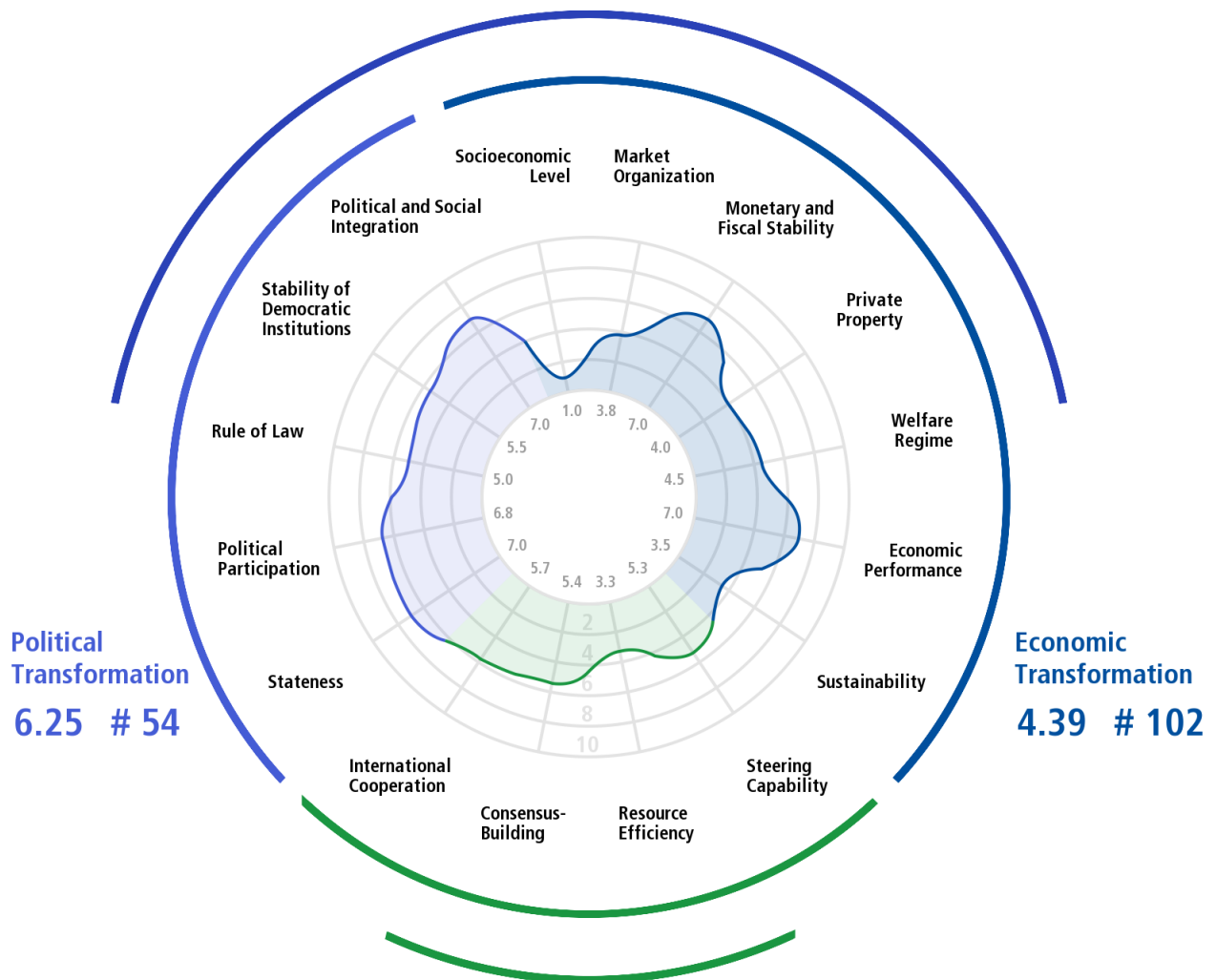


Guinea-Bissau

Status Index

5.32 # 72

on 1-10 scale out of 137



Political Transformation
6.25 # 54

Economic Transformation
4.39 # 102

Governance Index

4.60 # 79

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2020**. It covers the period from February 1, 2017 to January 31, 2019. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at <https://www.bti-project.org>.

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Key Indicators

Population	M	1.9	HDI	0.461	GDP p.c., PPP \$	1796
Pop. growth ¹	% p.a.	2.5	HDI rank of 189	178	Gini Index	50.7
Life expectancy	years	57.7	UN Education Index	0.402	Poverty ³	% 84.5
Urban population	%	43.4	Gender inequality ²	-	Aid per capita \$	62.0

Sources (as of December 2019): The World Bank, World Development Indicators 2019 | UNDP, Human Development Report 2019. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.20 a day at 2011 international prices.

Executive Summary

Throughout the period under review, developments in Guinea-Bissau were shaped by the ongoing domestic political crisis between President José Mário Vaz and the African Party for the Independence of Guinea and Cape Verde (PAIGC). In early 2016, the political crisis quickly transformed into a constitutional crisis over the legitimacy of the expulsion of the 15 dissenting PAIGC members of parliament as well as Vaz's insistence on unilaterally appointing prime ministers without the consent of the ruling party, PAIGC. As a consequence, the parliament remained paralyzed and inoperative for two years until early 2018. As PAIGC renegades, the prime ministers, Baciro Djá (August-September 2015 and May-November 2016), Úmaro Sissoco Embaló (November 2016-January 2018), and Artur Silva (January-April 2018) nominated by Vaz, did not enjoy the PAIGC's and thus the parliament's backing. International negotiations were difficult, due to Vaz's growing authoritarian attitude and Janus-faced play for time. Human rights suffered because the justice sector was politicized by Vaz, who used it against the PAIGC-led opposition. The Conakry Agreement brokered by the Economic Community of West African States (ECOWAS) in October 2016 that provided for the consensual appointment of a new prime minister was ignored by Vaz. Only after sanctions had been imposed in February 2018 against Vaz and his supporters, the appointment of a consensual prime minister, Aristides Gomes (PAIGC), in April 2018 was made possible and parliament resumed work. However, due to insufficient organization and a lack of financial means, parliamentary elections scheduled to take place on November 20, 2018 had to be postponed. Vaz, the PRS and several parties without representation in parliament questioned the entire voter registration process, seconded by the attorney general, a Vaz adherent. Only following international pressure, Vaz set March 10, 2019 as the new date for the elections – presidential elections were due to occur in mid-2019.

Meanwhile, Guinea-Bissau remained one of the least developed countries in the world with a very low Human Development Index, ranked at 177 out of 189 countries. Although debts have been reduced and economic development has been very positive in recent years, low incomes and the low quality of government services – particularly education, health, and security – have contributed to this outcome. The economy remains poorly diversified and marked by multilevel

corruption. Human rights violations committed by security forces continued and political pressure was exerted on the media and international organizations (EU, ECOWAS), contributing to Guinea-Bissau's qualification as a defective democracy. Political instability, due to the long political stalemate, was a major factor that prevented necessary reforms. Over the past two decades, Guinea-Bissau has attracted a lot of migrants from the region, especially from Guinea, Senegal, the Gambia, and Mauritania, many of them working in the commercial sector. Simultaneously, Guinea-Bissau has become a transit and country of origin of migrants on their way north.

History and Characteristics of Transformation

The territory of present-day Guinea-Bissau was settled between 900 to 1,300 A.D. by migrants from West and/or Central Africa. Some communities were ruled by village headmen or by elders. Other groups integrated into larger, more centralized structures, such as the Mandingos' Kaabu Empire that emerged in the thirteenth century. This empire lasted until the mid-nineteenth century when it was defeated by Fula warriors, resulting in Islamization and decades of warfare. Beginning in the mid-fifteenth century, Portuguese navigators entered the riverine lowlands where they established small commercial settlements. Due to intermarriages, creole communities emerged. For centuries, the coastal territories were administered from Cape Verde and were part of a transatlantic trading network. As such, the territory became a major hub for trading slaves. Until the late nineteenth century, the colonial presence was very weak and limited to the coastlands.

Since the 1880s, Portugal's colonial penetration of the hinterland was prioritized, resulting in the violent conquest of most of the territory, although effective control remained weak and continuously contested. Authoritarian Portuguese colonial exploitation contributed little to socioeconomic and infrastructural development, as it was mostly focused on extracting agricultural surpluses. The colony's population was excluded from political participation. The vast majority of the population remained illiterate and without formal education.

The liberation movement, PAIGC, was founded in 1956 and soon gained dominance over rival groups. In 1963, the PAIGC launched a successful but bloody independence war, after Portugal had not shown any willingness to compromise. Independence was declared in September 1973, recognized by Portugal only after the Carnation Revolution in September 1974. Following independence, a left-wing autocratic, centralized political system emerged that gained support not only from the Eastern Bloc, but also from non-aligned countries. The state ideology – shaped by the charismatic founding father of the PAIGC, Amílcar Cabral – was based on a strong appeal to national unity. Growing authoritarianism, severe economic problems, and a projected intensification of cooperation with Cape Verde led to a successful coup in November 1980. This putsch marked the beginning of political instability in Guinea-Bissau, bringing to power former independence fighter, João Bernardo “Nino” Vieira. Vieira managed to play off rivals against each other, thus surviving both actual and alleged coup attempts. Since the mid-1980s, economic structural adjustment led to economic liberalization, followed by political liberalization that resulted in the first multiparty elections in 1994, turning Vieira into a democratically elected

president. Yet, despite these reforms, Guinea-Bissau remained one of the least developed countries in the world with increasingly disintegrating, underfunded state structures and underpaid officials, as well as high degrees of corruption. In 1998, a conflict between President Vieira and dismissed General Chief of Staff Ansumané Mané resulted in 11 months of a severe, Bissau-centered military conflict. Since the end of the war, the United Nations Integrated Peacebuilding Office in Guinea-Bissau (UNIOGBIS) has been present in the country.

