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INFORMATION NOTE



REPUBLIC OF
GUINEA-BISSAU



Presentation of Sovereign issuers of
West African Monetary Union (WAMU)

August 2021

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ADB	: AFRICAN DEVELOPMENT BANK
ADF	: AFRICAN DEVELOPMENT FUND
AGOA	: AFRICAN GROWTH OPPORTUNITIES ACT
AIDS	: ACQUIRED IMMUNODEFICIENCY SYNDROME
AML/CFT	: ANTI-MONEY LAUNDERING AND COUNTERING FINANCING OF TERRORISM
BADEA	: ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA
BCEAO	: CENTRAL BANK OF WEST AFRICAN STATES
BOAD	: WEST AFRICAN DEVELOPMENT BANK
CENTIF	: NATIONAL FINANCIAL INFORMATION PROCESSING UNIT
CFA	: AFRICAN FINANCIAL COMMUNITY
CIF	: COST INSURANCE AND FREIGHT
CSL	: COMMUNITY SOLIDARITY LEVY
DMFAS	: DEBT MANAGEMENT AND FINANCIAL ANALYSIS SYSTEM
DSF	: DEBT SUSTAINABILITY FRAMEWORK
EBC	: ADDITIONAL BASIC EDUCATION
EBE	: BASIC EDUCATION
ECF	: EXTENDED CREDIT FACILITY
ECL	: ECOWAS COMMUNITY LEVY
ECOWAS	: ECONOMIC COMMUNITY OF WEST AFRICAN STATES
ESC	: COMPLEMENTARY SECONDARY EDUCATION
ESG	: GENERAL SECONDARY EDUCATION
EST	: ESTIMATE
EU	: EUROPEAN UNION
EVD	: EBOLA VIRUS DISEASE
FATF	: FINANCIAL ACTION TASK FORCE
FOB	: FREE ON BOARD
GATT	: GENERAL AGREEMENT ON TARIFFS AND TRADE
GDP	: GROSS DOMESTIC PRODUCT
GIABA	: WEST AFRICAN INTERGOVERNMENTAL GROUP ON MONEY LAUNDERING
HDI	: HUMAN DEVELOPMENT INDEX
HIV	: ACQUIRED IMMUNODEFICIENCY VIRUS
IDA	: INTERNATIONAL DEVELOPMENT ASSOCIATION
IDE	: FOREIGN DIRECT INVESTMENT
IFAD	: INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
IIAG	: IBRAHIM INDEX OF AFRICAN GOVERNANCE
ILO	: INTERNATIONAL LABOUR OFFICE
IMF	: INTERNATIONAL MONETARY FUND
INF	: INFERIOR
IsDB	: ISLAMIC DEVELOPMENT BANK
LIC	: LOW-INCOME COUNTRIES
NIS	: NATIONAL INSTITUTE OF STATISTICS
MEF	: MINISTRY OF ECONOMY AND FINANCE
MFI	: MICROFINANCE INSTITUTION
MFN	: MOST FAVORED NATION
MW	: MEGAWATT
OMVG	: GAMBIA RIVER DEVELOPMENT ORGANIZATION
PAIGC	: AFRICAN PARTY FOR THE INDEPENDENCE OF GUINEA AND CAPE VERDE

PCD	: DEMOCRATIC CONVERGENCE PARTY
PINA	: NATIONAL AGRICULTURAL INVESTMENT PROGRAM
PND	: NEW DEMOCRACY PARTY
PNDS	: NATIONAL HEALTH DEVELOPMENT PLAN
PPA	: PURCHASING POWER PARITY
PROJ	: PROJECTION
PRS	: SOCIAL RENOVATION PARTY
PV	: PRESENT VALUE
RAMSAR	: INTERNATIONAL TREATY FOR THE CONSERVATION AND SUSTAINABLE USE OF WETLANDS
SDR	: SPECIAL DRAWING RIGHT
SFPA	: AND SUSTAINABLE FISHERIES PARTNERSHIP AGREEMENT
SUP	: SUPERIOR
T-Bill	: TREASURY BILL
T-Bond	: TREASURY BOND
TBS	: GROSS ENROLMENT RATE
TIF	: TAX IDENTIFICATION NUMBER
TOFE	: TABLE OF FINANCIAL OPERATIONS OF THE STATE
TSA	: EVERYTHING BUT ARMS INITIATIVE
UEMOA	: WEST AFRICAN ECONOMIC AND MONETARY UNION
UM	: UNION FOR CHANGE
UN	: UNITED NATIONS
UNCTAD	: UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT
UNDP	: UNITED NATIONS DEVELOPMENT PROGRAM
UNESCO	: UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANIZATION
UNICEF	: UNITED NATIONS CHILDREN'S FUND
UNIOGBIS	: UNITED NATIONS INTEGRATED PEACEBUILDING OFFICE IN GUINEA-BISSAU
UNODC	: UNITED NATIONS OFFICE ON DRUGS AND CRIME
USD	: AMERICAN DOLLAR
WAMU	: WEST AFRICAN MONETARY UNION
WB	: WORLD BANK
WCO	: WORLD CUSTOMS ORGANIZATION
WHO	: WORLD HEALTH ORGANIZATION
WTO	: WORLD TRADE ORGANIZATION



GOVERNO DA
GUINÉ-BISSAU

Ministério das Finanças
Secretaria de Estado do Tesouro
Direção-Geral do Tesouro e da Contabilidade Pública

Attestation de l'émetteur

Je soussigné, Mamadu BALDE, Directeur Général du Trésor et de la Comptabilité Publique, agissant au nom et pour le compte de l'État de Guinée-Bissau, atteste que les données et informations contenues dans la présente Note d'Information sont conformes à la réalité et n'ai connaissance d'aucune information de nature à en altérer la portée.

L'objectif visé à travers cette Note d'Information est de porter à l'attention des investisseurs sur les titres publics émis par l'État de Guinée-Bissau, toutes les informations utiles à la prise de décisions d'investissement.

Toutefois, je rappelle que les informations et analyses prospectives présentées dans ce document, sont basées sur des projections établies à partir d'hypothèses qui sont entachées d'incertitudes pouvant entraîner des différences entre les réalisations effectives et les performances économiques attendues.

Cette note d'information publiée sera mise à jour chaque fois que nécessaire, afin de rendre compte :

- de l'évolution de la situation économique de la Guinée-Bissau ;
- de la disponibilité ou de la mise à jour des données économiques ;
- de quelques changements intervenus.

Directeur Général du Trésor et
de la Comptabilité Publique

Mamadu BALDE



In 2019, Guinea-Bissau's Human Development Index (HDI) value was 0.48, placing the country in 175th place out of 189 countries. Between 2009 and 2019, Guinea-Bissau's HDI value rose from 0.42 to 0.48, an increase of 14%.

In 2020, Guinea-Bissau's nominal gross domestic product (GDP) is estimated at CFAF 919.1 billion, up from CFAF 885.1 billion in 2019. Guinea-Bissau's growth slowed in 2020, reaching 1.5% after 4.5% a year earlier. Guinea-Bissau's economy is expected to regain its pre-COVID-19 momentum in 2021 with an expected real GDP growth of 6.3 percent.

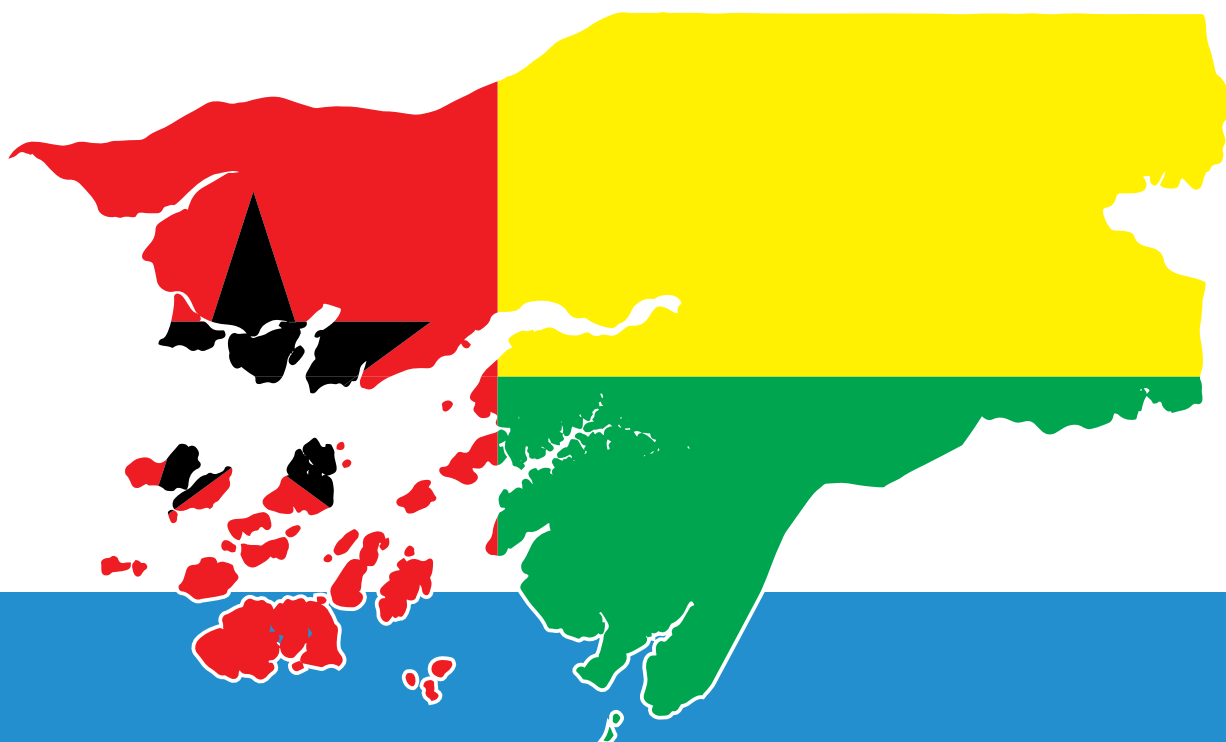
The budget deficit as a percentage of GDP deteriorated between 2019 and 2020, from 3.6% to 9.3%. This deterioration is linked to the decline in government revenue and the increase in expenditure. A reduction in the budget deficit is projected from 2021.

According to data from the Public Debt Directorate, the ratio of domestic and external debt outstanding to nominal GDP will be 69.9% in 2020 compared to 61.1% in 2019.

According to the latest joint IMF-World Bank debt sustainability analysis, Guinea-Bissau has a high risk of external debt distress and a high risk of overall debt distress.

Reforms are being carried out to help the country achieve the objectives of the national development plan, the Guinea-Bissau Vision 2025. These reforms are based on four growth drivers: agriculture and agribusiness, fisheries, tourism and mining.

Republic of Guinea-Bissau



Area

36 125 km²

Population in 2020

1 967 998 Hbts

Capital

Bissau

Political system

Presidential

Currency

CFA Francs

Official language

Portuguese**Nominal GDP in 2020****919.1** billions
of CFAF

(Source : National services, BCEAO)

- Economy based on **agriculture** and **commerce**
- **50.2%** of the population aged between 15 and 35 years (RGPH 2009)
- **Second** african producer of **cashew nut**
- Growth rate in 2020 : **1.5%**
- Indebtedness rate in 2020 : **69.9%** of GDP
- Fiscal deficit, including grants, in 2020 : **9.3%** of GDP

The Republic of Guinea-Bissau is a Portuguese-speaking country in West Africa. Its capital is Bissau. Following a long war leading to independence in 1973, the country has experienced almost continuous political instability.

The economy is highly dependent on the political climate, the performance of the cashew sector and foreign aid.

An agreement with the IMF in 2014, aimed at restoring macroeconomic balances and carrying out reforms, has boosted donor confidence.

Policies adopted under this agreement focus on:

- Mitigating the fragility of the economy through the consolidation of public finances;
- Tax reforms;
- Restoring financial stability;
- Borrowing Policy and Long-Term Debt Sustainability;

- Private Sector Development;
- Improving inclusive growth.

In addition, good governance and the restoration of security are central to these policies.

The country has significant potential in the mining sector offering new perspectives to the Guinea-Bissau economy.

Guinea-Bissau is a republic with a presidential regime in which the President of the Republic, Head of State, appoints a Prime Minister, head of government. The country is administratively organized into one autonomous sector (the capital Bissau) and eight (8) regions: Bafata, Biombo, Bolama-Bijagos, Cacheu, Gabu, Oio, Quinara and Tombali. The regions are divided into thirty-eight sectors and the capital Bissau is divided into eight sectors.

1.1 Political system

A Portuguese colony since 1879, Guinea-Bissau gained independence on September 24, 1973, after 11 years of civil war. This recognition by Portugal came about a year after the unilateral proclamation of independence by the African Party for the Independence of Guinea and Cape Verde (PAIGC), led by Luis Cabral.

Organizationally, Guinea-Bissau is a sovereign, multiparty, democratic, secular and unitary republic headed by the President, who is the Head of State. The President of the Republic is elected by universal suffrage. The term of office is five years.

The government is headed by the Prime Minister, who is appointed by the President. Executive power is exercised by the government, while legislative power is shared between the government and the National Assembly. The judiciary is represented by the Supreme Court, which is the highest court.

1.1.1 Executive power

The President is elected by direct universal suffrage, by an absolute majority vote, for a five-year term, renewable once. The current President, Mr. Umaro Sissoco Embalo, was elected on February 27, 2020. In Guinea-Bissau, power is divided among four bodies: the President of the Republic, the National Popular Assembly, the Government and the Courts.

A set of attributions of national sovereignty is given to each organ. The President of the Republic is the Head of State, guarantor of the Constitution, national unity and the normal functioning of the institutions. He has the power to appoint the Prime Minister, who is the head of the government, and to dissolve the Parliament. The current Prime Minister is Mr. Nuno Gomes Nabiam (since February 29, 2020).

The government is the supreme executive and administrative body of Guinea-Bissau. It conducts the general policy of the country, in accordance with its program, approved by the National Assembly.

According to the Constitution, in Article 71, in the event of the death or permanent disability of the Head of State, the President of the National Assembly assumes the role of President of the Republic and must organize presidential elections within 60 days.

Guinea-Bissau has had sixteen presidents since its independence. Over the last decade the various Presidents who succeeded each other are:

- João Bernardo Vieira (October 1, 2005 -2 March 2009);
- Raimundo Pereira (March 2, 2009 - September 8, 2009)

- Malam Bacai Sanhá (September 8, 2009 - January 9, 2012)
- Raimundo Pereira (January 9, 2012 - April 12, 2012)
- Mamadu Ture Kuruma (April 12, 2012 - 11 May 2012)
- Serifo Nhamadjo (May 11, 2012 - June 23, 2014)
- José Mário Vaz (June 23, 2014 - February 27, 2020)
- Umaro Sissoco Embaló (since February 27, 2020)

1.1.2 Legislative power

The parliamentary chamber of Guinea-Bissau is the National People's Assembly. The chamber has 102 members elected for a four-year term in electoral districts defined by law. The president is elected during the first session of the legislature for the same term.

The Parliament supervises Government actions by means of written and oral questions and a reply must be given during the same sitting, or within a maximum of fifteen days, in writing, in the event that investigations are necessary.

The constitution confers on the National People's assembly certain powers, including the decision on the constitutionality of laws and other legislation, approval of the State budget, approval of treaties involving the participation of Guinea-Bissau in inter-

national organizations, treaties of friendship, peace, defense and border rectification, and all other treaties that the government intends to submit to.

Currently, following the March 10, 2019 legislative elections, the National Assembly is composed of the following parties: African Party for the Independence of Guinea and Cape Verde (PAIGC) 47 seats, Movement for Democratic Change (MADEM G15) 27 seats, Social Renovation Party (PRS) 21 seats, Assembly of the United People - PDGB (APU) 5 seats, Union for Change (UM) 1 seat, New Democracy Party (PND) 1 seat.

1.1.3 Judicial Branch

The legal system of Guinea-Bissau is essentially inspired by the Portuguese system. The overall architecture of the judiciary of Guinea-Bissau is composed of the Supreme Court, regional people's courts and sectional people's courts.

The Supreme Court is the highest judicial body. It functions as a court of last resort, and is composed of nine judges appointed by the President of the Republic.

Each of the nine regions has a Regional Court, which serves as the first court of appeal from the 24 trial courts and hears civil cases over \$1,000. Trial judges have jurisdiction over petty crimes and civil disputes up to \$1,000.

1.2 Administrative organization

The country is administratively organized into one autonomous sector (the capital Bissau) and eight (8) regions: Bafata, Biombo, Bolama-Bijagos, Cacheu, Gabu, Oio, Quinara and Tombali.

The regions are in turn divided into sectors (36 in total) and sections, composed of tabancas (villages). The regions and sectors are governed by State committees, supervised by a president.

1.3 Geographic location

Guinea-Bissau has an area of 36,125 km². It is surrounded to the north by Senegal, to the south and east by the Republic of Guinea and to the west by the Atlantic Ocean (270 km of coastline). 8% of its territory is covered by mangroves. One third of the territory of Guinea-Bissau is made up of islands, the Bolama-Bijagós archipelago, a natural site of nearly 80 islands and islets, recognized by UNESCO. Several islands are classified RAMSAR (wetlands of international importance).

Many rivers and streams irrigate the country, from north to south, including Cacheu, Mansoa, Geba, Corubal, Grande de Buba, Cumbijã, Tombali and Cacine. The country is rather flat except for the southeast which culminates at 360 meters of altitude, and enjoys a hot and humid tropical climate characterized by the alternation of two seasons: a rainy season from June to November and a dry season from December to May. The vegetation is composed of savannah in the eastern part of the country extending the forest zone.

1.4 Population

According to the latest population census conducted in 2009 by the National Institute of Statistics (INE) of Guinea Bissau, the population of Guinea Bissau was approximately 1,449,230, of which 51.6

percent were women and 50.2 percent were young people between the ages of 15 and 35. According to International Labor Organization estimates, the population would be 2,015,600 in 2021.

Table 1. Population of Guinea-Bissau in 2021

Category	2021	
Total Population	2 015 500	
Male	986 700	48.96%
Female	1 028 800	51.04%
Urban	899 300	44.62%
Rural	1 116 200	55.38%

Source : ILO

In terms of geographic breakdown, the capital, Bissau, accounts for 20 percent of the total population. The rest of the population lives in the other eight regions, which are mostly rural (World Factbook, CIA).

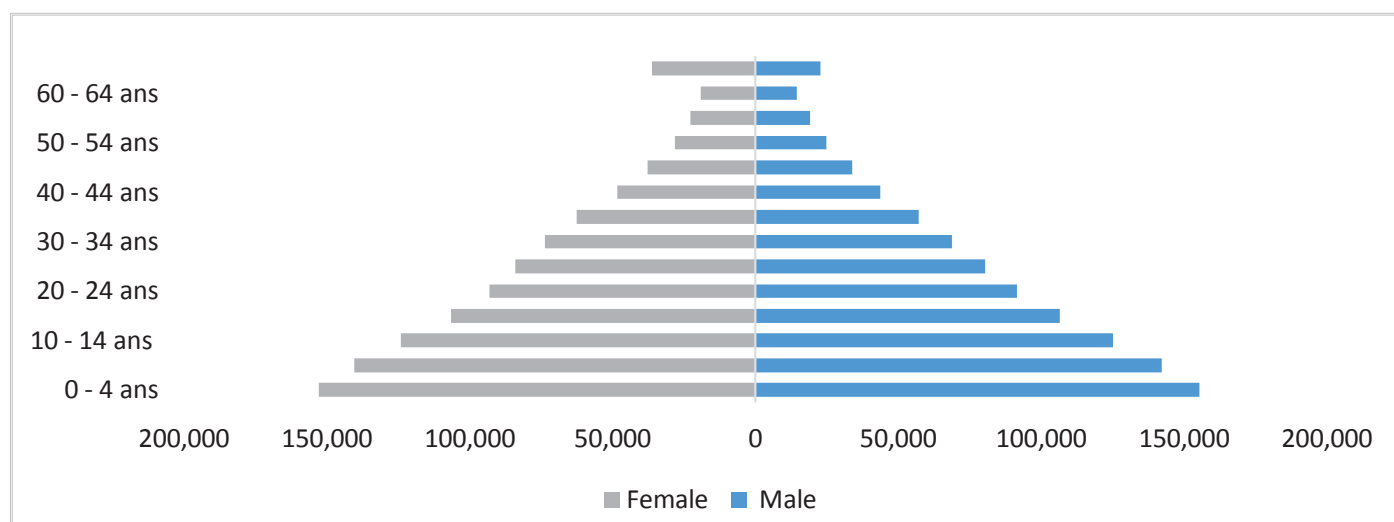
According to (NIS) National Institute of Statistics (projections for 2020), the population density is 50 inhabitants/km² on average.

The density varies from 12.3 inhabitants/km² in Bolama/Bijagós to 4,711 inhabitants/km² in Bissau and

110.9 inhabitants/km² in Biombo. This situation is not without consequences on the habitat, with a strong demand in the cities of Bissau and Biombo.

Between 2010 and 2019, the population in Guinea-Bissau grew at an average annual rate of 2.580 percent, according to World Bank data. NIS projects a rate of 2.3 percent for 2020. The population is very young, as shown by the age pyramid.

