IOA 2019 ACBR

AFRICA COUNTRY BENCHMARK REPORT

Guinea-Bissau Profile

Three girls emerge from a foggy road that symbolises the impoverished country's murky economic past into hopefully better times. Cashew growing is the principal money-maker for Bissau-Guineans.

Image courtesy of Ora International

GUINEA-BISSAU

#42 GUINEA-BISSAU

OVERVIEW ANALYSIS

Guinea-Bissau is an impoverished, former Portuguese colony which was so neglected by their coloniser that only 14% of the population speaks Portuguese today. This underdeveloped country's principal export revenue earner is cashew nuts. Farmers devote their attention to cashew production, while other workers toil in the informal sector in the absence of developed industrial or services sectors. Illegal drug traffickers use the country as their point of entry into West Africa. Smuggling of natural resources and human trafficking is also prevalent. However, the lack of development has also allowed traditional cultures to survive, offering a unique attraction, should world tourists discover the country. Improvement in the politics and business sectors boosted Guinea-Bissau by five positions from 47th in ACBR 2017 to 42nd.

KEY OPPORTUNITIES

- Greater agricultural export is a possibility shown by the established success of cashew nuts
- Beautiful beaches and cultures can be exploited for tourism
- Government's pledges of political stability are welcomed by investors

KEY CONCERNS

- A poor social welfare system and poverty account for low life expectancies
- Drug traffickers have made Guinea-Bissau an international hub
- A corrupt bureaucracy stands in the way of business investment

COUNTRY HIGHLIGHTS

PREDOMINANT RELIGION	PREDOMINANT LANGUAGE	POPULATION WITHOUT ELECTRICITY	LITERACY RATE	PRIMARY ELECTRICITY SOURCE
Islam	Crioulo	85.3% (#49) ▼ 6	59.9% (#36) ▼ 1	Geothermal

IMPORT/ EXPORT	EXTERNAL DEBT	ACTIVE CONFLICT	LAND SIZE	INTERNET PENETRATION
Foodstuffs/ Nuts	US$ 1.095 billion (#44) —	No	36,125 km² (#42)	3.8% (#51) ▼ 2