Free and fair democratic elections in 2000 brought to power the oppositional Party for Social Renewal (PRS); its leader Kumba Yalá was elected president. However, Yalá's erratic and increasingly autocratic governance led to a coup in September 2003. A transitional government prepared for new elections, which were held in 2005, and again saw Vieira return from his exile become president. However, political instability continued, culminating in the assassination of President Vieira and General Chief of Staff Batista Tagme Na Waie in March 2009. This fragility was further compounded by drugs (in particular, cocaine) being trafficked through Guinea-Bissau, apparently coming from Latin America. Despite formally democratic elections in 2009, won by Malam Bacai Sanhá, political tensions continued. In April 2012 conflicts over a security sector reform led to another military intervention. A transitional government brokered the replacement of the Angolan military training mission (MISSANG) by a contingent of the ECOWAS Standby Force (ECOMIB), deployed to date.

After two years of unpopular transitional government rule, free and fair elections were realized in mid-2014. They signaled a promising new beginning for most Bissau-Guineans after years of stagnation, increasing corruption, economic challenges, and pressures on the media and the opposition. The elections brought to power the PAIGC with an absolute majority. To underline the "new spirit," PAIGC leader Domingos Simões Pereira formed a government, made up of all parties represented in parliament. PAIGC candidate José Mário Vaz won the presidential elections. Indeed, subsequent developments were very positive: governance was enhanced, political tensions decreased considerably, and "strong man" General Chief of Staff António Indjai (a key figure influencing politics behind the scenes since the coup in 2009) was dismissed, due to pressure by the international community. The economy grew and structural investments could be made, given to the substantial resume of international cooperation that had been largely suspended. With donors, the Terra Ranka development strategy was successfully adopted in March 2015. This resulted in growing popular confidence.

However, crisis was back on the agenda in mid-2015 after deep political divisions between President Vaz, on the one side, and Prime Minister Pereira and the majority of the PAIGC, on the other, emerged. In August, Vaz dismissed Pereira and unilaterally appointed PAIGC-dissenter Baciro Djá as the new prime minister. However, Djá was not able to form a new government. Carlos Correia (PAIGC), as a consensual candidate of both Vaz and the PAIGC, was appointed prime minister in September; the PRS did not form part of the new government, but decided to align with 15 PAIGC dissenters who backed Vaz. The president dismissed Correia in May 2016.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

Transformation Status

I. Political Transformation

1 | Stateness

The Bissau-Guinean state's monopoly on the use of force covers in principle its national territory, as there are no paramilitaries, mafias or clans in territorial enclaves to control large parties of the country. Similarly, there is no systematic banditry. However, small forest areas along Guinea-Bissau's northwestern border with Senegal have served for decades as a retreat for guerrilla factions of the Movement of Democratic Forces of Casamance (MFDC). During the reporting period, the MFDC continued to use areas along the border as a sanctuary zones, although their actions were directed against the state of Senegal, not against Guinea-Bissau. More fundamentally, the capacity of Guinea-Bissau's security forces continues to be limited and, in particular, remote, rural areas are characterized by the absence of state structures. Thus, although there are no groups that challenge the state's use of force, it is rather the state's lack of presence that impedes its monopoly on the use of force.

The vast majority of Guinea-Bissau's population accepts the nation-state as legitimate, and all individuals and groups enjoy the right to acquire citizenship without discrimination. Although there are political conflicts over governance and policy, the nation-state's validity is generally not questioned. Even if the Bissau-Guinean state institutions are widely known and regarded as "weak" and corruption is often lamented, all relevant groups in society accept and recognize state institutions in principle. Although sometimes isolated conflicts occur between individuals and groups from various ethnic and religious backgrounds at the village level, there are no conflicts over the question of national citizenship. In fact, national identity and cohesion across ethnic and religious boundaries have been very strong since independence, also because the war of independence against Portugal and the national ideology serve as unifiers.

Question
Score

Monopoly on the
use of force

7

'06 '20 10

7

1

State identity

9

'06 '20 10

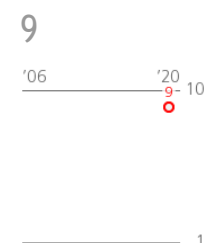
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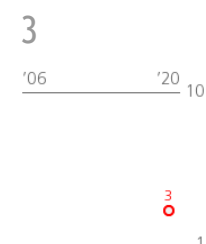
Guinea-Bissau's population is very heterogeneous in religious terms. It is marked by "religious forum shopping" and parallel adherence to several religious faiths. According to the last census conducted 2009, 45.1% of the population was Muslim (mostly in the Eastern part of the country), 22% Christian (mostly in the coastlands), and 14.9% were believers in local religions; both Islam and Christianity are represented by diverse denominations in Guinea-Bissau. According to the *Vozes do Povo* survey of 2018, 47% of respondents identified themselves as Muslim, 39% as Christian, and 9% as "animist." In recent decades, as in other parts of Africa, evangelical churches (mostly from Brazil) have gained ground, while conservative Muslim countries have donated grants and scholarships, thus competing with firmly anchored Sufi Islam. The state is legally secular, and this is respected by the government. However, politicians have to respect religious feelings. Likewise, decisions by some politicians may to some extent be influenced by their respective beliefs, although this impact is not considerable. For instance, in recent years, acting President Vaz is widely believed to rely on local religious practices of divination when making politician decisions.

The state provides only very basic, barely effective administrative, health, security, justice, infrastructural, and education services, which are particularly weak outside the capital. Although numerous attempts have been made to reform governance, security, and the rule of law in Guinea-Bissau, the state continues to be marked by an insufficient presence in the countryside. Services are often inconsistent and personalized, and citizens often have to pay individual civil servants for services. This also applies to the security and justice sectors. The security forces are badly equipped, poorly paid, and often insufficiently trained, although with international help a few model police stations have been created. Moreover, a few prisons and justice buildings have been renovated. Access to justice centers has been established as part of international cooperation; yet, the state struggles to keep services running. A reliable road infrastructure is largely maintained through international loans and donations and only links the country's major centers. Access to villages especially in remote parts of the country, can be very difficult, particularly during the rainy season. Ship connections to the islands are very rudimentary. The state-run telecommunication company went bankrupt some years ago; currently, only private companies maintain a mobile phone network and slow, limited internet access outside the capital. Electricity is unreliable and power cuts are frequent, sometimes lasting several days. Particularly the health and education sectors are often hit by strikes due to low or unpaid salaries; classes in public schools are often cancelled. Education quality is insufficient, especially on the countryside. The health sector continues to be marked by significant insufficiencies; even the main public hospital in the capital only provides basic services. A reliable ambulance service does not exist, and the number of adequately trained specialists is very limited and concentrated in the capital. Guinea-Bissau's very low HDI confirms these observations.

No interference of religious dogmas



Basic administration



2 | Political Participation

Guinea-Bissau held free and fair multiparty legislative and presidential elections in 2014. Elections that had been scheduled to take place in November 2018 had to be postponed due to an incomplete voter census. The delay was owed to a lack of financial and material resources. Legislative elections were to take place in March 2019. An increase in local autonomy, debated for almost 30 years has not been implemented; therefore, local elections were not held.

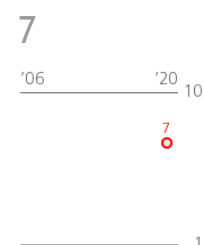
Universal suffrage by secret ballot is ensured. Guinea-Bissau has an established multiparty system. However, President Vaz tried to monopolize the appointment of prime ministers from 2016 to 2018, thus idiosyncratically interpreting the constitution and creating a political and constitutional crisis. Vaz ignored the right to participation by the leadership of the party with majoritarian representation in parliament, the PAIGC. Election management is barely effective and dependent on foreign aid. It can be regarded as impartial, although the opposition has accused the National Election Commission of partiality. In the period under review, voter registration was slow; transparency has been criticized; and scattered double registration was reported. In past elections, the polling process was considered transparent, accessible, free, and fair, and so was formal media access for campaigners. Yet, there were reports of vote rigging.

The president and parliament were elected democratically in 2014. In the past, the military exercised its veto power in politics, which included its ability to influence the appointment or dismissal of the general chief of staff and culminated in coups and coup attempts. The last successful putsch occurred in April 2012. However, things have improved in recent years, as the armed forces, which remain influential, nonetheless appear to have accepted the government's right to authority

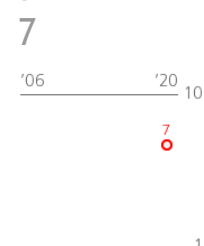
However, people in Guinea-Bissau still think that the military plays an important role behind the scenes. It appears that it has found more subtle ways of accessing political power, as opposed to the coups of the past.