Figure 1. Age pyramid of the population in Guinea Bissau in 2021



Source: ILO, 2021

According to ILO estimates, in 2021, 55.38% of the population of Guinea-Bissau will live in urban areas, compared to 44.62% in rural areas.

The March 2021 edition of the CIA World Factbook found that 45.1 percent of the population was Muslim,

22.1 percent was Christian, and 32.2 percent was animist or had a traditional religion.

According to the NIS, the population is expected to grow from 1,646 million people in 2021 to 1,870 million in 2030.

1.5 Education

The constitution of Guinea-Bissau stipulates that the State is responsible for educational policy and the training of men and women. It guarantees that education is a fundamental right for all children and is compulsory and free for all in the national territory from the age of 6.

The education system is structured into two sub-sectors: formal and non-formal education.

- i. Formal education is composed of preschool education, middle school education, secondary education, technical education and vocational training, and higher education.
- ii. Non-formal education includes literacy, adult education and other types of education.

There is a special education unit for disabled children.

According to the results of the Integrated Regional Survey on Employment and Sector (ERI-ESI), the literacy rate in Guinea-Bissau for persons aged 15 years and older was 80.7% in 2017. This rate was 86.9% for men and 75.4% for women.

According to UNESCO statistics, the rate of enrollment in pre-school has changed significantly, dou-

bling from 3% in 2000 to 6% in 2006. However, the gross enrollment rate has stagnated or even decreased to 5% in 2010.

Over the same period, basic education has also shown significant growth, with an increase of about 67% between 2000 and 2010.

The gross enrollment ratio indicates the total number of enrollments in a specific level of education, regardless of age, relative to the school-age population in that level. It is 117% for basic education, with 139% for Basic Elementary Education (EBE) and 71% for Basic Complementary Education (EBC). The EBE is intended for children aged 7 to 12, but also includes children aged 13, 14, etc. The imbalance between EBE and EBC was maintained between 1999/2000 and 2009/2010.

In secondary education, the trend is even more significant than in basic education: the gross rate rose from 19% to 43% between 2000 and 2010 for the entire cycle. It has increased more rapidly in Enseignement Secondaire Complémentaire (ESC) than in Enseignement Secondaire Général (ESG), a sign of a rebalancing between the two cycles of secondary education.

1.6 Health

Guinea-Bissau's national health system is organized around three levels: central, regional, and peripheral, and defines the different types of health care delivery structures. Establishments are made up of two general directorates, the service directorates (including the coordination of national programs) and at

the intermediate regional level by the regional health directorates.

The country is divided into 11 health sectors (Bafata, Cacheu, Oio, Gabu, Quinara, Bolama, Tombali, Farim, Bubaque/Bijagos, Biombo, Autonomous Sector of Bissau) subdivided into 114 health areas in total.

Table 2. General statistics indicating the health status of the population

Indicators	2000	2010	2015	2019
Life expectancy of men	47.58	52.23	54.77	56.3
Life expectancy of women	53.10	56.90	59.02	60.2
Total life expectancy	50.37	54.63	56.96	58.3
Infant mortality rate (per 1,000 live births)	105.5	72.3	59.5	52.32
Infant mortality rate, under 5 years (per 1,000)	174.8	113.8	91.2	78.47

Sources: World Bank data, United Nations Development Program

Guinea-Bissau's health indicators have improved since 2000. However, they are still low compared to other WAEMU countries. Life expectancy increased from 50 years in 2000 to 58 years in 2019. In 2019, the under-five mortality rate was 78.47 for 1 000.

The government's efforts have improved indicators and access to health care for pregnant women and reduced infant mortality. According to WHO, it is finalizing its National Health Development Plan

(PNDS) 2018-2022 in order to reorganize the health system to provide inclusive and integrated health services for its population.

The epidemiological profile of Guinea-Bissau is dominated by sexually transmitted infections (such as HIV) and an increase in non-communicable and emerging diseases, compounded by an unfavorable context.

The incidence of malaria per 1,000 people at risk was 123.3 in 2018 according to the World Health Organization. It reached 295.28 in 2000. Nevertheless, malaria remains the main source of death among children under five. As for tuberculosis, the indicators of the incidence of the disease show a controlled evolution, around 360 cases per 100,000 inhabitants since 2005 according to the WHO. The

Simão Mendes National Hospital, the largest in the country, and the Raoul Follereau Hospital detect about 60% of tuberculosis cases.

HIV/AIDS still remains a major challenge for the country. According to World Bank indicators, the prevalence of HIV/AIDS in the population aged 15-49 years was 3.9% in 2009 and 3.4% in 2019. Prevalence is higher among women aged 15 to 24 (1.20% in 2019) than among men of the same age (0.70% in 2019).

During 2012, a cholera epidemic broke out in Guinea-Bissau and continued into 2013. Female genital mutilation (FGM) is still widely practiced and heavily affects the well-being of women. The prevalence of female genital mutilation was estimated at 44.9 percent in 2014 by the World Bank.

1.7 Employment

According to data from the World Bank and the International Labor Organization (ILO), the labor force, including informal employment, was estimated at persons 792500 in 2020 compared to 619 191 in 2010. 78.6% of men over 15 years of age were economically active, compared to 65.8% of women in 2019. 68.1% of jobs were in the agricultural sector in 2019.

The unemployment rate has been stable since 2000 and is estimated by the ILO to be 2.5% of the active population in 2019. Unemployment affects men (2.7% of the male labor force) more than women (2.2% of the female labor force).

The government, with the support of the International Labor Office (ILO), has also set up a Decent Work Country Program for Guinea-Bissau for the period 2012-2015. This program's priorities are to :

- i) contribute to the process of modernizing the administration in a climate of social dialogue and promotion of gender equality;
- (ii) promote decent jobs for young men and women, in particular through enterprise development and vocational training;
- iii) strengthen and expand the social protection system, especially for women in the informal economy, for children in the worst forms of labor, and for HIV in the workplace.

1.8 Reminder of the main aggregates

The HDI is developed by the United Nations Development Program (UNDP) and provides a summary measure to assess long-term progress along three basic dimensions of human development: a long and healthy life, access to education and a decent standard of living.

In 2019, Guinea Bissau's Human Development Index (HDI) value was 0.48, placing the country in 175th place out of 189 countries. Between 2009 and 2019,

Guinea-Bissau's HDI value rose from 0.42 to 0.48, an increase of 14 percent.

As for the GINI index, according to the World Bank, Guinea-Bissau was at 50.7 in 2010, a deterioration of 15.1 points compared to the 2002 level (35.6).

Real GDP per capita increased between 2014 and 2019, from CFAF 346907 to CFAF 491301. This development is explained by the improvement in the economic environment after periods of political and military tension.

Table 3. Real GDP per capita

	2014	2015	2016	2017	2018	2019
Real GDP per capita in CFA francs	346 907	412 570	437 187	494 863	484 736	491 301
Real GDP per capita (constant 2011 international PPP\$)	1 741	1 800	1 864	1 925	1 949	1 989

Source: MEF, World Bank

Table 4. Summary table

CFAF Billions	2014	2015	2016	2017	2018	2019	2020
National economy							
Nominal GDP	560.5	681.3	737.8	853.6	854.5	885.1	919.1
Real GDP growth (%)	1.0	6.1	5.4	4.7	3.4	4.5	1.5
Investment rate (% of GDP)	19.2	16.2	16.4	17.4	21.6	21.8	21.5
Inflation rate (in %)	-1.0	1.5	1.5	1.1	1.4	0.3	1.5
Balance of payments							
Exports of goods FOB (BCEAO, MFE)	82.1	149.2	164.0	197.5	188.6	145.8	115.0
Imports of goods FOB (BCEAO, MFE)	105.9	122.4	136.5	169.2	162.9	196.4	180.0
Balance of assets	-23.8	26.8	27.5	28.3	25.7	-50.6	-65.0
Balance of services	-34.4	-55.9	-61.0	-69.8	-69.4	-72.6	-64.5
Current account balance (excluding public grants)	3.2	-14.1	-15.9	-33.2	-72.1	-107.7	-114.2
Public Finance							
Revenues and grants	105.9	124.9	112.2	143.7	128.6	130.1	134.5
Current Expenses	78.1	92.7	99.9	100.4	105.4	123.6	148.7
Overall balance	-12.2	-16.2	-30.2	-11.6	-36.7	-31.7	-85.3
As a% of nominal GDP	-2.2	-2.4	-4.1	-1.4	-4.3	-3.6	-9.3
Public debt							
Outstanding public debt	200.5	228.2	276.0	330.1	442.5	540.5	642.6
Domestic debt	35.2	36.6	64.2	94.7	175.3	214.2	293.2
External debt	165.3	191.6	211.8	235.4	267.2	326.3	349.4
Public debt as% of GDP	35.8	33.5	37.4	38.7	51.8	61.1	69.9

Source: Directorate-General for Forecasting and Economic Studies, September 2021

2.1 Gross Domestic Product Assessment

2.1.1 Level of GDP (in CFAF billions)

During the period 2014-2020, Guinea Bissau's gross domestic product rose from CFAF 560.5 billion to CFAF 919.1 billion, an increase in wealth of CFAF

358.6 billion. This economic dynamic is expected to continue in 2021 and 2022, when GDP is expected to reach CFAF 1,005 billion and CFAF 1,052.1 billion respectively.

Table 5. Guinea-Bissau's nominal gross domestic product (GDP)

Guinea-Bissau In CFAF billions	2014	2015	2016	2017	2018	2019	2020	2021	2022
GDP at current prices	560.5	681.3	737.8	853.6	854.5	885.1	919.1	1005.0	1052.1

Source: MEF, Directorate-General for Forecasting and Economic Studies, September 2021

2.1.2 Real GDP growth (%)

After five consecutive years of sustained growth (4.8 percent on average over 2015-2019), the Guinea-Bissau economy slowed down in 2020 with a growth rate of 1.5 percent. This slowdown is explained by the collapse of cashew nut prices, much lower foreign direct investment than in previous years, and the impact of containment measures on consumption and investment, compounded by severe flooding. However, economic activity is expected to accelerate in 2021 with real GDP growth expected to reach 6.3 percent before stabilizing at 3.6 percent in 2022.

The primary sector grew by only 3.2 percent in 2020 after 5.3 percent in 2019. This slowdown is explained by the major floods that affected the country and especially by the effects of the Covid-19 pandemic. Indeed, the closure of borders as well as the restriction of traffic delayed the launch of the cashew season in

2020, which strongly impacted the agricultural sector employing 70% of the labor force. The volume of cashew nuts shipped was less than 160,000 tons, compared to the usual 200,000 tons per year.

Nevertheless, good food crop production would offset the decline in cashew production. Food crop production increased by 10.1 percent due to favorable weather conditions and government support to farmers. Gross grain production increased by 7.0 percent over 2019 to 257 504 tons in 2020.

The secondary sector grew by 1.4 percent in 2020 after a decline of 0.1 percent in the previous year. This is mainly due to growth in the energy subsector in 2020 (+10.7 percent) (MEF).

As for the tertiary sector, it would have grown by +2.5% in 2020 after an increase of 5.9% in 2019.

Table 6. Guinea-Bissau real gross domestic product growth (%)

Guinea-Bissau Real GDP by sector	2013	2014	2015	2016	2017	2018	2019 Est	2020 Est	2021 Prev.	2022 Prev.
Primary sector	4.8	-8.4	6.5	6.4	3.9	3.5	5.3	3.2	6.3	4.1
Secondary sector	11.8	10.8	-6.2	1.0	8.2	12.6	-0.1	1.4	6.8	4.0
Tertiary sector	3.5	5.6	9.0	7.0	5.5	1.3	5.9	2.5	5.3	2.9
Non-market GDP	15.4	24.4	6.7	5.1	0.7	3.9	4.3	16.5	6.8	2.0
Fees and taxes	-19.2	7.1	12.8	-1.3	-2.8	-1.3	-0.9	-17.7	15.6	5.0
Real GDP	3.3	1.0	6.1	5.4	4.7	3.4	4.5	1.5	6.3	3.6

Source: MEF, Directorate-General for Forecasting and Economic Studies, September 2021

2.1.3 Breakdown of GDP by structure (in %)

During the period 2014-2019, the share of the primary sector in GDP was on average 35.3 %. It is estimated that this sector will contribute to GDP growth in 2020 by 1.13 percentage point. The secondary

sector, on the other hand, contributed 0.18 percentage points to GDP growth in 2020.

As for the tertiary sector, its contribution to GDP growth dropped by 1.54 point during the health crisis, reaching 1.13 point in 2020.

Table 7. Breakdown of GDP by structure (in %)

Guinea-Bissau	2014	2015	2016	2017	2018	2019	2020	2021 Prev.
Total GDP	100	100	100	100	100	100	100	100
Primary sector	35.0	35.2	35.5	35.2	35.3	35.6	36.1	36.1
Secondary sector	14.6	12.9	12.4	12.8	13.9	13.3	13.3	13.4
Tertiary sector	43.9	45.1	45.8	46.1	45.2	45.8	46.2	45.8
Non-market GDP	7.7	7.8	7.7	7.4	7.5	7.5	8.6	8.6
Import duties and taxes	6.4	6.8	6.4	5.9	5.6	5.4	4.3	4.7

Sources: MEF, Directorate-General for Forecasting and Economic Studies, September 2021

The trend observed in the primary sector is explained mainly by the growth of the agriculture subsector. As for the tertiary sector, its situation is explained by the

good dynamics observed in the telecommunications and other services subsectors.

2.2 Gross Domestic Product Details

2.2.1 GDP in volume, detail of sectors

Based on the analysis of the various sectors of the Guinea-Bissau economy, it appears that the contribution of the primary sector to GDP is estimated at CFAF 298.0 billion (at constant prices), compared to CFAF 288.8 billion in 2019. Food-producing agriculture is the main source of wealth creation in this sector with CFAF 148.4 billion.

The secondary sector in general contributed CFAF 109.7 billion to wealth creation in 2020, compared to CFAF 108.2 billion in 2019. Agribusiness accounts for the largest share of the sector, contributing CFAF 34.7 billion in 2020.

The tertiary sector, meanwhile, contributed CFAF 381.0 billion in 2020 compared to CFAF 371.8 billion in 2019, an increase of 2.5%.

Table 8. Sectoral breakdown of GDP

Guinea-Bissau Value added in constant CFAF millions	2017	2018	2019	2020	2021 Prev.	2022 Prev.
Primary sector	264.7	274.1	288.8	298.0	316.8	329.9
Secondary sector	96.2	108.3	108.2	109.7	117.1	121.8
Tertiary sector	346.7	351.1	371.8	381.0	401.3	413.1
Total value added	707.7	733.5	768.8	788.6	835.3	864.8
Net taxes on products	44.5	43.9	43.5	35.8	41.4	43.5
Gross Domestic Product	752.1	777.4	812.2	824.4	876.7	908.3

Sources: MEF, Directorate-General for Forecasting and Economic Studies, September 2021

2.2.2 GDP in composition

The composition of Guinea Bissau's GDP in structure shows that the tertiary sector is the primary source of wealth creation in the country. This sector alone accounts for more than 50.6% of GDP in 2020. This sector accounted for only 45.1% of GDP in 2017, an increase of 5.5 points.

The primary sector saw its contribution to GDP formation decrease overall between 2017 and 2020, from 36.4% to 32.9%, a drop of 3.5 points.

Regarding the contribution of the secondary sector to the formation of GDP, after an increase in 2018, it decreased to 12.5 percent in 2020.

According to MEF, in 2021 the primary sector is expected to account for 34.5 percent of GDP, while the secondary and tertiary sectors are expected to ac-

count for 12.5 percent and 48.0 percent of GDP, respectively. The forecast for 2022 is of the same order of magnitude as that for 2021.

Table 9. Share of sectors and sub-sectors in GDP (%)

Guinea-Bissau	2017	2018	2019	2020	2021	2022
Current prices						
Primary sector	36.4	34.7	33.0	32.9	34.5	34.7
Secondary sector	11.7	13.4	12.6	12.4	12.5	12.7
Extractive activities	0.4	0.4	0.4	0.4	0.4	0.4
Agri-food	5.5	5.8	5.2	4.5	4.5	4.5
Other industries	2.6	3.5	3.5	3.7	3.9	4.0
Electricity - Water - Sanitation	1.1	1.1	1.2	1.3	1.3	1.4
Construction	2.1	2.6	2.4	2.5	2.5	2.5
Tertiary sector	45.1	45.7	48.6	50.6	48.0	47.5
Trade and repair	17.1	15.9	15.7	15.3	13.3	13.1
Transportation and warehousing	4.6	4.9	4.9	5.3	5.3	5.4
Information and communication	2.9	3.0	3.2	3.2	3.1	3.2
Financial Services and Insurance	2.1	2.2	2.5	2.6	2.6	2.6
Other services	6.7	6.9	7.2	7.1	6.6	6.4
Public Administration Services	11.7	12.8	15.1	17.0	17.1	16.9
Total value added	93.1	93.8	94.2	95.9	95.0	95.0
Import duties and taxes	6.9	6.2	5.8	4.1	5.0	5.0
Nominal GDP	100	100	100	100	100	100

Source: MEF, Directorate-General for Forecasting and Economic Studies, September 2021

2.2.3 GDP by component

In 2020, final consumption is still mainly made up of private consumption, which accounts for 78.1 % and amounts to CFAF 558.5 billion. Public consumption, however, CFAF, increased significantly over the 2017-2020 period, from 125.9 to 156.9 billion.

Gross fixed capital formation has increased steadily over the past four years, reaching CFAF 196.9 billion in 2020. According to MEF forecasts, it is expected to continue this trend, reaching CFAF 2 074 billion in 2022. Finally, the change in inventories amounted to CFAF 41.2 billion in 2020 after CFAF 22.0 billion a year earlier.

Table 10. Breakdown of GDP by expenditure (CFAF billions)

Constant prices	2017	2018	2019	2020	2021	2022
Internal demand	833.1	845.1	940.2	953.5	1 001.3	1 033.0
Final consumption	683.7	690.8	724.5	715.4	759.1	773.8
Private	557.9	563.9	589.6	558.5	584.1	604.7
Public	125.9	126.9	134.9	156.9	174.9	169.1
Investment	149.4	154.3	215.7	238.1	242.2	259.2
Gross Fixed Capital Formation	148.2	184.3	193.1	196.9	201.0	207.4
Change in inventories	1.2	-30.0	22.8	41.5	41.6	51.5
Total external demand	-59.9	-67.7	-128.0	-129.1	-124.6	-124.7
Export	183.0	166.8	131.8	94.7	118.5	121.3
Importation	242.9	234.5	259.8	223.9	243.1	245.9
GDP	773.2	777.4	812.2	824.4	876.7	908.3

Sources: MEF, Directorate-General for Forecasting and Economic Studies, September 2021

Table 11. Contribution to growth of expenditure items (%)

	2017	2018	2019	2020	2021	2022
1. Internal demand	9.4	1.6	12.2	1.6	5.9	3.9
Total consumption	5.7	0.9	4.3	-1.1	5.3	1.6
Private	5.0	0.8	3.3	-3.8	3.1	2.4
Public	0.7	0.1	1.0	2.7	2.2	-0.7
2. Investment	3.8	0.6	7.9	2.8	0.5	2.4
Gross Fixed Capital Formation	3.8	4.7	1.1	0.5	0.5	0.7
Change in inventories	0.02	-4.0	6.8	2.2	0.01	1.2
2. Total external demand	-1.6	-1.0	-7.8	-0.1	0.6	0.0
Exports	1.5	-2.1	-4.5	-4.6	2.9	0.3
Imports	3.2	-1.1	3.3	-4.4	2.3	0.3
GDP	7.8	0.5	4.5	1.5	6.3	3.6

Sources: MEF, Direction générale de la prévision et des études économiques, September 2021

Perspectives

Growth in the primary sector is expected to increase from 3.2 percent in 2020 to 6.3 percent in 2021, allowing Guinea-Bissau to return to significant growth levels. The cashew nut sector, after a decline of -6.2 percent in 2020, is expected to return to growth, growing by +9.0 percent in 2021 (MEF). Guinea-Bissau has also just obtained a loan of CFAF 5 billion from the West African Development Bank to intensify food production by developing crops such as rice.

Growth in the secondary sector is expected to rise from 1.4 % in 2020 to 6.8 % in 2021, an increase of 5.4 points. This sector has benefited in recent years from the effects of major infrastructure and energy projects. Guinea-Bissau has received support from the World Bank and the West African Development Bank (BOAD). This support are mainly around road and energy infrastructure. For example, in 2021 the country received a loan of CFAF 5 billion from BOAD for the development and asphaltting of the Buba-Catiò road in order to help open up the southern region and facilitate trade.

The tertiary sector is expected to grow by 5.3% in 2021 after a growth rate of 2.5% in 2020. This rate

is explained by the expected increase in activity in the commercial sector, hotels and transport. In the area of telecommunications, World Bank funding to provide the country with fiber optic infrastructure will be a considerable asset.