CONTRIBUTIONS TO GDP BY SECTOR

AGRICULTURE	INDUSTRY	SERVICES
44.1%	12.9%	43%

POPULATION AGE BREAKDOWN

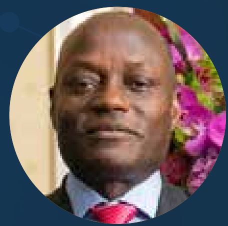
0-14	15-24	22-54	55+
39%	20.2%	32.8%	8%

NATIONAL GOVERNANCE

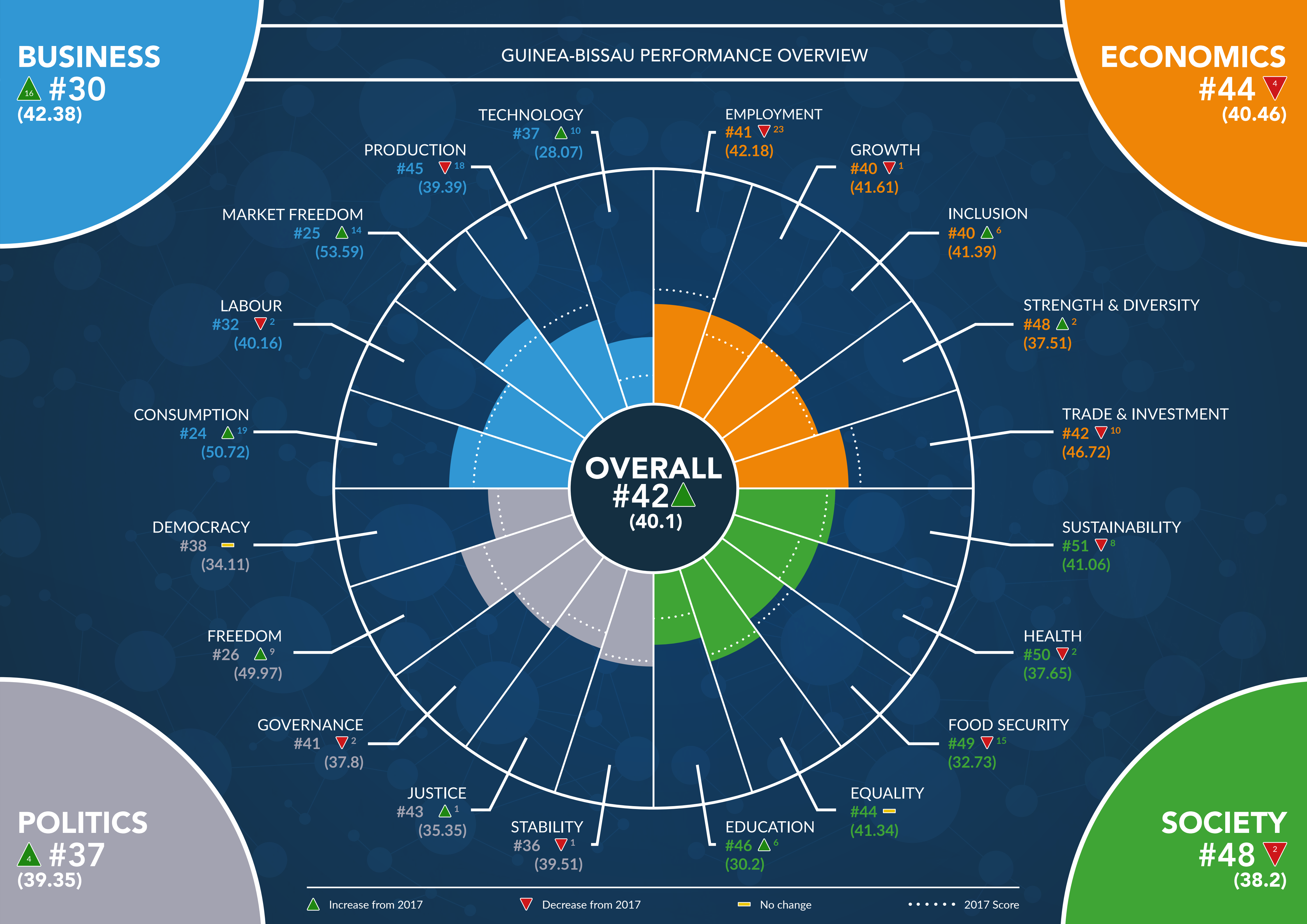
Term:
17/06/2014 - present
5 years (no term limits)

Political Party:
Partido Africano da Independência da Guiné e Cabo Verde

Recent Electoral Information:
18/05/2014
364 394 Votes
61.92%
Voter turnout: 78.21%



President
José Mário Vaz


GUINEA-BISSAU PERFORMANCE OVERVIEW
BUSINESS
16 #30
(42.38)
ECONOMICS
#44 4
(40.46)
POLITICS
4 #37
(39.35)
SOCIETY
#48 2
(38.2)
OVERALL
#42
(40.1)
TECHNOLOGY
#37 10
(28.07)
PRODUCTION
#45 18
(39.39)
MARKET FREEDOM
#25 14
(53.59)
LABOUR
#32 2
(40.16)
CONSUMPTION
#24 19
(50.72)
DEMOCRACY
#38
(34.11)
FREEDOM
#26 9
(49.97)
GOVERNANCE
#41 2
(37.8)
JUSTICE
#43 1
(35.35)
STABILITY
#36 1
(39.51)
EMPLOYMENT
#41 23
(42.18)
GROWTH
#40 1
(41.61)
INCLUSION
#40 6
(41.39)
STRENGTH & DIVERSITY
#48 2
(37.51)
TRADE & INVESTMENT
#42 10
(46.72)
SUSTAINABILITY
#51 8
(41.06)
HEALTH
#50 2
(37.65)
FOOD SECURITY
#49 15
(32.73)
EQUALITY
#44
(41.34)
EDUCATION
#46 6
(30.2)
Increase from 2017
Decrease from 2017
No change
2017 Score

