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SPECIAL ECONOMIC AND DISASTER RELIEF ASSISTANCE:  
SPECIAL PROGRAMMES OF ECONOMIC ASSISTANCE

Assistance to Guinea-Bissau

Report of the Secretary-General

1. In its resolution 39/186 of 17 December 1984 the General Assembly, inter alia, requested the Secretary-General to continue his efforts to mobilize the necessary resources for an effective programme of financial, technical and material assistance to Guinea-Bissau, and to carry out an evaluation of the results of the round-table conference of donors and of the progress made in organizing and implementing the special programme of economic assistance and to report thereon to the Assembly at its fortieth session.
2. Accordingly, the Secretary-General arranged for a review mission to visit Guinea-Bissau in April 1985 to consult with the Government. The report of that mission, which is attached hereto, reviews the economic situation in Guinea-Bissau taking into account recent developments, describes the status of the special programme of economic assistance and discusses the 1983-1986 national development plan.
3. In resolution 39/186, the General Assembly also invited a number of agencies, organizations and programmes of the United Nations system to expand their programmes of assistance to Guinea-Bissau and to report periodically to the Secretary-General on the measures taken and the resources made available to help Guinea-Bissau. The activities of these organizations and agencies with regard to Guinea-Bissau will be included in the report of the Secretary-General covering all countries for which the Assembly has made a similar request.

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\* A/40/50/Rev.1.

ANNEX

Report of the review mission to Guinea-Bissau

(16-23 April 1985)

CONTENTS

	<u>Paragraphs</u>	<u>Page</u>
I. INTRODUCTION .....	1 - 5	3
II. SUMMARY OVERVIEW .....	6 - 10	3
III. ECONOMY AND FINANCE .....	11 - 34	5
A. Background .....	11 - 12	5
B. Economic growth .....	13 - 15	5
C. Government finances and monetary situation .....	16 - 20	8
D. Balance of payments and external debt .....	21 - 27	11
E. Economic and financial stabilization programme .....	28 - 32	15
F. External assistance .....	33 - 34	17
IV. SPECIAL PROGRAMME OF ECONOMIC ASSISTANCE .....	35 - 38	18
V. INTERNATIONAL CO-OPERATION .....	39 - 48	19
A. Round-table conference of donors .....	39 - 41	19
B. Non-project assistance .....	42 - 43	20
C. Food aid .....	44 - 46	21
D. Project funding .....	47 - 48	22

APPENDICES

I. Funding of projects of the first development plan for 1983-1986 .....	24
II. Map of Guinea-Bissau .....	33

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## I. INTRODUCTION

1. At its thirty-eighth session, the General Assembly considered the report of the Secretary-General on special programmes of economic assistance including a summary report on Guinea-Bissau (A/38/216, sect. X). In resolutions 38/221 of 20 December 1983 and 39/186 of 17 December 1984, the Assembly, while expressing appreciation for the assistance already given or pledged, renewed its urgent appeal to all Member States to continue to provide financial, material and technical assistance to Guinea-Bissau to help it overcome its economic and financial difficulties and to permit the implementation of the projects and programmes specified in its first four-year development plan.
2. In the same resolutions, the Secretary-General was requested to arrange for a review of the economic situation in Guinea-Bissau and to carry out an evaluation of the results of the round-table conference of donors, held at Lisbon in May 1984, and of the progress made in organizing and implementing the programme of assistance.
3. The Secretary-General, in consultation with the Government of Guinea-Bissau, arranged for a review mission to visit Guinea-Bissau from 16 to 23 April 1985 to overlap with the round-table follow-up meeting, held at Bissau from 16 to 18 April. The mission was led by the Director for Special Economic Assistance Programmes.
4. The review mission met with the Minister for Finance, the Minister for Economic Co-ordination, Plan and International Co-operation, and the Minister-Governor of the National Bank of Guinea-Bissau. These discussions were supplemented by meetings with the staff of relevant technical ministries. The mission also benefited from the views expressed at the round-table follow-up meeting by representatives of the donor countries as well as various United Nations organizations and agencies in Bissau.
5. The mission wishes to place on record its appreciation of the assistance and full co-operation it received from the Government of Guinea-Bissau in providing information for the mission's work. The mission also acknowledges with appreciation the assistance it received from the Resident Representative and staff of the United Nations Development Programme (UNDP) in Bissau as well as from the representatives of specialized agencies resident there.

