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**Ministry of Social Solidarity, Reinsertion of Combatants and Fight
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**Secretariat of State of Employment and Fight
Against Poverty**

National Poverty Reduction Strategy Paper (Interim)

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Guinea-Bissau

Interim National Poverty Reduction Strategy Paper

Prepared by the Government of Guinea-Bissau¹

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¹ Translation from Portuguese into English prepared by the Government of Guinea-Bissau

I. INTRODUCTION

1. Guinea-Bissau, which extends over 36,125 square kilometers on the western coast of Africa, became independent on September 24, 1973, following a devastating 11-year long war. Its independence was recognized by the former colonial power in 1974. Projections based on data from the 1991 general census place today's population at 1.2 million inhabitants, with an annual growth rate of 2.2 percent. At the political level, a one-party system was in effect from 1974 until 1991. The first multiparty elections were held in 1994, after a three-year transition period.

2. On the economic side, after independence, the country adopted a growth strategy based on centralized, inward-oriented economic management. Government intervention in the economy developed, distorting resource allocation and preventing proper utilization of the potential for economic growth. As a result of the lack of attention to agricultural development, the economy grew slowly and the country became dependent on food aid, worsening the poverty situation of important segments of the population living in rural areas. In the late 1980s, in an attempt to correct the internal and external imbalances, a comprehensive reform program was begun with the support of two SAF arrangements and two IDA Structural Adjustment Credits. The process of reform was intensified starting in 1994, helping reduce the large macroeconomic disequilibria. In this context, domestic output accelerated, especially in agriculture, and real GDP grew by about 4 percent a year on average during the period 1994-1997. Inflation slowed down, due to the decline in public sector demand and the stabilization associated with adoption of the CFA franc after the country joined the WAEMU on May 2, 1997. The private sector started to grow and to play a more dynamic role in the economy. To improve weak social indicators, medium-term development programs were initiated in the education and health sectors, focusing on the delivery of primary services. The successful conclusion of implementation of the three-year ESAF arrangement, early in 1998, allowed the World Bank and IMF Executive Boards to consider the Preliminary Document for the HIPC Initiative in April 1998.

3. A civil war broke out in June 1998, reversing much of the economic progress and aggravating the still precarious condition of the social sectors. As a result, the economy fell into disarray. Real GDP shrank by some 28 percent in 1998, while agricultural output fell by roughly 17 percent. The marketing of cashew nuts, the main export commodity, was significantly affected. The structural reforms came to a halt. Losses caused to private capital by requisitions, looting, property destruction and lost business opportunities totaled an estimated \$90 million. Additionally, in the education sector, some 500 classrooms were destroyed and 2,000 school desks were damaged. In the health sector, the endemic malnutrition was aggravated; one third of Guinean children fell into a nutritional risk situation. Sanitary conditions also deteriorated, and some 3,000 deaths were caused by outbreaks of meningitis. In the housing infrastructure sector, approximately 5,000 houses were damaged. One of the most serious consequences of the armed conflict was the increase in the level of poverty that resulted from decreased incomes, interrupted basic services, and the deterioration in other determinants of public welfare (security, rule of law, housing).

4. Following a one-year-long transition period that ended with the second multiparty elections, held in November 1999 and January 2000, the institutions that emerged from these elections are charged with bringing the country's institutional and socioeconomic life back to normalcy, assuring national reconciliation, instituting a culture of peace, and reversing the poverty indicators by choosing reconstruction and antipoverty programs as their main objective. This choice is reflected in the creation of a ministry specifically concerned with the fight against poverty and in the Program of the legislature for 2000-2004, which is articulated around strategic options for poverty reduction based on the participation of all segments of society in the design and implementation of appropriate measures.

5. This Interim National Poverty Reduction Strategy Paper (I-NPRSP) was prepared with the broad participation of Government departments, the People's National Assembly, civil society including NGOs, labor unions, religious associations, grassroots associations, the armed forces, and international organizations. The I-NPRSP combines an analysis of poverty with a set of measures intended to enable sustained growth in per capita income, improve the living conditions of the population, and bring about a reduction in poverty, and it also presents an implementation timetable and the consultation procedures for preparing the full NPRSP.

II. POVERTY ANALYSIS AND PROFILE

A. POVERTY PROFILE

6. As data on the vulnerability and marginalization of large segments of the population are scarce and out of date, our knowledge of poverty remains founded on weak foundations. The references available for describing poverty are the data from the general population census of 1991 and the Household Consumption and Expenditure Survey (HCES) conducted in 1991 and published in 1994. The poverty profile outlined in this paper is based on a definition of poverty as a state of need and a condition of incapacity brought about by lack of access to the fulfillment of basic needs in the areas of food, access to safe water, housing, basic sanitation, primary health care and education.

7. According to the Human Development Report 2000 published by the United Nations Development Program, Guinea-Bissau ranks 169th with a human development index far below average in terms of such measures as per capita GDP, life expectancy, access to safe water, literacy rate, and primary school enrollment rate.

GUINEA-BISSAU
SELECTED COMPARATIVE SOCIAL INDICATORS
(In percentages, unless otherwise indicated)

INDICATORS	GUINEA-BISSAU	AFRICAN AVERAGE
Health		
Life expectancy at birth (years)	44	50
Child mortality (per 1,000 live births)	130	92
Child immunization	63	53
Access to Safe Water	53	47
* Urban	38	74
* Rural	57	32
Basic Sanitation	21	47
* Urban	32	n.a.
* Rural	17	n.a.
Education		
Gross primary enrollment rate	62	72
* Boys	79	84
* Girls	45	69
Illiteracy rate	66	42
Illiteracy rate (women)	82	50

Source: African Development Indicators 2000, The World Bank.

8. According to the 1994 "Poverty Assessment" report, those deemed poor — that is, who live on less than one dollar a day — represent 88 percent of the total population. Poverty prevails primarily in the rural areas, where some 70 percent of the population lives. Poverty is also an urban phenomenon, in view of the high population density - 3,000 inhabitants per square kilometer in Bissau - and has significant implications in terms of lack of housing, lack of food security, low quality of school services, limited access to primary health care, social vulnerability, and so on. In regional terms, the incidence of poverty is more marked in the northern and eastern regions, which account for 76 percent of the total.

9. Poverty in Guinea-Bissau is directly related to the rapid increase in unemployment and underemployment resulting from poor governance summed up, inter alia, by an inadequate allocation of public resources, corruption, and lack of transparency. The majority of the active labor force, who have neither academic training nor technical skills, are unemployed and survive within the context of the traditional solidarity network. Government employees' income is low, and their material vulnerability fosters widespread corruption. A sizeable fraction of the rural and urban population has only sporadic income and is seasonally employed. The poor — over 60 percent — is occupied mainly in the agricultural subsistence sector. Poverty also stems from weak participation and the lack of an adequate framework for participation in the decisions that concern the life of most of the population.

10. Poverty is highly prevalent in certain social segments: women, who contribute with at least 55 percent of agricultural labor, and youths and children, who constitute

some 7 percent of the poor. These social segments, who make up a majority of the population, remain marginalized. Women and youths are weakly inserted into formal economic channels and normally turn to informal, poorly paid jobs. Their economic marginalization favors their exclusion from society and recourse to expedients for survival. Delinquency and prostitution, especially juvenile, are widespread among these groups and closely linked to poverty. Poverty also leads to the social exclusion of orphans, the handicapped, and the aged. Single-parent families with female heads of household also are foci of poverty. This is a predominantly urban phenomenon which both reflects and adds to the vulnerability, given that women are inadequately integrated in the formal economy, hold poorly remunerated jobs, and have irregular incomes.

11. Food shortages are one component of the manifestation of poverty and result from the slow, unsustainable growth of the economy. They became widespread during the 1990s. In rural areas, they are episodic and related to the ups and downs of the agricultural cycle. In urban areas, they are endemic and reflect themselves in most households in the "one shot" diet, as the one-meal-a-day constraint is popularly called. The precarious food situation is related to the insufficient utilization of the country's natural potential, especially in agriculture and fisheries, despite the fact that agriculture contributes with a 54 percent share of GDP, 82 percent of employment, and 93 percent of exports. Cultivated area is estimated to represent no more than 30 percent of arable land. Cash cropping is dominated by export-oriented cashew nut production, which accounts for nearly all export proceeds. The trend of basing exports on cashew nuts began in the 1980s, to the detriment of rice production, which used to cover 75 percent of the country's domestic requirements and represented 70 percent of its foreign exchange. Fisheries, like agriculture, are also export oriented, as a source of foreign exchange.