On the demand side, growth in 2020 was slowed by declines in final consumption and exports, with the former falling by 1.3 %, driven by its private component (-5.3%). Gross capital formation (GFCF) increased by 1.6 % in 2020. Net exports would fall by 0.9 %, which would be explained by the late start of the cashew marketing year. The cashew marketing year began on May 22 in 2020, whereas it traditionally begins in early April. For the whole year 2020, the volume of cashew exports would be 150 thousand tons against 195 thousand tons a year earlier, a decrease of 45 thousand tons.

3 Analysis of the national development plan

Guinea-Bissau adopted in 2015, a new reference framework for its development policy for the next decade: the Guinea-Bissau Vision 2025. This plan is known as "Terra Ranka".

3. ANALYSIS OF THE NATIONAL DEVELOPMENT PLAN

3.1 Recent Achievements and Completions

3.1.1 Overview of the national development plan

The Guinea-Bissau 2025 vision is "A positive, politically stabilized Guinea-Bissau through inclusive development, good governance and biodiversity conservation.

This plan is based on four growth drivers: agriculture and agro-industry, fishing, tourism and mining.

The objectives of this plan are:

- Growth and emergence of a diversified economy;
- Peace and Good Governance;
- Biodiversity and Natural Capital;
- Infrastructure and Urban Development;
- Human Development and ;
- Simplification of the business environment and private sector development.

More specifically, for the period 2021-2025, the main objectives are :

- Achieve an average annual economic growth rate of 5.4%;
- Improve tax revenue collection to achieve an average tax burden rate of 9.8%;
- Contain the outstanding debt to 33% of GDP on average over the period;
- Continue to control the wage bill in order to gradually reduce the ratio to tax revenue to an average of 48.7%. (WAEMU)

3.2.1 Recent reforms related to the national development plan

Reforms have been carried out to help the country achieve the objectives of the national development plan. These include reforms to strengthen public infrastructure, energy, water and sanitation. The table below summarizes some of the projects in these sectors.

Table 12. Structuring projects related to the national development plan

Project	Donors	Type
Water, Sanitation and Hygiene Program	UNDP and UNICEF	Grant
Project to build the capacity to produce electrical energy using thermal fuel 15 MW	BOAD	Loan
Project to support the economic development of the southern regions	IFAD	Grant/ Loan
Quality Education for All Project	WB	Grant
Buba Catio Road Construction Project	BOAD	Loan

Source: MEF

3.2 Future Achievements

In order to continue the reforms already underway, new projects were launched in 2020. The 2020-2023

Plan, aligns with the government's agenda and is structured around 6 strategic objectives and a central objective, as follows:

Strategic objectives	Areas of intervention
Central objective	Combating COVID-19; seen as an opportunity for a new economic start
Strategic Objective 1	Consolidate the democratic rule of law, reform and modernize public institutions
Strategic Objective 2	Reforming the economy and promoting growth and jobs
Strategic Objective 3	Develop the country's productive sector and infrastructure
Strategic Objective 4	Enhance human capital and improve the living conditions of the population
Strategic Objective 5	Mastering foreign policy, promoting regional integration and developing the Guinean diaspora
Strategic Objective 6	Preserve biodiversity, fight climate change and enhance natural capital

Source: MEF

4.1 Structural elements

4.1.1. Description of the Franc Zone

The Franc zone is characterized by four (4) founding principles. These principles were set out in the November 23, 1972 monetary cooperation agreement between member States of the issuing zone of the Bank of Central African States and France, as well as in the December 4, 1973 cooperation agreement between member States of the West African Monetary Union and France.

The 4 main principles of the Franc zone are:

- A guarantee from the French Treasury for unlimited convertibility of the Central Bank currency: currencies issued by the issuing institutions of the franc zone have unlimited convertibility guaranteed by the French Treasury. To ensure the free convertibility of each of the sub-zones, an operating account is opened with the French Treasury by each Central Bank of the zone, and on which the Central Banks have an unlimited right to draw in the event of exhaustion of their foreign exchange reserves;
- A fixed parity with the euro of 1 euro for 655.957 CFA francs: the parity of the zone's currency with the euro is fixed and defined for each subzone. The currencies of the zone are convertible among themselves, at fixed parities, without limitation of amounts. The switch to euro resulted in a simple substitution of the peg to the French franc by the peg to the euro, at equivalent parity, i.e., CFAF 655.957 = 1 euro (the parity being identical for the West and Central Africa sub-zones).
- Free and unlimited transfer of reserves: Transfers are, in principle, free within the Zone.
- Centralization of reserves: governments centralize their foreign exchange reserves in their central banks, while in return for the unlimited convertibility guaranteed by France, the central banks of the franc zone are required to deposit a portion of their net external assets (foreign exchange reserves) with the French Treasury in an operating account opened in the name of each of them. Since the September 2005 reform, BCEAO has had to deposit 50% of its external assets in its operating account.

A new monetary agreement was signed in December 2019 by WAEMU member States and France to re-

form the West African CFA franc (CFAF). It lays the groundwork for member countries to join ECO, ECOWAS' single currency project. In order to enable WAEMU economies to prepare for ECO, the monetary cooperation agreements linking the member States of the zone to France were thoroughly revised. Three decisions were taken:

- Name change of the currency from CFA Franc to ECO, when WAEMU countries will integrate the new ECO zone of ECOWAS;
- End the centralization of foreign exchange reserves at the French Treasury, closing the operations account and transferring available resources into BCEAO's account;
- Withdrawal of all French representatives from the decision-making and management bodies of WAMU (BCEAO Board of Directors, Banking Commission and Monetary Policy Committee).

Two key pillars of monetary stability have been retained:

- Maintaining the fixed exchange rate against the euro (which ensures the current parity) ;
- The guarantee of unlimited convertibility of the currency by France.

In May 2020, the bill ratifying the end of the CFA franc was adopted by the French Council of Ministers. It validates the transformation of the CFA franc, which will become the ECO, by maintaining a fixed parity with the euro as well as the end of the centralization of foreign exchange reserves of West African States at the French Treasury.

4.1.2 Description of BCEAO

Article 41 of the WAEMU Treaty designates the Central Bank of West African States (BCEAO) as an autonomous specialized institution of the Union. In complete independence, the BCEAO contributes to the achievement of the Treaty's objectives.

Members

The eight (8) member States of WAEMU are members of BCEAO. They are Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo.

The bodies

The organs of the Central Bank are: the Governor, the Monetary Policy Committee, the Board of Directors, the Audit Committee, and the National Credit Councils, one in each WAMU member State.

Operation

The Central Bank, its organs, any member of its organs or staff may not seek or receive orders or instructions from community institutions or organs, from any government of WAEMU Member States, from any other organization or from any other person. Community institutions and bodies and the governments of WAEMU member States undertake to respect this principle.

The primary objective of the Central Bank's monetary policy is to ensure price stability. Without prejudice to this objective, the Central Bank supports the economic policies of the West African Economic and Monetary Union (WAEMU), with a view to achieving sound and sustainable growth.

Role

The Central Bank has the following fundamental missions:

- ✓ Define and implement monetary policy within WAEMU;
- ✓ Ensure the stability of WAEMU banking and financial system;
- ✓ Promote proper functioning and ensure the supervision and security of payment systems in WAMU;
- ✓ Implement the WAEMU exchange rate policy under the conditions set by the Council of Ministers;
- ✓ Manage the official foreign exchange reserves of WAEMU member States.

The Central Bank may conduct, with due regard for monetary equilibrium, specific missions or projects that contribute to the improvement of the monetary policy environment, diversification and strengthening of the WAEMU financial system and technical and professional capacities in the banking and financial sector.

The main objective of the Central Bank's monetary policy is to ensure price stability. As such, it defines the monetary policy to keep the currency's external coverage rate at a satisfactory level, and to support the economic activity of member countries without inflationary pressure¹.

BCEAO oversees the monetary policy of each member country by setting money supply and credit targets on an annual basis. Statutory advances to member States' national treasuries were suspended in 2001 and abolished as of 2010.

To conduct its common monetary policy, the BCEAO relies on market mechanisms and indirect liquidity regulation instruments, in particular interest rate management and the reserve requirement system.

4.1.3 Monetary policy

BCEAO has the exclusive privilege of issuing money for all the member States of the West African Monetary Union. It issues monetary signs, banknotes and coins, which are legal tender with discharging effect in all the member States of the Union. The creation, issue and cancellation of monetary signs are decided by the Council of Ministers.

The Central Bank's management of member States monetary policy consists in adjusting the global liquidity of the economy according to economic trends, in order to ensure price stability, on the one hand, and to promote economic growth, on the other hand.

The current money and credit management system relies on market mechanisms and indirect liquidity regulation instruments, notably interest rates and the reserve requirement system.

The functioning of BCEAO is based on:

- Open market operations: seven-day and twenty-eight-day refinancing (weekly and monthly, respectively, for banks subject to reserve requirements) allotted at variable rates; the minimum bid rate considered by BCEAO as its key rate (currently² 2.0%). Planned auctions are generally calibrated according to BCEAO's forecast of liquidity needs over the maturity of operations;
- Standing loan windows: refinancing from 1 to 7 days or 90 to 360 days against government securities and credit requests with maturities ranging from 5 to 20 years, at the request of banks (marginal lending window). Rates at these windows are 200 basis points above the policy rate. As of June 2017, the use of the lending window was capped at two times the counterparty's equity.

The minimum bidding rate for open market operations (tenders) and the interest rate applicable to the marginal lending window (repo rate), whose levels are set by the Monetary Policy Committee, are 2% and 4% respectively, and constitute BCEAO's two main key rates.

¹ The BCEAO Monetary Policy Committee, at its first meeting held on September 14, 2010 in Dakar, defined the operational objective of price stability as an annual inflation rate in the Union within a margin of \pm one percentage point (1%) around 2%, over a twenty-four (24) month horizon. ² BCEAO lowered its main policy rates by 50 basis points. Thus, the minimum bidding rate for liquidity injection tenders was reduced from 2.50% to 2.00% and the interest rate for the marginal lending window was reduced from 4.50% to 4.00%. This decision became effective on June 24, 2020.

Money supply

This section summarizes monetary statistics from the BCEAO and Guinea-Bissau banks. It presents the situation of net external assets, domestic credit composed of credit to the government and credit to the economy at the end of December of each year.

Net foreign assets increased from CFAF 217.5 billion in 2019 to CFAF 270.3 billion in 2020, an increase

of 24.2%. This development is mainly linked to the increase in the net external assets of banks.

Domestic assets amounted to CFAF 194.4 billion at the end of December 2020, compared with CFAF 197.7 billion in 2019. This change is mainly explained by the decrease in the outstanding net claims of depository institutions on the Central Public Administration.

Table 13. Monetary situation

In CFAF billions	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net external assets	153.4	168.6	202.2	226.2	233.0	217.5	270.3	302.7	330.2
Central Bank	120.3	159.5	153.1	176.2	169.8	182.4	163.0	195.7	228.3
In the banks	33.1	9.0	49.1	50.0	63.3	35.1	107.3	107.0	101.9
Domestic receivables	117.7	150.9	167.6	162.2	173.7	197.7	194.4	217.8	222.1
Net receivables from Central Government	36.8	94.1	111.3	61.8	51.7	58.8	47.2	65.7	65.2
BCEAO	24.7	28.0	37.7	37.1	43.8	42.6	40.2	65.2	65.9
Banks	12.1	66.1	73.7	24.7	7.9	16.2	7.0	0.5	-0.7
Receivables from other sectors	80.9	56.9	56.2	100.4	122.0	138.9	147.1	152.0	156.9
BCEAO	2.8	2.8	3.0	3.2	4.1	4.6	4.5	4.6	4.8
Banks	78.1	54.0	53.2	97.2	118.0	134.3	142.7	147.4	152.1
Money supply (M2)	240.7	306.2	334.8	344.2	365.0	365.9	399.2	458.9	480.4
Outstanding currencies	151.4	194.6	224.1	227.1	234.9	235.3	246.5	293.4	307.1
Total Transferable Deposits	59.4	79.6	80.0	78.3	84.2	74.3	88.8	96.3	100.8

Source : BCEAO

4.2 Banking system

4.2.1 The banking environment

The banking system remains underdeveloped, comprising five banks with very limited coverage. The banking penetration rate remains low (around 20.3 % in 2019), even though it has almost doubled in one year (10.8 % in 2018). This situation severely limits access to financial services for large segments of the population.

This banking system must meet several challenges to avoid a crisis similar to that of 2015. At that time,

the government transferred the non-performing loan portfolio of two commercial banks to the state, amounting to CFAF 34 billion or 5.6% of GDP. At the time, these two banks represented about 50% of the balance sheet and 55% of the accounts of the country's banking system.

The authorities have taken the decision to rescue the banks to court and the legal process is ongoing. In 2016, the WAEMU banking commission requested that the unsecured portion of the loan portfolios be fully provisioned by the two banks.

Table 14. Aggregate data from credit institutions

ASSETS	2017	2018	2019
	CFAF Millions		
Fund. Central bank. CCP	13 547	9 116	22 305
Government securities and similar assets	54 562	43 901	51 467
Interbank and similar receivables	22 010	12 138	16 536
Receivables from customers	65 452	80 021	86 098
Bonds and other fixed income securities	4 389	9 085	2 111
Equities and other variable income securities	54	54	54
Shareholders or associates	-	-	-
Other assets	5 388	6 171	4 718
Accruals and deferred income	1 549	1 770	3 646
Investments in subsidiaries and other long-term investments	83	80	82
Shares in affiliated companies	-	-	-
Subordinated loans	-	-	-
Intangible assets	594	664	686
Property, plant and equipment	5 125	5 864	11 112
TOTAL ASSETS	172 753	168 864	198 815
LIABILITIES			
Central banks. CCP	-	-	-
Interbank and similar debt	59 800	51 242	57 368
Due to customers	97 465	102 950	116 540
Debts represented by a security	-	-	-
Other liabilities	7 247	9 094	1 609
Accruals and deferred income	1 463	747	4 318
Provisions	3 205	2 921	3 098
Borrowings and subordinated securities	387	104	-
Equity and similar resources	3 186	1 806	15 880
Subscribed capital	26 478	26 478	30 000
Premiums related to capital	-	-	-
Reserves	1 533	1 738	1 834
Revaluation differences	-	-	-
Regulated provisions	-	-	-
Retained earnings (+/-)	- 22 583	- 25 768	-26 649
Result for the year (+/-)	- 2 242	- 642	10 695
TOTAL LIABILITIES	172 753	168 864	198 813
OFF - BALANCE SHEET			
COMMITMENTS GIVEN	27 499	14 047	7 726
FUNDING COMMITMENTS	3 673	3 455	3 318
GUARANTEE COMMITMENTS	23 826	10 592	3 318
COMMITMENTS ON SECURITIES	-	-	-
COMMITMENTS RECEIVED	62 841	63 853	37 255
FUNDING COMMITMENTS	-	-	-
GUARANTEE COMMITMENTS	62 841	63 853	37 255
COMMITMENTS ON SECURITIES	-	-	-

Source : BCEAO

Between 2017 and 2019, the total assets of banks in Guinea-Bissau fell from CFAF 173 billion to CFAF 199 billion, a decline linked in particular to an increase in receivables from customers and tangible assets.

The banking sector in Guinea-Bissau experienced a negative result in 2017, but the situation has since improved from CFAF -2.2 billion to CFAF 10.7 billion in 2019.

The lending rate was down slightly in 2020 for the second year in a row. It came in at 4.59 % in 2020 compared to 4.61 % and 4.62% in 2019 and 2018. The lending rate also declined from 9.23 % in 2018 to 8.48 % in 2019 before settling at 8.42 % in 2020.

Longer lending rates (maturity over 10 years) fell significantly between 2015 and 2018 from 7.76 % in 2015 to 3 % in 2016 and 2017. They rose again from 2018 and reached 6.20 % in 2020.

Table 15. Lending and borrowing rates in Guinea-Bissau

	2014	2015	2016	2017	2018	2019	2020
Lending rate							
less than or equal to 1 month	11.48	11.06	8.71	9.31	9.25	8.22	8.39
more than 1 month and less than or equal to 3 months	9.45	9.12	8.01	7.83	9.29	9.54	8.52
more than 3 months and less than or equal to 6 months	9.48	9.46	8.81	10.34	9.54	9.39	9.64
more than 6 months and less than or equal to 1 year	9.06	8.47	9.09	7.86	8.56	7.31	6.56
more than 1 year and less than or equal to 2 years	9.26	10.09	10.59	8.99	10.16	9.49	7.54
more than 2 years and less than or equal to 5 years	9.35	9.83	10.56	9.08	9.04	8.19	7.66
more than 5 years and less than or equal to 10 years	5.89	8.73	8.36	8.43	9.20	7.53	8.63
More than 10 years	7.56	7.76	3.00	3.00	3.65	6.02	6.20
Total	9.32	9.72	9.12	9.35	9.23	8.48	8.42
Lending rate							
less than or equal to 1 month	4.80	4.81	4.32	3.07	3.24	2.67	4.89
more than 1 month and less than or equal to 3 months	4.55	4.71	4.74	3.95	5.15	5.33	4.01
more than 3 months and less than or equal to 6 months	4.33	4.15	3.62	3.42	3.97	3.71	4.51
more than 6 months and less than or equal to 1 year	3.66	3.33	3.50	2.83	4.01	4.04	3.00
more than 1 year and less than or equal to 2 years	4.50	3.25	3.62	3.34	5.07	5.25	5.24
more than 2 years and less than or equal to 5 years	4.50	3.52	5.27	5.88	5.65	3.99	6.19
more than 5 years and less than or equal to 10 years	-	-	-	-	4.96	4.68	3.50
Not determined	3.64	3.50	3.66	4.36	2.70	-	3.41
Total	4.64	4.54	4.24	4.07	4.62	4.61	4.59

Source : BCEAO

4.2.1 Microfinance

As of September 2020, Guinea-Bissau had 6 micro-finance institutions (MFIs) throughout the country, less than 2% of the total number of MFIs in the WAEMU. The MFI network had 10,638 clients and 6 service points.

The amount of deposits collected declined by 5.5 % in December 2020 compared to December 2019. Guinea-Bissau is the only WAEMU country that did not record an increase in this amount.

Similarly, outstanding loans from decentralized financial systems declined by 5.7 percent in December 2020 compared to December 2019.

The Central Bank of West African States (BCEAO) has taken a series of measures to mitigate the impact of the Covid-19 pandemic on the banking system and the financing of economic activity in the West African Monetary Union (WAMU), particularly in favor of microfinance institutions (MFIs).

4.2.2 Financial markets

WAEMU financial market is structured around the debt securities market (public and private bonds) and the equity market. The regional public securities market has two (2) components: the auction market and the syndication market.

The market for public securities by auction is organized and regulated by BCEAO through UMOA-Titres, while public securities by syndication, private bonds and shares are regulated by the Regional Council for Public Savings and Financial Markets (CREPMF) and organized by the Regional Securities Exchange (BRVM) and the Central Depository/Settlement Bank (DC/BR).

Regional Stock Exchange (BRVM) : Presentation and roles

The Regional Stock Exchange (BRVM) is a specialized financial institution created on December 18, 1996, pursuant to a decision of the Council of Ministers of the West African Economic and Monetary Union (WAEMU) taken in December 1993.

BRVM is a public limited company with a community public service mission. This stock exchange is common to the 8 countries of West Africa. BRVM/DC/BR started its activities on September 16, 1998 in Abidjan. Its main missions are the following:

- The organization of the stock market ;
- Publication of stock market transactions;
- Dissemination of information on the stock market;
- Promotion and market development.

Evolution of BRVM bonds and equity market

Since 2016, the underperformance of the WAEMU stock market (BRVM) shows that it has not fully resisted the general downward movement that has gripped the world's financial markets. The decline in 2018 of BRVM was particularly marked. Preferred stocks in 2015, focused on food and beverage sector as well as agribusiness, consumer, automotive and equipment and banking, have experienced a decline.

The drop in prices on BRVM could be explained on the one hand, by the profit taking of several large investors who had made significant capital gains on their investment. It also comes from the readjustment (rectification) after four (4) years of intensive

rise that the market experienced (2012 to 2015) and on the other hand, the misunderstanding of the various splits made on the market. New investors are speculating and most of the listed companies have not reacted to the fall in their capitalization.

The year 2020 has negatively impacted BRVM, like all financial markets, following the outbreak of the coronavirus. The regional market recorded its largest quarterly decline (-15.79% in the first quarter of 2020) in the last 10 years. However, investors showed continued confidence in the potential of BRVM, which posted one of the best balances since 2016, despite the pandemic and the presidential election in Côte d'Ivoire. More than 35% of listed companies ended the year in the green.

During the 2020 trading year, the BRVM Composite Index fell from 159.2 on 12/31/2019 to 145.37 on 12/31/2020. The market capitalization of the equity market fell from CFAF 4,741 billion at the end of 2019 to CFAF 4,368 billion at the end of 2020, a decline of 7.9%.

The market capitalization of bonds stood at CFAF 6,051 billion as at December 31, 2020, compared with CFAF 4,233 billion the previous year, an increase of 43%. This increase is linked to the need for States to support their respective economies in the context of the pandemic.