## II. SUMMARY OVERVIEW

6. The report of the Secretary-General (A/37/137) describes in some detail the difficulties confronting Guinea-Bissau since it has achieved its independence in 1974. From the outset, Guinea-Bissau, in spite of clear development potential, has faced severe shortages of trained manpower, food and foreign exchange. The gross national product has dropped in real terms, the balance-of-payments deficit continues to increase, the external debt is imposing a heavy burden on the economy and the budget deficit has also risen substantially. These difficulties have been aggravated by irregular rainfall over several years. In particular, severe

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droughts struck the country in 1977, 1979, 1980 and 1983 resulting in a drastic fall in agricultural production and a chronic food deficit. In response to the critical economic situation, the Government of Guinea-Bissau has prepared in 1982 a comprehensive development strategy aimed at stabilizing the country's finances and ensuring the country's economic recovery within the framework of its first four-year development plan (1983-1986) which was then being finalized. In the meantime, for the period 1982-1984, outside assistance was given for development projects, for programmes designed to reorganize and resuscitate production, for government finances, for balance-of-payments support and for imports, as well as for technical assistance relevant to the direction and management of the economy.

7. The review mission that visited Guinea-Bissau in April 1985 found that the country continued to be beset by the same kinds of economic and financial difficulties as in 1982, but that the rigorous economic policy measures implemented by the Government in 1984 are beginning to have positive effects; for example exports have increased substantially as a result of progressive devaluation of the peso and adjustments to producer prices, while revenues have risen noticeably in response to fiscal reforms and improved tax collection procedures. Nevertheless, these policy measures are only a beginning and further reforms are required to steer Guinea-Bissau on the road to economic recovery and self-sustained growth. To this end, the mission agrees with the Government that its planned stabilization programme will have to be continued beyond 1986.

8. The mission also endorses the views expressed by the Government that the success of its economic-financial stabilization programme will depend, to a large extent, on the readiness of the donor community to meet the requirements for assistance for the programmes and projects presented at the various international forums, namely, UNDP-sponsored round-table meetings (Lisbon, in May 1984; Bissau, in April 1985) and World Bank-sponsored meeting (Paris, in February 1985) at which representatives of Guinea-Bissau and of the countries and organizations supporting Guinea-Bissau's programme of economic and financial reforms met. At these meetings, it was generally agreed that the reform measures taken to date by the Government within the framework of its stabilization programme have contributed to the correction of some of the economy's structural problems. However, there remain bottlenecks impeding the economy's overall performance: a lack of infrastructure, inadequate qualified manpower, a shortage of consumer goods and productive inputs for the population as well as a scarcity of intermediate goods and equipment.

9. In August 1984, the Government entered into a stand-by agreement with the International Monetary Fund (IMF) whereby the latter placed at the Government's disposal an amount equivalent to special drawing rights (SDRs) 1.9 million, in the form of a first tranche of an import financing facility, in support of Guinea-Bissau's economic recovery programme. The Government has indicated its intention to ask for the continuation of this financial support from IMF in future years within the framework of the stabilization programme now being implemented. Prospects are that a subsequent stand-by agreement for the upper credit tranches may be reached in 1985.

10. The World Bank, for its part, in 1984 approved a credit in an amount equivalent to SDRs .6.0 million for a technical assistance project to help the Government in strengthening the macro-economic management capability of key economic ministries and a credit of SDR 10.1 million, for a reconstruction import

project to allow for the procurement of agricultural implements, fertilizers, agro-chemicals, tools, intermediate producer goods, machinery, batteries and spare parts in accordance with the Government's foreign exchange budget. The World Bank has indicated that its future collaboration with Guinea-Bissau will attempt to consolidate policy-based lending, namely through a structural adjustment credit, which would be prepared in the course of 1985 and will be subject to the prior agreement with IMF. At the Government's request, the World Bank will assist in preparing and organizing donor meetings on balance-of-payments support for the economic reform programme and will collaborate with UNDP in its aid co-ordination efforts through the round-table mechanism.

### III. ECONOMY AND FINANCE

#### A. Background

11. The Republic of Guinea-Bissau covers an area of 36,125 square kilometres and has a population currently estimated at around 825,000 (1983), growing at an annual rate of 2.2 per cent. With a per capita income of about \$190, life expectancy at birth at 42 years, the mortality rate among children aged 1 to 4 around 200 per thousand and 75 per cent of the population illiterate, Guinea-Bissau has been classified by the United Nations as a least developed country.