B. SOCIAL ANALYSIS

12. Before the recent conflict, Guinea-Bissau was making satisfactory progress in implementing the economic policy adopted in the early 1990s. Major reforms were undertaken with a view to stabilizing the economy, strengthening fiscal administration, improving the management of public resources, rehabilitating the banking system, and creating room for expanding the private sector through liberalization of the economy and reduction of the public sector. In mid-1997, in order to strengthen our two-pronged strategy to correct the imbalances in Government finances and adjust the economy, the nation joined the West African Economic and Monetary Union (WAEMU), thereby beginning its integration into the sub-region.

13. Despite of the results achieved in implementing the reforms and the economic advances, which were reflected in sustained real growth of GDP and generally improved domestic and external financial viability, the benefits were not widely shared by the population in general. Significant segments of the population remained excluded from the distribution of the fruits of growth, and social indicators remained weak. The war that afflicted the country in 1998 and part of 1999 helped to wipe out much of the economic progress and further aggravate the already precarious situation of the social sectors.

Education

14. The "Poverty Assessment" report published in 1994 shows that income and educational levels are directly correlated. Most of the poor had no access to formal education, and their per capita spending was about half of those who had reached the secondary schooling level. Although the educational system grew at an unprecedented pace during the first years after independence, the number of students began to decline shortly afterwards. Enrollment increased again during the 1990s, thanks to the improved performance of the economy and to actions taken by the Government, the private sector, and NGOs. The gross enrollment rate in basic education rose from 42 percent in 1993 to 62 percent in 1998. Nevertheless, this performance masks high exclusion rates for female children and youths and grave regional imbalances. The gross enrollment rate for girls rose from 32 percent to 45 percent during the period, while that for boys increased from 55 percent to 79 percent. The insufficient access to basic education is attributable largely to the low level and inadequate distribution of supply and marginally to the weak demand among some rural population groups. In fact, 10 percent of rural schools offer only the first grade, and 23 percent offer only the first and second grades. The internal ineffectiveness and low efficiency of basic education is indicated by the 20 percent repeat rate and 18 percent dropout rate recorded in 1998. The overall situation of the basic education deteriorated significantly as a result of the conflict. In this context, sector indicators worsened, namely the gross enrollment rate in basic education deteriorated to 57 percent.

15. At the secondary school level, in 1999, supply was limited to 17 public and 10 private establishments totaling some 26,000 pupils, or 6 percent of the eligible age group, compared with an average of 18 percent for sub-Saharan Africa. Technical-vocational education is not significant. Enrollment has stagnated, partly because of the small variety and low relevance of the training offered, which has not kept up with labor market trends. Currently, only four training centers are in operation in the entire country. Preschool education is minimal, as there are only fifty or so establishments in the main urban and semi-urban centers, handling fewer than 5,000 pupils, or slightly above 1.0 percent of the relevant age group. The adult illiteracy rate is 66 percent, and among women this rate reaches 82 percent. Higher education remains at an incipient stage. There are three post-secondary education centers, providing *licenciatura* programs in medicine, law, and teacher training for secondary schooling, all of them facing serious financial and managerial problems without conditions of sustainability. The quality of education correlates directly with the qualification level of teachers, the relevance of curriculums to the economic, social and cultural environment, the textbooks and other teaching materials, the methodology for teaching Portuguese (the language of instruction), infrastructure facilities, equipment, and school-community integration.

16. The shortage of financial resources also explains the limited access, gender and regional differences, and the low quality. Poor management, including an inconsistent distribution of budgetary resources among educational levels and the lack of policy measures against inequity and exclusion, aggravates the country's educational situation. In 1998, the education sector current budget represented 1.7 percent of GDP, while estimated annual expenditure per student in basic education was \$38.0, compared with sub-Saharan African averages of 4.0 percent and \$50.0, respectively.

Moreover, shortcomings in the recruitment and management of teachers and technical and administrative personnel, and routine arrears in salary payments, contributed to the instability and devaluation of the teaching profession.

Health

17. Guinea-Bissau's health indicators lie below the average for sub-Saharan Africa. The highest mortality rates in the population are found among females and children. In 1996, maternal mortality (until four months after delivery) amounted to roughly 7 per thousand live births, with slight variations between regions and ethnic groups. It is consistently higher in the East, particularly in the Gabu region, owing to the high prevalence of female circumcision and early marriage. Perineonatal mortality (stillbirths and deaths at less than one month of age) is estimated at 100 per thousand, while infant mortality (below one year) is estimated at 130 per thousand. It is higher in rural areas, at 150-175 per thousand, than in urban areas, where it is 100-120 per thousand.

18. Other than malaria, diarrheic illnesses, and acute respiratory infections, the diseases that most afflict the population include pregnancy and birth-related complications, sexually transmitted diseases, AIDS, measles, and tuberculosis. As an endemic disease, malaria accounts for roughly 50 percent of medical visits in all regions and across all age groups. Its high incidence rate has grave repercussions on mortality, absenteeism, and productivity. It is the disease that entails the highest social cost.

19. Visits for sexually transmitted diseases represent 5 percent of all adult consultations and are the third largest reason for the demand for health care in this age group. The war contributed to aggravating the picture for sexually transmitted diseases, owing to increased promiscuity in the refugee camps, increased prostitution, and the disruption of preventive health services. AIDS is noteworthy, with a rate of 8-10 percent among adults. Other activities to promote and raise awareness in the fight against AIDS were also interrupted and remain suspended due to financial constraints.

20. Research carried out over three consecutive years (1997-1999) on HIV incidence in outpatients shows that the HIV-1 and HIV-2 infection rates of 14.2 percent and 17.6 percent, respectively, in 1999, against 7.6 and 11.1 percent and 4.8 and 10.3 percent in the preceding years. The tuberculosis rate rose in proportion to the increase in the prevalence of AIDS and following the destruction and looting of the anti-tuberculosis center. These findings, together with the recent sharp increase in HIV-1, which is widely recognized as more aggressive than the formerly predominant HIV-2, mean that any further evolution of this epidemic will be disastrous for the country's development.

21. Thus, AIDS is much more than a problem pertaining to the health sector alone; it is a social problem of national and global proportions, which requires alerting society more forcefully about the current infection situation in the country and mobilize support from partners to intensify the fight against the disease. Proof of this movement is the involvement of the country's highest authorities in a number of international forums, such as the recent summit of Heads of State in Abuja, Nigeria, and in national initiatives such as the "National Conference on Thinking and Strengthening the Fight against

AIDS.” This involvement encourages and mobilizes civil society, youth and women’s associations, religious organizations, community leaders, traditional chiefs, primary health care agents, traditional healers and all sectors of the national life to join efforts to save the nation’s future.

22. The immunization coverage increased as a result of the Expanded Immunization Program, but much remains to be done to achieve an adequate coverage of the country. The immunization rate for infants 0-11 months old fell from 63 percent in 1997 to 20 percent in 1999. Several immunization campaigns have been conducted recently against polio and meningitis and for vitamin A enhancement, but their results have not been published. Access to medicaments in sufficient quantity and quality remains a major public health problem. The proliferation of shops illegally selling pharmaceuticals from parallel channels poses a sensitive problem.

Water and Sanitation

23. Since 1975, major investments have been made in the safe water supply sector, particularly in rural areas. As a result of this effort, the safe water distribution coverage rate has reached 57 percent in rural areas, especially in the East, Northeast, and South. The coverage is uneven, however. The lowest rural coverage rate is found in the Bolama-Bijagós islands. Little effort has been made in urban areas, mainly with regards to the safe water supply system in the city of Bissau, whose estimated population of 300,000 is served by a 56-kilometer system with 5,300 residential connections. Only 13 percent of the capital’s residents are connected to the system, and only 5 percent make use of public water fountains. The system is supplied with high-quality water from deep wells, but the extremely old age of the pipes means that losses represent an estimated 70 percent of production. As a result, the quantity of water available is clearly insufficient, and its quality not only suffers from the poor condition of the system; but is further aggravated by the fact that water is furnished without treatment, i.e., without chlorination.

