completed by the end of 2010. The Brá Physical Rehabilitation Center, which was rehabilitated in 2010, is being operated by a new management team.

Significant progress has been made in the national response to HIV/AIDS. The technical committee responsible for monitoring and evaluation and for directing the National Forum on HIV/AIDS has been set up, and its website <<http://www.sida.guine-bissau.org>> is up and running. Forty-three partnership and financing agreements have been concluded to pursue activities to combat AIDS, involving 35 local institutions, including 19 civil-society organizations, 12 public institutions, and four businesses. (Women who are sex workers are actively involved.) In 2009, 22 units were set up to provide counseling and voluntary testing services, and 10 additional units were revamped along the same lines. As a result, over 29,000 people were tested during that period. In June 2010, 24,300 people in the Bissau Autonomous District were tested during the voluntary screening campaign.

The most recent statistical data available (MICS IV, 2010) indicate that HIV/AIDS information, education, and communication activities have reached a large proportion of the population. About 91 percent of women aged 15 to 49 years have heard of HIV/AIDS, 34.4 percent are aware of the three main ways to prevent it, and 64.4 percent know that it can be transmitted from mother to child.

In 2009 and 2010, training was provided for ARV treatment and for treatment of opportunistic infections to a total of 57 health professionals, while another 22 received updated training on the dispensing of medications. The number of ARV treatment centers grew from 12 in 2008 to 26 in 2009. As of December 2009, the entire country had a total of 2,764 patients receiving ARV treatment (29 percent men, 67 percent women, and 4 percent children).

In 2009, 42,998 pregnant women received prenatal care. Also in that year, 4,894 units of blood were collected and tested. Of the total number of units donated, 6.8 percent were infected with HIV (333 out of 4,894), and 11.4 percent were infected with hepatitis B (558 out of 4,894).

In 2010, vaccination efforts were stepped up. There were three campaigns conducted simultaneously for children up to five years of age to vaccinate for polio and to distribute mebendazole and vitamin A. As of May 2010, vaccination coverage for infants less than one year of age was as follows: 38 percent for DTP-HepB-Hib3, and 43 percent for yellow fever. The first campaign to distribute vitamin A and mebendazole, in May 2010, had coverage rates as follows: 111 percent for vitamin A and 112 percent for mebendazole.

An intensive vaccination training program was conducted in 2009 and 2010 focusing on public sector specialists and community practitioners (folk doctors), and in cooperation with religious groups. For remote areas, 30 solar-powered refrigerators and 60 standard refrigerators were purchased and distributed to ensure that vaccines could be stored properly and that local health personnel would have ready access to them.

Vaccination rates for infants less than one year of age were determined by the 2010 MICS4/IDSR survey as follows: (i) BCG, 93.5 percent; (ii) polio 1, 91 percent; (iii) polio 3, 74.5 percent; (iv) DPT 1, 92.0 percent; (v) DPT 3, 76.2 percent; (vi) measles, 60.6 percent; and (vii) yellow fever, 48.9 percent.

Furthermore, actions have been taken to combat malaria. Table 3 below shows the main results achieved in recent years.

Table 3: Malaria. Administrative indicators, January 2009 to June 2010

| | |
|---|---------|
| 1. Number of full ACT doses distributed to patients through health or community centers (all age groups) | 302,274 |
| 2. During the last three months, the number of health facilities having no interruption of inventories (ACTs, SP, and quinine) lasting more than one week | 66 |
| 3. Number of community health workers given training in the new policy of treating malaria using ACTs | 507 |
| 4. Number of rapid diagnostic tests conducted | 77,506 |
| 5. Number of IILNs distributed | 140,182 |
| 6. Number of IECC/IEC sessions conducted through the media (State radio, private radio, etc.) | 2,529 |
| 7. Number of pregnant women receiving at least one SP dose (sulfadoxine-pyrimethamine) | 63,941 |
| 8. Number of individuals or health staff members trained | 397 |

According to the latest MICS4/IDSR survey, 85.3 percent of families have at least one mosquito net.