Guinea-Bissau's constitution and legal framework guarantee freedom of assembly and association. Formally, the government generally respects freedom of association. In late 2017, however, the president, through the prime ministers and interior ministers, met peaceful demonstrations with force and even prohibited demonstrations, pointing to a supposed inability to guarantee security. By contrast, pro-president groups did not encounter similar restrictions and interference. In January 2018, police forces occupied the headquarters of the PAIGC after controversial court rulings were made and attempted to dissolve the party. The police also prevented a demonstration in front of the Senegalese Embassy in Bissau in August 2018. The same month, journalists accused the government and the police of employing intimidation to end their strike. In November 2018, police forces tried to

Free and fair elections



Effective power to govern



Association / assembly rights



break up using force a peaceful demonstration of striking students, leaving eight individuals injured.

The Bissau-Guinean constitution guarantees the freedom of expression. The state does not practice any formal censorship. However, in September 2017, employees of the public TV station signed a petition against any form of censorship. Apart from public TV and radio stations, there were numerous private radio stations in the country. One public weekly newspaper and several private ones guaranteed plurality.

In mid-2018, journalists from the public radio and TV stations and the state news agency, who struck for better working conditions and salaries, were intimidated by the police. Journalists practiced self-censorship when “delicate” issues were touched upon, such as the military and drug- and timber-trafficking in which officials and businessmen were involved. The public Portuguese radio and TV that maintains a station in Bissau was shut down in July 2017 for four months because their reporting had been regarded as tendentious by the president and his government. Some politicians threatened to expel the head of the EU delegation in Bissau, after unwelcome results from an EU-financed public opinion survey were presented in October 2018. Access to information was not guaranteed, according to Reporters Without Borders.

3 | Rule of Law

Guinea-Bissau’s constitution stipulates the separation of executive, legislative, and judicial powers. Although the separation of powers is in place and functioning, checks and balances are occasionally subject to interferences. In recent years, President Vaz has sought to dominate the legislature and the justice system, testing the limits of the constitution. Inter alia, he appointed attorney generals (António Sedja Man, acting from November 2015 – November 2017; Bacar Biai since November 2017) who were widely believed to act in favor of Vaz – although both the president and Attorney General Biai denied any politically motivated persecutions. In 2017, the acting general attorney was criticized for using accusations of corruption as a means to intimidate and silence leading opposition politician, PAIGC President Domingos Simões Pereira.

Guinea-Bissau’s constitution and several laws establish that the judiciary is independent. An independent body, the Superior Council of Magistrates, is composed of elected judges administers the judiciary. Judges on the Supreme Court – which also acts as Constitutional Court – are nominated by the Superior Council of Magistrates and appointed by the president. However, judges often fear retaliation and lament poor working conditions and a lack of security when involved in politically delicate cases. This was also the case with regard to several controversial court rulings in early 2016 that were regarded as having been subject to political interference from the executive. Thus, the judiciary is only partly independent.

Freedom of
expression

6

'06 '20 10

6

1

Separation of
powers

6

'06 '20 10

6

1

Independent
judiciary

5

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5

1

Indeed, many Bissau-Guineans complained of judges who are influenced either politically or financially. Although improvements have been made in recent years owing to international support, trust in the judiciary remains generally low, and it is believed to be very corrupt. Access to the judiciary in the interior is very limited. The Audit Court – established in 1992 – had not been operational until 2015, given a lack of funding. The new prime minister, Aristides Gomes, expressed his support for the Audit Court.

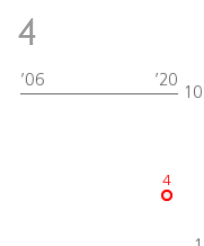
Public officeholders who benefit illegally from their positions are rarely held accountable by legal prosecution when they break the law and engage in corrupt practices. This concerns all the top government officials, including the president. Public contempt depends on relatedness and the reputation of the officeholder. As a rule, corrupt officials are widely perceived as getting away with their crimes without consequences. Usually, officeholders who break the law are dismissed, rather than prosecuted. Members of the government accused of corruption often return to official positions after an interim. Conflicts of interest and ethical misconduct are often not addressed.

Generally, civil rights are codified in Guinea-Bissau. However, fundamental rights are only partially respected in practice. The police forces in particular have repeatedly been accused of torture and using excessive force, although this is not a mass phenomenon. Mechanisms and institutions for prosecuting, punishing and redressing violations of civil rights are in place, but not consistently effective. Conditions in the few prisons are harsh. Discrimination based on sexual orientation is usually not an issue. Especially in areas dominated by Islam and customary law, women did often not enjoy the same rights as men. Though legally prohibited, female genital mutilation continued to be practiced in rural areas. Although the Guinean Human Rights League reported in February 2018 a decline by 5%, almost 45% of all Bissau-Guinean women between the ages of 15 and 49 were reportedly affected by this practice. More generally, women also continued to experience discrimination in political representation, employment, pay, and education.

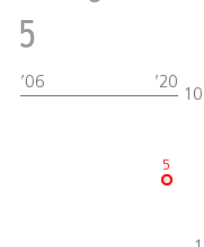
4 | Stability of Democratic Institutions

Democratic institutions exist and have been legitimized through popular vote. However, in the reporting period, top Bissau-Guinean institutions were hit by extensive, counterproductive frictions. This concerned the parliament – the National People’s Assembly – and the president. They engaged in a serious conflict, leaving the parliament unable to operate for about two years, until April 2018. The remaining institutions, like the judiciary and the public administration, performed their functions only in principle and partially. Local government independent from central state institutions does not exist.

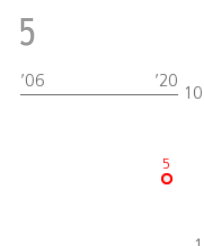
Prosecution of
office abuse



Civil rights

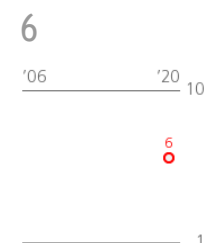


Performance of
democratic
institutions



Democratic institutions – including the president and the parliament – were in principle accepted as legitimate by all relevant actors, although institutions like the judiciary enjoy little popular confidence. However, the prime ministers unilaterally appointed by the president and the respective governments were partly regarded as illegitimate, as they lacked the constitutionally required support by their parties and their programs were not approved by parliament. The speaker of parliament from the PAIGC, which won the elections in 2014, prevented alternative majorities, made up of the PRS and the 15 PAIGC dissenters who supported President Vaz, by not convening any sessions. They may have confirmed those prime ministers who had been unilaterally – contravening the constitution – appointed by the president. This crisis was overcome in April 2018 by the appointment of an agreed-upon prime minister, Aristides Gomes (PAIGC), after years of international pressure and sanctions by the Economic Community of West African States (ECOWAS). All the same, there were no institutions that were regarded as outright illegitimate in and of themselves.

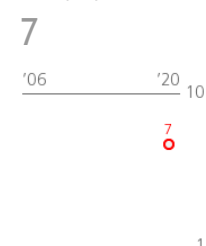
Commitment to democratic institutions



5 | Political and Social Integration

In the past two decades, the party system has been relatively stable with two major parties competing for power. The oldest party is the PAIGC that was founded in 1956 as an independence movement, which continues to be associated with the successful independence struggle against the former colonizer. After independence, it emerged as an authoritarian left-wing party. To date, the PAIGC continues to be regarded as a political party that attracts voters from all ethnic groups and religions and pretends to embody more than other parties an inclusive state ideology. It is also popular among intellectuals, is considered to be best organizationally institutionalized, and is regarded as not personality based – in contrast to the PRS, the Assembly of the United People-Democratic Party of Guinea-Bissau (APU-PDGB), and Democratic Alternative Movement (MADEM-G15), inter alia. In the first multiparty elections in 1994, the PRS emerged as the second largest party, benefiting from its charismatic, but controversial leader Kumba Yalá, who ruled as democratically elected president from 2000 to 2003. Following Yalá's death in 2014, the PRS did not repeat its earlier successes, although the party continues to build on a stable, mainly rural electorate, and continues to be popular among many ethnic Balanta voters. New parties emerged after the last general elections in 2014. Nuno Gomes Nabiam, who received a considerable number of votes in the 2014 presidential elections, founded the APU-PDGB, which is largely perceived as a competitor to the PRS. In mid-2018, MADEM-G15 was founded by leading PAIGC dissenters, headed by controversial businessman Braima Camará. The upcoming elections will show if and to what extent these new political formations will be able to challenge the PAIGC and the PRS and increase voter volatility. Apart from this, there are several dozen usually very personality-based parties, although only six parties are represented in parliament, indicating moderate fragmentation of the party system. Although many citizens

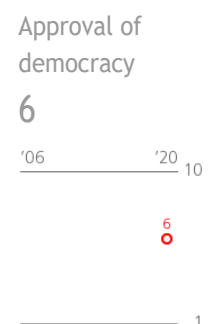
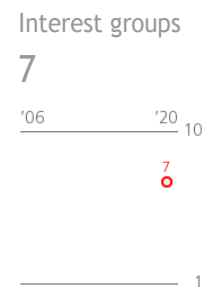
Party system



regard political parties in general as clientelist, the PRS especially has been associated with clientelism. In the past, electoral violence has not been a prominent issue, although recent years have seen, to some degree, polarization within society. While both the PAIGC and the PRS can be considered the most socially rooted, some 62% of respondents to the *Voices do Povo* survey stated that they aligned with one party in particular.