Table 16. BRVM financial market trends

	2014	2015	2016	2017	2018	2019	2020
BRVM 10 Indexes	268	290	262	220	154	149	131
BRVM composite Indexes	258	304	292	243	172	159	145
Composite market capitalization (stocks and bonds) in billions of CFA francs	7 459	9 079	10 216	9 806	8 289	8 973	10 418
Equity Market	6 320	7 500	7 706	6 836	4 845	4 741	4 368
Bond market	1 139	1 579	2 509	2 970	3 444	4 233	6 051
Number of listed companies	38	39	43	45	45	46	46

Source: BRVM

The BRVM, since its creation in 1998, has not welcomed any Bissau-Guinean company. There are no listed companies or bond issues on the exchange.

4.2.3 Debt underwriting mechanisms

Any investor based inside or outside WAEMU can invest in public securities issued by way of auction or syndication. Orders are placed through authorized market participants: investment syndicate or any brokerage firms operating within the Union as part of issues by syndication, and credit institutions es-

tablished in the Union or brokerage firms having an account in the books of the Central Bank as regards issues by auction. Transactions on the BRVM's stock market are made by stock exchange intermediaries, notably brokerage firms.

Organization of market by auction

The auction market is a segment of the public securities market, in which WAEMU member States issue Treasury bills and bonds through an auction procedure in order to finance their budgets.

Unlike the syndication market, the auction market is driven by the following players:

- The Central Bank of West African States (BCEAO), which is the regulator of this market. As such, it issues the applicable provisions, intervenes in the organization of auctions of public securities, ensures the function of Central Depository / Settlement Bank, the clearing, settlement and delivery of transactions among participants with an account in its books, through its electronic platform SAGETIL-UMOA³;
- States which are the issuers of public debt securities on the Union's money market, under the responsibility of the Minister of Finance;
- UMOA-Titres, the regional agency in charge of issuing and managing public debt securities, physically organizes issues and provides assistance to member States in mobilizing resources on the capital markets and managing their debt;
- Investors, which are credit institutions, MFIs and regional financial organizations with a settlement account in the books of the Central Bank⁴;
- Primary dealers (SVTs), which are credit institutions and SGIs that have obtained the approval of the Ministers of Finance of WAEMU Member States to act in this capacity and thus benefit from the status of privileged partners of one or more Member States' Treasuries in operations on public debt securities issued on the regional market.⁵

Securities issued at auction are traded on the secondary market, following an over-the-counter procedure.

Organization of market by syndication

The WAEMU regional financial market is characterized by a mixed organization. Indeed, it is composed of a public pole made up of the Conseil Régional de l'Épargne Publique et des Marchés Financiers (CREPMF) (Regional Council for Public Savings and Financial Markets) and a private pole comprising, on the one hand, central agencies such as the Bourse Régionale des Valeurs Mobilières (BRVM) (Regional Stock Market) and the Central Depository/Settlement Bank (DC/BR), and, on the other hand, the market participants.

CREPMF is the regulator of the WAEMU regional financial market. Its missions are, among others, to:

- Ensure the authorization and control of public offering procedures;

- Empower market management agencies and accrediting market participants;
- Approve commercial stakeholder rates;
- Regulate market operation;
- Monitor the regularity of stock market transactions.
- BRVM is organized in a central site based in Abidjan (Côte d'Ivoire) and represented in each member State by a National Stock Exchange (ANB). The main attributions of the BRVM are:
 - Authorization of stock market participants to carry out their activities;
 - Management of the market, in particular the centralization of buy or sell orders, listing management, dissemination of market information, as well as the promotion and popularization of the financial culture within WAEMU;
 - Management of unsettled transactions.

The Central Depository/Settlement Bank (CD/BR) is a financial institution, whose role is:

- To proceed with the clearance of the applicants for the function of account holder ;
- To ensure the settlement of negotiations and the management of the financial service of the securities;
- To ensure the maintenance of current accounts of securities opened by primary dealers (SGI) in its books;
- To ensure the safekeeping and the scriptural circulation of securities;
- To make cash payments, as settlement bank, of the balances of stock exchange transactions.

As part of organizing issues by syndication, States entrust the securities placement process to a placement syndicate, whose members are made up of primary dealers approved by the CREPMF. In addition, the issuer chooses a lead manager from among the members of the syndicate, who is in charge of specific missions in the issue process.

Since its inception, the main products on the regional financial market have been equities and bonds. In recent years, several new products such as mortgage refinancing and securitization (Sukuk debt securitization funds) have been introduced. Securities issued through syndication are traded on the secondary market on the BRVM's electronic trading platform.

³ Automated Securities and Liquidity Management System of the West African Monetary Union.

⁴ All other investors wishing to participate will have to go through the approved stakeholders.

⁵ The operationalization of primary dealers within WAEMU started on March 1, 2016.

4.3 Inflation rate

Like other WAEMU member states, inflation in Guinea-Bissau remains relatively low and below the community standard of 3.0 percent. The country's inflation rate has remained below 2.0 percent for the past five years. Inflation, as measured by the consumer price index, is estimated at 1.5 percent in 2020, up from 0.3 percent in 2019.

The origin of this trend is to be found in particular in the rise in prices of the functions "Food and

non-alcoholic beverages" (+3.7%), "Alcoholic beverages, tobacco and drugs" (+3.7%), "Clothing and footwear" (+1.5%), "Education" (+1.8%) and "Communication" (+2.3%). This would be mitigated by the fall in prices for "Housing, water, gas, electricity and other fuels" (-6.7%), "Leisure and culture" (-3.1%) and "Miscellaneous goods and services" (-2.6%) (WAEMU Commission).

Table 17. Inflation (%)

Inflation	2014	2015	2016	2017	2018	2019	2020
Guinea-Bissau	-1.0	1.5	1.5	1.1	1.4	0.3	1.5
WAEMU	-0.1	1.0	0.3	1.1	1.2	-0.7	2.1

Source: BCEAO

4.4 Exchange rates

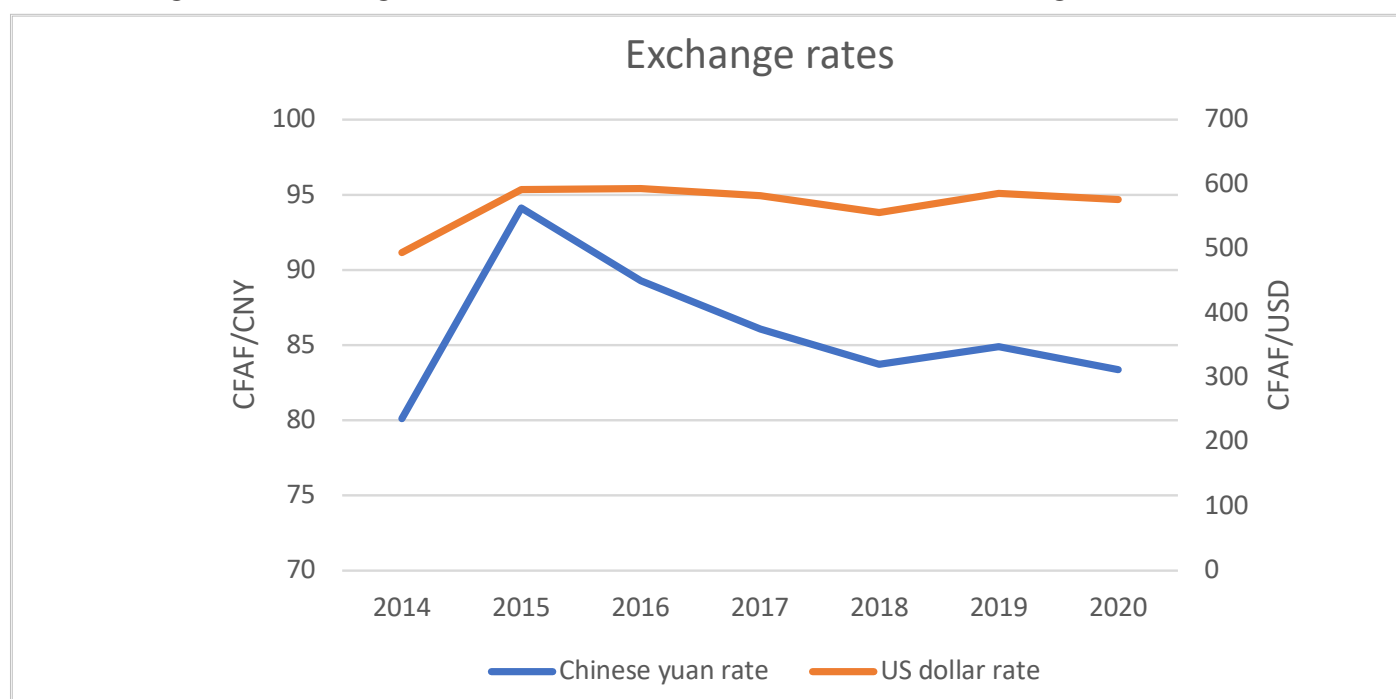
Because of its membership in the WAEMU monetary zone, Guinea-Bissau has an unrestricted exchange rate regime for all payments and transfers related to international transactions. The common currency of WAEMU is the CFAF (which is pegged to the euro at 1 euro = CFAF 655.957).

The Yuan is now the third most used currency for international trade. The inclusion of the yuan in the

SDR (Special Drawing Rights) should generate more confidence in the Chinese currency and promote its internationalization. The government of Guinea-Bissau is seeking to strengthen its relations with China in order to develop its foreign trade.

After a decline between 2015 and 2018, the Chinese yuan and U.S. dollar exchange rates against the CFAF increased in 2019, before falling again in 2020.

Figure 2. Exchange rates of the US dollar and the Chinese Yuan against the CFAF



Source: BCEAO

4.5 Foreign Reserves

Guinea-Bissau's official reserve assets stood at CFAF 18.540 billion in 2020, including 14.110 billion SDR, IMF reserve 1.98 positions, and 2.46 foreign currencies. Official reserve assets stood at CFAF 18.176 billion in 2019.

SDRs are international reserve assets created by the IMF to supplement the official foreign exchange reserves of its member countries. SDRs are allocated to member countries in proportion to their respective quotas.

Table 18. Guinea Bissau's reserves

	2013	2014	2015	2016	2017	2018	2019	2020
Official reserve assets	9.152	11.034	11.197	15.523	17.896	20.767	18.176	18.540
Monetary Gold	0	0	0	0	0	0	0	0
Foreign Currencies	0.161	0.397	0.402	0.643	1.969	1.666	0.814	2.46
Deposits and securities included in the official reserves	0	0	0	0	0	0	0	0
Reserve position at the IMF	-0.086	0.944	0.456	3.822	2.027	3.573	2.901	1.98
SDR Holdings	9.077	9.693	10.339	11.059	13.9	15.528	14.461	14.110

Source: BCEAO

5. FOREIGN TRADE AND BALANCE OF PAYMENTS

5.1 Balance of payments

According to the BCEAO, the current account balance showed a deficit of CFAF 42.6 billion in 2020 compared to CFAF 74.7 billion in 2019, an improvement of CFAF 32.1 billion (+43%).

In 2021, the current account deficit is expected to narrow to CFAF 15.1 billion, in line with the improvement in the goods and services balance.

Table 19. Balance of payments of Guinea Bissau

	2015	2016	2017	2018	2019	2020	2021	2022
a- Current account (1+2+3)	12.3	10.3	2.2	-30.1	-74.7	-42.6	-15.1	-40.4
1-Goods and services	-29.2	-33.5	-41.5	-43.7	-123.3	-129.4	-122.7	-123.2
Balance of Goods	26.8	27.5	28.3	25.7	-50.6	-65.0	-39.4	-39.9
Exports of goods FOB	149.2	164.0	197.5	188.6	145.8	115.0	145.0	148.4
Imports of goods FOB	-122.4	-136.5	-169.2	-162.9	-196.4	-180.0	-184.4	-188.3
Imports of goods CIF	-148.5	-165.7	-205.4	-191.6	-225.9	-211.7	-216.9	-221.4
Balance of services	-55.9	-61.0	-69.8	-69.4	-72.6	-64.5	-83.3	-83.3
2-Primary income	15.1	17.6	8.4	-28.4	15.5	15.2	15.0	16.5
3-Secondary income	26.4	26.2	35.4	42.1	33.1	71.6	92.6	66.3
Public administrations	6.5	1.7	9.6	10.2	10.0	21.5	41.3	13.6
Other sectors	19.9	24.5	25.8	31.9	23.1	50.1	51.3	52.7
b- Capital account (4+5)	35.3	29.6	60.6	23.4	16.3	23.0	13.0	33.3
4- Acquisition/disposal of non-financial assets	0.0	0.0	-0.7	-0.4	0.0	0.0	0.0	0.0
5- Capital transfers	35.3	29.6	61.3	23.8	16.3	23.0	13.0	33.3
c. Current and capital account balance (a+b)	47.6	39.9	62.8	-6.7	-58.3	-19.6	-2.1	-7.1
d- Financial account (6+7+8+9)	4.1	-6.7	35.3	-19.6	-46.5	-70.9	-41.9	-41.4
6- Direct investment	-9.6	-14.0	-8.9	-11.6	-41.8	-7.0	-10.1	-13.6
7- Portfolio investments	-5.0	-10.8	-8.5	-18.2	-17.6	-48.7	-52.4	-52.7
8- Financial derivatives	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9- Other investments	18.6	18.1	52.7	10.3	12.9	-15.2	20.6	24.9
e-Net errors and omissions	-7.8	-12.5	-8.9	-4.0	-3.5	1.4	0.0	0.0
f-Global balance (a+b-d+e)	35.7	34.1	18.5	8.9	-15.3	52.7	39.8	34.3
g-Evaluation gap	-20.5	-0.5	5.5	-2.1	-0.2	0.0	-7.0	-1.8
h-Variation of external assets	-15.2	-33.6	-24.0	-6.8	15.5	-52.7	-32.8	-32.5
Current account balance excluding grants/GDP (%)	0.0	0.0	0.0	-0.1	-0.1	-0.1	-0.1	-0.1

Source: BCEAO, MEF

The country's imports also weigh heavily on the balance of goods and services because of the low level of industrialization of the economy. Imports are

mainly composed of foodstuffs, capital goods, intermediate goods and raw materials.

5.2 Regional trade

5.2.1 Regional Trade Policy

West African countries are engaged in numerous trade negotiations at the regional (integration pro-

cess), bilateral (Interim Economic Partnership Agreement - IEPA) and multilateral (World Trade Organization - WTO and regional EPA) levels.

Good coordination between the various negotiations at the regional and international levels (CET; EPA; WTO, AGOA, etc.) is essential to achieving the trade performance objectives of WAEMU member States.

National and regional trade policies in West Africa depend on various spaces. Indeed, the regional negotiation space is articulated around the following elements

- The finalization of the Common External Tariff (CET) at the ECOWAS level, and thus the constitution of a Customs Union;
- A space for bilateral negotiations, particularly between the West African region and the EU, regarding the EPA;
- A multilateral negotiating space, which refers to WTO rules, of which all West African States are members (with the exception of Liberia, which has observer status). It should be noted that each country negotiates individually and that WAEMU and ECOWAS only have ad hoc observer status in the WTO Trade and Development Commission.

With regard specifically to WAEMU, it has a common trade policy based in particular on

- A common market set up on July 1, 1996 for local and unprocessed products (products of the Union from the animal, mineral and vegetable kingdoms) and traditional crafts, and until January 1, 2000 for approved industrial products. This common market was extended to all ECOWAS countries in 2004;
- A customs union established on January 1, 2000, based on a CET applicable to all WAEMU member countries, which includes four categories of products, taxed from 0 to 20%, in force until January 1, 2015, when the WAEMU CET was replaced by the ECOWAS CET, which enshrines the expansion of the customs union to the 15 ECOWAS countries.
- Common rules of origin and competition, harmonization of VAT and excise duties, harmonization and mutual recognition of standards, common safeguards and protections (Degressive Protection Tax (DPT), short-term export tax (STT), reference values and anti-dumping duty).

WAEMU also has a regional trade promotion program, "a regional strategy and a logical framework for the implementation of the WAEMU aid-for-trade program".

The overall objective of the aid for trade strategy is

to enable member States to increase their exports of goods. The logical framework serves as the basis for an agenda for international donors, as well as national and regional financial institutions. It identifies five specific objectives corresponding to the categories of aid for trade:

- Ensure ownership and control of trade policies and regulations by experts from member States and the Commission;
- To develop intra-regional and international trade of the member States;
- Strengthen trade-related infrastructure in the sub-region;
- Diversify and increase the production capacities of member States;
- Make essential adjustments and take into account other business needs.

The needs and priorities were identified on the basis of the Regional Economic Program (REP), which is the reference framework for the WAEMU integration process, as well as existing capacity building programs in the States.

• The Common External Tariff

Rules in force at the ECOWAS borders in terms of customs policy are those laid down by the ECOWAS Common External Tariff (CET). The applicable rules of origin are defined by the Trade Liberalization Scheme (TLS).

The CET aims to harmonize tariffs and taxes in order to deepen economic integration through the establishment of a customs union; provide a platform for building the common trade policy and regional trade negotiations such as the EPA; stimulate regional production and investment capacity; and consolidate the regional market.

The CET is organized around an architecture including:

- A Tariff and Statistical Nomenclature (TSN), i.e. a common customs nomenclature based on the Harmonized Commodity Description and Coding System (HS) of the World Customs Organization (WCO) adopted by the Community;
- A table of duties and taxes applicable to imported products which includes: the customs duty (DD), the statistical fee (RS) and the ECOWAS community levy (PC ECOWAS);
- Trade defense measures or supplementary protective measures, if any, which may generate duties that may affect the final price of products im-

- ported into the Community from third countries;
- vi. The statistical royalty rate is set at 1% and applies equally to all imported products, whether exempt or not;

- vii. The tax base for the application of the common external tariff is ad valorem.

The tariff structure of the CET is presented in the following table:

Category	Description	Rates
0	Essential social goods	0 %
1	Basic raw materials and capital goods	5 %
2	Intermediate products	10 %
3	Final consumer goods	20 %
4	Specific assets for economic development	35 %

The CET was established in accordance with the requirements of the World Customs Organization's Harmonized System and the World Trade Organization's Regional Trade Agreements (Article 24 of GATT).

• Specific rules applicable to ECOWAS countries' foreign trade of goods

Several trade regimes are in place within ECOWAS. The following table presents the existing regimes according to the trading partners.

PARTNERS	SPECIFIC SCHEMES
European Union (EU)	APEI, SPG, SPG+, TSA
ECOWAS	TEC, SLE
Rest of AFRICA	Bilateral agreements
USA	AGOA
ASIA	Bilateral Agreements
Other industrialized countries	Generalized System of Preferences (GSP)
Rest of the world	Bilateral agreements, GSP

Pending the implementation of the EPA, different tariff regimes apply depending on the status of countries in the framework of trade between ECOWAS and the EU:

- Côte d'Ivoire and Ghana ratified interim EPAs in 2016. Côte d'Ivoire's EPA has been provisionally applied since September 4, 2016, and Ghana's EPA has been applied since December 15, 2016. These interim EPAs guarantee both countries full access to the European market and provide for eventual liberalization of 80% of tariff lines by Côte d'Ivoire and Ghana, spread over a period of 15 years⁶;
- Under the GSP, Nigeria benefits from a reduction in European customs duties on approximately 1/3 of tariff lines and a total exemption from customs duties on 1/3 of additional tariff lines

- Cape Verde benefits from the GSP+ which grants an exemption from European customs duties on about 2/3 of the tariff lines;
- The other twelve countries (including the seven WAEMU countries besides of Côte d'Ivoire), because of their LDC status, benefit from the Everything But Arms GSP, which grants them access to the European market for all their exports to the EU without duty or quota.

5.2.2 Regional trade in value

Guinea-Bissau's trade with WAEMU countries is relatively low. Guinea-Bissau's exports to the other seven countries amounted to CFAF 6.2 billion in 2019, or 4 % of the country's total exports. However, they have increased since 2015, when they amounted to only CFAF 3.8 billion.

⁶ Over 11 years (2019-2029) currently for Côte d'Ivoire.

Table 20. Exports to WAEMU countries (in CFAF millions)

	2015	2016	2017	2018	2019
Benin	0 0	0.0	279	21.7	85.1
Burkina Faso	0.0	1.3	0.0	0.0	0.0
Côte d'Ivoire	0.0	0.0	84.8	0.0	103.2
Mali	0.0	573.9	79.7	1065 .1	329.9
Niger	0.0	19.7	0.0	0.0	0.0
Senegal	3770 .3	3890 .2	6044 .7	3914 .7	5669 .4
Togo	0.0	0.0	6.5	0.0	0.0
Total	3770 .3	4485 .2	6494 .7	5001 .5	6187 .6

Source: BCEAO - Balance of payments and international investment position - Guinea-Bissau 2019

Guinea-Bissau's main partner in the sub-region is Senegal.

Exports to other West African countries (ECOWAS excluding WAEMU) increased in 2019. They rose

from CFAF 18.8 million in 2018 to CFAF 762.6 million in 2019. The Gambia is the leading partner among ECOWAS countries (outside WAEMU).