In regard to improved access to drinking water and basic sanitation (item 3.3.1 of the NPRSP), which are essential for sanitary living conditions and good health, the following points are worth noting:

- A detailed master plan for the period 2011-2020 is nearly finished, and will be published as soon as possible.
- In 2009, work was completed on rehabilitating the water production, treatment, and distribution system in Bissau, including the construction of 58 public water distribution points and the installation of meters.
- In 2010, the process of building a 700 cubic meter reservoir to upgrade the drinking water distribution system was launched.
- Over 60 water distribution points have been built or rehabilitated, including those in schools.
- The awareness campaign to promote good hygiene has continued (6,500 families were reached by the health education program, and were given information on such topics as proper hand-washing at critical moments).
- For primary schools, 107 groups of latrines were built or rehabilitated; and 800 household latrines were built.

PILLAR 4: Raising the standard of living of vulnerable groups

This pillar was implemented taking a cross-sectoral approach. Women are often victimized through mistreatment or abuse of many kinds, young people may be in dire poverty or exposed to abuse, and persons with HIV/AIDS may be extremely vulnerable. These are the groups identified as deserving special attention.

In addition to efforts to improve girls' school enrollment rates, key actions undertaken in 2009 and 2010 in the framework of promoting gender equality centered on drafting proposed legal texts on three subjects: (i) reproductive health; (ii) violence against women and girls; and (iii) trafficking in persons. Efforts were also pursued to step up a program to halt the practice of female genital mutilation; and a strategy to combat that practice was approved in 2010.

In the area of child protection and the safeguarding of children's rights, efforts were made to strengthen a number of policies and strategies: (i) the National Committee to Eliminate Female Genital Mutilation was reestablished, as an important body to coordinate work in this area; (ii) two studies are being carried out and validated on controlling trafficking in children and on the abuse and sexual exploitation of children, to provide a better understanding of the situation and to devise national programs to prevent child labor; (iii) in Gabú and Bafatá shelters for children who are victims of violence have been rehabilitated and are now being fitted out; (iv) the second report on the implementation of the United Nations Convention on the Rights of the Child (CRC) has been presented to the Committee on the Rights of the Child in Geneva, together with an alternative report by NGOs; and (v) capacity building has been provided for specialists working with children (officers of the legal system, police officers, NGOs, and members of the Bureau for Women and Children (IMC)), with particular reference to training regarding the legislative framework and protecting children from violence and abuse.

Young people are hardest hit by poverty, and so stress has been placed on occupational training, the development of institutional capacity to provide training, and the strengthening of the microfinance system. In 2009, about 500 young people of both sexes took part in the *CREE-TRIE-GERME* training program (on the topics of how to develop a business, how to find a business idea, and how to manage a business better). The qualifications and competencies the young people gained helped them to develop a business plan so that they could obtain financing.

Refugees and asylum seekers in Guinea-Bissau are one of the most vulnerable groups. In 2010 there were at least 7,622 of them, about the same as in 2008. Some of these people, from neighboring countries, live side by side with Guineans rather than in separate camps. The United Nations High Commissioner for Refugees (UNHCR), in cooperation with the government and two NGOs, is working to coordinate the protection of these refugees and help them integrate within the country. The UNHCR has been operating out of Dakar, but in 2010 it opened an office in Bissau.

IV. CONCLUSION AND OUTLOOK

In 2009 and 2010, in spite of the problems associated with the security situation and gaps in various aspects of governance, the country carried out far-reaching reforms that enabled it to make remarkable progress in macroeconomic stabilization and the promotion of economic growth. Nevertheless, there is a need to stress the importance of the lessons learned during the process, which continue to reveal the limitations of the first NPRSP (see Section IV of the previous NPRSP Monitoring and Evaluation Report).