GUINEA-BISSAU BUSINESS ANALYSIS

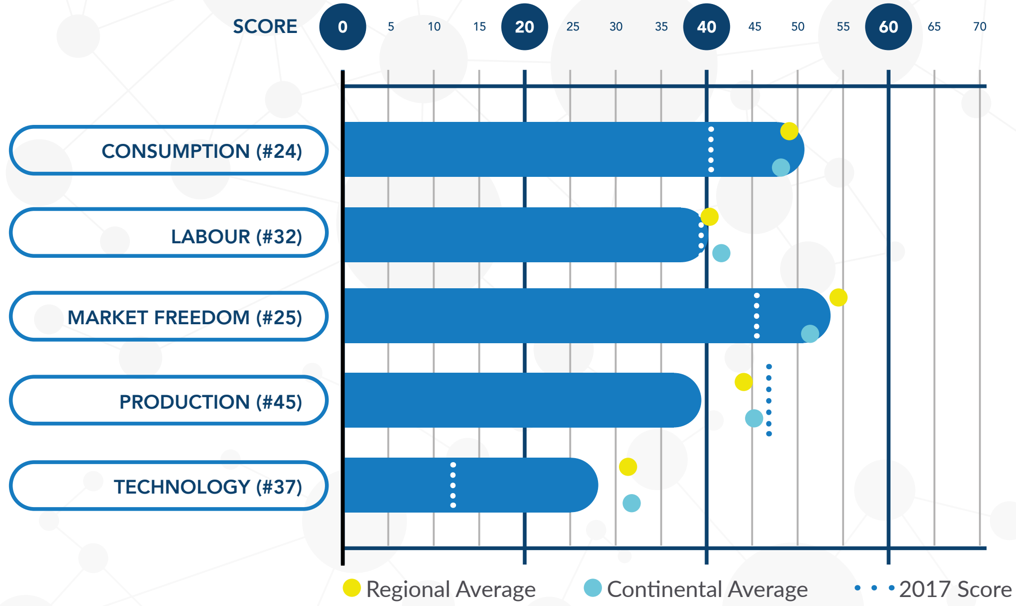
#30

16

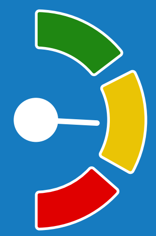
BUSINESS OVERVIEW

Political instability has been a disincentive to business investment in Guinea-Bissau since independence in the 1970s. That stability however has taken root this past year. When President José Mário Vaz was elected in 2014, foreign direct investment rose to US$ 29 million from US$ 20 million invested the year before, a rise of nearly 50%. The establishment of the administration of Prime Minister Aristides Gomes is expected to again encourage investment. There are obstacles, including the World Bank's view that Guinea-Bissau is the most difficult country in Africa to register a business. To lure new investment, government has cut tax rates for new companies and is fast-tracking new citizenships. A reformed transportation infrastructure is also required to facilitate doing business. Reforming a corrupt bureaucracy is an essential element for a productive business environment. The workforce is largely unskilled. Over four-fifths of workers are engaged in agriculture as small farmers, producing the country's only exports: cashew nuts, fish, lumber, palm kernels, peanuts and shrimp. While exports primarily go to India, intra-Africa trade goes to nearby Nigeria and Togo. The few tourism businesses that exist have good weather conditions, tropical islands and scenic beaches to exploit. In the Business quadrant, Guinea-Bissau recorded a significant rise of 16 ranks, from a low 46th place to a mid-range 30th. This reflects business activity relative to other countries, whose performance declined, but also stable export trade.