24. As the urban population increases, the safe water supply problem is becoming ever more serious. Over 80 percent of Bissau’s residents use water from traditional wells, drawn from the surface water table. As it is not properly protected, water from these wells is generally contaminated by drainage waters during the rainy season and by various liquids percolating down throughout the year. In the dry season, the water dearth leads to increased consumption of poor-quality water, causing ever higher rates of diarrheic illnesses.

25. These negative developments are also related to the sanitation problem. The fast-increasing population density in Bissau and in secondary cities such as Bafatá and Gabu entails major sanitation problems. As septic trenches are not widely used and improvised traditional latrines are built without regard to public health norms, the well water used by most of the urban population is increasingly contaminated. The multiplication of cholera epidemics follows from the weak sanitation level, which contributes to the high prevalence of parasitic and intestinal diseases, such as acute and chronic diarrheas, and other illnesses related to fecal-oral transmission, such as hepatitis and typhoid fever.

III. POVERTY REDUCTION OBJECTIVES, STRATEGIES, AND MEASURES

A. OBJECTIVES

26. The Government of Guinea-Bissau fully endorses the development objectives set for the year 2015 by the OECD/DAC and accepted at several UN conferences:

- Reduction of the extreme poverty index by half;
- Two-thirds reduction in infant mortality rates;
- Achievement of universal enrollment in primary education;
- Elimination of gender disparities in education (by 2005);
- Implementation in all countries, by 2005, of national strategies to reverse environmental resource trends by 2015.

27. Our country is determined to fight for the achievement of these objectives. Accordingly, the full PRSP will assess the prospects for adhering to them. Preliminary simulations suggest that, assuming a real per capita GDP annual growth rate of 5 percent through 2015, the extreme poverty rate would be reduced to 64 percent rather than by half (to 44 percent) as established in the international development objectives. Under this scenario of real GDP growth at a sustained 5 percent a year, poverty would be eliminated by 2050. These simulations demonstrate the great challenge ahead.

28. The weak available data on poverty and its incidence, causes and determinants hinders the formulation of a detailed and precise Poverty Reduction Strategy. This being the case, and while the most significant information gaps are being filled, the Government has decided to adopt this Interim Poverty Reduction Strategy until the full version is formulated. The Interim Strategy includes measures intended to improve the living conditions of the most vulnerable segments of the population. The Government believes that the main determinants of poverty in the country are the inadequate valuation of its natural and human resource potential, which restricts employment opportunities, and therefore income opportunities, and the prevailing unfavorable socioeconomic environment.

B. STRATEGIES AND MEASURES

29. Therefore, and in order to attain its primary objectives for 2000-2003, the Government's strategy will be designed essentially around four main axes: (a) creating conditions for rapid and sustainable growth; (b) increasing access to essential social goods; (c) implementing programs aimed at mitigating poverty; and (d) improving governance. Annex 1, attached, summarizes the macroeconomic framework for 2000-2003, and Annex 2 presents the matrix of policies, objectives, strategies and measures to be implemented during that period. In some cases the strategies and measures are not detailed yet, but will be as the full PRSP is prepared.

(B.1) Creating Conditions for Rapid and Sustainable Growth

30. To reach its growth and poverty reduction objectives, the Government will strive to preserve macroeconomic stability and reestablish the living standards that prevailed before the armed conflict in a number of areas, including the provision of primary education and health services, restoration of a sense of security, and strengthening the rule of law. In this context, the implementation of structural reforms will be accelerated, which will contribute to promoting development of the private sector, diversification of the rural economy, and improvement of basic infrastructure services.

31. At the macroeconomic level, the objectives for 2000-2003 are to (i) accelerate annual real GDP growth to about 9 percent on average during the period, from the nearly 8 percent reached in 1999; (b) reduce annual inflation from the 10 percent expected in 2000 to 3 percent in 2001-2003, consistent with the objective set within the WAEMU framework; and (iii) contain the fiscal and external sector deficit within financially sustainable levels. The growth objective will require new investment and a recovery of savings. Thus, the investment ratio is projected to rise from 16 percent of GDP in 1999 to roughly 24 percent in 2003, with an increased participation of private investment, and the domestic savings ratio is projected to recover from -2.2 percent of GDP in 1999 to 1.3 percent in 2003. The macroeconomic framework will be jointly reviewed annually by the Government, the IMF, and the World Bank, in order to assure its sustainability and adequacy to the objectives of growth and poverty reduction.

32. Guinea-Bissau's unsustainable external indebtedness is due to the inadequate policies of the past and also to the weak capacity to choose externally financed projects. The success of the new economic growth and poverty reduction strategy will depend primarily on the authorities' ability to identify sources of growth through consultation with the people, to strengthen its management of the external debt, and to coordinate the actions of the external development partners. However, as a result of the very limited external debt servicing capacity it is equally crucial to find an appropriate resolution to the problem of the huge existing foreign debt. Following up on the Preliminary Document on Guinea-Bissau's eligibility for the HIPC Initiative, considered by the World Bank and the IMF in April 1998, the Government is committed to a rapid normalization of its relations with all creditors. In view of progress achieved under programs supported by the Bretton Woods institutions during 1994-97 and in the post-conflict period, the Government will seek to mobilize assistance under the enhanced HIPC Initiative.

33. Fiscal reform will play a major role in economic policy. A key element in our strategy is to increase budgetary revenue, which is to be strengthened by enhancing the efficiency of the generalized sales tax — which is to be replaced by the value-added tax (VAT) in 2001 — and by significantly improving tax and customs administration. A reform program is already being implemented which until December 2000 will, inter alia, promote convergence with the following criteria adopted by WAEMU: (i) broadening of the tax base by raising the VAT rate to 15 percent; and (ii) complying with the common external tariff (CET) by reducing the maximum tariff rate to 20 percent. In addition, the operation of ASYCUDA will be improved by 2002.

34. Reform and modernization of public administration is a precondition for the entire process of changing the Government's actions within the framework of its sustained growth and poverty reduction strategy. In the current conditions of an overextended staff, this is the key to enhancing the performance of public services and to improving the working and living conditions of Government employees whose low wages cause them to be ranked among the poor social and professional categories. More generally, it is a prerequisite for good governance, which presupposes a functional public administration, close to its citizens and adapted to the requirements of a market economy. To reach our objectives, the Government intends: (i) to prepare by July 2001 a plan for reform and modernization of public administration, which should include phased measures for (a) rightsizing civil service staffing (employee dismissal); (b) deconcentrating and decentralizing public administration; (c) streamlining hiring and promotion procedures according to merit-based criteria; (d) adopting, in coordination with other public, quasi-public and private entities, policies and actions concerning wages, employment generation, and professional promotion; and (e) revising the retirement system. The Government also expects to finalize in 2001 the preparation of a program to begin contracting out the provision of certain services that can be performed more efficiently by the private sector.

35. In the context of monetary policy, which is conducted at the regional level, the Government is committed to reducing its indebtedness to the economy and making room for credit to finance the private sector. These efforts to enhance the soundness of the banking system will be supplemented by strict banking supervision, in close coordination with the regional Banking Commission, to ensure compliance with the prudential ratios. In particular, to deal with the serious problems afflicting the largest commercial bank (BIGB), an independent provisional Administrator will be appointed in October 2000 whom will prepare by December 2000 an action plan to address the BIGB's situation. As regards the financing of initiatives of low-income groups, the Government will seek external support to develop an appropriate micro-financing framework.

36. Agriculture will continue to be the main source of growth, together with fisheries, tourism, and forestry resources. With a view to attaining real growth of roughly 9 percent a year and fighting poverty, the Government decided to focus its efforts on broader, diversified rural development, aiming at developing and at improving peasants' incomes. From this standpoint, the Government's strategy is to strengthen agricultural policy in order to improve the standard of living of the people, which entails (i) updating the Letter of Agricultural Development Policy and the Action Plan for its implementation, to be concluded by September 2001; (ii) publishing the Fisheries Law in October 2000; and (iii) approving the action plan for implementation of the Land Law, which will increase small farmers' access to land.