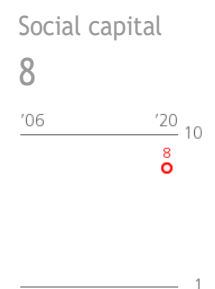
The largest parties have support in all regions of the country, although they have regional focuses, for which they enjoy particular electoral support. More so than any other party, the PAIGC appears to enjoy even support across all regions. Guinea-Bissau features both a wide range of political parties and a highly differentiated civil society. The country also features a variety of trade unions – organized into at least two federations, one dating back to the times of the one-party state – and professional organizations that pay lip service to fighting for better working conditions and salaries. Yet, because most formal employment is in the state sector and the financial resources of the state are very limited, the results of trade union activities are limited. At the same time, there are also employees’ and trade associations, such as a chamber of commerce. Apart from this, there are specialized non-governmental organizations that defend women’s rights and human rights, represent the various religious and local communities, veterans and traditional leaders, engage in environmental protection and for the development of the country in general, etc. On specific occasions, these groups can work together. In recent years, some groups have been founded that are nominally independent of any party influence, but attempt to politically mobilize the population in favor of specific parties or party coalitions. Most organizations are however dependent upon foreign support and patronage and are sometimes even created to tap foreign funding in sectors and on issues internationally deemed to be worthy of support. The Catholic Church repeatedly acted as a broker in political conflicts. Thus far, organizations that openly and effectively undermine democracy and civil society to mobilize particular ethnic or nationalist interests do not exist.

Quantitative surveys on the approval of the democratic system, performance, and institutions are limited for Guinea-Bissau. Results from the first quantitative, EU-financed survey (*Voices do Povo*) on public opinion in Guinea-Bissau published in October 2018 showed that 53% of the respondents regarded democracy preferable to any other form of government – in contrast to 9% that favored a non-democratic government and 48% of all respondents associated democracy with freedom. Of all respondents, 61% agreed that political parties were necessary while 33% opined that parties were unnecessary because they created dissent. Moreover, 66% agreed that the president should obey the law and court decisions, while 27% said that the president should not submit to court decisions. At the same time, 77% (against 14%) rejected a one-party system, 80% (against 11%) military rule, and 82% (against 8%) a presidential dictatorship without elections and parliament. Regarding democratic performance, 70% of respondents opined that one could say freely what one thought,



67% that one could join any political organization, and 75% that one could vote without being pressured. However, 43% agreed that they were living in a democracy with big problems, and 11% even said that Guinea-Bissau was not a democracy, while 14% were convinced that it was a democracy with small problems – only 7% believed that they were living in a complete democracy. Additionally, 77% of respondents were unsatisfied with the functioning of democracy. Democratic institutions were assessed negatively: the institution in which respondents had the lowest level of confidence was the treasury (77%), followed by the parliament (68%), the prime minister (61%), the courts (59%), the police (53%), the president (43%) and the armed forces (34%), which might suggest an authoritarian fixation. Many citizens lamented the absence of the state in various sectors: 64% felt abandoned by the state, and only 28% stated that they felt protected. Of polled Bissau-Guineans, 59% associated politicians with corruption, whereas 78% believed the government's fight against corruption was insufficient; 51% said that the president always or frequently ignored the constitution, as opposed to 33% who said he never or rarely did so. Regarding corruption, 45% (as opposed 48% who stated the opposite) opined that politicians involved in crimes always or in many cases went unpunished, while 88% were convinced that politicians were only serving their own interests. These results express ambivalence with a political system the performance of which is considered insufficient while, at the same time, a majority welcomed democracy and enjoyed civic liberties. At the same time, the study reveals that citizens have difficulty coherently expressing their opinions.

Although Guinea-Bissau has been characterized by the legacies of authoritarian colonial and one-party rule that included social pressure, cooperation and mutual support for purposes of self-help among citizens is well established. This is also owed to an inclusive state ideology developed and popularized by the (former) ruling party, the PAIGC, but also because of years of armed struggle that largely succeeded in uniting the population across cultural, ethnic, social, and religious boundaries. Although ethnic and religious stereotyping exists, solidarity and trust among Bissau-Guineans is very strong. There is a lively, voluntary and autonomous organization of cultural and social associations across the country. According to the *Voices do Povo* survey, 58% of the respondents took part in religious organizations, 42% in communitarian and sports associations, 30% participated in political parties, 23% in trade and agricultural unions, and 7% in professional or employee organizations.



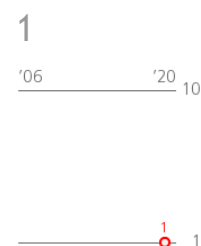
II. Economic Transformation

6 | Level of Socioeconomic Development

Guinea-Bissau belongs to the poorest countries in the world and ranked 177 out of 189 countries in the United Nations' Human Development Index (HDI) in 2017, representing a downward slide of two positions since 2012, although the rate improved from 0.426 (in 2010) to 0.455 (in 2017). Like other post-socialist countries, Guinea-Bissau has an elevated Gini coefficient (50.7), indicating medium to high income inequality. A very large percentage of Bissau-Guineans (67.4%) live in poverty. The country relies mainly on foreign assistance, subsistence economy, and the export of cash crops (cashew kernels, fish). The processing industry remains underdeveloped and many mineral resources (bauxite, phosphate, oil) remain unexplored. Women are relatively well-represented in the workforce, a feature that can be also attributed to Guinea-Bissau's post-independence, socialist one-party era, when the social advancement of women was promoted. However, both girls and boys from disadvantaged social classes are vastly discriminated against by the failing public education system, marked by a low quality of schooling, limited years of schooling, and frequent cancellation of lessons or even entire school years. However, statistical data on years of schooling are currently not available. At present, there is no quantitative data available on gender inequality. Generally, women continue to suffer from disadvantages, sometimes due to sociocultural and religious restrictions. This also concerns the legal sphere: according to the civil code, for example, married women cannot – at least in theory – conduct business without the permission of their husbands, according to the World Bank's Doing Business 2019 report.

Question
Score

Socioeconomic
barriers



Economic indicators		2015	2016	2017	2018
GDP	\$ M	1047.8	1178.2	1346.8	1458.2
GDP growth	%	6.1	6.3	5.9	3.8
Inflation (CPI)	%	1.4	1.6	1.4	-
Unemployment	%	4.3	4.2	4.0	4.1

Economic indicators		2015	2016	2017	2018
Foreign direct investment	% of GDP	1.8	1.2	1.2	1.2
Export growth	%	17.2	10.7	-17.8	12.9
Import growth	%	15.7	14.6	18.6	-1.7
Current account balance	\$ M	20.9	10.1	3.9	-
Public debt	% of GDP	61.7	62.6	57.2	64.3
External debt	\$ M	314.8	295.2	343.0	420.7
Total debt service	\$ M	3.5	6.8	8.0	8.2
Net lending/borrowing	% of GDP	-	-	-1.6	-
Tax revenue	% of GDP	-	-	10.3	-
Government consumption	% of GDP	11.3	9.8	9.3	9.7
Public education spending	% of GDP	-	-	-	-
Public health spending	% of GDP	2.2	2.7	-	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	1.6	-	-	-

Sources (as of December 2019): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

7 | Organization of the Market and Competition

Market organization is very weak. Although various attempts and many promises have been made in the past decade to facilitate trade and enhance market-based competition, the Ease of Doing Business Score is only 42.85 out of 100 (ranked 175 out of 190 countries). According to Doing Business 2018, starting a business takes eight days and eight procedures with a cost of 91.0% of GNI per capita. In the Heritage Foundation's 2018 Economic Freedom Index, Guinea-Bissau ranked 118 (out of 180 countries), a slight improvement in comparison to 2017 when it was ranked 119.

According to the Heritage Foundation, nontariff barriers especially impede trade in Guinea-Bissau, although the country received a medium rating in terms of trade freedom. Further obstacles were political instability, regulatory lack of transparency, an underdeveloped and costly financial sector, and high levels of corruption. The protection of property was generally weak, also due to the weak rule of law,

Market organization

2

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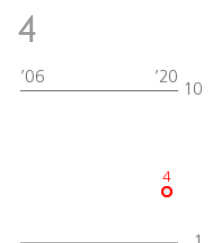
inadequately trained and paid judges, and prevailing corruption that is not effectively combatted.