BUSINESS SCORES & RANKINGS



BUSINESS DATA COMMENTARY



Guinea-Bissau data availability

48.35%

REGIONAL AVERAGE	AFRICAN AVERAGE	CONTINENTAL RANK
79.53%	77.78%	#48

Ranking among the bottom 10 countries on the continent for business data availability, Guinea-Bissau's current score is 48.35% and thus ranks 48th. This compares very poorly with both the regional average for Western Africa, which currently stands at 79.53%, as well as the continental average of 77.78%. This underperformance may be partly attributed to longstanding regulatory deficiencies, which themselves have disincentivised commercial activity and limited the degree of business data coverage.

BUSINESS STATISTICS

% POPULATION IN URBAN CENTRES	LABOUR FORCE IN MILLIONS	INDUSTRIAL PRODUCTION GROWTH	PRIME LENDING RATE
43.4% (#28)	0.73 million (#45)	1.9% (#40)	15% (#27)
% ADULTS WITH A BANK ACCOUNT	**ANNUAL AIR PASSENGERS**	**MOBILE SUBSCRIPTIONS**	**NATIONAL 3G COVERAGE**
N/A (#N/A)	N/A (#N/A)	70.82 per 100 (#35)	8.2% (#53)

GUINEA-BISSAU ECONOMIC ANALYSIS

#44

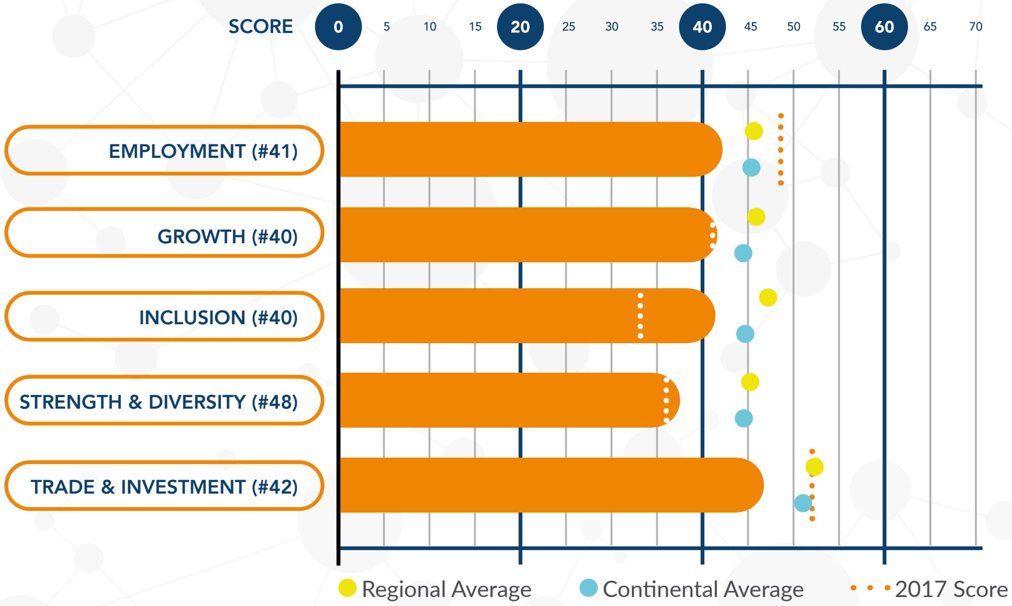
4

ECONOMIC OVERVIEW

GDP growth has been good in recent years; averaging 6%. GDP growth in 2018 was recorded at 6.1%. A stable market for cashews assists this growth as the nuts account for 80% of export revenue earnings. Growth has also been recorded in the fishing industry. Revenues deserved from the illicit trade of illegal drugs, natural resources smuggling and human trafficking likely rival the poor country's legitimate economic output. These illegal activities are under growing scrutiny, with mitigations underway to end them and open space for legal commerce. Lumber smuggling is a significant robbery of national wealth that is also causing widespread environmental damage. However, replanting the deforested areas is an opportunity to jump-start the agricultural sector. Industry is being established, noted by manufacturing's GDP contribution of 13% against agriculture's 50%. China wishes to buy more fish and is aiding expansion of the fishing industry. India now purchases 67% of Guinea-Bissau exports, with Vietnam purchasing 21%. To assist with the expansion of electrification – only 21% of the population has electricity –the China International Water & Electric Corporation funded the US$ 536 million Kaleba hydroelectric dam, which began production in 2015. Chinese firms are also exploring the country's bauxite reserves, which, if found in significant deposits, can be the foundation for a mining sector.