37. As mentioned above, the private sector was significantly affected by infrastructural destruction and loss of human capital during the war. The Government considers the private sector as the engine of growth and agent of sustained development, playing a critical role in effectively combating poverty and accelerating economic growth. Accordingly, the Government's strategy is structured as follows: (i) creation of a favorable business environment through two actions: (a) following the

FIAS-supported assessment, approve, during the first quarter of 2001, an action plan to streamline the formalities required for private business activities; and (b) in view of the cashew sector legislation approved in April 2000, the existing decree will be revised by November 15, 2000 in order to incorporate the recommendations of the impact study carried out in mid-2000; (ii) resumption of the privatization of public enterprises, in accordance with a plan of action to be approved by a decree to be published in October 2000 and March 2001; (iii) implementation of the institutional reforms for the energy sector, including the transfer of the public electricity company (EAGB) under a long-term leasing contract with a private operator; and (iv) approval by June 2001 of an action plan for reform of the ports and telecommunications, with a view to promoting, in a competitive manner, greater involvement of the private sector and establishing appropriate legal and regulatory frameworks.

38. The Government also envisages helping the private sector to regain its financial vitality by paying a significant amount of audited domestic arrears. Private sector activity is an essential element of the Government's strategy to fight poverty, in view of its impact on revitalizing rural areas, reactivating food production, restoring export capacity, and generating employment. The domestic arrears settlement program will be supported by the World Bank and the European Union and will be launched by December 2000, and the Government is convinced that it will lead to increased economic activity and employment generation.

(B.2) Increasing Access to Essential Social Goods

39. The weak social indicators are one of the most burdensome legacies of earlier policies. Accordingly, measures to reverse the situation are among the most pressing tasks in building the foundations for the entire process of development, if it is to be sustainable. The Government is committed to implementing an ambitious program to increase access to the social goods that are essential for launching the foundations for true economic and social reconstruction and anchoring a poverty reduction strategy.

40. In the NLTPS perspective study, concluded in 1996, Guineans identified education as their central concern¹. This position has been confirmed in a number of participatory processes, including the preparation of the Country Assistance Strategy sponsored by the World Bank, in November 1995. In 2000, the Government has declared Education to be the main priority of its administration and committed itself to raising the share of total public spending in education to 4 percent of GDP by 2004, so as to assure the right of all children and young people of Guinea-Bissau to access to education.

41. The Government is using this I-NPRSP to launch a set of urgent actions capable of yielding immediate results and creating the necessary conditions for medium- and long-term operations. Objectives and activities, as well as performance indicators, are summarized in the attached matrix and are expected to become more detailed as the

¹ National Long-Term Perspective Study

full NPRSP is developed. Overall, the objective is to increase the gross enrollment rate in basic education from 57 percent in 2000 to 62 percent in 2003, with a specific program to increase the gross enrollment rate of girls from 43 percent in 2000 to 49 percent in 2003. The principal measures are as follows: (i) improving the quality and efficiency of basic education through: (a) distribution of schoolbooks free of charge to students (grades 1-4), starting in 2001; (b) distribution of teacher's manuals (Portuguese and Mathematics), starting in 2001; (c) teach, at least, the first four years of schooling in all communities having a school, by 2002; and (d) improving the boys' and girls' retention rates from 62 percent and 42 percent in 2000, respectively, to 70 percent and 52 percent respectively. Attaining these objectives will require implementation of an ambitious program to recover (58) and build new (210) classrooms through 2002, as well as an effort to give priority to women when hiring new teachers. In order to assure the sector's financing, the Government will increase the domestically financed current public expenditure. The ratio of this expenditure relative to GDP is expected to increase from 1.3 percent in 1999 to 2.3 percent in 2001 and 2.5 percent in 2003. At the same time, a series of studies and pilot experiments aimed at improving access to and enhancing quality and equity in education will be completed by late 2001, with a view to approving a detailed medium-term program in 2002. The Government also expects to institute the School Cafeteria Program, as several studies show that such initiatives are good auxiliary factors in education, particularly in the most disadvantaged societies.

42. In the health area, the main public health policy objectives are structured around the following strategies: (i) increasing the coverage and improving the quality of services related to primary health care and referral centers; (ii) reducing maternal and child mortality; (iii) intensifying the fight against HIV/AIDS/STDs and malaria, in the context of the recently established international initiatives; (iv) strengthening institutional capacity in resource management and improving access to medications; and (v) promoting the dissemination of knowledge on disease prevention through intersectoral activities and information, education and communication efforts. The Government will update the National Health Development Program (NHDP) by September 2001 with a view to establishing a detailed program for each of its components.

43. With a view to implement these policy objectives for the health sector, the following priority measures have been identified for 2000-2003: (i) increase the percentage of the population within a 5-kilometer radius of a health center from roughly 40 percent in 1999 to 60 percent in 2003; (ii) raise the proportion of fully operational health centers from 5 percent in 1999 to 30 percent in 2003; (iii) increase the proportion of fully immunized children (0 through 11 months old) from 20 percent in 1999 to 60 percent in 2003; (iv) increase the proportion of births assisted by trained personnel from 18 percent in 1999 to 30 percent in 2003; (v) approve the strategic framework to fight against HIV/AIDS by June 2001 with a view that, at least, 50 percent of the population at increased risk (age 14-29) be made aware of transmission and prevention methods; and (vi) approve the action plan under the Roll Back Malaria initiative, including promotion of the use of impregnated bed-nets which for pregnant women should reach 35 percent in 2003. To assure financing for the sector, domestically financed current public expenditure will increase significantly with its ratio to GDP expected to rise from 1.1 percent in 1999 to 1.6 percent in 2001 and 1.9 percent in 2003.

44. In the area of water and sanitation, the Government intends to focus its actions on strategically significant and regulatory issues and to encourage participation by the private sector. To this end, the Water and Sanitation Sector Master Plan will be approved by November 2000, involving: (i) decentralizing services; (ii) regulating the private sector, including by issuing operating licenses; (iii) approving legislation on the water and sanitation system; (iv) increasing the safe water supply coverage rate by increasing and rehabilitating the water supply sources and through efforts to educate the population and develop its participation and awareness; (v) continuing the standardization program; and (vi) broadening the solar energy program for water pumping. Special attention will be paid to the safe water supply system in urban and semi-urban centers, especially in densely populated peripheral urban areas with high concentration of the most vulnerable social groups.

45. As part of its urban and semi-urban sanitation and environmental protection program, the Government will restore and extend the drainage and sanitation system, thus directly helping to reduce pressures on the peripheral urban environment and to fight the most widespread endemic diseases. To guarantee the sustainable nature of its actions, programs will be carried out to encourage and educate on rural and urban sanitation, disinfect boreholes and wells, and to define and implement rules on household sanitation standards for urban and semi-urban centers, in particular through the establishment of a central sewer system by 2002. National capacities in the sector will also be strengthened by training human resources and establishing incentives for private sector initiatives.

(B.3) Implementing Programs Aimed at Mitigating Poverty

46. The 1998/99 armed conflict revealed military problems and social concerns and claims stemming from deep feelings of exclusion and unfairness. Our Government places the consolidation of peace, national reconciliation, and social cohesion at the center of its concerns. It is in this context that the Demobilization, Reinsertion and Reintegration Program (DRRP) of ex-combatants must be considered, as well as a number of initiatives targeted at groups deemed to be particularly vulnerable.

47. The DRRP comprises three phases. First, demobilization, during which the objective is to formally discharge soldiers from the military and paramilitary ranks. Then, reinsertion, whose objective is to provide a transitional safety net to help demobilized personnel in their return to civilian life. Lastly, reintegration, whose objective is to assist demobilized personnel attain a sustainable way of life. The DRRP aims at eliminating a serious social problem that is a permanent focus of social and political tension and to reduce the burden placed on public finances by a larger military and paramilitary force. The Government's strategy is to adapt the army to the conditions of a democratic state through demobilization, so as to set up a smaller but professional, well-trained and well-equipped army under the rule of the Government. The detailed action plan to prepare the launching of the DRRP was approved in early 2000 with assistance from the World Bank. Following publication of the decrees laying down the criteria for demobilization and for vulnerability to define eligibility to assistance under the DRRP (October 2000) and completion of census work (December 2000), the pilot phase

(500 ex-combatants) will be concluded in January 2001. About 4,000 ex-combatants are to be demobilized by June 2001, and the DRRP is expected to be concluded within approximately three years. The total number of personnel to be demobilized will be determined after the census. Our preliminary estimates suggest a total of 12,000 people could be demobilized, at a cost that may reach about \$15 million. The DRRP financial management will be ensured by an independent civil body, the Financial Management and Procurement Unit (FMPU), whose rules will follow internationally acceptable principles and will be managed by a firm with relevant international experience.