The Bissau-Guinean market remained characterized by informality – expressed by vast petty trade. There are no official statistics on the size of the informal employment sector. A huge part of it is dominated by trafficking of narcotics and closely linked to the army. This indicates inappropriate institutional frameworks of economic and social policy, while existing rules are frequently applied inconsistently. Oligopolies existed for the importation of specific products in some segments. The state has set prices for cashew kernels – the country’s main cash crop – rice, and fuel, with limited success, however, as in the case of cashews. Another segment subject to state intervention is the export of (partly illegally lumbered) timber, in which leading officials are involved. Nonetheless, state intervention is not excessive. With respect to the market for mobile communication, Guinea-Bissau allows for partial competition through the issuance of a limited number of licenses and full competition in wireless local loop. Principally, cross-border labor (many Bissau-Guineans work abroad and in neighboring countries) and movement of capital is possible. Since 1997, Guinea-Bissau has been a member of the West African franc (CFA) zone. The CFA has been pegged to the euro since 1999 (previously to the French franc) and convertibility is guaranteed by France. However, in practice it is difficult to exchange CFAs into major currencies outside the CFA zone.

Guinea-Bissau does not have a national competition law and a national competition authority. However, it is a member of the West African Economic and Monetary Union (WAEMU) that adopted antitrust competition legislation in 2002 and has been operative since January 2003. Hence, Guinea Bissau applies the regional law of WAEMU to national anti-competitive practices. On paper, Guinea-Bissau had a planned economy from independence until the 1980s, characterized by state monopolies. Although these monopolies were largely abolished, some continue de facto to exist, such as the Bissau Port Authority and the Bissau water and electricity supply enterprise. Further, some market segments are dominated by a few entrepreneurs, indicating a partly concentrated market. Currently, Guinea-Bissau is not a member of the International Competition Network (ICN). In general, law enforcement and control capacities are weak in Guinea-Bissau and can be biased. Economic free zones do not exist. The electricity and water supplies – de facto only in the capital – are indirectly subsidized by the state and donors.

Guinea-Bissau has been a member of the World Trade Organization (WTO) since May 31, 1995 and a member of the West African Economic and Monetary Union (WAEMU) since May 2, 1997. Given its dependence on the export of cash crops and foreign aid, Guinea-Bissau’s integration into the world market is limited and one-sided. Formal protectionist measures and limited market access resulting from non-tariff measures do not apply. In principle, both people and goods can travel freely across borders within the ECOWAS zone, of which Guinea-Bissau was a founding

Competition policy



Liberalization of foreign trade

5

member in 1975. However, in practice, cross-border trade was time-consuming and costly, according to the World Bank's Doing Business 2019 report. Merchants can be exposed to bribe demands at borders. According to the WTO, the simple average of the most favored nation status applied was, in total, 12.2% in 2017 (agricultural: 15.8%; non-agricultural: 11.5%).

In socialist times, Guinea-Bissau's banking system was monopolized by the state; it was liberalized in the 1980s. However, only in the 2000s and 2010s have commercial banks become increasingly active in the Bissau-Guinean market. This development has also been prompted by the government's decision to switch from cash payments to bank transfers, including for paying the salaries of civil servants. In practice, there appears to be little supervision effected by the state. According to the Heritage Foundation, the financial sector remains underdeveloped and continues to provide a very limited, somewhat costly range of services. Many people rely on informal lending and have no bank accounts, although the number of account holders has increased in recent years, and the presence of banks in the interior has much improved. Currently, there are several commercial banks present in the country: Banco da África Ocidental, Banco da União, Orabank (formerly Banque Régionale de Solidarité), Banque Atlantique Guinée-Bissau, and Ecobank. A great deal of economic activity remains outside the formal banking sector, including, for instance, rotating savings and credit associations, as well as money transfer companies (Western Union, MoneyGram) and informal money transfer services. Thus, both the banking system and capital markets are poorly differentiated. Currently, no data for the ratio of bank non-performing loans and the bank capital to assets ratio are available, according to the World Bank.

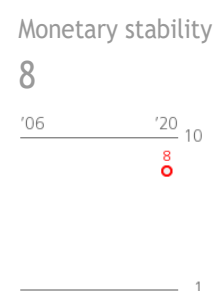


Banking system
4



8 | Monetary and fiscal stability

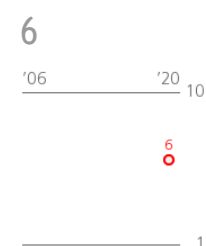
On May 2, 1997, Guinea-Bissau abolished its own currency, the Bissau-Guinean peso (GWP), in favor of the CFA franc (XOF). The peso had been devalued by high inflation. Since then, the Central Bank of the West African States (BCEAO) serves as the country's central bank. The exchange rate is pegged to the euro (1 EUR = 655,957 XOF). Since the introduction of the CFA franc, inflation has been generally low: for 2018, it was estimated at 2.0% after being 1.4% in 2017. This increase was due to high domestic demand, following a positive economic development and rising prices for rice and other basic foodstuffs. The Central Bank of the West African States is independent from political interferences. In 2010, the bank assigned its monetary policy to the Monetary Policy Committee (MPC). Stability is expressed by the BCEAO's interest rates: the minimum bid rate is 2.5% (since September 2013), marginal lending is 4.5% (since September 2016). Its communication with the actors in the financial markets is comparatively transparent.



Monetary stability
8

Past, democratically legitimate governments attempted to promote fiscal stability (expenditure controls and increases in tax revenues) and debt relief, in cooperation with international partners. Nonetheless, the country has continued to rely on international financial assistance; fiscal deficits for 2017 were low and a little higher in 2018. Internal political instabilities have rendered these endeavors more difficult, despite fiscal improvements and a generally positive outlook, as noted by the IMF. According to the World Bank, the current account balance was 0.9 in 2016; data for 2017 and 2018 were not available. Owing to successful debt restructuring in the past, the total public debt, after peaking at more than 500% of GDP in 1998, declined to 49.2% in 2017 – compared to 55.1% in 2014, according to the African Development Bank. Correspondingly, external debt decreased from 15.1% of GDP to 12.4% in 2017, according to the IMF. According to the World Bank, total debt service in 2016 amounted to 0.4% of the Gross National Income (GNI). Government consumption was estimated at 12% for 2017, according to the CIA World Fact Book. Current data on the cash surplus/deficit and total reserves were not available.

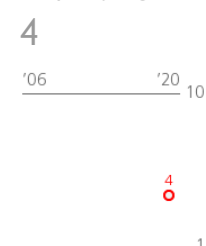
Fiscal stability



9 | Private Property

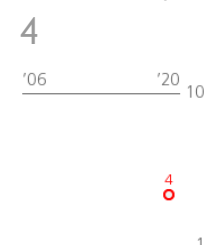
Property rights regulations (including acquisition, benefits, use, sale, and registration) are well defined legally, but the protection of property rights in Guinea-Bissau is generally weak, according to the Heritage Foundation. After independence, property owned by foreigners was nationalized. Some of these nationalized assets were later appropriated by politically influential actors. All land belongs to the people of Guinea-Bissau, that is, in practice, to the state, ruling out private property rights. This only allows the state to grant concessions to individuals and groups. According to the World Bank's Doing Business 2019 report, it took 48 days to register property, five procedures were necessary, and the costs to do so amounted to 5.4% of the property value – whereas the quality of the land administration index was low at only 3.0. A corrupt, nontransparent, and inefficient legal and administrative system hampered registration and ownership of property.

Property rights



In Guinea-Bissau, private companies are legally allowed and can in principle operate in the country. However, private companies are often seen primarily as mere providers of employment, not first as profit-oriented enterprises that compete for tenders and contracts. This is consistent with widespread expectations of a strong state that is supposed to provide welfare, even though its capacities are very limited in various ways – which negatively affects the population's human development. Earlier privatization processes as part of economic liberalization in the 1980s were often not conducted in a transparent manner and were inconsistent with market principles. The legal protection of private enterprise is generally low, and thus depends on personal contacts and/or corruption.

Private enterprise

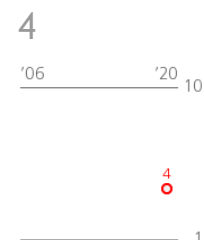


10 | Welfare Regime

The vast majority of Guinea-Bissau's population is at risk of poverty. Most people are forced to rely on extended networks of family, friends, colleagues, and neighbors as well as private charity for social security. Despite some improvements (life expectancy, for example, has risen from 45.9 years in 1980 to 57.8 in 2017, and health expenditure from 4.9% of the GDP in 1980 to 7.0% in 2010 and but down to 6.9% in 2017), social security remains highly precarious. The public Instituto Nacional de Segurança Social da Guiné-Bissau (INSS; National Institute of Social Security of Guinea-Bissau) is nominally responsible for providing social welfare (notably medical assistance and pensions). However, it is incapable of doing so in an adequate way. In theory, all employees and employers must be registered with the INSS – but not all do so outside the state sector and in the large informal sector. In principle, both employees (8%) and employers (14% of the income) – citizens and non-citizens alike – are obliged to pay monthly social security contributions to the INSS. In 2018, only about 4,000 retirees received pensions (out of a total population of about 1.8 million).