Table 21. Exports to Africa (in CFAF billions)

	2015	2016	2017	2018	2019
WAEMU	3770 .3	4485 .2	6431 .5	5001 .5	6182 .6
ECOWAS (except WAEMU)	4.3	4110 .9	1280 .8	18.8	762.6
OTHER AFRICAN COUNTRIES	17.9	8	3.8	6	29.4
AFRICA	3792 .5	8604 .1	7718 .1	5026 .3	6975 .6

Source: BCEAO - Balance of payments and international investment position - Guinea-Bissau 2019

With regard to regional trade, Guinea-Bissau's trade balance is in deficit. Imports from WAEMU countries were CFAF 51.5 billion in 2019, down 0.4% com-

pared to 2018. Among these countries, Senegal is by far the country's leading supplier, with imports from this partner amounting to CFAF 50 billion in 2019.

Table 22. Imports from WAEMU countries (in millions of CFAF)

	2015	2016	2017	2018	2019
Benin	10.90	9.00	32.30	203.80	140.70
Burkina Faso	-	13.00	1.90	26.40	6.20
Côte d'Ivoire	459.00	1299.40	654.90	958.70	1031.30
Mali	424.30	80.80	309.90	263.20	219.00
Niger	-	1.90	70.10	9.60	-
Senegal	48159.70	35583.60	39307.0	49 881.00	49972.10.
Togo	1277.50	455.00	49.90	392.70	162.20
Total	50331.40	37442.70	40426.0	51 735.40	5153.15

Source: BCEAO - Balance of payments and international investment position - Guinea-Bissau 2019

As for imports from other West African countries, they are on the rise. They have, in fact, increased from CFAF 6.5 billion in 2018 to CFAF 7.5 billion in 2019.

Table 23. Imports from other African countries (in CFAF millions)

	2015	2016	2017	2018	2019
WAEMU	50 331.40	37 442.70	40 426.60	51 735.40	51 531.50
ECOWAS (except WAEMU)	4 242.40	9 972.20	7 200.90	6 539.00	7 538.20
OTHER AFRICAN COUNTRIES	1 568.80	3 481.60	1 480.80	1 707.50	769.60
AFRICA	56 142.60	50 896.50	49 108.30	59 981.90	59 839.30

Source: BCEAO - Balance of payments and international investment position - Guinea-Bissau 2019

5.2.3 Regional trade in value and by partner

Within the WAEMU, Guinea-Bissau accounted for 1.8% of imports and 0.07% of exports in 2019. Senegal is by far its largest partner in terms of imports and exports.

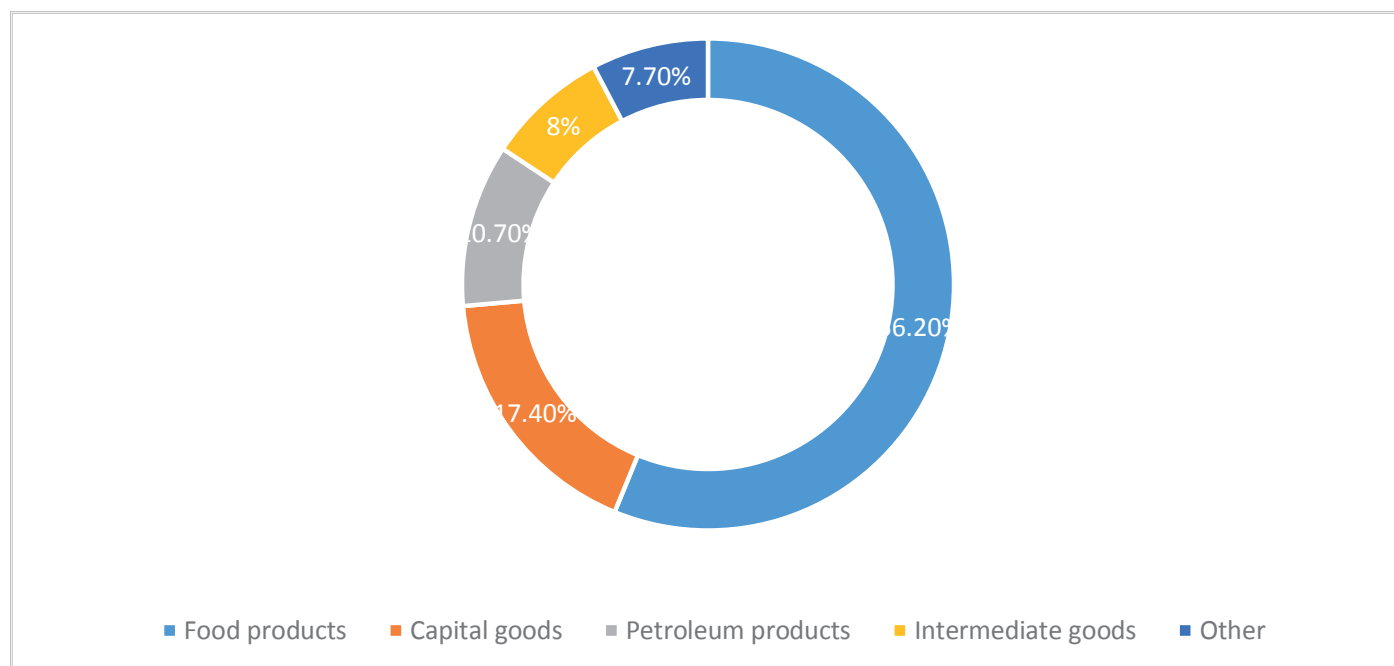
Table 24. Structure of intra-community trade in 2019 (CFAF millions)

		Importers								
		Benin	Burkina	Côte d'Ivoire	Guinea-Bissau	Mali	Niger	Senegal	Togo	WAEMU
Exporters	Benin			11 379	4 832	-	52 158	21 525	649	4 444
	Burkina	2 890	2 890		15 472	6	14 203	17 993	5 552	16 043
	Côte d'Ivoire	36 735	36 735	341 344		722	342 045	59 649	76 327	36 427
	Guinea-Bissau	85	85	-	103			-	1 474	
	Mali	981	981	55 898	41 356	14		5 623	48 138	1 694
	Niger	1 647	1 647	20 793	5 141	-	45 346		1 523	974
	Senegal	14 530	14 530	39 081	96 299	43 499	574 130	9 810		16 743
	Togo	123 104	123 104	84 066	51 893	132	51 878	50 994	7 784	
	WAEMU	179 973	179 973	552 561	215 095	44 373	1 079 761	165 594	141 446	76 325

Source: BCEAO - BALANCE OF PAYMENTS AND GLOBAL EXTERNAL POSITION, Guinea Bissau 2019

In terms of products traded, imports from other WAEMU countries consisted mainly of food products (56.2%), capital goods (17.4%), petroleum products (10.7%) and intermediate goods (8.0%). In 2019, food imports were mainly dairy products, rice and wheat. Imported capital goods are mainly vehicles, machinery and mechanical appliances.

Figure 3. Structure of imports from other WAEMU countries in 2019



Source: BCEAO - Report on WAEMU external trade in 2019

5.3 International trade

5.3.1 Commercial policy

Guinea-Bissau has been a member of the WTO since May 31, 1995 and a member of the GATT since March 17, 1994. Goods are subject to customs procedures, both for import and export, and must be declared in accordance with the WAEMU/ECOWAS uniform model.

Guinea-Bissau also applies other Community duties and taxes. Imports of products originating in the WAEMU/ECOWAS area benefit from a community preference (zero rate). In addition to the various duties, taxes and levies collected at the community level, goods crossing the customs cordon are subject to the payment of staff and travel bonuses for customs services rendered.

Guinea-Bissau grants reductions and exemptions from duties and taxes under the investment code. Exemptions from duties and taxes at the customs cordon also apply to imports by state structures, public entities, nongovernmental organizations, and diplomatic representations. According to the authorities, there have been no changes to the provisions on tax benefits since 2005.

Guinea-Bissau's framework provides for several exemptions, including for the import and marketing of pharmaceutical products, and all exports. The General Sales Tax (GST) levied at the customs cordon is calculated on the basis of the Cost of Insurance and Freight (CIF) value plus duties and gate levies and, where applicable, excise duties. For sales on the national market, the tax base is the value of the transaction.

Table 25. Trade policy towards business partners

Business Partners	Specific rules
European Union (EU) countries	<p>Guinea-Bissau, like 12 other West African countries, has duty-free and quota-free access to the EU market for all exports (except arms and ammunition) under the EU's Everything But Arms (EBA) initiative.</p> <p>-Sustainable Fisheries Partnership Agreement (SFPA): the landing of catches in Guinea-Bissau is not obligatory under the SFPA</p>

United States of America	The African Growth and Opportunity Act (AGOA): allows for duty-free, quota-free exports to the U.S. market for 6,400 categories of products
WAEMU countries	Application of the WAEMU Common External Tariff based on the Harmonized System, 2002 version of the World Customs Organization (WCO).

Source : WTO

In addition, Guinea-Bissau has concluded traditional bilateral trade agreements with a number of countries. These agreements are based on the Most Favored Nation (MFN) clause⁷ and do not confer any particular tariff advantage. They have been concluded with: Guinea, China, Tunisia, Egypt, Turkey, Côte d'Ivoire, Mali, Gambia, Iran and Ukraine.

5.3.2 International trade in value and by destination

Exports of goods (including regional trade) reached a total value of CFAF 145.8 billion in 2019 compared to CFAF 188.6 billion the previous year, a decline of 22%. For the year 2020, the estimate is only CFAF 80.9 billion. This is due to the contraction of global demand for cashew nuts, linked to the closure of factories, particularly in the main countries of des-

tination of Guinea-Bissau's exports (India and Vietnam). This situation, combined with internal circulation limitations, led to a decline in the international price of cashew nuts, which was between USD 700 and 800 in 2020, compared to USD 950 to 1415 the previous year.

In terms of the distribution of international trade by destination, the Asian continent is Guinea-Bissau's primary export market. Exports to Asia have grown, thanks to the increase in cashew nut exports, mainly to India, Singapore, Vietnam and the United Arab Emirates.

The country also trades with the European continent. Exports consist mainly of raw cashew nuts and other nuts with an estimated value of CFAF 3.8 billion in 2019. Among the European partners, Portugal and Spain came to the fore in 2019.

Table 26. Exports by destination (in CFAF millions)

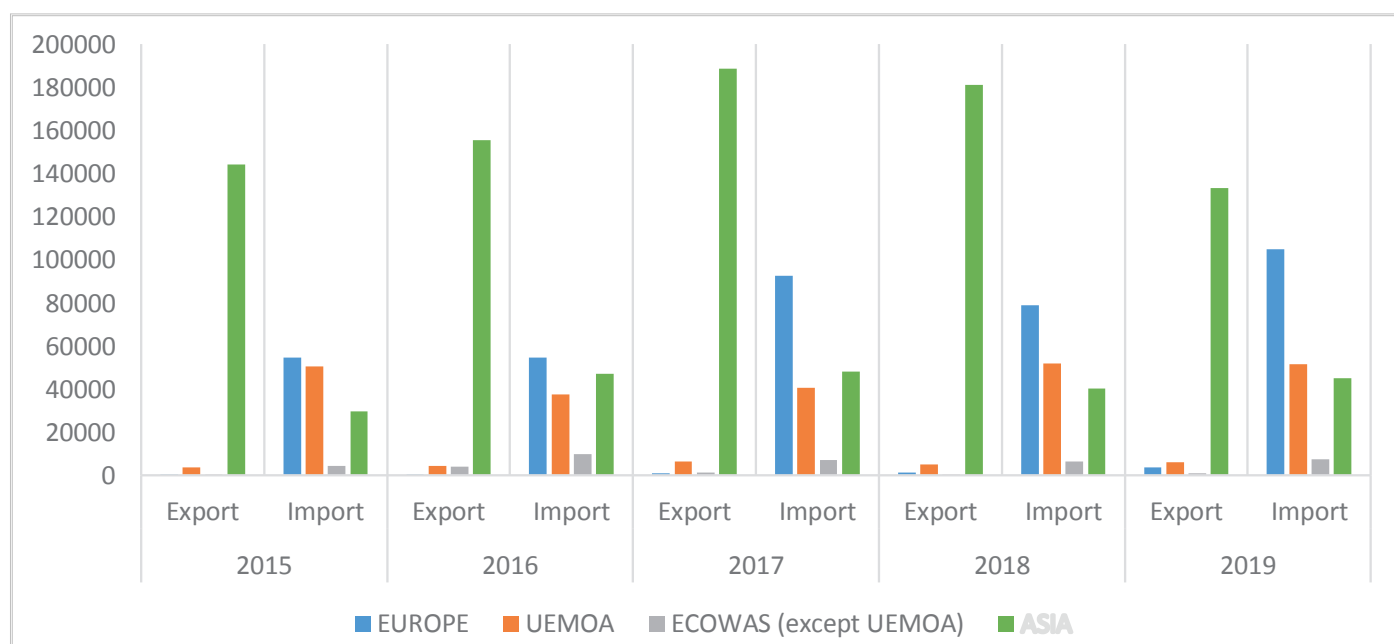
GEOGRAPHICAL AREAS	2015	2016	2017	2018	2019
EUROPE	212	50	1027.9	1292.5	3 758
EUROPEAN UNION					
EURO ZONE	212	50	1026.2	1292.5	2 041
France	0	32	0	6.4	1.5
Germany	6.7	0	0	0	7.8
Italy	0	0	0	5.2	0
Netherlands	150.7	0	874.4	1004.5	186.3
Belgium	0	0	0	6.4	36.5
Portugal	25	16	151.8	190	1466.5
Spain	29.5	2	0	80	342.4
OTHER WAEMU COUNTRIES	0	0	1.7	0	0
United Kingdom	0	0	1.7	0	0
OTHER EUROPEAN COUNTRIES	0	0	0	0	1 717
AFRICA	3792.5	8604.1	7 718.1	5026.3	6975.6
WAEMU	3770.3	4485.2	6431.5	5001.5	6182.6

⁷ "Trade non-discrimination clause. A country may not grant a special favor to another partner country without granting it to all other partner countries."

Benin	0	0	279	21.7	85.1
Burkina	0	1.3	0	0	0
Côte d'Ivoire	0	0	84.8	0	103.2
Mali	0	573.9	76.2	1065 .1	324.9
Niger	0	19.7	0	0	0
Senegal	3770 .3	3890 .2	5 985	3914 .7	5669 .4
Togo	0	0	6.5	0	0
ECOWAS (except WAEMU)	4.3	4110 .9	1280 .8	18.8	762.6
Nigeria	0	0	23.5	0	0
Ghana	0	4102 .89	1237 .7	0	0
Cape Verde	4.3	0	10.1	18.8	38.4
Gambia	0	8	9.5	0	722.2
CEMAC	0	0	2	0	1
Gabon	0	0	2	0	0
OTHER AFR COUNTRIES	17.9	8	3.8	6	29.4
South Africa	0	0	0	4	24
Morocco	17.9	8	0	1	0
Tunisia	0	0	3.8	0	0
Angola	0	0	0	1	1.4
AMERICA	0	0	66.3	118.8	70.5
USA	0	0	31.2	9.7	66.2
Canada	0	0	0.1	0	0.3
Brazil	0	0	35	109.1	0
ASIA	144 286.6	155 354.1	188 456.1	181 212.9	133 299.5
China	21 209.3	1 169.4	1 908.6	42 756.5	56.7
India	76 346.2	123 920.8	148 517.2	102 330.9	79 574.5
Pakistan	0	0	6.5	0	34
United Arab Emirates	1 6373	4 914.8	2 394.9	2 373.5	7 240
South Korea	0	0	30	508.2	199.9
Lebanon	0	0	0	2.3	0
Singapore	21 586.2	18 854.6	19 590.7	24 754.2	22 369.4
Vietnam	8 771.9	6 494.6	15 669.7	8 487.3	23 823
Indonesia	0	0	338.5	0	0
Other countries	900	0	247.7	941.4	1 664.3
TOTAL	1491 91.1	164 008.2	197 516.1	188 591.9	145 767.9

Source: BCEAO - Balance of payments and international investment position - Guinea-Bissau 2019

Figure 4. International trade in goods (CFAF millions)



Source: BCEAO

Imports amounted to CFAF 225.9 billion in 2019 against CFAF billion 191.6 in 2018. The forecast for 2020 is CFAF 145.7 billion. This decrease is explained by the contraction of domestic demand since the pandemic.

In 2019, the euro zone remained Guinea-Bissau's leading supplier. Its share of total imports was 31.1% compared to 39.3% in 2018. The country's imports from Europe come mainly from Portugal, which is

Guinea-Bissau's leading supplier country with an estimated share of total imports of 25.4 % (imports of vehicles, generators and electrical converters, machinery and electrical appliances).

Other imports from the euro zone consist mostly of petroleum products (petroleum oils, gasoline, gasoline), food products (mainly wheat and beverages), and capital goods (transport materials, machinery and mechanical and electrical equipment).

Table 27. Merchandise imports by origin (in CFAF millions)

	2015	2016	2017	2018	2019
EUROPE	54 491	54 595	92 407	78 923	104 732
U. EUROPEAN UNION (EURO ZONE)	1 813	53 570	92 407	75 233	70 280
Belgium	578	191	769	707	173
France	1 343	1 221	2 313	1 560	1 455
Germany	653	308	954	972	899
Italy	4 765	3 514	2 814	1 680	1 348
Netherlands	5 069	6 436	7 848	6 365	6 415
Portugal	34 479	38 284	69 745	58 878	57 478
Spain	4 927	3 616	7 964	5 073	2 511
OTHER WAEMU COUNTRIES	160	80	-	336	149
United Kingdom	160	76	604	336	149
OTHER EUROPEAN COUNTRIES	2 517	945	-	3 354	34 304
Switzerland	145	71	-	34	-
Turkey	2 373	874	679	3 317	34 300
Sweden	1 601	1 017	-	679	534

AFRICA	56 143	50 897	49 108	59 982	59 839
WAEMU	50 331	37 443	40 427	51 735	51 532
ECOWAS (except WAEMU)	4 242	9 972	7 201	6 539	7 538
OTHER AFRICAN COUNTRIES	1 569	3 478	1 481	1 708	768
AMERICA	1 626	659	2 205	3 357	3 936
ASIA	29 742	47 226	48 205	40 331	44 855
OTHER COUNTRIES	6 472	12 300	13 434	8 992	12 487
TOTAL	148 474	165 677	205 358	191 585	225 850

Source: BCEAO - Balance of payments and international investment position - Guinea-Bissau 2019

5.3.3 International trade in value and by product

An analysis of the structure of exports by product shows that it remains dominated by cashew nuts. In 2019, cashew nut exports accounted for 75% of the value of the country's total exports compared to 51% in 2018. The increase in export volumes (146.6 thousand tons in 2018, 195.3 thousand in 2019) partly explains this increase.

The Herfindal-Hirschmann Index of Exports (HHI), used to assess Guinea-Bissau's export diversification efforts, is expected to be at 0.88 in 2019 as in 2018, reflecting a strong concentration of exports on the same products, notably cashew nuts. Over the last three (03) years, the index has not varied. (WAE-MU)

Table 28. International trade by product (in CFAF millions)

Products	2015	2016	2017	2018	2019
Cashew nuts	90 488	108 721	114 311	95 259	109 688
Wood	11 767	-	-	44 864	-
Other	46 936	55 287	83 205	48 469	36 080
Total exports FOB	149 191	164 008	197 516	188 592	145 768
Food products	48 738	60 205	72 847	64 281	68 722
Other consumer staples	9 177	13 383	15 872	10 614	16 230
Energy products	31 043	28 014	35 416	39 415	38 075
Raw materials and intermediate goods	20 252	20 679	27 544	25 899	26 374
Capital goods	24 785	23 728	29 683	30 738	52 911
Miscellaneous products	14 479	19 668	23 995	20 639	23 539
Total imports of goods CIF	148 474	148 474	165 676	205 358	225 850

Source: BCEAO

Imports in 2019 are composed, in decreasing order of importance, by food goods (03%), capital goods (23%), energy products (17%), intermediate and raw material goods (12%), other miscellaneous goods (10%) and other current consumption goods (7%).