12. Guinea-Bissau has a subsistence economy with a clear development potential owing to good soils and large uncultivated areas. Agricultural production (which accounts for over 50 per cent of the gross domestic product (GDP), with rice as the main staple) could adequately meet domestic demand for foodstuffs and increase exports earnings (mainly from groundnuts, palm kernels and cashew nuts). Performance has been poor owing to lack of incentives, inadequate infrastructure and unfavourable weather. There is also a considerable scope for the development of fisheries, as demonstrated by the large catches of foreign boats operating in Guinean territorial waters under licenses and, with forests covering 65 per cent of Guinea-Bissau, for the development of forestry resources. Finally, there are indications that mineral resources (including bauxite, phosphate and off-shore petroleum) may be commercially exploitable.

#### B. Economic growth a/

13. Despite this potential, recent economic performance has been disappointing. After a modest growth of about 3 per cent per annum during 1975-1979, real GDP declined by about 5 per cent in 1980 and 1981. With a rebound in agricultural production following the droughts of the late 1970s, real GDP in 1982 rose by 4.2 per cent, but only to decline again in 1983 by 5.1 per cent as a result of the 1983 drought. A growth rate of about 1.5 to 2.0 per cent is expected for 1984 (see table 1).

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a/ Statistics given in this report have been provided by the Government of Guinea-Bissau. The rates of exchange, in Guinea-Bissau pesos per \$US 1.00 are: 1980: 33.8; 1981: 37.8; 1982: 40.07; 1983: 84.06; and 1984: 100.

Table 1

Gross domestic product: origin and use of available resources

(In millions of Guinea-Bissau pesos at current prices)

	1981	1982	1983	1984 (estimated)
GDP (current prices)	6 638	8 061	9 439	14 731
Imports (+)	2 376	3 328	2 870	7 390
Exports (-)	744	632	539	1 740
<u>Total available resources</u>	<u>8 270</u>	<u>10 757</u>	<u>11 770</u>	<u>20 381</u>
Consumption	6 561	8 479	9 561	15 746
Private	(4 700)	(6 106)	(7 117)	(11 564)
Public	(1 861)	(2 373)	(2 444)	(4 182)
Investment	1 709	2 278	2 209	4 635
<u>Use of resources</u>	<u>8 270</u>	<u>10 757</u>	<u>11 770</u>	<u>20 381</u>
GDP (at constant 1981 prices)	6 638	6 917	6 565	6 696
(of which agricultural sector)	3 417	3 613	3 479	4 175

Source: Guinea-Bissau authorities.

14. The decline in real GDP and the drop in imports in 1983 once again resulted in a considerable reduction in available resources. Consumption, however, kept on increasing, rising from 98.9 per cent of GDP in 1981 to 101.3 per cent in 1983. It follows that any capital accumulation has to be entirely financed from external sources.

15. Table 2 provides some indication of capital formation by sector, reflecting a conscious attempt by the Government at adapting the investment policy to the overall development strategy designed to give priority to the four key sectors of agriculture, forestry, fisheries and, within the natural resources sector, mining. The figures for 1985, however, show a renewed concentration on infrastructure projects (in transport, commerce and tourism and health and social services/youth and sport) and a consequent loss of certain investments in the agricultural sector. This, according to the Government authorities, results from the start-up in 1985 of several major infrastructure projects which had been negotiated with the donors prior to 1984, and does not indicate a change in the overall development strategy which now favours priority investments in agriculture, fisheries, donors prior to 1984, and does not indicate a change in the overall development strategy which now favours priority investments in agriculture, fisheries, wood production and mining sectors where increased production would promote food self-sufficiency and expand exports.