This experience provides one of the bases for the preparation of the second NPRSP, which began with the official launch of the formulation process on April 23, 2010 under the auspices of the Prime Minister; this was followed by a technical workshop designed as a forum to validate the technical documents which would guide the work. An initial outline of the second NPRSP's strategic pillars was provided in the first monitoring and evaluation report on the first NPRSP, submitted in 2009 (see Section V); and a guidance note laying out the steps, timetable of activities and methodology for elaborating the second NPRSP was widely circulated, with a revised version to be distributed in early September 2010. A number of consultation exercises and activities have already been carried out. The thematic reports, nine of them in all, will be available beginning August 31 of this year. Work will be stepped up in the following weeks and will continue to involve a variety of national and international players, with a small technical group responsible for consolidating the work.

The carrying out of three separate, major statistical projects simultaneously—(i) the General Population and Housing Census (RGPH), (ii) the fourth Multiple Indicators Cluster Survey and the first Population Survey on Reproductive Health (MICS4/ISDR), and (iii) the second Rapid Poverty Assessment Survey (ILAP II)—together with two studies—(i) a study on the origins of economic growth, and (ii) a study on non-monetary poverty—plus an assessment of needs and costs involved in achieving the MDGs is an unprecedented achievement. The statistical foundation developed through this work will make it possible to obtain more information and more economic and social data, which can in turn inform the design of the second NPRSP.

Accordingly, the priorities for the second NPRSP as recommended in the first report in 2009 will be maintained in principle. However, they may be subject to revision depending on the findings of the statistical projects and studies mentioned above. The main objectives continue to be to effect a significant and lasting reduction in poverty and to make progress toward achievement of the MDGs. To that end, the pace of economic growth will need to be stepped up, particularly in those sectors that provide employment for the poor, and the economy will need to diversify. Particular attention has to be given to developing the private sector and integrating business into the development process on the basis of the recommendations of the recent Diagnostic Trade Integration Study (DTIS). Efforts must be pursued to improve macroeconomic management and consolidate administrative reforms to ensure the quality provision of basic public services (education, healthcare, and water and sanitation). Environmental management will be dealt with more consistently in the next NPRSP. The draft basic law on the environment, the preparation of which is now well advanced, will be very useful as a benchmark for this purpose. The management of external shocks such as

those arising from crises both international and domestic (political instability) will be one of the components of the second NPRSP. The same attention will be paid to climate change and the environment. In this area, the findings of the June 2010 study on vulnerability and adaptation to climate change will be useful to make sure that these issues will be covered fully in the second NPRSP.

The institutional instability and fragility experienced by Guinea-Bissau brings to the forefront the importance of consolidating peace, reforming the defense and security forces, strengthening the country's administrative apparatus and democratic institutions, instituting an effective justice system and safeguarding the rule of law, and combating drug trafficking. In all these areas progress is essential to reestablish Guinea-Bissau's image and make it a credible counterpart for donors, commercial partners, and investors. If progress is not made in these areas, progress on impact on economic and social development efforts and on the fight against poverty will be severely impeded.

It is expected that the second NPRSP will do a better job of establishing a ranking of priorities than the first NPRSP, and that it will accurately take stock of the domestic and external resources that can be mobilized.

For the second NPRSP it will be necessary to build up the country's capacity to plan programs and projects, to monitor and evaluate them, and to provide better aid coordination. This is essential for the government to provide leadership and take ownership of the process. Building up its monitoring and evaluation capacity will make it possible for aid to be more effectively utilized and better coordinated. Guinea-Bissau's recent accession to the Paris Declaration (in August 2010) is an important step in this regard.

A specific, necessary linkage between the NPRSP and the national budget (through the Medium-Term Expenditure Framework [MTEF]) will guarantee that programs are implemented on schedule and remain within the available resource envelope.

As it has in the past, Guinea-Bissau will be counting on the support of its partners in order to implement the second NPRSP. Many of the problems the country faces, particularly the fight against drug trafficking and organized crime, have to be regarded as a "shared responsibility" according to the definition provided by the United Nations Security Council (Resolution 1876/2009).