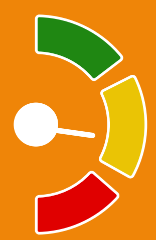
Up four positions from 44th, Guinea-Bissau now stands in 40th place in the Economics quadrant, a rise founded in GDP growth from agricultural exports.

ECONOMIC SCORES & RANKINGS



ECONOMIC DATA COMMENTARY

REGIONAL AVERAGE	AFRICAN AVERAGE	CONTINENTAL RANK
80.88%	77.78%	#49



Guinea-Bissau data availability

46.15%

Closely resembling the previous quadrant, economic data availability in Guinea-Bissau currently stands at 46.15%, thus ranking 49th continentally. Once again, this stands far below the respective regional and continental averages of 80.88% and 77.78%, thus indicating a general dearth of macroeconomic data. This is reflected in the state organ for national statistics, the Ministério da Economia, e Finanças, which currently provides nothing more than elementary macroeconomic coverage.

ECONOMIC STATISTICS

GDP PER CAPITA	UNEMPLOYMENT RATE	TRADE BLOC MEMBERSHIP	INFLATION RATE
US$ 1,800 (#39)	6.1% (#26)	ECOWAS,UEMOA	2.8% (#19)
GDP AT PPP	**CURRENCY AND GOLD RESERVES**	**FDI NET INFLOWS**	**BUDGET SURPLUS (+) OR DEFICIT (-)**
US$ 3.1 billion (#51)	N/A (#N/A)	US$ 14 million (#50)	-3.2% (#15)