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Table 2

Value of projects implemented in 1983-1984 and programmed  
 for 1985, by sector

(In millions of Guinea-Bissau pesos at 1985 prices)

Sector	1983	1984	1985 (programmed)
Agriculture, livestock and forestry	1 386.7	1 100.0	2 696.8
Fisheries	343.9	130.0	424.6
Water	255.3	500.0	819.4
Mines	90.0	80.0	263.2
Transport	814.9	320.0	2 303.3
Telecommunications	29.2	80.0	87.6
Commerce and tourism	6.5	110.0	782.8
Administration	138.7	160.0	697.2
Education	287.3	520.0	811.9
Health and social services	428.3	410.0	581.7
Youth and sports	3.5	80.0	663.3
Veterans	9.0	20.0	121.3
Information and culture	1.4	5.0	17.4
Housing and sanitation	15.4	180.0	181.7
Public works	514.5	460.0	872.8
Energy	94.1	210.0	512.7
Industry	185.8	230.0	766.6
Region	<u>0.5</u>	<u>40.0</u>	<u>137.6</u>
	4 605.0	4 635.0	12 741.9

Source: Guinea-Bissau authorities.

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C. Government finances and monetary situation

16. The critical issue in Guinea-Bissau's fiscal situation lies in the ever-growing budgetary deficit and its financing by the Central Bank. In 1983, the deficit reached 22.5 per cent of GDP, with the current revenue of the State covering only about 45 per cent of the current expenditure or only 80.7 per cent of Government wages and salaries (see table 3). Faced with this fiscal imbalance, the Government imposed an austerity programme with a budget for 1984 that included a number of revenue measures and tightened expenditure policies designed to reduce the overall deficit in central government operations by the equivalent of 5 per cent of GDP. Actual reduction was only 2 per cent.

Table 3

Central government operations (1983-1985)

(In millions of Guinea-Bissau pesos)

	1983	1984	1985 (estimated)
1. Total revenue (2+3)	2 522.9	4 741.4	7 760
2. Budgetary revenue	1 022.9	2 110.4	2 815
2.1 Tax revenue	828.9	1 245.6	1 940
Income tax	137.2	265.3	378
Foreign trade tax	459.9	663.8	1 160
Others	237.6	316.5	402
2.2 Non-tax revenue	173.6	819.9	875
Property income	2.0	187.5	250
Fishing licences	63.7	260.4	350
Others	107.9	372.0	175
3. External grants	1 500.0	2 631.0	4 945
3.1 Project aid	1 136.0	2 000.0	3 520
3.2 Food grants and aid to balance of payments	364.0	631.0	1 425
4. Total expenditure (5+6)	4 646.1	7 867.1	16 030

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Table 3 (continued)

	1983	1984	1985 (estimated)
5. Current expenditure	2 312.1	3 631.1	5 230
5.1 Wages and salaries	1 267.9	2 017.4	2 730
5.2 Other goods and services	670.2	1 053.0	1 420
5.3 Transfers	321.4	354.0	480
5.4 Interest on public debt	52.6	206.7	600
6. Capital expenditure	2 334.0	4 236.0	10 800
7. Current account deficit (2-5)	1 289.2	-1 520.7	-2 415
8. Overall deficit (1-4) after grants	-2 123.2	-3 125.7	-8 270
9. Deficit financing	2 123.2	3 125.7	8 270
9.1 Net Central Bank financing	1 260.0	1 768.0	1 870
9.2 Foreign financing (net)	676.0	1 557.0	6 400
Drawing	838.0	1 990.0	7 100
Amortization	-162.0	-433.0	-700
9.3 Increase in external payment arrears	111.0	-67.0	
Interest	23.0	-36.0	
Amortization	88.0	-31.0	
9.4 Other (including errors and omissions)	76.2	-132.3	

Source: Guinea-Bissau authorities.

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17. The expansion of revenue in 1984 (excluding grants) of 3 per cent of GDP resulted mainly from an income tax reform, higher taxes on consumption goods, such as drinks, tobacco and fuel, the effect of the exchange rate adjustment, and higher transfers from state enterprises engaged in exporting agricultural products. Grants increased by the equivalent of 11 per cent of GDP. With regard to expenditure, wage increases in 1984 have been kept at the 50 per cent average raise granted at the beginning of 1984 following the adoption of price policy measures, and the expansion of other current outlays (including interest payments on foreign debt) did not exceed 60 per cent.

18. As a result of these austerity measures, at the end of 1984 it was determined that the budgetary revenue in 1984, for the first time, covered wages and salaries, marking a turning point in the Government's efforts at redressing its public finance. Another element which could positively affect the volume of receipts would be an increase in the profitability of public enterprises which, for the most part, currently operate at a loss. To this end, with the World Bank's assistance, the Government will undertake a study of certain vital state enterprises among the 30 that exist (such as the power utility, the transport company, SOCOTRAM (the lumber producing unit), DICOL (the fuel distribution agency) in order to identify those that are not viable and should be closed down, those that should remain in the public sector and be strengthened, and those that should be made private.