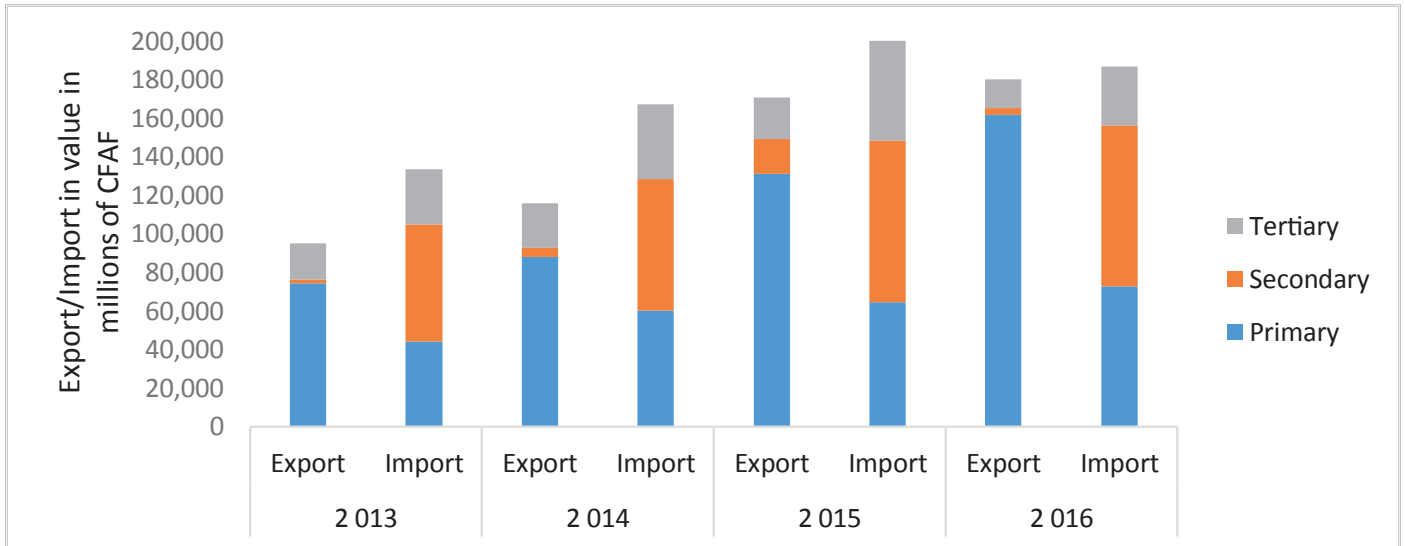
5.3.4 International trade by type

The structure of trade by type indicates a predominance of primary products in Guinea Bissau's trade

and a relatively variable share of secondary and tertiary sector products depending on the year.

The main export products are cashew nuts, gold, fishery products, and wood. An analysis of the structure of imports shows a preponderant share of products such as rice (12.4%), petroleum products (15%) (OEC.world) and services.

Figure 5. International trade by type



Source: INE Guinea-Bissau, Directorate of Economic and Financial Statistics

5.4 Foreign direct investment

5.4.1 FDI by country of origin

Foreign direct investment (FDI) inflows to Guinea-Bissau are estimated at \$31 million in FDI in

2019 compared with 21 million in 2018. The stock of FDI therefore fell from 202 million of dollars to 229 million dollars between 2018 and 2019.

Table 29. FDI in Guinea Bissau (millions of dollars)

	2015	2016	2017	2018	2019
Flow					
<i>Entering</i>	19	24	16	21	31
<i>Outgoing</i>	2	0	0	1	1
Stock					
<i>Entering</i>	134	153	190	202	229
<i>Outgoing</i>	9	9	11	10	11

Source: UNCTAD

FDI in Guinea Bissau comes mostly from African and European countries. In 2019, 31.8% of FDI came from other WAEMU countries, 27.9% from the Eu-

rozone, 17.4% from Europe outside the EU, 9.8% from Africa outside ECOWAS, 5.4 %from CEMAC, 3.9 % from America and 1.1% from Asia.

Table 30. Share of FDI stock by region of origin, 2019

Region of origin	Share of FDI stock
Other WAEMU countries	31.8 %
Euro zone	27.9 %
Europe outside EU	17.4 %
Africa outside ECOWAS	9.8 %
CEMAC	5.4 %
America	3.9 %
Asia	1.1 %
Total	100 %

Source: Balance of payments and international investment position of Guinea-Bissau in 2019, BCEAO

5.4.2 FDI by sector

In recent years, Guinea Bissau has been able to attract relatively large amounts of foreign investment. According to the World Investment Report published 2020 by UNCTAD, FDI flows increased from US\$21 million to US\$31 million between 2018 and 2019. The stock of FDI has increased since 2010, from USD 63 million to USD 229 million in 2019.

The government's efforts to diversify the country's economy and natural resources are other positive factors. The majority of FDI is directed to the fisheries sector. The new government wants to increase foreign investment in the agriculture and energy sectors, which are two key drivers of the economy. Chinese investment in Guinea-Bissau has been increasing since 2011. As such, a cannery and a fish distribution network have been developed with the

support of the China International Fisheries Corporation (CONAPEMAC).

In addition, the Kaleba hydroelectric dam, funded by China International Water & Electric Corp, has been in operation since October 2015. Chinese companies are also investing in real estate and bauxite. In addition to China, the main investor countries are the United States, Portugal and India.

The country also has untapped potential: significant mineral resources, fertile soils, the possibility of developing the tourism and fishing sectors. The state is aware of these advantages, particularly in the timber, offshore oil and mining (phosphates and bauxite) sectors. The tourism sector is also being developed and is receiving increasing investment (especially in the Bijagos Islands).

5.5 Regional integration

5.5.1 WAEMU Convergence Criteria

The following table shows Guinea Bissau's position with respect to the WAEMU criteria for the period 2013-2020. The three first-tier criteria are met, with

the exception of the criterion relating to the budget deficit. On the other hand, neither of the two second-tier criteria is met, although progress has been made since 2013.

Table 31. Guinea-Bissau's position with respect to the WAEMU convergence criteria

Criteria (%)		2013	2014	2015	2016	2017	2018	2019	2020
		Top-ranking criteria							
Overall budget balance including grants/nominal GDP	$\geq -3\%$	-2.3	-3.8	-7.5	-5.4	-1.4	-4.5	-3.7	-9.6
Average annual inflation rate	$\leq 3\%$	0.7	-1.0	1.4	1.5	1.0	0.4	0.2	1.5
Outstanding domestic and foreign debt	$\leq 70\%$	58.5	33.7	51.7	43.4	40.9	44.4	40.1	63.3
		Second-tier criteria							
Tax rate (in %)	$\geq 20\%$	6.3	7.9	9.1	8.6	9.5	9.3	9.2	7.4
Wage bill/tax revenue (in %)	$\leq 35\%$	68.9	71.1	50.0	49.6	41.6	47.7	57.5	73.6

Source: WAEMU Commission, Semi-annual report on the implementation of multilateral surveillance (December 2020)

6.1 Business climate

Guinea Bissau was ranked out of 174th out of 90 countries in the World Bank's Doing Business 2020 report, gaining one position from 2019. Among the 48 countries in Sub-Saharan Africa, it is ranked 38th. For starting a business, it is in 161st position, in 182nd for access to electricity and in 152nd for obtaining loans.

In terms of tax payments, the country is ranked 155th, which highlights the low mobilization of tax revenues, which fell by 19.4% in 2020, resulting in a tax pressure rate of 7.4% compared to 9.2% in 2019 (WAEMU). This situation is linked to the weakness of the tax base and the size of the informal economy.

In the Doing Business 2020 report, Guinea-Bissau was ranked 146th for cross-border trade because

of the costs of complying with cross-border trade procedures for both exports (US\$585) and imports (US\$550). It is also worth noting that the costs of complying with documentation requirements are high for exports (US\$160) and imports (US\$205).

Access to electricity remains very limited with a rate of 28.7% in 2018 (World Bank). Electricity supply is unreliable, with technical losses of up to 47.0 percent. The country's current installed power generation capacity is limited to an 11MW lease from a private company.

In recent years, the country's ranking in the Doing Business report has improved from 181 in 2015 to 174 in 2020. This improvement is linked to the adoption of a development policy for the country defined through the strategic and operational plan "Terra Ranka".

Table 32. Scores obtained by Guinea Bissau

Indicator	What is measured	Metric
Obtaining loans	Pledge of personal property legislation and credit information system	rights index 6 legal (0-10) quality index 0 of information on credit (0-6) Cover of the 0,0 credit register (% adults) Credit bureau coverage 1(% adults)
Investor protection	Rights of minority shareholders in related party transactions and corporate governance	disclosure index 7 information (0-10) Index of the 1 responsibility of executives (0-10) 6 Ease of use index prosecution by the shareholders (0-10)
Payment of taxes	Payments, deadlines and total payable for a company that fully applies the post-tax return legislation and procedures	Payment 46 (number per year) deadline (hours per year) 218 Tax rate 45,5 total (% of profits)
Contract enforcement	Time and cost of settling a commercial dispute and quality of legal proceedings	Time frame (days) 1785 Cost 28 Index for 8,5 the quality of legal proceedings (0-18)
Settlement of insolvency	Timeliness, costs, outcomes and recovery rates in insolvency cases and the strength of the legislation in this area	Recovery rate 0.0 (cents of dollar American) Time (years) none practice Cost (% of assets) none practice

Obtaining loans	Pledge of personal property legislation and credit information system	rights index 6 legal (0-10) quality index 0 of information on credit (0-6) Cover of the 0,0 credit register (% adults) Credit bureau coverage 1 (% adults)
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Source: Doing Business Report (2020)

The Mo-Ibrahim Index was developed from approximately 100 indicators across four broad families: security and rule of law, participation and human rights, sustainable economic development and human development. Guinea-Bissau ranks 41st out of

54 countries in the Mo-Ibrahim Index of African Governance (IIAG) 2020, gaining one position from the 2019 ranking. In particular, it ranks 24th and 29th in terms of Security and Rule of Law and Participation and Human Rights respectively.

6.2 Financial Governance

Guinea-Bissau has a very weak record in governance and anti-corruption, in part due to the lack of a national strategy to address these issues. According to the IMF's 2020 report, which makes key short- and medium-term recommendations, the authorities have taken steps to strengthen the AML/CFT framework with the assistance of development partners. A national strategic plan has been approved and the autonomy of the Cellule Nationale de Traitement des Informations Financières (CENTIF) has been strengthened.

CENTIF has intensified its dissemination of information with technical assistance from the Intergovernmental Group on Money Laundering in West Africa (GIABA) resulting in some suspicious financial transaction reports. In addition, the technical assistance provided by the IMF is helping the CENTIF build its capacity to carry out its core functions. The Ministry of Economy and Finance will be responsible for AML/CFT supervision of foreign exchange offices.

It is also recommended to further strengthen the supervision of preventive measures against money laundering and terrorist financing for politically exposed persons.

6.3 Financial rating

The country has no rating from international agencies.

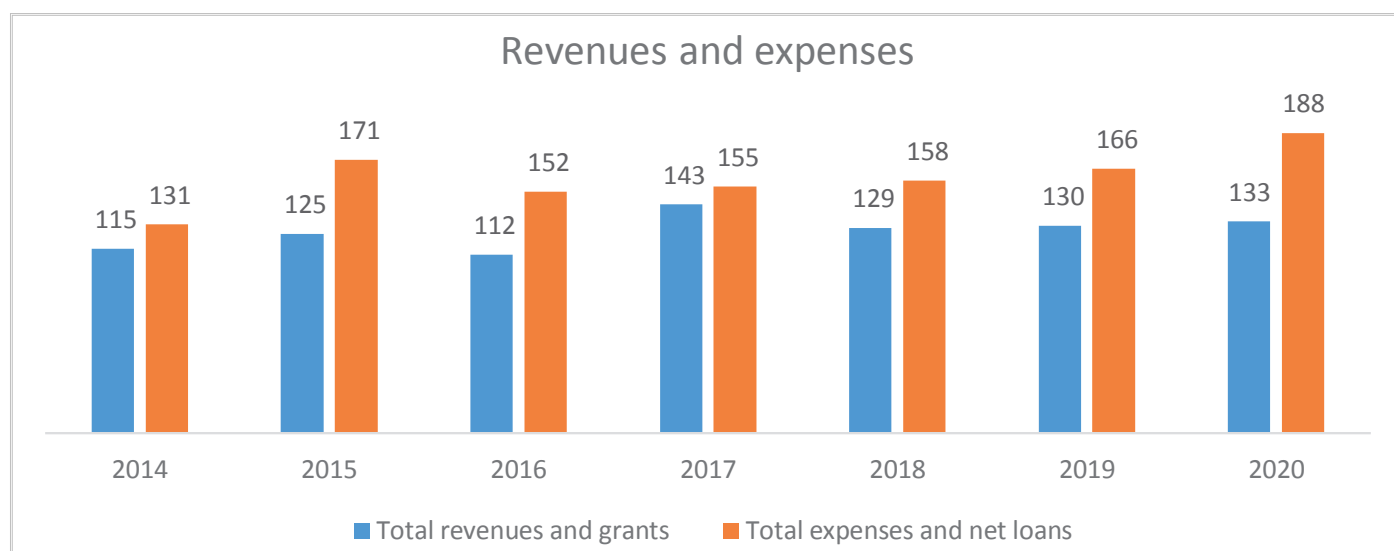
7.1 Budget

7.1.1 Expenditure and revenue

The overall balance is in deficit over the period 2014-2020 and will increase to CFAF -85.3 billion in 2020. This deterioration is attributable to the health crisis.

The weight of expenditures as a percentage of nominal GDP is estimated at 16.5 percent in 2020, up from 14.0 percent in 2019.

Figure 6. Revenues and expenditures (in CFAF billions)



Source: MEF

Detailed presentation of expenses and revenues

The State's financial operations are characterized by a continuous increase in resources and expenditures until 2020. The overall balance is negative over the period 2014 - 2020.

From a resource perspective, budgetary revenues experienced a decline between 2015 and 2016 due to the slowdown in grants. However, between 2016 and 2017, a more favorable trend was observed. This performance is linked to an increase in tax revenues

collected. Resources declined again in 2018 before rebounding in 2019. The health crisis led to a further decline in 2020.

As for public spending, it has been on an upward trend since 2016. Current expenditure has increased due to the increase in the wage bill and transfers to public enterprises. Capital expenditures have increased in connection with the road infrastructure and energy programs undertaken by the state.

Table 33. Financial operations of the State

TOFE In CFAF billions	2014	2015	2016	2017	2018	2019	2020
Total revenues and grants	105.9	124.9	112.2	143.7	128.6	130.1	134.5
Budgetary revenues	65.5	84.8	84.6	100.8	98.3	105.6	99.8
Tax revenues	44.2	61.9	63.5	81.3	77.6	79.1	67.8
Non-tax revenues	21.4	22.9	21.1	19.5	20.7	26.5	32.0
Grants	40.3	40.0	27.6	42.8	30.3	24.5	34.7
Project	26.2	34.5	27.4	40.1	30.3	22.6	23.6
Program	14.2	5.6	0.3	2.8	0.0	1.9	11.0

Total expenditures and net loans	118.1	141.1	142.4	155.3	165.3	161.8	219.8
Current Expenses	78.1	92.7	99.9	100.4	105.4	123.6	148.7
Salaries and wages	31.4	31.0	31.5	33.8	37.0	45.5	52.9
Transfers and grants	30.7	35.4	43.5	44.6	46.2	47.2	47.2
Interest Due	3.2	6.4	4.8	5.2	4.9	8.2	12.5
To residents	0.9	3.6	3.1	2.9	2.8	4.8	6.8
To non-residents							
To current expenses	2.3	2.8	1.7	2.2	2.1	3.5	5.7
Capital expenditures	40.0	48.4	42.5	54.9	59.8	38.2	71.0
From internal funding	0.8	4.1	1.6	2.2	2.0	1.8	9.9
On external financing	39.2	44.3	40.9	52.7	57.8	36.4	61.1
Basic primary balance	105.9	124.9	112.2	143.7	128.6	130.1	134.5
Overall balance (commitment basis). excluding grants	65.5	84.8	84.6	100.8	98.3	105.6	99.8
Overall balance (commitment basis). including grants	44.2	61.9	63.5	81.3	77.6	79.1	67.8

Sources: MEF, Directorate-General for Forecasting and Economic Studies, September 2021

7.1.2 Overview of the budget

Government expenditures are primarily for education, health, housing, social policies, internal security and national defense. In 2021, education is expected to receive 9.3% of the budget (CFAF 23.6 billion), health 6.7% (CFAF billion 17.1), housing 3.8 % (CFAF 9.7 billion), and the army 5.8% (CFAF 14.6 billion). The country has experienced a long period

of political instability that has had a strong impact on these different sectors of the economy.

The contribution of the agricultural sector to the national budget declined significantly in 2017 while the share of energy almost doubled. This is explained by the reforms aimed at the energy sector, in particular the electrification project in some regions.

Table 34. Extract from the State Budget

	2016		2017 (prev)	
Post	Value CFAF billions	Structure (%)	Value CFAF billions	Structure (%)
Education	14.7	20.2	16.2	20.4
Health	9.3	12.8	9.8	12.3
Housing	8.4	11.6	9.6	12.1
Social	1.7	2.3	1.9	2.4
Agriculture	8.7	12.0	5.4	6.8
Energy	3.2	4.4	6.8	8.5
Interior	7	9.6	6.6	8.3
Justice	2.1	2.9	2.6	3.3
Army	11	15.2	11.2	14.1
Fishing	4	5.5	5.2	6.5
Culture	0.7	1.0	1.1	1.4
Telecommunication transport	0.7	1.0	2.1	2.6
Natural resources	1.1	1.5	1.1	1.4
Total	72.6	100.0	79.6	100.0

Source: MEF

7.1.3 Government's Covid-19 Response Plan

The government's response plan to prevent and fight the pandemic has an overall cost of CFAF 47.0

billion. It has three components:

- Health: the needs were estimated at 10.0 billion and the State mobilized and executed an amount

of 4.2 billion. An additional \$222 million has been allocated monthly to the health sector budget. These additional resources are intended for the acquisition of medicines, equipment for hospitals and food for all patients.

- Social: the authorities have earmarked a sum of 7.0 billion, of which 2.7 billion have been implemented, benefiting the most vulnerable populations.
- Economic: the stimulus package was valued at 30.0 billion, of which 15.0 billion was used to

finance the cashew nut marketing campaign. Thus, the government was able to contribute to improving the cash flow of banks, which made it possible to finance certain exporters. With the expected drop in public revenue, the government launched a campaign to mobilize resources from development partners. It obtained financing from the Islamic Development Bank for 9 billion and from BOAD for 22 billion. Similarly, Covid bonds were also issued for 25.0 billion, of which 15.0 billion matured. (UEMOA)

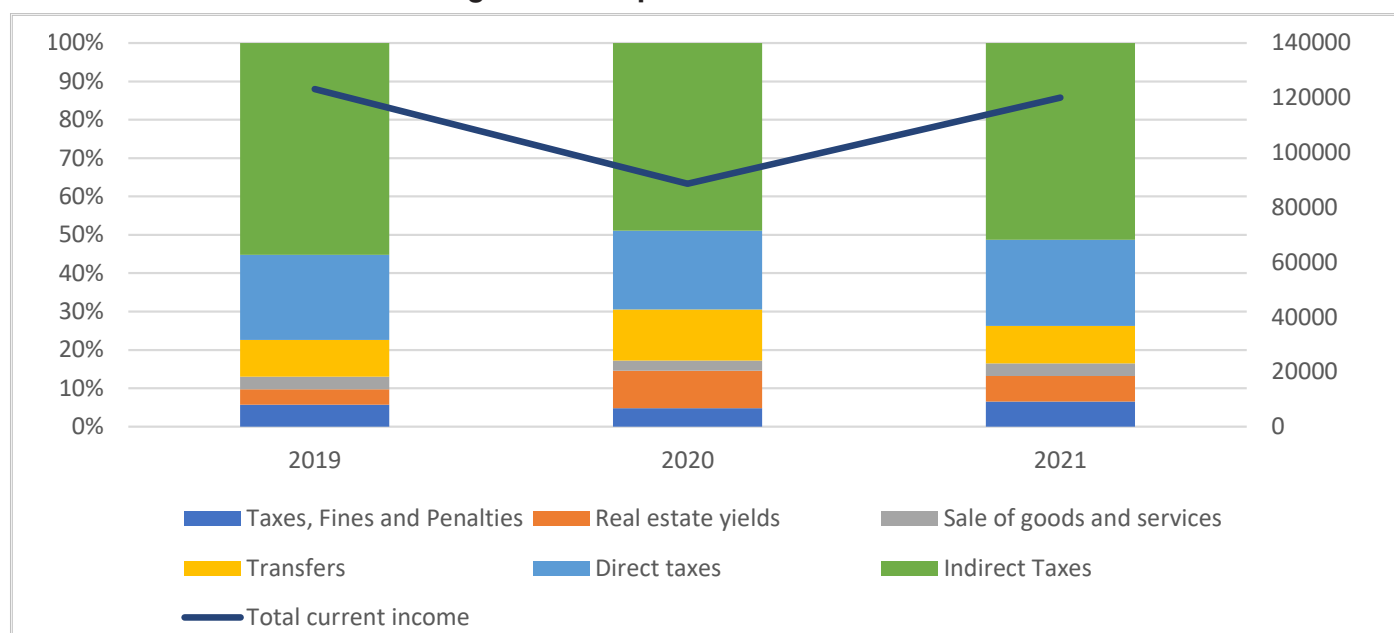
7.2 Tax policies

7.2.1 General budget revenues by source

Guinea-Bissau's total current revenue fell in 2020 to CFAF 89 million, down from CFAF 123 million in 2019. However, it is expected to return to growth in 2021.

The composition of revenues is largely dominated by indirect taxes, which amounted to CFAF 43 million in 2020, although their share has decreased since 2019

Figure 7. Composition of the revenues



Source: MEF

7.3 Finance Bill

The growth of government revenues will depend on the success of the reforms implemented. These include reforms related to the Tax Identification Number (TIN), the computerization of certain tax procedures to facilitate revenue collection by the tax and customs authorities, and the fight against corruption. These various measures should help the state to increase the tax base. According to the general government budget, current government revenue, estimated at CFAF 88.6 billion in 2020, should reach CFAF 120.0 billion in 2021.