48. Moreover, the Government is determined to embark on complementary initiatives targeted at vulnerable groups, such as: (i) promoting initiatives that generate employment for youths; (ii) launching infrastructure works, particularly those which are labor-intensive projects; (iii) rehabilitating some 3,000 low-cost dwellings damaged during the military conflict; (iv) activating the Social Action Fund to support low-cost, income-generating activities; and (v) establishing an action plan to clear 18,000 mines.

(B.4) Improving Governance

49. The Government is committed to attaining good governance. In response to the results of a number of studies that pointed to governance as a major bottleneck in the past, the Government defined the attainment of good governance as a *sine qua non* condition for the success of its efforts. The Government's main strategies and measures in this area are to: (i) implement an efficient and transparent system of governance; (ii) strengthen the capacity for economic management; (iii) reform and modernize the judicial system; and (iv) develop the capacity to act of central institutions, local authorities and associations, and promote a participatory approach to decision-making.

50. To this end, the Government has begun preparing a bold National Good Governance Program (NGP), which is expected to be approved in March 2001. This program is designed around the following major areas: (i) strengthening central and decentralized institutions of power in the context of promoting the rule of law; (ii) improving the performance of the economic management system and the coordination of domestic and external resources, with a view to promote equitable development and regional integration; (iii) expanding the capacity for sustained profitability of productive sectors and to have a strategy for intensive generation of wealth from the primary sector; (iv) developing the private sector as an engine of growth and agent of durable development; (v) increasing the ability to respond to the growing demand for essential social services; (vi) strengthening the capacities of civil society organizations (NGOs, labor unions, associations) as important players in the process of participation in central and local management and as promoters of citizens involvement in the mechanisms of public management checks and balances; and (vii) deepening the fighting against corruption. These objectives and the participatory approach to the design of the NGP make it an essential NPRSP complement.

51. The Government's actions toward bringing about good governance are already evident in the following actions: (i) the scheduled external audit of the 1997-99 Government budget accounts, including the military expenditures, to be concluded by September 2001; (ii) the approval in June 2000 of an action plan to reform the public

procurement system. Its legal framework is to be established by June 2001 and the new system is to be implemented in all ministries by September 2002; (iii) the decision to publish a comprehensive report on budget execution, twice a year, beginning in 2001. Before the end-2001 measures will be adopted to strengthen the Anti-Corruption Superior Inspectorate, the Auditor General Office, and the General Inspectorate of Finance.

52. As regards to budget management, in March 2000, the Ministry of Finance completed an audit of the Government expenditure process which was conducted with the support of specialized technical assistance. This review, evaluated the effectiveness and transparency of the system by analyzing the: (i) structures and procedures involved in the process; (ii) modalities of recording operations in the accounts; and (iii) information provided to the decision-making bodies. Following the audit, it was decided that measures should be adopted to: (i) improve and streamline treasury operations; (ii) consolidate the expenditure commitment, validation and payment order process and of their accounting and monitoring; (iii) complete the computerization of the civil service payroll; and (iv) strengthen the budget execution capacity of line ministries. It was also identified the need to strengthen the budgetary execution in view of WAEMU's regulations on budgetary supporting documents. Implementation of these measures will be accelerated in 2001, upon arrival of already identified technical assistance.

IV. ACTION PLAN

A. MEASURES TO IMPROVE POVERTY DATA

53. As mentioned above, data on poverty are scarce and out of date. This was the conclusion of an assessment of national statistical data conducted by the National Statistics Office in April 2000. Thus, in the context of the preparation of the full PRSP, the Government has decided to carry out the following actions with a view to update the knowledge base on the country's reality:

1. In May 2000, a UNICEF-supported multiple indicator cluster survey (MICS) was launched, which will provide data on the economic and social situation of women and children by November 2000.
2. A Household Consumption and Expenditure Survey (HCES) will be conducted with the World Bank support; the pilot phase is planned for January 2001 and the survey will be launched on March 15, 2001 (two months). The updated "Poverty Profile" will be completed by September 2001.
3. Basic education statistical data for the 2000/2001 school year will be published by September 2001.
4. A participatory study on poverty, with UNDP assistance, will take place in April 2001, with a report to be completed by July 2001.

5. A Demographic and Health Survey, with assistance from the World Bank and probably from the UNFPA, will be carried out by July 2001 and a final report will be available in October 2001.
6. An action plan will be approved, by June 2001, to: (i) promote periodical data collection on the household survey; and (ii) establish a system to monitor data on poverty.
7. The possibility and appropriateness of setting up a National Poverty Observatory will be analyzed by March 2001.
8. A general population and habitat census will be carried out in December 2001, with UNFPA support. Tentatively, census data is planned to be available in December 2002.

54. The above-mentioned studies will provide the Government with quantitative and qualitative data on poverty, its incidence, dimensions, and geographic distribution, as well as on the ethnic perception of poverty. This will make it possible to design a rigorous updated profile of poverty in Guinea-Bissau and to perform a comparative analysis with reference to the previous HCES, conducted in 1991. Additionally, favorable conditions exist for preparing the full NPRSP, such as: (i) significant natural resources potential, specifically in the agricultural, fisheries and environmental sectors; (ii) availability of framework documents at the national level (NLTPS) and sectoral level (LADP, NHDP, FIRKIDJA, PQMD, PDOPI, PRONAGE, etc.); (iii) existence of a large number of development partners, specifically business associations, NGOs, grassroots associations, etc.; (iv) support from external development partners; (v) the commitment to achieve political and economic change, which is a fundamental element for the success to implement a poverty reduction strategy.

B. PARTICIPATORY PROCESS

55. The participatory process has been familiar in Guinea-Bissau for over a decade due to the emergence of non-governmental organizations. A remarkable example of a participatory process was the DJITU TEN-NLTPS Perspective Studies, a reference document *par excellence* resulting from a wide-ranging participatory process conducted by staff of the National Research Institute of Guinea-Bissau.

56. The preparation of the Interim NPRSP, starting point for the preparation of a full Poverty Reduction Strategy, followed along those lines (Annex 3), and proceeded in the following stages: (i) declaration of commitment by the Government to make the fight against poverty its main concern, announcement of the decision to prepare the NPRSP and consultations with its development partners (April 2000); (ii) presentation of the results of the prior consultation to the civil society; (iii) establishment of the National Committee (chaired by the Vice Prime Minister and involving relevant Ministers, the Vice President of the National Assembly, and Representatives of civil society and donors) and the Technical Drafting Committee of the NPRSP (April 2000); (iv) poverty retreat (May 2000); (v) participatory discussion of the first draft of the I-NPRSP, involving civil society, the military, the diplomatic representatives, international

organizations, NGOs, development partners and local authorities (June through August); and (vi) redrafting and submittal to the IMF and World Bank of the final version of the Interim NPRSP (September 2000).

57. In preparing the full NPRSP, the Government will continue its consultations with local communities in urban and rural areas, with the goal of achieving a national consensus on aspirations and strategies and preparing regional programs to reduce poverty and improve living standards. Consultations will also continue at the national level through meetings between the Government and civil society during 2001, in order to prepare a strategy paper that will include regional grassroots contributions. Representatives of local authorities, associations, labor unions, businesses and domestic and foreign NGOs will be invited to take part in these consultations. Moreover, the various action plans and programs to be prepared in the context of the full NPRSP will also use participatory methods with active involvement of stakeholders.

58. To encourage popular participation in the development process in the regions, the Government will speed up and deepen the process of decentralization and strengthening of local authorities and will consolidate the mechanisms for the participation of civil society. The Government will encourage and support improvement of the organizational capacity of different associations and other social and professional groups. As it improves the monitoring of social indicators at the national and local levels and delegates to local authorities the responsibility for preparing and implementing economic and social programs, the Government is convinced that this will help broaden the people's support for the poverty reduction programs and increase the efficiency of economic and social activities.