19. Nevertheless, given the characteristics of Guinea-Bissau's economy, the stagnation or slow growth of economic activity which determines the level of revenue, and the financial needs to ensure the functioning of the State, it will be extremely difficult (barring discovery of offshore oil) to increase revenue to any larger extent, even with the fiscal reform.

20. The fiscal deficit has had major monetary effects since it has basically been covered by advances from the Central Bank at a growing rate. The money supply rose by 25 per cent in 1982 as well as in 1983, with the relationship between currency in circulation and demand deposits remaining constant, and the share of currency at about 70 per cent of the money supply (see table 4). In spite of a tight control on foreign exchange transactions, the high level of government expenditures and the spill-over effects of the deficit financing upon domestic demand have contributed to the decline in international reserves. From 1979 to 1983 the net international reserve position of the Central Bank declined as shown in table 4. Taking into account devaluations during the period, this amounted to approximately \$40 million. Most of the drop was accounted for by an increase in foreign borrowing.

Table 4

Monetary indicators: 1979-1984

(In millions of Guinea-Bissau pesos at the end of the period)

	1979	1980	1981	1982	1983 (estimated)	1984
International reserves	-62	-366	-479	-1 158	-1 702	
Domestic assets	1 244	1 777	2 322	3 461	6 458	8 243
(of which Central Government)	(2 007)	(2 696)	(3 848)	(4 883)	(6 142)	(7 717)
Money supply	1 182	1 411	1 843	2 303	2 887	4 145
Currency in circulation	(829)	(1 017)	(1 283)	(1 557)	(1 978)	
Demand deposits	(353)	(394)	(560)	(746)	(909)	

Source: Guinea-Bissau authorities.

D. Balance of payments and external debt

21. Guinea-Bissau's balance of payments has been characterized by chronic deficits in the goods and services account, which averaged about 36 per cent of GDP over the period 1980-1984 (see table 5). Those deficits have been financed mainly by concessional loans and unrequited transfers.

Table 5  
Balance of payments

(In millions of United States dollars)

	1980	1981	1982	1983	1984 Preliminary estimates
A. Current account	<u>-26.4</u>	<u>-23.1</u>	<u>-35.2</u>	<u>-25.2</u>	<u>-32.1</u>
Trade account	-49.8	-38.1	-57.6	-48.4	-38.8
Exports (f.o.b.)	11.3	13.9	11.8	8.6	17.4
Imports (f.o.b.)	-61.1	-52.0	-69.4	-57.0	-56.2
Services (net)	-15.8	-4.5	-11.6	-8.9	-17.7
Transfers (net)	39.2	19.5	34.0	32.1	24.4
B. Capital account	<u>20.1</u>	<u>24.2</u>	<u>24.1</u>	<u>15.2</u>	<u>22.5</u>
Medium- and long-term	20.1	24.2	24.1	15.2	31.3
C. SDRs allocation	<u>0.5</u>	<u>0.5</u>	-	-	-
D. Errors and omissions	<u>-3.0</u>	<u>-8.0</u>	<u>-8.7</u>	<u>-7.3</u>	<u>-4.9</u>
E. Overall balance (A+B+C+D)	<u>-8.8</u>	<u>-6.4</u>	<u>-20.0</u>	<u>-17.3</u>	<u>-14.5</u>
F. Net foreign assets (increase -)	<u>8.1</u>	<u>2.2</u>	<u>15.8</u>	<u>13.1</u>	<u>6.5</u>
Use of Fund credit	-0.7	2.8	-0.3	-0.4	-1.6
Change in other net foreign assets	8.8	-0.6	16.1	13.5	4.9
G. Payments arrears (decrease -)	<u>0.7</u>	<u>4.2</u>	<u>4.2</u>	<u>4.2</u>	<u>8.0</u>
Medium- and long-term	0.7	4.2	4.0	3.6	7.0
Short-term	-	-	0.2	0.6	1.0
Goods and services accounts	-65.6	-42.6	-69.2	-57.3	-56.5
Current account (excluding official transfers)	-78.4	-46.2	-79.9	-68.2	-61.4
Gross domestic product	160	176	173	154	157

Source: Guinea-Bissau authorities.