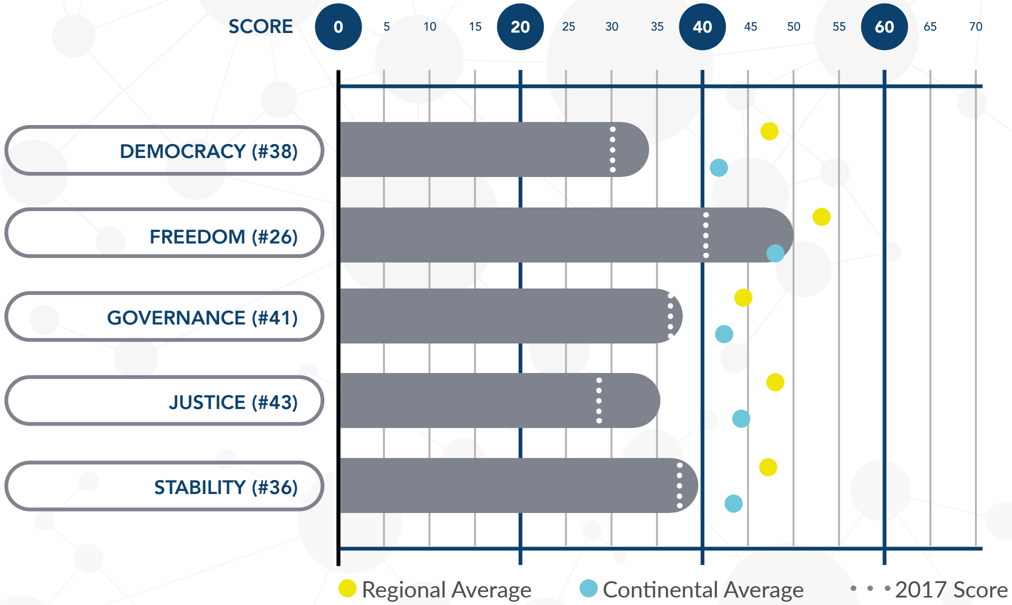
GUINEA-BISSAU POLITICAL ANALYSIS

POLITICAL OVERVIEW

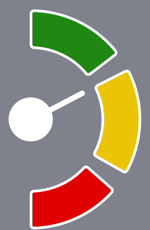
The Cold War between the East and West superpowers had to conclude before Guinea-Bissau could find democracy and stability. Military coups d'état had characterised changes of government until 2012. The intervention of the Economic Community of West African States (ECOWAS) against the military government in that year was a political turning point when a civilian government was installed in preparation for the 2014 elections that chose Vaz as president. The intervention by ECOWAS laid the groundwork for the political stability that exists today, despite occasional tumultuous developments, like a crisis over the prime minister in 2015–2016. In April 2018 a consensus prime minister was appointed, Aristides Gomes, and the national legislature reopened after two years of closure. During that time, five prime ministers were installed and ousted. Decades of political instability created a lawless environment that was exploited by international drug traffickers who made Guinea-Bissau a transhipment point for Brazilian cocaine en route to Europe. A former Portuguese colony like Brazil, Guinea-Bissau provided a natural point of entry for drugs from Brazil to West Africa. Drug cartels have used bribery and other means to transform the country into a "narco-state," according to the UN.

Guinea-Bissau rose four ranks in the Politics quadrant from 41st in the previous period of review to their current position of 37th places. The advancement was based on political stability achieved with the resolution of the prime ministers crisis.

POLITICAL SCORES & RANKINGS



POLITICAL DATA COMMENTARY



Guinea-Bissau data availability

65.96%

REGIONAL AVERAGE	AFRICAN AVERAGE	CONTINENTAL RANK
87.10%	82.86%	#45

Of all quadrants, Guinea-Bissau scores the highest for political data availability, currently standing at 65.96% and ranking 45th continentally. Despite being the highest, this still falls considerably short of the respective regional and continental averages of 87.10% and 82.86%. Despite the incipient promise of democratic reform since 2014's national election, Guinea-Bissau has continued to be plagued by corruption, factionalism and hefty media restrictions, thus resulting in limited transparency.

POLITICAL STATISTICS

NUMBER OF POLITICAL PARTIES	MILITARY EXP AS % OF GDP	REFUGEE INFLOW	NUMBER OF RIGHTS
6 (#29)	N/A (#N/A)	8,572 (#3)	47 (#34)

DATE OF INDEPENDENCE	NET OFFICIAL DEVELOPMENT ASSISTANCE	WOMEN IN PARLIAMENT	CAPITAL PUNISHMENT
24/09/1973	US$ 199 million (#36)	13.7% (#36)	Abolished