Profound gender inequalities continue to prevail in Guinea-Bissau. Serious differences concern the literacy rate. Whereas, according to current figures provided by the United Nations Development Program (UNDP), 71.3% of male youth (15-24 years) were literate, this only applies to 49.8% of females in the same age group. No current data were available to compare the ratio of female to male school enrollments; however, according to UNICEF, the primary school gross enrollment ratio was 118 (males) to 110 (females) in 2010 to 2014. No figures for enrollment rates at secondary schools were available for the same period. However, whereas the net attendance ratio at primary schools came to 62% for both sexes in 2010 to 2014, numbers for secondary schools were significantly lower and unequally divided between the sexes: males 27% and females 20% (in 2009 – 2014). The female labor force participation rate (15 years and older) amounted to 65.5% (in contrast to 78.1% males) in 2017. Although there is some discursive ethnic and religious stereotyping, there is no ethnic violence as isolated conflicts in villages usually occur, not for ethnic, but rather for other reasons (property, access to land, etc.). However, favoritism based upon kin and ethnic grounds may occur.

Social safety nets



Equal opportunity



11 | Economic Performance

Guinea-Bissau has experienced a steady and very positive growth of GDP in recent years. After a negative annual GDP growth in 2012, the GDP grew 3.3% in 2013, only 1% in 2014, but accelerated to 6.1 in 2015, 5.8% in 2016, and was expected to grow by 5.9% in 2017 and 4.8% in 2018.

The GDP per capita (PPP) grew from \$577.00 in 2012 to \$595.70 in 2017 and is expected to rise to \$871.30 in 2018. The GDP per capita growth oscillated between 3.3% in 2016, an estimated 3.3% in 2017, and an expected 2.3% in 2018.

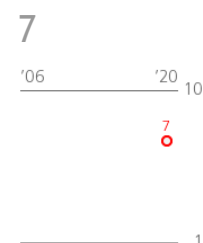
Output has been quite strong in terms of inflation. Inflation measured by consumer prices (period average) in Guinea-Bissau has been low (2.1% in 2012, 1.2% in 2013, -1.5% in 2014, 1.4% in 2015, 1.5% in 2016). For the period under review, it is estimated at 1.4% for 2017, and expected to be 2.4% in 2018.

In recent years, the official unemployment rate has been just above 6%, though the actual rate is certainly much higher. Foreign direct investment (net flows in % of the GDP) is positive, having reached 1.2% in 2016; no figures were available for the reporting period.

According to the IMF, the public debt amounted to 52.4% of the GDP in 2015, 53.9% in 2016, and 50.8% in 2017; the estimate for 2018 was 50.9%. The World Bank figures showed that revenue (as a percentage of the GDP) developed positively, increasing from 14.8% in 2012 to an estimated 19.7% in 2017 and 19.1% in 2018.

Current statistics on the cash surplus/deficit and total reserves were not available.

Output strength

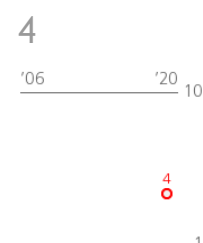


12 | Sustainability

Ecological awareness is not very pronounced in Guinea-Bissau, as politics and the general public primarily focus on socioeconomic issues. There is no special ministry concerned with environmental issues. Responsibility for the environment is shared among the Ministry of Fisheries, the Ministry of Energy, Industry and Natural Resources and the Ministry of Agriculture and Rural Development.

Nonetheless, the government made an attempt to reduce public littering by prohibiting plastic bags in 2013; however, this prohibition is rarely observed. Guinea-Bissau is a member of the Organisation pour la Mise en Valeur du fleuve Gambie (OMVG), the projects of which cover, among others, the construction of dams both in Guinea-Bissau and neighboring countries (Guinea, Senegal, and Gambia) to produce renewable electricity. Guinea-Bissau holds shares in the Kaleta hydroelectric dam in Guinea. Recent years have seen both legal and illegal timber logging in many parts of Guinea-Bissau. The country continues to possess one of the richest fishing

Environmental policy



grounds in the region that is, however, threatened by illegal fishing vessels. Illegal activities are facilitated by corrupt practices and an incapable state administration. Although agriculture and the extraction of wood have contributed to degradation, Guinea-Bissau continues to possess a rich, biodiverse natural heritage of worldwide relevance. Supported by the International Union for Conservation of Nature (IUCN), Guinea-Bissau founded in 2004 the Instituto da Biodiversidade e das Áreas Protegidas (IBAP), which oversees the parks of Cantanhez, Cufada, Cacheu as well as those in the Bijagós archipelago. Phosphate mining was expected to start shortly, while the extraction of bauxite and oil may begin in the future, possibly affecting the country's natural environment.

Guinea-Bissau does not deliver high-quality public education. Many teachers are poorly trained, schools are badly equipped, and teachers are often unpaid or underpaid. This leads to frequent strikes in the school sector and the loss of many school days and even the cancellation of entire school years. Private schools exist and provide a far better standard of education. Tertiary education has been only established quite recently. The only public university (Amílcar Cabral University) was founded in 2003, restructured in 2010 to 2013, and opened to private capital after it had been closed in 2008 for quality and financial reasons. Additionally, a number of private universities exist (Jean Piaget, Lusófona, and Colinas do Boé Universities). Guinea-Bissau's government expenditure on education was 2.13% of GDP in 2013 (compared to 1.86% in 2010 and 5.25% in 1999), according to UNESCO. The percentage of primary school teachers trained to teach was 39% in 2009 to 2017 and the inequality-adjusted education index for 2017 was 0.228, according to the World Bank. The literacy rate of 45.6% (females: 49.8%; males: 71.3%) in 2006 to 2016, according to UNICEF, reveals a high discrepancy between sexes. The gross enrollment ratio in primary schools was 118 (males) to 110 (females) in 2010 to 2014, indicating a moderate gender imbalance. Current figures for enrollment rates in secondary schools, at the tertiary level, and for research and development expenditures were not available.

The general low quality of education is mirrored by a low UN education index of 0.392 (2017) that also has stagnated in recent years.

Education policy /
R&D

3

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Governance

I. Level of Difficulty

For a long time, Guinea-Bissau's government performance has been limited by several structural constraints that cannot be easily overcome and originate in the country's eventful history. Deep poverty, a very poor primary and secondary education sector, insufficient tertiary education, and an almost nonexistent training sector have resulted in a poorly skilled labor force. This is complemented by a deficient infrastructure (roads, sea routes/ports, communication, health service provision, and water and electricity supply, etc.), a large subsistence economy sector, and an undeveloped processing industry. Dependence on foreign assistance and cash crops as the backbones of the export economy prevails. HIV/AIDS is a severe issue, along with international drug-trafficking and the outmigration of both skilled and unskilled labor. In 2017, the inequality-adjusted education index for 2017 was calculated at 0.228, and the Gross National Income per capita at purchasing power parities was \$1,700, making Guinea-Bissau one of the poorest countries in the world.

The political role and dysfunctional structure of the military, which still draws upon its independence struggle credits, also present a challenge. The separation of civil and military power is still incomplete.

Although Guinea-Bissau had multiple experiences with autocratic rule, both in colonial and postcolonial times, the country has developed a vibrant and diverse civil society, with some organizations showing long-term engagement since the early 1990s. Civil society has also stood up against antidemocratic developments in politics. However, many organizations depend upon foreign support and assistance. Some non-governmental organizations are only created with the aim of tapping foreign money. In addition, many Bissau-Guineans are active in various traditional civic associations, some of them dating even back to colonial and precolonial times. Trust in the state and its governance is quite weak, but trust – understood as national consciousness - among Bissau-Guineans is very high: citizens usually emphasize their national identity, their pride in their country. Ethnicity and religious affiliation are subordinate to national identity. This consciousness can be also attributed to the still-powerful integrative national ideology developed by the PAIGC. The military conflict of 1998 – 1999 fostered a high degree of solidarity among Bissau-Guineans – something that is also promoted by some traditional organizations and networks.

Structural
constraints

8



Civil society
traditions

7



For decades, the armed forces have repeatedly intervened in politics. Despite selective outbursts of violence, including the assassination of politicians, politics have remained to a large extent nonviolent, although the potential for open conflict and thus polarization has increased in recent years. This has become evident in politically motivated mass demonstrations that have repeatedly occurred in recent years. Some of these protests were prohibited by the authorities, while in some cases the security forces used limited violence against protestors who had remained peaceful. Different from the past, large segments of the population could be mobilized, also signaling to those in power that their rule is not unlimited. The use of violence by police forces is not generalized, while demonstrators defend the peaceful nature of their activities. Although isolated communal clashes occur in the countryside, they remained very limited in both scope and number. Both ethnic rhetoric and the ethnicization of politics remain limited, although occasional attempts have been made to mobilize people along ethnic (or religious) lines. Some Muslim countries have granted subsidies and scholarships for religious studies, which could contribute to the spread of a very conservative interpretation of Islam in Guinea-Bissau, which has heretofore been comparatively moderate. The spread of evangelical churches and sects may also contain potential for future conflicts and intolerance.