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22. Despite substantial capital inflows and foreign grants, the overall deficit reached \$8.8 million in 1980. In 1981, the situation improved somewhat, as imports declined by 14.9 per cent compared with 1980 and exports increased by 23 per cent. Conversely, the situation deteriorated in 1982 resulting in a record overall deficit of \$20.0 million, with exports decreasing by 15 per cent and imports increasing by about 33 per cent. The balance of payments deteriorated further in 1983 with exports falling sharply during that year as a consequence of the continuation of inappropriate producer pricing policies.

23. The structure of imports (see table 6) shows a large share of food products averaging 18.5 per cent of total imports while petroleum products amount to about \$9.7 million per annum for the years 1980-1983. The value of exports, averaging \$11.4 million per annum in 1980-1983, includes five main products, namely, groundnuts, palm kernels, cashew nuts, shrimp and fish and sawn wood.

Table 6

External trade

(In millions of United States dollars)

	1980	1981	1982	1983
<u>Imports</u>				
Food and beverages	11.2	14.1	11.7	11.9
Other consumer goods	6.0	9.1	10.1	7.6
Petroleum products	10.7	8.6	11.3	8.2
Construction material	2.0	2.2	3.7	1.1
Transportation equipment	12.1	8.7	8.9	7.1
Machinery and electrical equipment	6.6	8.4	6.7	2.6
Other	5.0	4.1	6.7	7.4
Adjustments	<u>14.4</u>	<u>2.0</u>	<u>17.3</u>	<u>18.5</u>
Total	<u>68.0</u>	<u>57.2</u>	<u>76.4</u>	<u>63.1</u>

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Table 6 (continued)

	1980	1981	1982	1983
<u>Exports</u>				
Agricultural products	5.7	7.7	6.7	6.1
Groundnuts	(2.9)	(2.4)	(3.3)	(3.4)
Cotton	(0.4)	(1.3)	(0.7)	-
Palm products	(2.0)	(2.4)	(1.6)	(1.3)
Cashew nuts	(0.4)	(1.5)	(1.1)	(1.2)
Other	-	(0.1)	-	(0.2)
Fishing products (shrimp + fish)	3.9	4.6	4.3	2.0
Wood products	0.9	1.0	0.6	0.4
Other	<u>0.8</u>	<u>0.6</u>	<u>0.2</u>	<u>0.1</u>
<b>Total</b>	<b><u>11.3</u></b>	<b><u>13.9</u></b>	<b><u>11.8</u></b>	<b><u>8.6</u></b>

Source: Guinea-Bissau authorities.

24. Unrequited transfers, mainly in the form of grant aid from countries and multilateral organizations, have financed about 50 per cent of Guinea-Bissau's deficits on the goods and services account during the period 1980-1983. These grants have financed productive and infrastructure projects, technical assistance and food aid. Proceeds from the domestic sale of food aid are normally deposited in the National Investment Fund to finance the domestic cost component of investment projects.

25. In 1983, there was a significant decline in medium- and long-term capital inflows, as several development projects experienced delays in their implementation. It is projected however that in 1984 medium- and long-term loans will rise sharply to \$31.3 million, partly to cover the growing debt service.

26. During the period 1981-1983, Guinea-Bissau's external debt (including arrears) grew at an average annual rate of 36 per cent, reaching \$163.1 million (or the equivalent of 106 per cent of GDP) at the end of 1983; this includes \$133.9 million in medium- and long-term debt (\$10.2 million of which is in arrears) (see table 7).

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Table 7

External debt - 1980-1983

(In millions of United States dollars)

	1980	1981	1982	1983
Outstanding debt, disbursed	64.3	100.1	134.7	163.1
(end of period), including medium- and long-term debt	(62.2)	(93.5)	(119.1)	(133.9)
(of which: arrears)	(1.0)	(4.7)	(7.7)	(10.2)
Scheduled debt service	3.6	5.9	7.7	7.6
Debt service payments	2.8	1.7	3.5	3.4
Arrears	0.8	4.2	4.2	4.2

Source: Guinea-Bissau authorities.