If current, positive overall trend in international donor support continues, the country will be in a position to make a greater contribution to the goals of the NPRSP and NPRSP II. That contribution will be larger still if the country is able to free itself of the burden of servicing its unsustainable debt.

In conclusion, it is with confidence that the government looks forward to implementing the second NPRSP. Its optimism is based on the prospect of Guinea-Bissau this year reaching the completion point under the HIPC Initiative, which will enable it to be forgiven its external

debt under both HIPC and MDRI programs. That would provide a highly positive signal to potential foreign investors and bolster market confidence in the national government. At the same time, it would free up resources to be channeled to the country's development and to the implementation of the second NPRSP. The government is confident that the present report will contribute toward the successful completion of the debt relief process.

Annex 1: Structure of the NPRSP

| Pillars | Subareas | Action lines |
|--|---|--|
| 1. Strengthening governance, modernizing the public administration, and guaranteeing macroeconomic stability | 1.1 Strengthening governance and guaranteeing macroeconomic stability | 1.1.1 Continue to improve budget management 1.1.2 Strengthen macroeconomic management |
| | 1.2 Modernizing the public administration, and capacity-building | 1.2.1 Reform the public administration 1.2.2 Undertake capacity-building |
| | 1.3 Consolidating the rule of law and the justice system, and encouraging decentralization and social dialogue and consensus-building | 1.3.1 Promote justice that is swift, transparent, accessible, and independent, and strengthen the People's National Assembly 1.3.2 Foster local development and promote social dialogue and consensus-building |
| | 1.4 Reforming the security sector | 1.4.1 Transfer barracks from military to civilian use, renovate them, and raise the standard of living they provide 1.4.2 Transform security forces into agents of peace and consolidation of the rule of law. |
| 2. Promoting economic growth and job creation | 2.1 Improving the business climate and fostering economic sectors that employ the poor | 2.1.1 Improving the business and investment climate 2.1.2 Fostering productive sectors and promoting economic diversification and competitiveness |
| | 2.2 Developing infrastructure to support production | 2.2.1 Rehabilitate the energy sector 2.2.2 Develop the highway infrastructure 2.2.3 Support the development of land and river infrastructure 2.2.4 Support the sector comprising air services, weather services, and telecommunications |
| 3. Expanding access to social services and basic infrastructure | 3.1 Providing better access to quality education | 3.1.1 Improve access to primary, secondary, and postsecondary education 3.1.2 Guarantee basic quality schooling for all |
| | 3.2 Improving the state of people's health | 3.2.1 Improve the availability and quality of health services 3.2.2 Combat HIV/AIDS, tuberculosis, malaria, and other diseases |
| | 3.3 Improving people's standard of living | 3.2.3 Improve maternal and child health 3.3.1 Improve access to drinking water and sanitation 3.3.2 Improve housing for the poor |
| 4. Raising the standard of living of vulnerable groups | 4.1 Promoting the socioeconomic integration of vulnerable groups | 4.1.1 Improve social protection for vulnerable groups 4.1.2 Encourage income-generating activities |
| | 4.2 Carrying out specific actions to assist vulnerable groups | 4.2.1 Promote women's centers to provide shelter and combat illiteracy 4.2.2 Promote recreational activities and bring organization to spontaneous settlements |