Conflict intensity

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II. Governance Performance

14 | Steering Capability

The democratically legitimate government led by Domingos Simões Pereira (PAIGC), ruling from July 2014 to August 2015, had developed, in cooperation with donors, the Terra Ranka program presented in 2015. The program was welcomed both by the international community and Bissau-Guinean society as a strategic vision for Guinea-Bissau's development. However, the political capability and strategic capacity of subsequent governments remained restricted, as they lacked legitimacy due to the political crisis that largely paralyzed the country, hampered international cooperation, and prevented the adoption of a state budget from 2015 to 2018. Despite these obstacles, all governments have claimed to be committed to the strategy established in the Terra Ranka plan. Successive governments followed the path agreed upon with international institutions like the IMF, which recommended strengthening investment planning in 2018. However, President José Mário Vaz has often been regarded as a defender of paternalistic clientelism and the status quo. He even developed a counter program, the agriculture-focused Mon na Lama, thus challenging the government's executive prerogative. Still, thoughtful reforms, such as those of the security sector, including the justice sector, the health and education sectors, as well as the fight against corruption, are largely on hold.

Question
Score

Prioritization

6

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The government of Domingos Simões Pereira, ruling the country until August 2015, was well underway to implementing its own policies and needed reforms. The government's good performance was rewarded at an international donors' round table in Brussels in March 2015, where high financial pledges were made to support the Terra Ranka program. In collaboration with the EU, the government articulated a plan for achieving mid- and long-term goals, which would benefit from the support of donor countries and institutions. Subsequent power games, political instability and paralysis, driven by the president, resulted in a decline of political will and thrust, and eventually in the non-resumption of cooperation by the EU, suspended since 2012 (except for cooperation programs with civil society), for example. Nonetheless, policies as agreed upon with international institutions continued to be implemented – and this at least partially applies to the Terra Ranka program. Much will depend on the general elections in 2019 that may serve as a new starting point for further reform policies.

Since 2015, much of the euphoria and the ability to adapt to and take advantage of developmental opportunities, inherent to a political situation widely regarded as an awakening after years of transitional rule, have vanished. In the reporting period, Guinea-Bissau's governments have shown little innovation and flexibility. Internally, they often followed old routines, paid little attention to effective monitoring and evaluation of their politics, and have not engaged in best practices. Cooperation with international institutions and regular evaluations/reviews as part of the IMF's extended credit facility arrangement continued. This shows how international cooperation contributed to the adoption of new financial and macroeconomic measures and perspectives, despite the prevailing, internal political conflict. At the same time, past governments allowed democratic norms to come under increasing pressure.

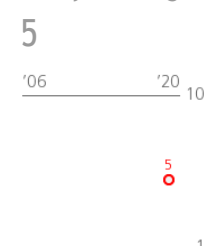
15 | Resource Efficiency

Government administrative personnel are used efficiently to a limited extent. Many civil servants earn very little. Often, they are not paid on time. This leads to a low quality of services while, in comparison to the services offered, parts of the bureaucracy are bloated. In the past, "phantom officials" have been reported that were paid, but had already left service, were retired or deceased. Repeatedly, public servants are appointed (and dismissed) for political or clientelist reasons. Recruiting procedures often lack transparency. Depending on grants and loans (lending was \$65 million in 2017), as well as on revenues from the exportation of cash crops, the government budget (in 2017, -2% of GDP) has continuously been in deficit in recent years. Given enhanced revenue mobilization and expenditure control, the country's public debt position has continued to improve (debt to GDP amounted to 28.1% in late 2017, the fiscal deficit was -1.5%), according to the IMF in 2018. Debt management has been bolstered, and negotiations over remaining legacy arrears with

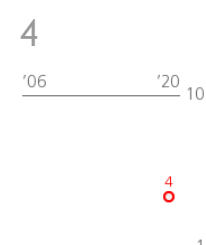
Implementation



Policy learning



Efficient use of assets



external creditors (\$44.5 million, i.e., 3.3% of GDP) continued. Debt has been manageable since Guinea-Bissau reached the completion point under the Heavily Indebted Poor Countries (HIPC) initiative, with \$1.2 billion in debt cancelled by the IMF and the World Bank in 2010. Auditing has improved in recent years but remains deficient. Budget planning has also become more transparent although past budgets were not formally approved by parliament due to the crisis. Deviations of actual expenditures from planned ones are moderate. Nevertheless, public administration remains largely ineffective, especially in the country's interior – which is also due to lack of decentralization and local self-government. There have been ongoing discussions on reforming and modernizing the public administration, notably concerning decentralization.

Both vertical and horizontal coordination within state administration are limited and so is the trade-off between different policy goals. Further, there are few or no consequences for failing to deliver results. Often, responsibilities within various parts of the public administration are not defined in transparent ways. Also, coordination with many sectors is a mix of hierarchical bureaucracies, usually highly centralized, informal and personalized, as, for instance, in the security forces. Policies are rarely, if at all, implemented in a coherent fashion. This concerns education, health, and security policies. For instance, the police and the military repeatedly reveal conflicting interests and partly see each other as competitors. Concerning the armed forces, policies have not been congruent, oscillating between the recruitment of new, young soldiers, on the one hand, and the intention to downsize the oversized, overage officers' corps (by introducing a long retirement scheme, discussed internationally for more than a decade) and to consolidate the military budget, on the other.

Anti-corruption laws exist but were rarely respected during the period under review. An independent audit court was established in 1992, but has been inactive due to a lack of funding for most of its existence. Only in 2015 did the court produce a report in which it critically assessed government spending for 2009 to 2010. In 2018, it released reports about several public companies. Although a national public procurement agency (Agência Nacional em Aquisições, ANAP) has existed since 2012, the implemented public procurement system is not transparent and documents are not accessible to the public and the media. According to the World Bank, ANAP intends to centralize processes and competes with the Procurement Directorate (responsible for controlling) which wants to decentralize procurement. Although, in recent years, both the president and various administrations have expressed their commitment to effectively fighting corruption, results have been meager: in September 2017, the government blocked the salaries of about 4,000 “phantom” civil servants. President Vaz dismissed in 2015 the attorney general known for his impartial fight against corruption. Sometimes, politicians reveal conflicting interests between the political positions they hold and their private businesses, and often they are not held accountable. Officials have not disclosed their personal finances before the Audit Court, as demanded by law, and the court is not authorized to impose

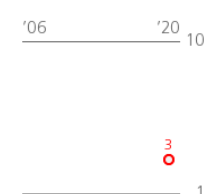
Policy
coordination

3



Anti-corruption
policy

3



sanctions. Since 1991, a legal framework exists that regulates the financing of political parties. However, in practice, since the first multiparty elections in 1994, parties have not received any of the foreseen subsidies. They have neither reported expenditures to the Supreme Court, nor have they released and submitted any financial status reports as required by law. Individuals supposedly involved in drug-trafficking and other illicit activities carry on with impunity, suggesting incapacity, intimidation, and corruption within the responsible government bodies.

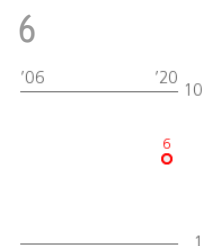
16 | Consensus-Building

While all major political actors (e.g., parties, leading government officials) and other stakeholders in society (e.g., civil society, entrepreneurs and intellectuals) support democracy and a capitalist market economy in principle, there are differing interpretations of democracy. Some politicians conceive of democracy in a rather patriarchal and clientelist fashion; others regard it as an all-or-nothing affair. While some may consider it as a self-service institution, others highlight the consensus character of democracy. Still others advocate for the model of democracy attributed to the Global North. Many Bissau-Guineans complain that democracy has not improved their lives. However, while most Bissau-Guineans verbally complain about corruption as something undemocratic, they nonetheless often take part in corrupt practices.

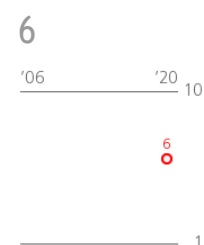
Similar observations can be made with regard to the market economy. Major actors agree on the surface, but beneath that disagreement exists. Some elder Bissau-Guineans remember socialist times as negative, with a lack of basic consumer goods. At the same time, they bemoan the decline of social cohesion and the advent of capitalist egoism and the lack of financial means to afford many of the products available on the market. Experiences with economic liberalization since the 1980s are thus mixed, as many were excluded from the blessings of the open market economy.

In Guinea-Bissau, various definitions and imaginings of democracy exist. Key actors openly arguing against democracy could not be identified in the reporting period. Instead, politicians often reveal attitudes and traits that could be characterized as antidemocratic, although they take actions as if doing so based on democratic grounds. Sometimes, politicians from different backgrounds accuse each other of engaging in antidemocratic behavior, transforming “anti-democratic” into a category of mutual accusation. Even members of the military, which has in past decades repeatedly intervened in politics, often presented themselves as “democratic” as they claimed to defend the country’s independence, the people’s interests, and the ideals of the independence war against colonial rule. However, it appears that in recent years the conviction has grown among members of the military that direct interventions in politics may not serve their best interests. Reform-oriented politicians, in collaboration with the international community, have contributed to restraining anti-

Consensus on goals



Anti-democratic actors



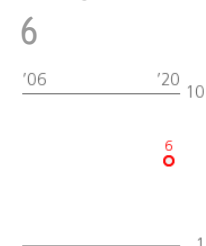
democratic sentiments in the armed forces – although other politicians may continue to manipulate army factions. Often, citizens complain that they feel excluded from political participation. This holds especially true for people in the country’s interior, as, to date, no form of democratically elected, autonomous, local self-government exists as part of the state structures.