Tax revenues are expected to reach CFAF 88.5 billion in 2021. The projected tax burden (tax revenue/GDP) is 10.12% (MEF), still below the EU standard (20%).

As for current public spending, it is expected to reach CFAF 130 billion in 2021. It should be noted that containment and rationalization measures have contributed to savings of CFAF 4.5 billion in terms of total expenditures in 2020. (MEF)

While Guinea-Bissau has enjoyed favorable macroeconomic conditions with economic growth maintained at between 3 percent and 6 percent over the 2015-19 period and a 1.4 percent pandemic-related

recession in 2020 (MEF), the country continues to face challenges that may impact its development. Political instability is the main obstacle to its economic and social development.

8.1 Political and security risks

Risks related to elections

The chronic political instability that has characterized the country for more than a decade constitutes the main risk to its development. Guinea-Bissau has experienced a long period of political crisis with coups, destabilization of institutions, deteriorating security conditions, and disastrous social and economic impact. However, since the election of a democratically elected President in 2014, the political situation has become somewhat more stable.

The weight of the military in political life, persistent rivalries within the government, and corruption and criminality linked to international drug trafficking have nevertheless created chronic instability in Guinea-Bissau. The country is described as a "narco-state" by the United Nations Office on Drugs and Crime (UNODC).

The Conakry Agreement, negotiated with ECOWAS in 2016, with the support of the United Nations, aimed to create an enabling environment for the 2018 and 2019 legislative and presidential elections, reform the electoral code, and enact a new law on political parties that would strengthen autonomy and internal democracy. The UN has demonstrated its commitment to supporting Guinea-Bissau in advancing key reforms, as outlined in this agreement.

The confirmation of the election of President Umaro Sissoco Embaló in the December 2019 presidential

runoff elections should further improve the political climate.

Homeland Security Risks

Casamance rebels are present in the border area with Senegal, where the proliferation of small arms fuels banditry. The challenge of securing the transition is to mitigate a fluid and fragile political situation characterized by recurrent interference in political life by the military hierarchy.

The United Nations Office on Drugs and Crime (UNODC), together with the United Nations Integrated Peacebuilding Office in Guinea-Bissau (UNIOGBIS), supported the government to increase its intervention in the regions through the creation of new police stations.

The Bijagós archipelago, made up of 88 islands, exposes Guinea-Bissau to criminal activity because of the difficulty of controlling vast territorial waters.

In April 2018, UNODC launched a new project in Guinea-Bissau on cross-border organized crime in The Gambia, Guinea-Bissau, and Senegal to build national capacity and foster closer regional cooperation on detection and investigation.

After the attacks in Mali, Mauritania and Burkina Faso, Islamist terrorist groups also remain a threat to Guinea-Bissau given its proximity to the countries attacked.

8.2 Social risks

Demonstrations occasionally occur in Guinea-Bissau. Even demonstrations that are intended to be peaceful can suddenly turn violent.

Strikes also occurred without causing any particular unrest. Judicial police officers went on strike in February 2018, and the União Nacional dos Trabalhadores da Guinea-Bissau (National Union of Workers

of Guinea-Bissau) called a general strike of civil servants from May 7 to 9, June 12 to 14, and June 26 to 28, 2018, to demand payment of salary arrears, salary readjustment, and the establishment of retirement pensions. In September 2020, the Union of Nurses and Health Technicians of Guinea-Bissau initiated a strike to demand career regularization, payment of arrears and better working conditions.

8.3 Macroeconomic risks

Guinea-Bissau's main budgetary resources are derived from agricultural exports of cashew nuts (75% of exports). This reflects the high vulnerability of the economy to fluctuations in international cashew prices and rainfall.

According to the latest IMF debt sustainability analysis (2021), Guinea-Bissau is at high risk of external debt distress, due to the rising fiscal deficit, increased borrowing for projects, and additional financing needed to deal with the COVID-19 pandemic.

COVID-19 has had a strong economic impact on Guinea-Bissau. In 2020, the MEF estimates that real

GDP will contract by 1.4 percent, compared to a pre-crisis growth projection of 4.9 percent. This decline would be explained mainly by the decline in the value added of the tertiary sector. The MEF projects a return to growth, with a rate of 3.3% for 2021.

According to the IMF, public finances are also under significant pressure. The effects of the pandemic are expected to persist into 2021, reflecting the need to maintain imports for consumption and essential investments to build capacity and infrastructure in the health sector, which was again weakened by severe flooding in September 2020.

8.4 Risks to resource mobilization

Tax revenue mobilization remains a major challenge in Guinea-Bissau. Over the past decade, domestic revenue has lagged far behind that of other WAE-MU countries. In 2021, tax revenues will represent only 10% of GDP according to the MEF. The country needs to make efforts to avoid compromising the sustainability of public finances.

Guinea-Bissau exports mainly agricultural products (coconuts, Brazil nuts, cashew nuts) and seafood products (shellfish, fresh fish). The prices of these

products follow an unstable trend on the world market. The contraction in demand and prices for cashew nuts in 2020 has resulted in a downward revision of economic growth. In addition, foreign exchange risk can affect trade insofar as these exports are made in foreign currency.

Guinea-Bissau is very dependent on international aid and the lack of stability has caused a sharp contraction in funding projects.

8.5 Health risks

Guinea-Bissau has been experiencing cyclical cholera outbreaks for a decade. This situation risks undermining the government's development efforts. In addition, the country shares its borders with Guinea Conakry, one of the hotbeds of the Ebola virus disease (EVD). It is therefore not immune to imported contagion.

Regarding COVID-19, 3,518 cases have been identified and confirmed as of March 19, 2021 according to WHO. Guinea Bissau had 2,806 recoveries and 54 deaths as of that date.

The government has taken the decision to impose a negative Covid-19 PCR test for entry and exit, to ban gatherings in enclosed spaces and to close bars and restaurants.

8.6 Environmental risks

According to the United Nations, Guinea-Bissau is the second most exposed country in the world to the effects of climate change. With 270 km of coastline on the Atlantic Ocean, the country is exposed to coastal erosion.

This situation is shared by the coastal states of West Africa. On May 18, 2011, in Dakar, a conference bringing together the environment ministers of eleven coastal states from Mauritania to Benin validated the results of a study of monitoring the coastline and coastal master plan of West Africa. This study defines a realistic and prospective image of the current state of the 10,000 km of West African coastline and the trends that characterize its evolution. Recom-

mendations that are articulated on four axes-programs have been formulated in order to prevent and control coastal risks.

On June 27, 2018, the country was hit by strong winds of 80 Km to 120 Km/h and strong torrential storms that caused the destruction of several houses and public infrastructure (schools, hospitals, roads). A coastal protection plan and an adaptation and mitigation plan will be implemented to address the risks faced by the population and the territory.

In 2020, the country faced major flooding due to heavy rains. This phenomenon has had a severe impact on agriculture.

9.1 General description

9.1.1 Overview

Guinea Bissau's debt ratios deteriorated between 2015 and 2020. The total public debt to GDP ratio increased from 33.5% in 2015 to 69.9 % in 2020. The total debt stock also increased over the 2015-

2020 period from CFAF 228.2 billion in 2015 to CFAF 642.6 billion in 2020.

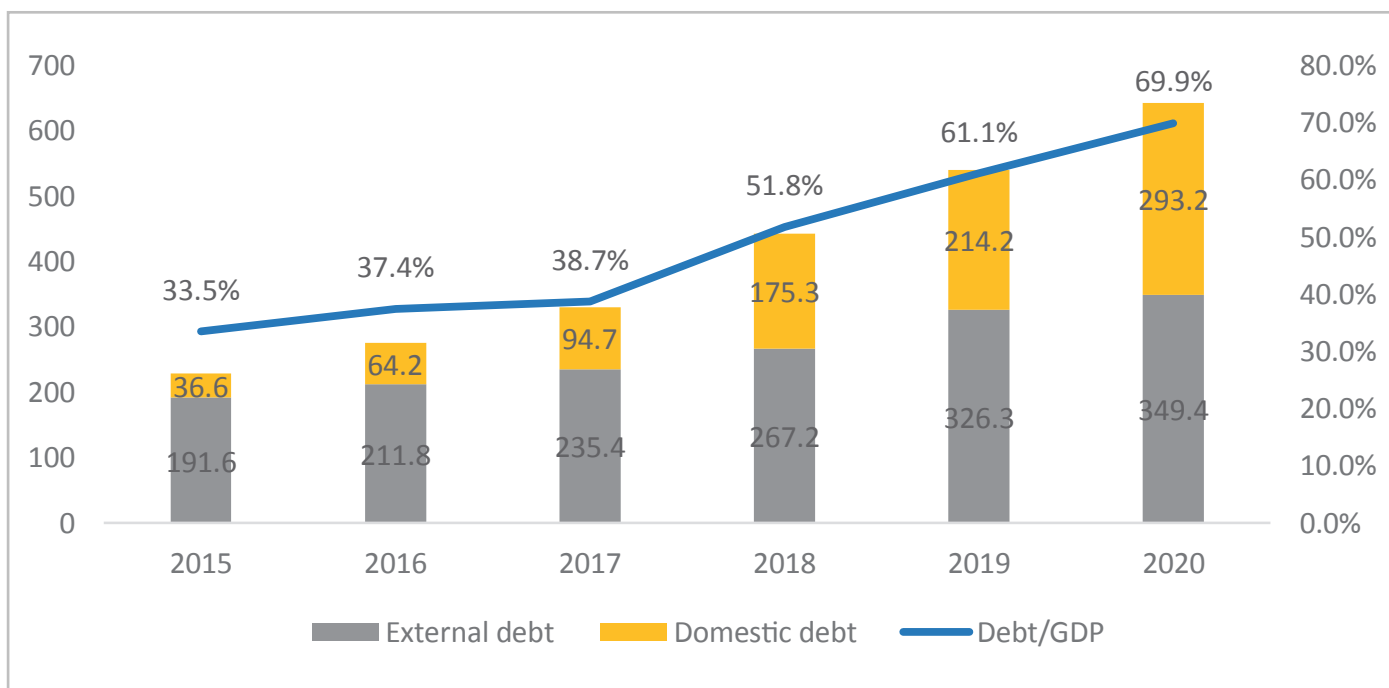
Guinea Bissau's external debt is mainly composed of concessional loans obtained from multilateral and bilateral donors.

Table 35. Breakdown of Guinea Bissau's public debt

(CFAF billions)	2015	2016	2017	2018	2019	2020
Total debt (% of GDP)	33.5	37.4	38.7 %	51.8 %	61.1 %	69.9 %
Total debt stock	228.2	276.0	330.1	442.5	540.5	642.6
External debt (% of GDP)	28.1	28.7	27.6	31.3	36.9	38.0
External debt	191.6	211.8	235.4	267.2	326.3	349.4
Domestic debt (% of GDP)	5.4	8.7	11.1	20.5	24.2	31.9
Domestic debt	36.6	64.2	94.7	175.3	214.2	293.2
Nominal GDP	681.3	737.8	853.6	854.5	885.1	919.1

Source: MEF

Figure 8. Breakdown of public debt into external and domestic debt in relation to GDP



Source: MEF

The highest long-term debt maturity is 37 years according to the World Bank's international external debt statistics. The longest maturity for domestic

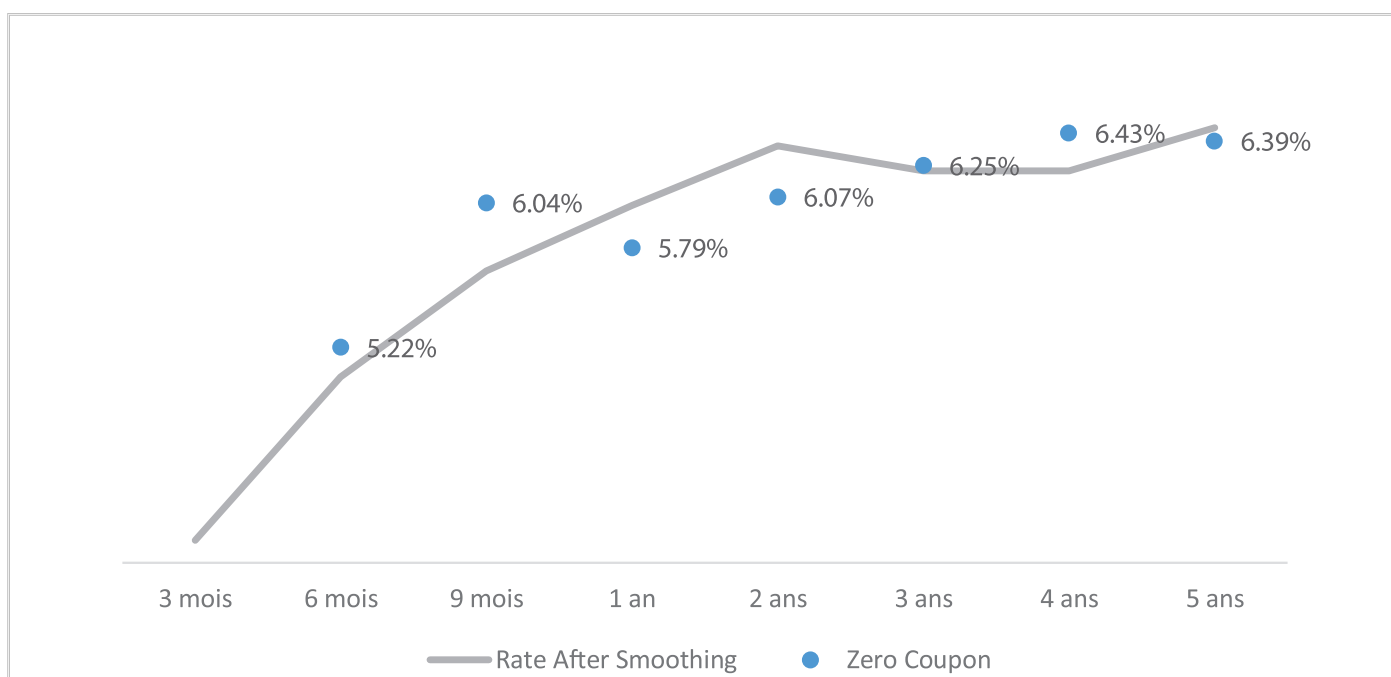
debt is 5 years. At this time horizon, zero-coupons have a yield of 6.55%.

Table 36. Debt maturity profile in 2014 and 2018 (in %)

	2014	2015	2016	2017	2018
Short term	1.2	0.6	1.3	1.5	1.2
Long term	98.8	99.4	98.7	98.5	98.8

Source: MEF

Guinea Bissau zero-coupon rate curve as of March 12, 2021 Bonds and Treasury bills in local currency)



Source: UMOA-Titres

9.2 Debt Strategy and Sustainability

9.2.1 Description of the strategy

Currently, Guinea Bissau does not have a debt strategy, however the Ministry of Economy and Finance is reorganizing to make the debt management department more operational. The debt management department was transformed into a directorate general in 2018 to take charge of specific issues related to external and domestic debt. As such, two departments were created. One deals with external debt, and the other with domestic debt. The information system has been improved with the recent acquisition of the Debt Management and Analysis System (DMFAS).

9.2.2 Debt sustainability according to the World Bank and IMF

The IMF and World Bank have developed a framework to guide borrowing decisions by low-income countries. The points retained in the IMF DSF released at the February 1st, 2021 review of the Extended Credit Facility (ECF) are as follows:

External debt

Guinea-Bissau's external debt risk is high, a deterioration from the moderate rating in the 2018 report. The share of external debt remains relatively low at 27.1 percent of GDP at end-2019, and all external debt indicators remain below the relevant indicative thresholds throughout the projection (2020-2040) under the baseline scenario. However, Guinea-Bissau faces significant additional vulnerabilities that are not reflected in this rating and warrant a "high" external risk rating. These include macroeconomic risks due to the nature of the current COVID-19 crisis.

Public debt

Guinea-Bissau's overall debt risk is considered high. The present value of the total public debt-to-GDP ratio is above its indicative benchmark through 2040. In addition, the debt service to revenue and grants ratio is projected to worsen from 54.8 percent in 2019 to 56.3 percent in 2020. This primarily reflects: the impact of the COVID-19 crisis on revenue perfor-

mance, short-term amortization of Treasury issues, and debt escalation service charges due to the end of the grace period for several loans. To ease this burden, the West African Development Bank provided

a program loan equivalent to 8 percent of revenue and the IMF provided debt service relief through the Catastrophe Containment and Relief Trust (CCRT) amounting to 1.4 percent of revenue.

Table 37. Results obtained by Guinea Bissau under the DSF (Baseline scenario)

Year	PV of external debt (percentage)		External debt service (percentage)		PV of total public debt (percentage)	Debt service (percentage)
	GDP	Exports	Exports	Recipes	GDP	Recipes
2019	13.2	65.1	2.5	4.0	55	54.8
2020	15.2	105.7	3.8	4.7	65.7	56.3
2021	15.4	92.4	4.1	5.2	65.9	47.5
2022	14.7	84.2	4.1	5.5	65.2	42.3
2023	13.8	75.3	4.9	6.7	63.9	46.0
2024	13	71.4	4.7	6.4	62.2	54.0
2025	12.3	67.8	4.7	6.3	60.6	66.7
2030	9.4	57.8	5.0	5.9	53.5	47.6

Source: IMF

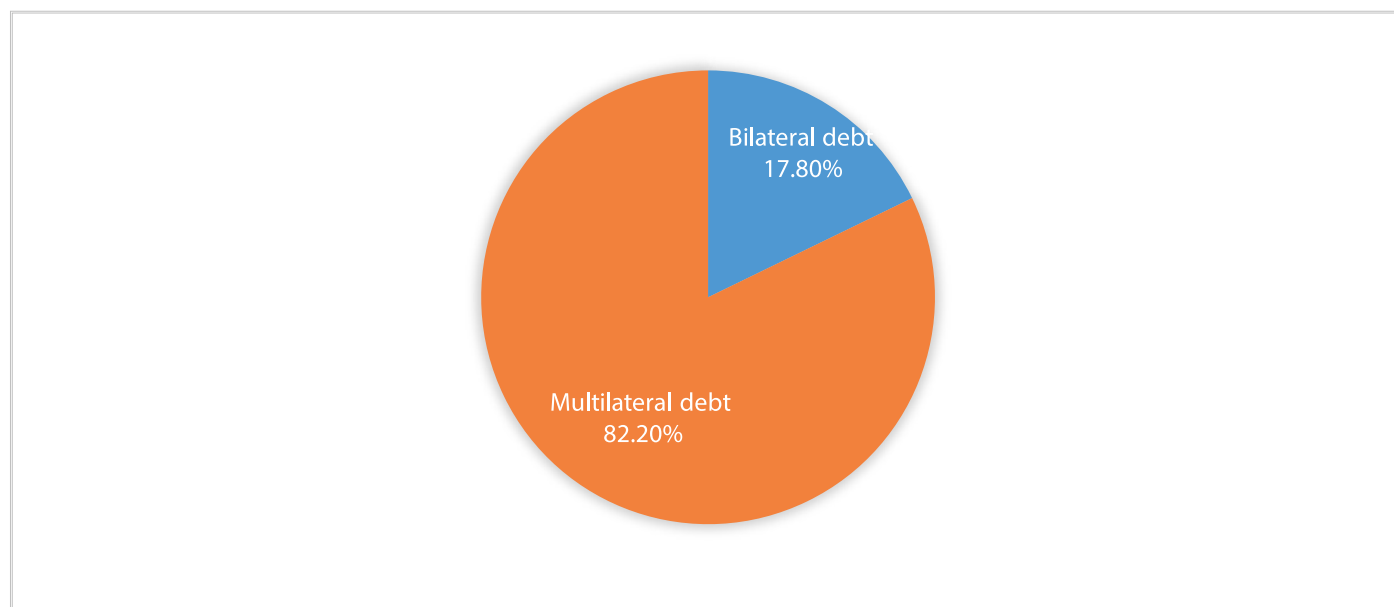
9.3 External debt

9.3.1 Holders

According to public debt statistics from the Ministry of Finance, the external debt is composed of 82.2% multilateral loans and 17.8% bilateral loans. Multila-

teral debt is dominated by loans granted by BOAD and the World Bank, which account for more than 75.0% of loans granted by multilateral donors.

Figure 9. Breakdown of external debt in 2020



Source: MEF

Table 38. Composition of the external debt

CFAF billions	2016	2017	2018	2019	2020	of GDP in 2020
Total external debt	211.85	235.41	267.24	326.27	349.35	38.0
Multilateral debt	170.44	186.34	200.84	258.94	287.19	31.2
Bilateral debt	41.41	49.07	66.40	67.33	62.17	6.8
Paris Club	1.55	10.11	1.63	2.01	1.85	0.2
Non-Club de Paris	36.12	35.61	50.77	51.03	46.84	5.1
Non-Sovereign	3.75	3.36	14.00	14.29	13.47	1.5

Source: MEF

9.3.2 Status of external debt payments

External debt service is essentially linked to multilateral creditors. The amount owed by the WADB and IDA represents 47% and 30% respectively of the amount to be repaid to multilateral donors. Reforms

related to public debt management should take this dimension into account. Since WADB loans are denominated in CFAF, they are not subject to exchange rate risk.