C. METHODOLOGY FOR PREPARATION OF FULL NPRSP

59. The process of designing the full NPRSP will comprise five stages, namely: (1) conducting surveys (MICS, HCES 2001, DHS); (2) conducting participatory studies on poverty; (3) conducting consultations with development partners; (4) estimation of costs to meet objectives proposed in the various components of the full NPRSP; and (5) preparation of the full NPRSP. The envisaged timetable is as follows:

STAGES	RESPONSIBLE AGENCY	TIMETABLE
1. Surveys		
1.1 Survey of women and children (MICS)	National Statistics Office (INEC)	November 2000
1.2 Updated Poverty Profile (HCES 2001)	INEC	September 2001
1.3 Education Statistics	Min. of Education	September 2001
1.4 Health Statistics (DHS)	Min. of Health	September 2001
2. Participatory Study on Poverty	Secretariat of State for Employment and Fight Against Poverty (SSEFAP)	2nd quarter 2001
2.1 Surveys	SSEFAP	April 2001
2.2 Preliminary report	SSEFAP	May 2001
2.3 Full report	SSEFAP	July 2001
3. Preparation of Sectoral Programs and Action Plans	SSEFAP	Nov. 2000-Jul. 2001
3.1 Guidelines for Sectoral Ministries	SSEFAP	November 2000
3.2 First Draft	SSEFAP	June 2001
3.3 Final Draft	SSEFAP	July 2001
4. Consultations	SSEFAP	July/Sept. 2001
4.1 Preparation of Sectoral Programs/Action Plans		
4.1.1 Interested Stakeholders	Relevant Ministries	March-June 2001
4.2 Preparation of Full NPRSP		
4.2.1 Local Communities — Rural Areas	SSEFAP	March-Sept. 2001
4.2.2 Local Communities —Urban Areas	SSEFAP	March-Sept. 2001
4.2.3 Public Sector Entities	SSEFAP	March-Sept. 2001
4.2.4 Private Sector Entities	SSEFAP	March-Sept. 2001
4.2.5 Civil Society (People's National Assembly, NGOs, Religious Associations, Professional Associations, Labor Unions, Armed Forces and Police, etc.)	SSEFAP	March-Sept. 2001
4.3 International Organizations	SSEFAP	Sept. and Nov. 2001
5. Preparation of full NPRSP	SSEFAP	Nov. 2000- Dec. 2001
5.1 Approval of detailed NPRSP preparation program	SSEFAP	November 2000
5.2 Definition of system of indicators for full NPRSP	NPSRP Committee (NPRSP-C)	December 2000
5.3 Preparation of initial draft	SSEFAP / NPRSP-C	October 2001
5.4 Preparation of final version	SSEFAP / NPRSP-C	December 2001

60. In view of the preliminary stage of programming of the various I-NPRSP components, the Government is aware that some of the ambitious policy commitments and objectives described above may have to be reviewed when the full version of the NPRSP is prepared.

D. Monitoring

61. Preparation of the full NPRSP will be the responsibility of the Ministry of Social Solidarity, Reinsertion of Combatants, and Fight Against Poverty, acting through its Secretariat of State for Employment and Fight Against Poverty. A Steering and Monitoring Committee will be established in November 2000 to assure the successful preparation of the poverty reduction program and monitor data on poverty. In this context, the Committee will: (i) approve in November 2000 a detailed program for preparation of the full NPRSP; (ii) issue Guidelines, in December 2000, for line ministries on preparing sectoral programs/action plans, on the basis of, inter alia, the Interim-NPRSP and the baseline macroeconomic framework for the period through 2003; and (iii) specify, by December 2000, the system of indicators to monitor poverty developments to be included in the full NPRSP.

62. The Government intends to set up a poverty observatory system by (i) strengthening national, regional and local capacities to collect, process and monitor quantitative and qualitative data on poverty; and (ii) providing information to the public on the poverty situation and on the impact of the policies implemented. In order to set up and guarantee the proper operation of the system to monitor the NPRSP indicators and, in particular, the data on poverty, the Government intends to carry out annual cost-of-living and living conditions surveys, with external support yet to be identified. The Government is aware of the need to continue the efforts undertaken in the context of the NPRSP with a view to establish an updated knowledge base on poverty. The Government intends to strengthen existing information systems, including those pertaining to public expenditures and social indicators at the central and local Government levels, and to develop new systems as deemed necessary, such as comprehensive household consumption and expenditure surveys.

Annex 1. Guinea-Bissau: Macroeconomic Framework, 1997-2003

	1997	1998	1999		2000	2001	2002	2003
			Prog.	Actual	Prog.	Prog.	Proj.	Proj.
(Annual Percentage change, unless otherwise indicated)								
National accounts and prices								
Real GDP at market prices	4.8	-28.1	8.7	7.8	8.7	8.5	8.2	8.6
GDP deflator	7.4	7.6	3.1	2.8	9.4	3.5	3.3	3.0
Consumer price index, period average	49.1	8.0	-0.9	-2.1	10.2	4.1	3.5	3.0
Consumer price index, end of period	16.7	7.9	-2.1	-7.9	19.5	4.0	3.0	3.0
Money and credit 1/								
Credit to the economy	-9.5	62.9	7.2	8.7	6.8	17.2
Broad money	101.8	0.2	6.9	7.8	16.4	15.1
External sector								
Exports, f.o.b.(based on U.S. dollar values)	124.5	-46.5	80.0	97.4	28.9	13.2	10.3	11.0
Imports, f.o.b. (based on U.S. dollar values)	28.7	-30.1	14.6	28.4	37.2	23.2	4.7	13.0
(In percent of GDP, unless otherwise indicated)								
Investments and savings								
Gross domestic investment	21.8	11.4	13.7	16.3	19.2	23.7	23.5	23.9
<i>Of which: government investment</i>	15.6	6.2	8.8	11.1	13.9	18.1	17.5	17.4
Gross domestic savings	2.9	-10.0	-5.4	-2.2	-4.5	-3.1	0.9	1.3
Government finances								
Budgetary revenue	15.3	5.4	15.1	17.8	15.9	16.4	16.4	16.5
Total primary expenditure	27.6	18.1	21.4	25.7	28.8	33.6	32.7	32.8
Current primary balance	5.4	-6.5	2.5	3.2	1.1	0.8	1.3	1.1
Overall balance (commitment basis)								
Including grants	-13.8	-16.2	-7.1	-9.9	-7.4	-13.4	-10.2	-8.8
Excluding grants	-17.8	-19.4	-12.8	-14.4	-17.9	-22.7	-20.9	-20.2
External current account (incl. official current transfers) 2/	-8.8	-13.2	-11.0	-12.4	-18.2	-22.7	-18.9	-18.7
Excluding official current transfers	-23.4	-20.5	-20.0	-22.9	-26.2	-29.4	-24.9	-24.5
Memorandum items:								
(In units indicated)								
Exchange rate								
CFAF/US\$ (period average)	583.7	590.0	610.0	615.7	697.7	707.6	699.3	692.7
Nominal GDP at market prices								
In billions of CFA francs	156.7	121.3	135.9	134.4	159.9	179.6	200.8	224.7
In millions of U.S. dollars	268.6	205.7	222.8	218.3	229.2	253.8	287.2	324.4
GDP per capita (in U.S. dollars)	238.0	178.6	188.7	185.0	189.4	204.7	225.9	249.0

Source: Ministry of Finance.

1/ In 1997, at constant exchange rates and excluding recapitalization of BCGB.

2/ For 2000-03, only includes project grants.