GUINEA-BISSAU SOCIETAL ANALYSIS

#48

2

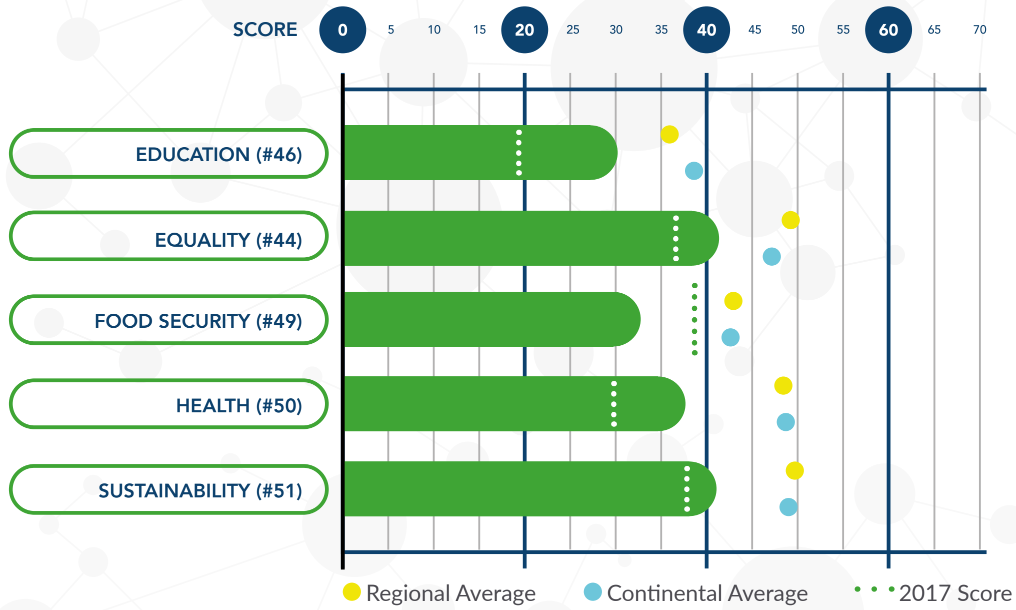
SOCIETAL OVERVIEW

With education spending a low 2.1% of GDP and with an underdeveloped education system, about 40% of the population of 1.83 million people cannot read or write. Poverty is widespread, with two-thirds (67%) of Bissau-Guineans living in poverty. Malnutrition is one result, and 17% of children under the age of five are malnourished. HIV/AIDS took root when healthcare deteriorated during the political upheavals that unsettled the country just when the HIV/AIDS pandemic first arrived. HIV prevalence now stands at 3.4% of the population. The country's high fertility rate that sees the average woman giving birth to about five children is fuelling poverty. Guinea-Bissau has the world's 18th-highest rate of infant mortality and the 20th-highest rate of maternal mortality.

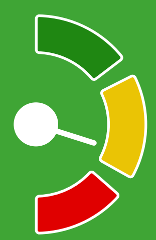
Inadequate healthcare contributes to a life expectancy of 61 years for the average Bissau-Guinean.

The country's great strength is their ethnic diversity which finds a number of languages spoken and customs observed under traditional tribal social structures. These have never been a cause of conflict. Traditional life has tended to mask extreme poverty, but cannot do so forever as Bissau Guineans demand more security and income than subsistence farming. Guinea-Bissau remains one of Africa's lowest ranked countries in the Society quadrant and dropped two positions from the previous period of review to 48th place. A government caught in a governing crisis and without a sitting legislature was unable to advance new social welfare programmes.

SOCIETAL SCORES & RANKINGS



SOCIETAL DATA COMMENTARY



Guinea-Bissau data availability

40.82%

REGIONAL AVERAGE	AFRICAN AVERAGE	CONTINENTAL RANK
81.63%	75.28%	#47

The lowest of all quadrants, Guinea-Bissau presently scores a mere 40.82% for societal data availability, thereby resulting in a continental rank of 47th. As with the previous quadrants, this too falls far short of the respective regional and continental averages of 81.63% and 75.28%. Given its history of political instability, better societal data collection is necessary for improved development, with even UNICEF registering a severe lack of information pertaining to Adolescents and Early Childhood Development.

SOCIETAL STATISTICS

POPULATION SIZE AND GROWTH RATE	LIFE EXPECTANCY	HIV PREVALENCE	SEXUALITY TOLERANCE
1,792,338 (#45) at 1.86% p.a (#34)	51 years (#52)	3.1% (#17)	Legal

ACCESS TO DRINKING WATER	HEALTH EXPENDITURE (% OF GDP)	PRIMARY EXPENDITURE (% OF EDU. TOTAL)	SOCIAL MEDIA PENETRATION
79.3% (#21)	6.88% (#16)	64.42% (#1)	5% (#42)

CONTACT

IN ON AFRICA

PHONE: + (27) 11 027 4027

EMAIL: info@inonafrica.com

WEB: www.inonafrica.com

ADDRESS: 146 Beyers Naude Drive, Franklin Roosevelt Park, Johannesburg, 2195

@inonafrica In On Africa In On Africa