Currently, the main political cleavages in Guinea-Bissau separate forces that are often considered “reformers” – embodied by the PAIGC under the leadership of former Prime Minister Domingos Simões Pereira and allied parties – and those who support President Vaz and his political supporters, such as the PRS and MADEM-G15. Yet, despite deep differences, political actors – also pressured by international actors – have found peaceful ways to resolve their differences and come to a political solution. As the country is very small and generally very poor, social segregation is not very pronounced. Ethnic and religious cleavages exist, but are not prominent to such an extent that Guinea-Bissau could be described as an ethnically or religiously divided country. In sharp contrast, national cohesion across ethnic and religious boundaries is repeatedly pronounced, both by politicians and the general public, and this contributed to depolarizing differences. Nevertheless, some politicians have repeatedly made appeals, especially during election campaigns, meant to mobilize voters on ethnic and/or religious grounds.

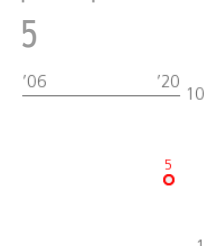
In addition, local cleavages and their management appears to be largely disconnected from the political arena in Bissau, and in the arena of religious and civil society actors. The activities of the Forum di Paz reveal many examples of successful civil society engagement in the management of these local conflicts.

Civil society in Guinea-Bissau is able to participate in political processes to a limited degree and concentrated in a restricted number of political fields. At present, the space for dialog between the state and citizens continues to be highly centralized. This is also due to the fact that the government in general does not possess a vision or strategy that would allow for the coordination of actions between the state and civil society. Nevertheless, collaboration between the state and civil society has improved in past decades. In specific political fields, government departments have worked together with civil society, international organizations, and members of parliament in working groups. Yet, the government has not invited civil society organizations to codevelop policies or to participate in top-level decision-making processes. However, human rights groups in particular are firmly established and collaborate with international partners, non-governmental organizations and foreign donor institutions (the UN, the EU, foreign governments/embassies, etc.). In recent decades, journalists have increasingly gained ground and – despite financial constraints and political pressures – attempted to fulfill their role as the fourth estate, although the government is not particularly supportive of the press. Intellectuals – some of whom simultaneously play important roles in civil society organizations – frequently comment on political issues in local media and some, via their work with international organizations, contribute to politics by writing technical reports and assessments.

Cleavage /
conflict
management

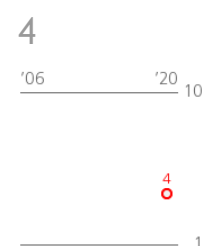


Civil society
participation



Since independence, various governments and heads of state, as well as the military, have committed serious human rights violations against citizens, which includes military coups, the civil war, executions, assassinations and the disappearance of political key actors. Since the end of the military conflict in 1999, both national and international actors have repeatedly raised the issue of implementing a reconciliation process. However, results have been meager. A dialog process known as Estados Gerais para a Guiné-Bissau, advocated by civil society in 2006 to 2007, was discontinued. A bottom-up reconciliation process initiated by the United Nations Integrated Peacebuilding Office in Guinea-Bissau (UNIOGBIS) in 2010 was not completed: although some regional conferences were held, the national conference planned for 2011 did not take place. The establishment of a truth and reconciliation commission has never been seriously pursued. The deaths of President João Bernardo “Nino” Vieira and General Chief of Staff Batista Tagme Na Waie in 2009, as well as of the politicians, Helder Proença and Baciro Dabó, in 2012, inter alia, have never been properly investigated by the judiciary; nor have any charges been filed. Instead, proceedings in the cases of Vieira and Na Waie were conducted behind closed doors, presumably because prosecutors had been subject to threats or intimidation. Instead of coming to terms with the past, silence on these sensitive issues and impunity prevail.

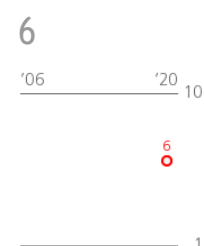
Reconciliation



17 | International Cooperation

Guinea-Bissau has made use of international assistance since independence. Projects have involved both technical and personal cooperation. After independence, the country followed a socialist development agenda, encompassing nationalization to build a state-centered economy. To this end, the government received assistance from socialist, non-aligned and capitalist countries. After the shortcomings of this system became evident, Guinea-Bissau opted for structural adjustment and economic liberalization in the 1980s, as recommended by the World Bank. To date, the leadership accepts external advice regarding domestic realities; in the past two decades, it has adopted several strategies (Poverty Reduction Strategy Papers and 2005 – 2011 and 2011 – 2015, the Istanbul Program of Action for the Least Developed Countries for the Decade 2011 – 2020, etc.), albeit with mixed results. With the help of donors, the government integrated in 2015 its own visions and recommendations by external actors into the long-term strategy document Terra Ranka (which is as of this writing in a dormant state). This roadmap ties in with previous poverty reduction strategies and covers the years 2015 to 2025. It focuses on development in various areas (e.g., the economy, public administration, social and ecological development, security, agriculture, health, education, infrastructure, tourism) and has been endorsed by various governments since being implemented. Various projects, as listed in the operational plan (first phase: 2015 – 2020), have already been implemented or prepared. Yet, inconsistencies prevail among many of Guinea-Bissau’s politicians and officials, as many of them still focus on short-term

Effective use of support



rent-seeking. In addition, the capacity of the country's authorities to devise strategies and roadmaps with autonomy remains limited.

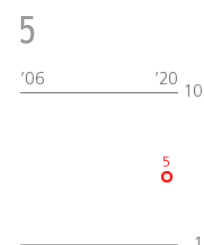
As a consequence of the protracted political conflict that lasted from late-2015 until early-2018 and paralyzed much of the political process, confidence in the acting governments, which already had only limited recognition both nationally and internationally, has eroded even further. The government of Aristides Gomes, in power since April 2018, was primarily tasked with organizing fresh elections in order to overcome the political impasse. Despite these domestic conflicts, the governments worked closely together with international donor organizations, such as the IMF. The government legitimized by the 2019 general elections will have to demonstrate its commitment to fighting narco-trafficking and in bringing an end to long-lasting impunity from prosecution for corruption and thereby demonstrate its credibility and reliability.

Guinea-Bissau closely cooperates with its neighboring countries. Since 1975, it has been a member of the Economic Community of West African States (ECOWAS), which unites most West African countries. Guinea-Bissau joined the West African Economic and Monetary Union (WAEMU) in 1997, of which Senegal is also a member. Together with its neighbors, Senegal, Gambia and Guinea, it is a member of the Organisation pour la Mise en Valeur du fleuve Gambie (OMVG). Along with Cape Verde – to which it has historical ties as both countries were colonized by Portugal – it is a member of the Community of Portuguese Language Countries (CPLP). Together with Senegal and Guinea, it is member of the Organisation Internationale de la Francophonie (OIF).

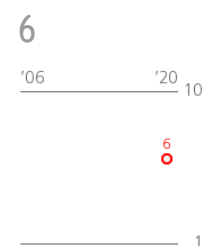
Although historically intimately connected to its neighboring countries, relationships with their (subsequent) heads of state have not always been positive. Sometimes, support for “rebel” movements in Senegal and Guinea and counterefforts by Guinea have caused friction.

However, for most of history and especially during the period under review, Guinea-Bissau maintained a good relationship with Guinea for historical reasons: Guinea's first head of state, Ahmed Sékou Touré, supported the PAIGC's struggle for liberation struggle in the 1960s and 1970s. Since 2017, however, the relationship has become tense, after leading politicians accused Guinean President Alpha Condé of partiality, while blaming ECOWAS for interference in the political crisis. The relationship to Senegal – an important trading partner – has been good, although some politicians and segments of the population accuse Senegal of attempting to keep Guinea-Bissau politically and economically dependent.

Credibility



Regional cooperation



Strategic Outlook

Despite the political crisis that Guinea-Bissau has undergone in recent years, in comparison to other countries in the region, it continues to be socially integrated. However, the political antagonism has left its lasting traces on society and politics. National, regional and international actors have called upon domestic actors – in politics and civil society alike – to contribute to overcoming an approach to politics that often serves only the shortsighted and egoistic interests of a few individuals, groups, or networks.

At the same time, it is up to international actors to support a democratically legitimate government and to help Guinea-Bissau to considerably improve living conditions, notably in the sectors of education, training, and health to sustainably lay the foundations for a society that offers socioeconomic prospects, especially to youth. That way, the “dividend of democracy” could eventually become reality for a considerable number of people. To achieve this noble goal, it is also necessary to collaborate with Guinea-Bissau in creating dignified working conditions for qualified civil servants.

It is also vital to resume efforts to reform Guinea-Bissau’s security sector – encompassing the military, the police, the justice sectors and related fields, such as legislation. However, attempts should be made by international actors to perpetuate international development cooperation: short project cycles with short-term objectives should be overcome. In a similar fashion, rushed, top-down planning and implementation processes and procedures should be replaced by more bottom-up ones that merit the attribution of “local ownership.” Also, a broad, bottom-up, long-term reconciliation process should be implemented or restarted, complemented by participatory and media-transmitted discussion processes about socially just and democratic governance. Profound progress has been made with respect to fiscal and macroeconomic stability and development in the past decade. It is important to continue this path, and also to take social aspects into account to a greater extent.