Annex 2. GUINEA BISSAU: Interim NPRSP - Policy Matrix, 2000-2003

Policies and Areas	Objectives	Strategies and Measures	Implementation Period	Technical Assistance
<p>A. Creating Conditions for Rapid and Sustainable Growth</p> <p>Structural Policies</p>	<p>1. Broaden the tax base and harmonize with WAEMU.</p> <p>2. Improve customs management.</p> <p>3. Implement economic and financial policies with a view to achieving convergence within WAEMU.</p> <p>4. Strengthen external debt management</p>	<p>. Improve VAT administration, broaden its tax base to include retailers, and increase the VAT to 15 percent.</p> <p>. Implement the common external tariff with a view to cutting the maximum rate to 20 percent and reducing tariff ranges from five to four.</p> <p>. Modify taxation of oil products and procedures for price adjustments.</p> <p>. Complete computerization and improve the use of ASYCUDA.</p> <p>. Implement the fiscal management transparency code, reduce inflation to 3 percent, reduce the ratio of domestic and external debt to GDP, reduce the current external deficit relative to GDP, increase the fiscal ratio to GDP to 17 percent, and reduce the wage bill/fiscal revenue ratio to 44 percent.</p> <p>. Computerize services and promote training.</p> <p>. Avoid non-concessional indebtedness.</p>	<p>2000-2001</p> <p>December 2000</p> <p>2002-2003</p> <p>2001-2002</p> <p>2000-2003</p> <p>2000-2002</p> <p>2000-2003</p>	<p>FAD</p> <p>France</p> <p>WAEMU</p>

Policies and Areas	Objectives	Strategies and Measures	Implementation Period	Technical Assistance
	<p>5. Reform the civil service and the retirement system.</p>	<ul style="list-style-type: none"> . Remove former Government members from the payroll. . Prepare report with results of audit to eliminate superfluous employee (ghost workers and dual-job) from the payroll. . Eliminate employees above compulsory retirement age. . Simplify hiring and promotion procedures on the basis of merit-based criteria. . Submit a reform plan to the Council of Ministers, defining organizational chart and redundant employees. . Approve a program for selective contracting out of certain government activities. . Adopt the new retirement regime. 	<p>September 2000</p> <p>October 2000</p> <p>October 2000</p> <p>December 2001</p> <p>July 2001</p> <p>2001-2002</p> <p>2002-2003</p>	<p>The Netherlands</p> <p>World Bank</p>
	<p>6. Strengthen bank supervision and enhance the soundness of the banking system.</p>	<ul style="list-style-type: none"> . Strengthen bank supervision and ensure compliance with prudential ratios. . Expedite adoption of the new chart of accounts. . Ensure compliance with rules governing the close of the fiscal year. . Appoint Provisional Administrator for BIGB. 	<p>2001</p> <p>October 2000</p> <p>December 2000</p> <p>October 2000</p>	<p>BCEAO/WAEMU</p> <p>BCEAO</p> <p>BCEAO</p>

Policies and Areas	Objectives	Strategies and Measures	Implementation Period	Technical Assistance
	<p>8. Eliminate domestic arrears.</p> <p>9. Implement institutional reform of energy and water sector.</p>	<ul style="list-style-type: none"> . Establish Arbitration Tribunal. . Adopt action plan for port and telecommunications reform. . Approve manual of procedures for the Domestic Arrears Settlement Plan (DASP). . Conclude pilot phase to eliminate CFAF 1.0 billion. . Complete exhaustive inventory of audited domestic arrears. . Approve DASP. . Satisfactorily implement the DASP. . Submit the law on electricity to the People's National Assembly. . Open financial proposals submitted in public bidding for EAGB lease contract. . Establish an independent regulatory agency. 	<p>October 2000</p> <p>June 2001</p> <p>November 2000</p> <p>December 2000</p> <p>March 2001</p> <p>June 2001</p> <p>2000-2002</p> <p>October 2000</p> <p>November 15</p> <p>January 31, 2001</p>	<p>World Bank</p> <p>World Bank /European Union</p> <p>World Bank /European Union</p> <p>European Union</p> <p>World Bank/BOAD</p> <p>World Bank/BOAD</p>
<p>Agriculture and Fisheries</p>	<p>1. Strengthen agrarian policy to improve standard of living of rural population.</p>	<ul style="list-style-type: none"> . Update the Letter of Agricultural Policy and its implementation action plan. . Publish the fisheries law. . Approve action plan to implement land law. 	<p>September 2001</p> <p>October 2000</p> <p>March 2001</p>	<p>FAO</p> <p>FAO</p> <p>FAO</p>

Policies and Areas	Objectives	Strategies and Measures	Implementation Period	Technical Assistance
<p>B. Increasing Access to Essential Social Goods</p> <p>Primary Health Care</p>	<p>1. Gradually increase public expenditure.</p> <p>2. Increase access to health centers</p> <p>3. Improve the quality of primary health care services.</p>	<p>. Increase domestically-financed current expenditure from 1.1 percent of GDP in 1999 to 1.3 percent in 2000, 1.6 percent in 2001, 1.7 percent in 2002, and 1.9 percent in 2003.</p> <p>. Prepare review of public expenditure and update objectives of the National Public Health Development Program .</p> <p>. Increase the percentage of population within a 5-kilometer radius of a health center, from 40 percent in 1999 to 50 percent in 2002 and 60 percent in 2003, by:</p> <p>(i) building and equipping 5 new health centers in underprivileged areas.</p> <p>(ii) rehabilitating and equipping 20 health centers.</p> <p>(iii) building the Oio Hospital.</p> <p>.Increase the proportion of fully operational health centers form 5 percent in 1999 to 25 percent in 2002 and 30 percent in 2003, by:</p> <p>(i) rehabilitating the Central Drug Depository.</p>	<p>2000-2003</p> <p>September 2001</p> <p>2001-2003</p> <p>2001-2002</p> <p>2001-2002</p> <p>2001-2002</p> <p>2001-2003</p> <p>2001</p>	<p>World Bank/WHO</p> <p>World Bank/WHO</p> <p>World Bank/WHO</p>

Policies and Areas	Objectives	Strategies and Measures	Implementation Period	Technical Assistance
	4. Strengthen children's immunization programs.	. Increase the proportion of fully immunized children (0 -11 months old) from 20 percent in 1999 to 30 percent in 2001, 40 percent in 2002, and 60 percent in 2003.	2001-2003	World Bank/WHO/UNICEF
	5. Strengthen women's health care	. Increase the proportion of births assisted by trained personnel from 18 percent in 1999 to 30 percent in 2001, 40 percent in 2002, and 50 percent in 2003.	2001-2003	World Bank/WHO
	6. Intensify HIV/AIDS/STD and malaria control.	. Approve strategic framework to fight HIV/AIDS/STDs.	June 2001	WHO/UNAIDS/ World Bank
		. Ensure that at least 50 percent of population at risk (14-29) are informed about transmission and prevention of HIV/AIDS	2001-2003	
		. Approve action plan to roll-back malaria.	June 2001	WHO/World Bank
		. Increase the use of insecticide-impregnated mosquito bed-nets by pregnant women from 4 percent in 2000 to 15 percent in 2002 and 35 percent in 2003.	2000-2003	
	7. Disseminate knowledge on disease prevention.	. Broadcast information on radio about infectious and contagious diseases, particularly HIV/AIDS, at least 2 hours a week.	2001-2003	
		. Provide basic health education at elementary schools (Grades 1-4)	2001	

Policies and Areas	Objectives	Strategies and Measures	Implementation Period	Technical Assistance
<p>Primary Education</p>	<p>1. Increase public expenditure on education.</p>	<p>. Increase domestically-financed current expenditure relative to GDP from 1.3 percent in 1999 to 1.8 percent in 2000, 2.3 percent in 2001, 2.4 percent in 2002, and 2.5 percent in 2003.</p>	<p>2001-2003</p>	
	<p>2. Rehabilitate classrooms.</p>	<p>. Rehabilitate 58 classrooms in the city of Bissau, and build 60 classrooms in the regions to make up for losses resulting from the conflict.</p>	<p>2001</p>	<p>World Bank</p>
	<p>3. Improve the quality and efficiency of primary education.</p>	<p>. Improve educational quality by:</p>		<p>World Bank</p>
		<p>(i) distributing schoolbooks free of charge (grades 1-4);</p>	<p>2001/02</p>	
		<p>(ii) developing and distributing teacher's guides (Portuguese and Mathematics).</p>	<p>2001/02</p>	
		<p>. Increase the efficiency of student flows, by:</p>	<p>2000-2003</p>	
<p>(i) offering complete primary schooling in all schools by 2002; building 150 new classrooms; and adequately staffing them with teachers.</p>	<p>2000-2002</p>			
<p>(ii) raising the retention rate, as follows:</p>	<p>2000-2003</p>			
<p>(a) for boys, from 62 percent in 2000 to 68 percent in 2002 and 70 percent in 2003;</p>				