Table 39. External debt service

Situation as of December 2017 in millions of CFA francs	Multilateral			Bilateral			Total		
	Capital	Interest	Total	Capital	Interest	Total	Capital	Interest	Total
Service Due	2633	4020	6653	298	115	413	2931	4135	7066
Paid service			6653			413			7066

Source: MEF

9.3.3 Debt currency

Guinea Bissau's external debt is denominated mainly in USD. Other currencies account for 47 percent of total external debt at the end of 2017. The country

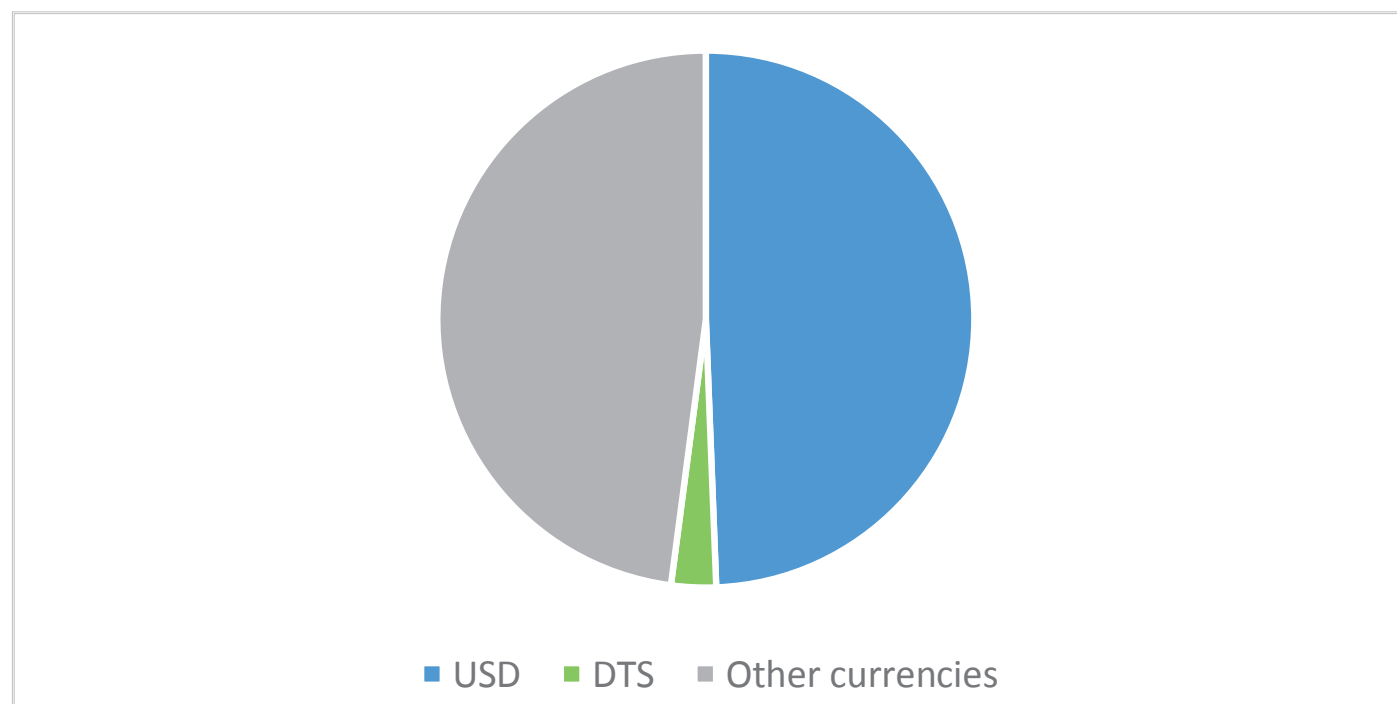
is exposed to foreign exchange risk related to the fluctuation of the US dollar. The existence of a current account deficit can make it difficult to manage foreign exchange risk.

Table 40. Breakdown of external debt in currency (December 31, 2017)

Currency	Total debt originally denominated in this currency	CFAF exchange rate as of December 31, 2017	Total debt in CFAF billions	Exchange rates in EUR at December 31, 2017	Total debt in EUR million	Debt distribution by currency (%)
USD	0.1	561.0	43.9	0.9	0.1	48.4
DTS	0.1	774.0	2.4	1.2	0.0	2.7
Other currencies (Exc. CFAF)			42.6			47.0

Source: World Bank

Figure 10. Breakdown of external debt in foreign currency as of December 31, 2017



Source: World Bank

9.4 Domestic debt

Guinea Bissau's domestic debt rose from CFAF 175.3 billion to CFAF 293.2 billion between 2018 and 2020.

Table 41. Composition of domestic debt

Composition of domestic debt			
CFAF billions	2018	2019	2020
Total domestic debt	175.3	214.2	293.2
Debts to BCEAO	97.1	94.6	94.6
Commercial and development bank debt	78.2	119.6	198.6

Source : MEF

As of December 31, 2020, the structure of Guinea-Bissau's domestic debt was dominated by government securities, which accounted for 47.8 percent of outstanding domestic debt.

Table 42. Domestic debt service as of December 31, 2017

Domestic debt in CFAF billions			
	Principal	Interest	Total
Debt service due at the end of December 2017	39.6	2.8	42.4

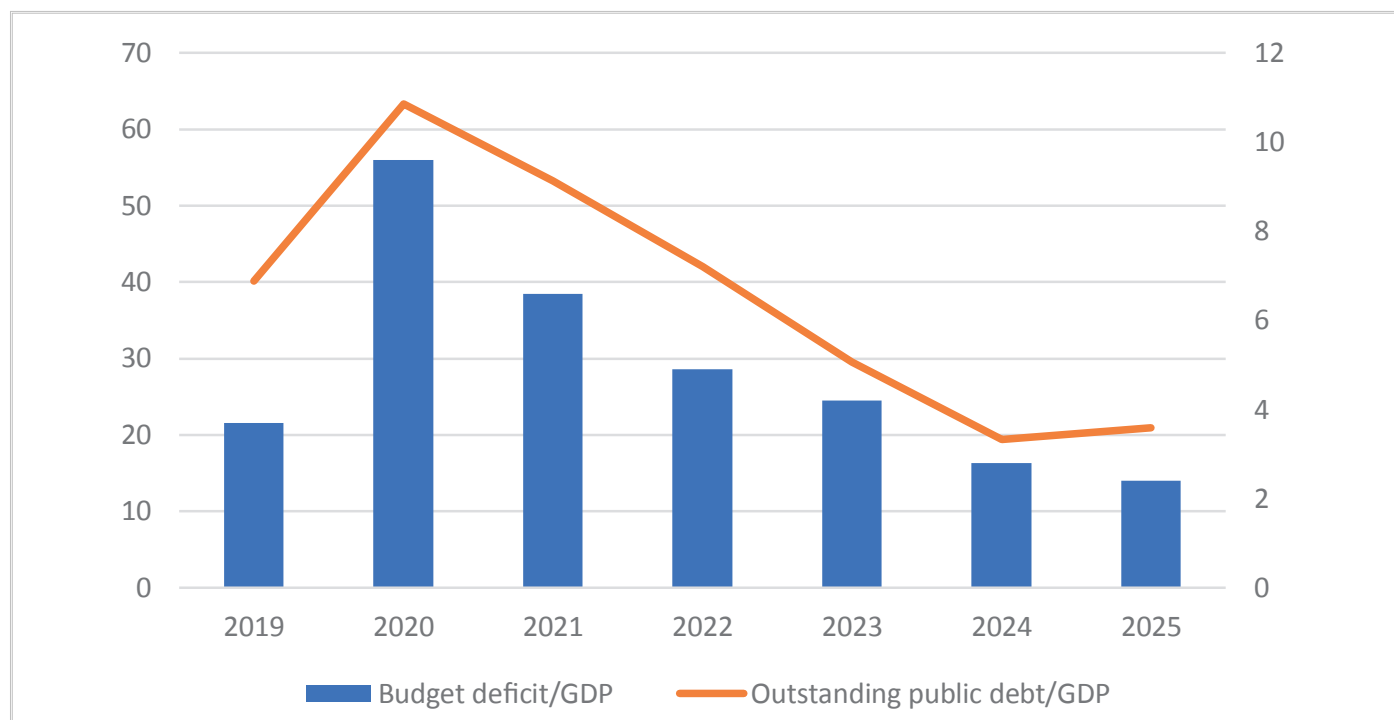
Source : MEF

9.5 Viability and Sustainability

According to projections by the Ministry of Economy and Finance, the budget deficit as a percentage of GDP would gradually decline to below 3 percent of GDP by 2024, compared to a level of 9.3 percent in

2020. Similarly, the stock of public debt in relation to GDP would remain below the 70 percent threshold, despite the disbursements expected over the projection period (WAEMU Commission).

Figure 11. Budget deficit and public debt (% of GDP)

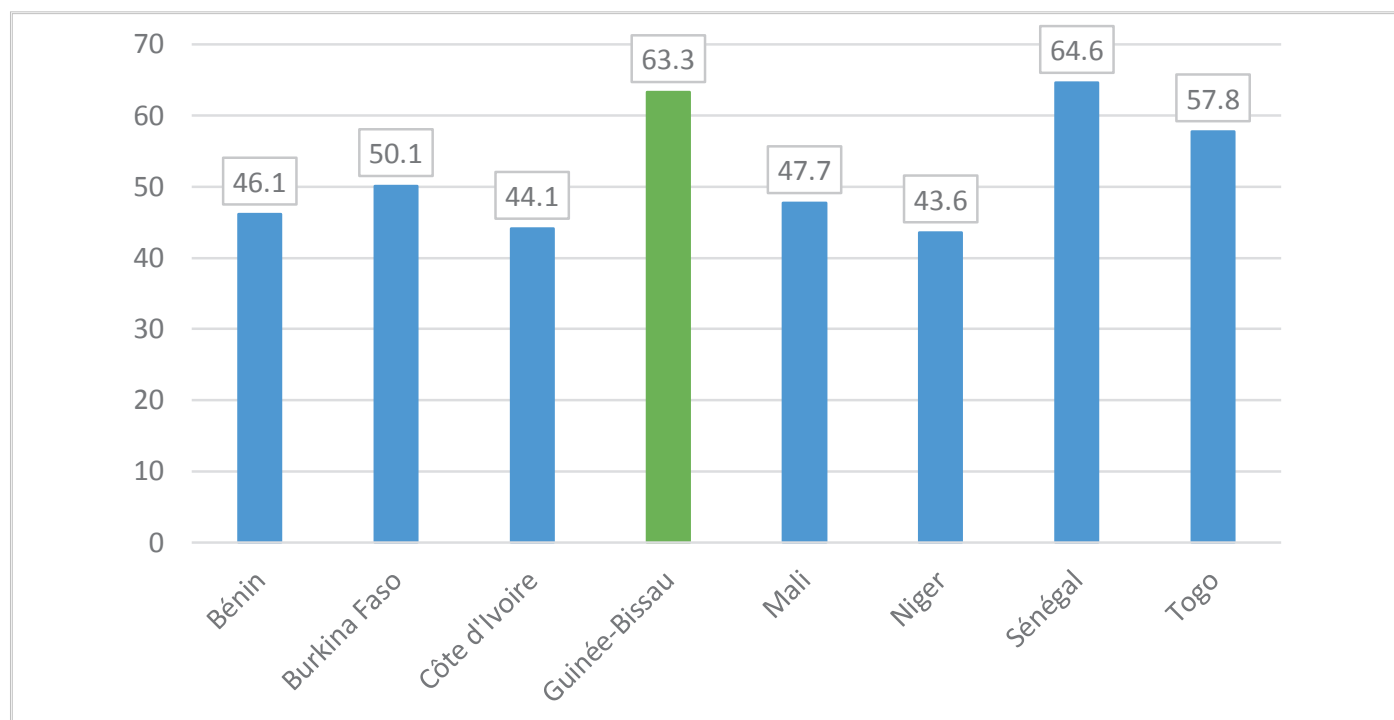


Source: WAEMU Commission - Semi-annual report on the implementation of multilateral surveillance, December 2020

The debt ratio increased from 51.7% in 2015 to 40.1% in 2019. It is expected to rise again in 2020 to 63.30% in line with the increase in the budget deficit before settling at 53.3% in 2021. However, the debt ratio will remain below WAEMU standard of 70.0%.

A comparison of debt ratios with those of other WAEMU countries shows that Guinea Bissau is the second most indebted country in the zone. It is at the limit of the multilateral surveillance criterion set at 70%.

Figure 12. Public debt to GDP in 2020 of WAEMU countries (%)



Source: WAEMU Commission - Semi-annual report on the implementation of multilateral surveillance, December 2020

Details of Guinea Bissau's issues from 2014 to 2021 (debt in local currency)

Instrument	Date of operation	Value date	Maturity	Amount announced (CFAF millions)
T-BILL	26/01/2021	27/01/2021	27/04/2021	11 000
T-BILL	06/08/2020	07/08/2020	05/11/2020	10 000
T-BOND	28/07/2020	29/07/2020	29/07/2023	10 000
T-BILL	07/05/2020	08/05/2020	06/08/2020	15 000
T-BOND	22/04/2020	23/04/2020	23/04/2023	10 000
T-BILL	07/04/2020	08/04/2020	06/04/2021	10 000
T-BOND	24/03/2020	25/03/2020	30/01/2023	10 000
T-BOND	24/03/2020	25/03/2020	30/01/2025	10 000
T-BILL	18/02/2020	19/02/2020	19/05/2020	10 000
T-BILL	18/02/2020	19/02/2020	16/02/2021	10 000
T-BOND	29/01/2020	30/01/2020	30/01/2023	10 000
T-BOND	29/01/2020	30/01/2020	30/01/2025	10 000
T-BOND	08/10/2019	09/10/2019	18/09/2022	15 000
T-BOND	08/10/2019	09/10/2019	09/10/2024	15 000
T-BOND	17/09/2019	18/09/2019	18/09/2022	10 000
T-BOND	17/09/2019	18/09/2019	18/09/2024	10 000
T-BOND	11/06/2019	12/06/2019	12/06/2022	10 000
T-BILL	02/04/2019	03/04/2019	31/03/2020	8 000
T-BOND	12/03/2019	13/03/2019	13/03/2022	6 000
T-BILL	05/02/2019	06/02/2019	04/02/2020	6 000
T-BILL	20/12/2018	21/12/2018	20/06/2019	10 000
T-BOND	08/11/2018	09/11/2018	09/11/2021	5 000
T-BILL	25/09/2018	26/09/2018	24/09/2019	5 000
T-BOND	28/08/2018	29/08/2018	29/08/2021	6 000
T-BILL	05/04/2018	06/04/2018	06/04/2019	10 000
T-BOND	05/04/2018	06/04/2018	06/04/2021	10 000
T-BILL	05/04/2018	06/04/2018	06/04/2019	10 000
T-BOND	05/04/2018	06/04/2018	06/04/2021	10 000
T-BILL	13/02/2018	14/02/2018	12/02/2019	6 000
T-BOND	06/10/2017	09/10/2017	11/04/2020	5 000
T-BILL	10/04/2017	11/04/2017	09/10/2017	16 500
T-BILL	10/04/2017	11/04/2017	09/04/2018	16 500
T-BOND	10/04/2017	11/04/2017	11/04/2020	16 500
T-BILL	22/02/2017	23/02/2017	21/02/2018	13 000
T-BOND	11/07/2016	12/07/2016	12/07/2019	11 000
T-BILL	15/07/2015	16/07/2015	13/07/2016	10 000
T-BILL	14/04/2015	15/04/2015	11/04/2017	15 000
T-BILL	22/07/2014	23/07/2014	21/07/2015	15 000

Source: UMOA-Titres

Auction (for public securities): auction of securities issued by the central government. In the WAEMU zone, it is organized by BCEAO and only banks and other regional financial institutions with accounts at BCEAO can participate. Other entities can only subscribe to auctions through WAEMU banks.

Amortization or maturity: the period between the disbursement of a loan and its final repayment, consisting of the grace period and the repayment period.

Public offering: a call for competition on the financial market for public securities through an IMS. It is open to all investors.

Net external assets (NEA): net claims or liabilities of monetary institutions (Central Bank and banks) on the outside world. This item corresponds to all the headings in the Central Bank and banks' balance sheets relating to their foreign operations. It is obtained by deducting from gross external assets all external commitments, including medium and long-term commitments.

State financing requirement: the overall amount needed to cover the primary budget deficit and the interest and amortization charges associated with the debt.

Treasury bills: short-term government securities with a maturity of between 7 days and 2 years, issued by a WAEMU member state.

Paris Club: informal group of creditor countries (usually OECD countries) that meet in Paris to negotiate debt restructuring agreements with debtor countries experiencing debt service problems.

Bilateral creditors: governments, central banks, agencies, and export credit agencies that lend to a debtor government on an intergovernmental basis.

Multilateral creditors: international institutions that lend funds on concessional and/or non-concessional terms, such as the IMF, World Bank, and regional development banks.

Loans to the economy (EC): all loans granted to the economy by banks (refinanced or not), financial institutions (part refinanced by the Central Bank) and by the Treasury (through the acceptance of customs drafts).

Domestic credit = Credit to the economy + Government net position (see NGP).

Disbursement: payment of all or part of the amount contracted under a loan.

Budget deficit: difference between total revenues and total expenditures and net lending.

Current account deficit: current account deficit in the balance of payments.

Primary deficit: negative difference between revenues and expenditures, excluding interest payments.

External public debt: central government borrowing from non-residents.

Domestic public debt: central government borrowing from residents.

Non-concessional debt: debt contracted on market terms.

Public debt: sum of all central government debts (external and internal).

Economic data :

- Realizations: economic data for past years, calculated on the basis of exhaustive economic information collected on economic activity by national administrations. They should correspond more or less to the final accounts data for year N-3;
- Estimates: correspond to semi-final or provisional accounts, based on the economic information of a given year. They are generally not exhaustive and/or not fully validated;
- Economic projections or forecasts: correspond to economic data calculated on the basis of assumptions made about the future evolution of [economic activity. These projections may partially cover certain accounts for which only provisional and/or partial data are available.

Grant element: difference between the nominal value (VN) and the present value (PV) of the debt service expressed as a percentage of the nominal value of the loan $((VN - VA) / V \cdot N)$.

Concessional borrowing: loans and credits that have a long amortization period and/or below-market interest rates, such that they have a grant element of at least 35%.

Eurobond (or Eurobond): a bond denominated in foreign currency on the London financial market.

Inflation: generalized increase in consumer prices. This results in a loss of purchasing power of the currency.

Multilateral Debt Relief Initiative (MDRI): an initiative launched in June 2005 to accelerate progress towards the Millennium Development Goals (MDGs).

HIPC Initiative: a framework adopted by the World Bank and IMF in 1996 to address the external debt problems of heavily indebted poor countries, with the objective of providing sufficient overall debt relief to achieve debt sustainability.

Money supply (MS): all claims held by the rest of the economy on monetary institutions.

It covers monetary assets (cash in circulation + sight deposits) and quasi-monetary assets (savings accounts and term deposits).

Treasury bonds: medium- or long-term government securities issued through auctions or public offerings.

Contingent liabilities: debts contracted by other public entities with the exception of the central government (local authorities and para-public sector).

Net government position (NGP): net claims or liabilities of the Treasury vis-à-vis the rest of the economy.

The government's net position is the difference between the Treasury's debts and its claims on the Central Bank, banks and individuals and companies.

By convention, a crediting PNG is preceded by a (-) sign while a debiting PNG is preceded by a (+) sign.

Tax burden: the ratio of tax revenues to GDP.

Refinancing risk: risk associated with the renewal of maturing debt. It may relate to the cost of refinancing or the inability to obtain the desired amounts.

Interest rate risk: Interest rate risk refers to the vulnerability of the government's debt portfolio and cost of debt to high market interest rates at the point where maturing fixed-rate debt and floating-rate debt are revalued.

Foreign exchange risks: risks related to fluctuations in exchange rates.

Debt Service: Any payment to be made on account of principal, interest and fees on a loan.

Primary balance : (see primary deficit).

Public debt stock: amount of outstanding debt disbursements at a given date.

Exchange rate: price of one currency in terms of another.

Debt ratio: ratio of the stock of public debt to GDP.

Investment rate of a country's economy: a ratio that indicates the gross fixed capital formation of all economic agents (government, businesses, households) expressed as a percentage of GDP. For a country, GFCF is the sum of hardware and software investments made during one year in that country.

The terms of trade: express the ratio between the price of exports and the price of imports for a country. They are generally calculated on the basis of price indices and indicate a change in relation to a reference year ($T = [\text{export price index} / \text{import price index}] \times 100$).

The terms of trade improve over time ($T > 100$) if an economy exports a smaller quantity of goods to obtain the same quantity of imported goods (in other words, the same quantities exported allow for the purchase of an increased quantity of imported goods): in this case, export earnings improve. In the opposite case, the terms of trade deteriorate (T).

This price ratio thus reflects the evolution of the purchasing power of exports over imports, for a given volume of trade (the structure of trade is fixed): it reflects the price competitiveness of a country (independently of the quantity effect).

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