Annex 2: Monitoring table of MDG indicators

| Goals/targets | Indicators | Years | | | | | | | |
|---|---|--------------------------|-------------------|----------------|------|----------------|------|-------------------------|--------------------|
| | | 1990/1991 (Base year) | 2000 (MICS) | 2002 (ILAP) | 2004 | 2006 (MICS) | 2008 | 2010 (MICS IV/SR) | Target for 2015 |
| 1. Eradicate extreme poverty and hunger | | | | | | | | | |
| Halve the proportion of people living on less than a dollar a day. | Extreme poverty rate | 26.0 | n.a. | 20.8 | | n.a. | n.a. | - | 13.0 |
| | Absolute poverty rate | 49.0 | | 64.7 | | n.a. | | - | 24.5 |
| Halve the proportion of people who suffer from hunger. | Prevalence of moderate underweight (percentage of children under 5 years of age) ³ . | 32.9 | 25.0 | n.a. | n.a. | 19.4 | 17.0 | | 16.45 |
| 2. Achieve universal primary education | | | | | | | | | |
| Ensure that by 2015 all children, can complete a full course of primary schooling, girls and boys. | Gross enrollment rate ⁴ . | 46.3 | 79.6 | 91.6 | 99.4 | 102 | n.a. | | 100 |
| | Net enrollment rate. | 23.0 | 41.0 | 45.3 | 56.9 | | | 67.4 | 100 |
| | Rate of completion of primary education. | 33.0 | 43.6 | | | 48 | | | 82 |
| 3. Promote gender equality and empower women | | | | | | | | | |
| Eliminate gender disparity in primary and secondary education, preferably by 2005, and at all levels by 2015. | Ratio of girls to boys in primary education. | 0.56 | 0.67 | | 0.83 | | 0.9 | 0.94 | 1:1 |
| | Ratio of girls to boys in secondary education | 0.13 | 0.5 | 0.59 | 0.7 | | | 0.73 | 1:1 |
| | Literacy rate of 15-24 year-old women. | 12.9 | 16.7 ⁶ | | | 28.4 | | | 100 |
| | Proportion of seats held by women in national parliament . | 20.0 ⁵ | 8.0 | | 15.0 | | 14.0 | | 50 |
| 4. Reduce child mortality (percent of children under 5) | | | | | | | | | |
| Reduce by two-thirds the under-five mortality rate. | Under-five child mortality (per 1000). | 246 | 203 | | | 223 | | 155 | 80 |
| | Infant mortality rate (per 1000). | 142 | 124 | | | 138 | | 104 | 47.3 |
| | Proportion of children immunized against measles . ⁷ | 53 | 59 | 55 | | 65 | | 69 ⁸ | 100 |
| 5. Improve maternal health | | | | | | | | | |
| Reduce by three quarters the maternal mortality rate. | Maternal mortality rate (per 100 000). | 914 | 822 | | | 800 | | | 229 |

³ The 32.9 percent rate of underweight under-five children refers to 1991 and derives from the nationwide nutritional survey carried out under the "Population, Health, and Nutrition" Project. Data for 2008 are derived from the "SMART" Nutritional Survey of December 2008. This report draws on the methodology developed by the National Center for Health Statistics (NCHS), since it makes it possible to compare the results with those of previous surveys.

⁴ Except for 2006, gross enrollment rates are derived from data compiled by GIPASE under the World Bank's assessment of social sectors of January 2009.

⁵ Data refer to the country's first democratically-elected legislature, in 1994.

⁶ Women over 18 years of age.

⁷ Source: Health Information System, PEV Directorate, for 1990, 2000, and 2002.

⁸ Children who were immunized at any time prior to the MICS IV survey.

| 6. Combat HIV/AIDS, malaria, and other diseases | | | | | | | | | |
|--|--|-----|------|----|--|----|-----|--|-----|
| Halt the spread of HIV/AIDS and begin to reverse the current trend. | HIV/AIDS prevalence rate. | 5.9 | 8.0 | | | | 8.7 | | 5.9 |
| Keep malaria and other major diseases in check, and begin to reverse the current trend. | Malaria prevalence rate. | | 15.0 | | | | | | |
| | Tuberculosis prevalence rate. | | | | | | | | |
| 7. Ensure environmental sustainability | | | | | | | | | |
| Integrate the principles of sustainable development into country policies programs, and reverse the loss of environmental resources. | Proportion of land area covered by forest. | | | | | | | | |
| Halve the proportion of people without sustainable access to safe drinking water. | Proportion of people without sustainable access to safe drinking water or to an improved water source. | 65 | | 46 | | 65 | 64 | | |