Policies and Areas	Objectives	Strategies and Measures	Implementation Period	Technical Assistance
	<p>4. Promote girls' education</p>	<p>(b) for girls, from 42 percent in 2000 to 47 percent in 2002, and 52 percent in 2003.</p> <p>. Introduce school cafeterias in the neediest regions.</p> <p>. Pay two months of wage arrears to teachers before the beginning of the school year.</p> <p>. Prepare action plan for reconstruction of infrastructures and curriculum review of vocational schools.</p> <p>. Increase the gross primary school enrollment rate for girls to 43 percent in 2000, 45 percent in 2001, 47 percent in 2002, and 49 percent in 2003, by:</p> <p>(a) recruiting at least 40 percent female teachers in new hiring;</p> <p>(b) establishing awareness raising programs for guardians;</p> <p>(c) approving action plans to improve girls' access to and retention in schools, on the basis of the findings of the study to be completed in 2001.</p>	<p>2002-2003</p> <p>October 2000</p> <p>2002</p> <p>2000-2003</p> <p>2001-2002</p> <p>2001-2002</p> <p>March 2002</p>	<p>World Bank</p>
	<p>5. Restore pre-conflict enrollment levels</p>	<p>. Increase the gross primary school enrollment rate from 57 percent in 2000 to 59 percent in 2001, 61 percent in 2002, and 62 percent in 2003.</p>	<p>2000/03</p>	

Policies and Areas	Objectives	Strategies and Measures	Implementation Period	Technical Assistance
	6. Set up statistical information system 7. Develop a medium-term strategy for the sector	. Carry out the school census. . Improve the human resource management system. . Perform a sector assessment. . Approve medium-term plan.	2000/01 2000/01 end-2001 2002	World Bank World Bank World Bank World Bank
Water and Sanitation	1. Expand urban and rural coverage	. Approve Master Plan.	November 2000	
C. Implementing Programs Aimed at Mitigating Poverty	1. Support reinsertion and reintegration into society of about 12,000 men to be demobilized.	. Promulgate the decrees on criteria for demobilization of soldiers and on eligibility to assistance under the Demobilization, Reinsertion and Reintegration Program (DRRP). . Complete the personnel census. . Set up the independent financial management and procurement system. . Finalize the manual of procedures jointly with IDA. . Conclude the pilot phase, involving the demobilization of 500 ex-combatants. . Approve the DRRP. . Demobilize 4,000 armed forces personnel. . Complete the DRRP.	October 2000 December 2000 December 2000 December 2000 January 2001 March 2001 June 2001 2000-2003	World Bank World Bank World Bank World Bank

Policies and Areas	Objectives	Strategies and Measures	Implementation Period	Technical Assistance
	<p>2. Promote low-cost housing.</p> <p>3. Promote employment generating initiatives.</p> <p>4. Launch labor-intensive infrastructure works.</p> <p>5. Clear the remaining 18,000 mines.</p>	<p>. Rehabilitate some 3,000 dwellings damaged by the military conflict.</p> <p>. Approve the youth employment promotion program.</p> <p>. Approve decree simplifying procedures for legalization of associations, groups, and cooperatives.</p> <p>. Reactivate the Social Action Fund.</p> <p>. Build the João Landim and São Vicente bridges.</p> <p>. Approve a rural roads program.</p> <p>. Establish an action plan.</p>	<p>2001-2002</p> <p>November 2000</p> <p>June 2001</p> <p>March 2001</p> <p>2000-2003</p> <p>June 2001</p> <p>March 2001</p>	<p>World Bank/The Netherlands</p> <p>European Union</p>
<p>D Improving Governance</p>	<p>1. Promote good governance, fight corruption.</p>	<p>. Approve National Good Governance Program.</p> <p>. Improve the functioning of the Treasury,</p> <p>. Completion of civil service payroll computerization.</p> <p>. Strengthen the budget execution capacity of the ministries of Education and Health.</p> <p>. Strengthen budget implementation capacity in line ministries.</p>	<p>March 2001</p> <p>2001</p> <p>2001</p> <p>December 2000</p> <p>2001 Budget</p>	<p>The Netherlands</p> <p>FAD</p>

Policies and Areas	Objectives	Strategies and Measures	Implementation Period	Technical Assistance
		<ul style="list-style-type: none"> . Reform the procurement system: <ul style="list-style-type: none"> (i) Approve decree on legal framework. (ii) Complete pilot phase in five ministries. (iii) Complete introduction of procurement system. . Strengthen the capacity of Auditor General Office and the General Inspectorate of Finance. . External audit of the 1997-99 government accounts through independent audit bureau. . Establish poverty-related public expenditure monitor system . Implement review of public expenditure (Education, Health). . Publish twice-yearly comprehensive report on execution of Government's Budget. . Strengthen budget execution by implementing WAEMU regulations on budgetary supporting documentation. 	<ul style="list-style-type: none"> June 2001 December 2001 September 2002 2001 September 2001 2001 Budget 2001-2003 2001-2003 2001 Budget 	<ul style="list-style-type: none"> ITC/The Netherlands The Netherlands World Bank, and other Donors

Annex 3

LIST OF PARTICIPANTS IN I-NPRSP CONSULTATIONS

<i>Nº de Ordem</i>	ENTIDADES
01	Vice-Primatura
02	Ministério da Economia e Desenvolvimento Regional
03	Ministério da Defesa Nacional
04	Ministério da Administração Interna
05	Ministério dos Negócios Estrangeiros e Comunidades
06	Ministério das Finanças
07	Ministério de Justiça
08	Ministério da Educação, Ciências e Tecnologia
09	Ministério de Saúde
10	Ministério da Solidariedade Social, R.C. Luta Contra a Pobreza
11	Ministério das Infra-estruturas Sociais
12	Ministério da Agricultura, Florestas e caças
13	Ministério dos Recursos Naturais e Ambiente
14	Ministério da Administração Pública e Trabalho
15	Secretaria de Estado das Pescas
16	Secretaria de Estado P.C.M.C.S. A Parlamentares
17	Secretaria de Estado do Plano e Desenvolvimento Regional
18	Secretaria de Estado da Cooperação Int. e Integração Regional
19	Secretaria de Estado da Juventude, Cultura e Desportos
20	Secretaria de Estado dos Transportes e Comunicações
21	Secretaria de Estado de Comércio e Artesanato
22	Secretaria de Estado de Indústria e Turismo
23	Secretaria de Estado de Tesouro, Orçamento e Assuntos Fiscais
24	PNUD
25	FAO
26	UNICEF
27	FNUAP
28	PAM
29	OMS
30	HCR
31	UNOGBIS
32	UE
33	Banco Mundial
34	Fundo Monetario Internacional
35	Embaixada de Alemanha
36	Embaixada de Portugal
37	Embaixada de França

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<i>Nº de Ordem</i>	ENTIDADES
38	Embaixada do Senegal
39	Embaixada de Gâmbia
40	Embaixada da Guiné-Conakri
41	Embaixada de Brasil
42	Embaixada de China
43	Embaixada de Maurítânia
44	Embaixada de Líbia
45	Embaixada de Cuba
46	ASDI
47	PRONAGE
48	SWISSAID
49	SNV
50	FUNDEI
51	RÄDDA BARNEN
52	AD
53	TINGUENA
54	PROMOCONSULT
55	AMIC
56	Instituto da Mulher e Criança
57	AIFA-PALOP
58	ALTERNAG
59	NANTINIAN
60	SNIM-MIRA NASSQUE
61	CARITAS
62	AGUIBEF
63	Igreja Evangélica
64	AL-ANSARS
65	ADAJ
66	C.N.J.
67	Cultambé
68	AMAE
69	INEP
70	Liga Direitos Humanos
71	UNTG
72	EMG Forças Armadas
73	ADIM
74	ASA
75	Cont. Sind. Independentes
76	ANIJOQ
77	ANAG
78	TOTOKAN

Annex 3

LIST OF PARTICIPANTS IN I-NPRSP CONSULTATIONS

<i>N° de Ordem</i>	ENTIDADES
79	Plan Internacional
80	AJPAA
81	Mon Na Tchom
82	AJODECS
83	AJUDE
84	AJOBES