27. Debt servicing rose from \$3.6 million in 1980 to \$7.6 million in 1983. For 1984, the Government has estimated that it will have paid only \$1.6 million in debt servicing out of a scheduled debt service of \$8.0 million, thus increasing further its external payments arrears. For 1985, it is projected that \$10.2 million will be needed for debt service alone, of which \$3.8 million is for interest payments, \$4.4 million for amortizations and \$2.0 million for arrears. These payment difficulties underscore the importance in the successful renegotiation of the debt and generally the urgent need for emergency external aid, preferably capital assistance on very soft terms to alleviate the present heavy debt burden, in support of the Government's ongoing economic and financial stabilization programme.

E. Economic and financial stabilization programme

28. The first development plan (1983-1986) of Guinea-Bissau encompasses three major phases: economic-financial stabilization, economic recovery and national construction. The economic and financial stabilization programme, which was approved by the Government at the end of 1982 as the dominant strategy for the first two years (1983-1984), was in fact enacted only in December 1983. It is designed to correct internal and external price distortions, shift the urban-rural terms of trade to the areas of greatest comparative advantage in agriculture and improve the efficiency in the management of public sector finances. It centres on four basic precepts: improvement of internal and external economic and financial situations; reorganization of the economic and commercial circuits; rigorous use of

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external aid; and management of the economy. The medium and long-term objectives include the search for food self-sufficiency, inter alia, through the correction of producer prices; a radical institutional reform in the trade sector calling for increased participation of the private sector and the progressive domestic integration of the economy by encouraging the farmers to produce and consume through the appropriate marketing circuits away from the parallel market; and the limitation of public expenditure so as to hold back the ever growing public deficit.

29. Accordingly, during 1984, the Government of Guinea-Bissau took a series of corrective measures: (a) Devaluation of the peso by 100 per cent from 41 to 82 to the United States dollar, followed by weekly devaluation of 1 per cent until the peso had been devalued by a total of 200 per cent; (b) increases in producer prices for traditional agricultural products averaging 70 per cent; (c) assignment of responsibility for retail trade and primary marketing of agricultural products to the private sector; and (d) a parallel reorganization of the Armazens do Povo and Socomin, the two state marketing corporations. In addition, the Government has since December 1983 been shipping to rural areas a number of consumer items that it purchased with bilateral balance-of-payments assistance.

30. The following achievements can be attributed directly to the above-mentioned measures:

(a) At the end of 1984, an estimated total devaluation of the peso by some 200 per cent had taken place;

(b) As a result of producer price increases of the principal crops (rice and cashew nuts by 76 per cent, groundnuts by 90 per cent and palm kernels by 114 per cent) and the redirection of agricultural output from parallel markets to official channels, it is estimated that exports will increase by about 100 per cent in 1984, from \$8.6 million in 1983 to \$17.4 million in 1984 and by 15 per cent per year in the next years;

(c) At least 30 out of 270 retail stores owned by the State enterprises will have been transferred to the private sector or closed by the end of 1984 and further sales are planned for 1985. Private traders will be given import licenses equal to 70 per cent of their exports of non-traditional goods;

(d) Consumer prices were adjusted to reflect the effects of the devaluation and of wage increases which averaged approximately 50 per cent, with the object of shifting the internal terms of trade in favour of agriculture. The price of rice was increased by 67 per cent, resulting in a substantial decrease in the average real wage. Prices of petroleum products were increased by 100 per cent;

(e) As a result of the new fiscal policies (income tax reform, tax on consumption goods, increase in stamp tax and increases in transfers from public enterprises to the treasury), current revenues in 1984 are expected to increase by 69 per cent while current expenditures will increase only by 57 per cent. In 1985, further efforts will be made to increase the tax base and the progressiveness and generality of the tax system as well as to improve the efficiency of collection procedures. Public enterprises are now required to deposit, in domestic currency, payments due for foreign debt service, thus facilitating the settlement of the



external debt and the monitoring of arrears. These fiscal measures are expected to reduce the overall deficit after grants from 45 per cent of total expenditure to 40 per cent in 1984, with larger decreases expected in the following years.

### Conclusion

31. From the results achieved, it is evident that the recent policy measures taken by the Government constitute a step in the right direction. It is equally clear that the reversal of the present domestic and foreign sector imbalances will take many years, requiring from the Government consistent and sustained implementation of the economic and financial recovery programme as well as the understanding of the international community and its generous and timely financial support.

32. It is also quite evident that these austerity measures have demanded heavy sacrifices especially from the city dwellers who have had to endure a noticeable decrease in their purchasing power as a result of the wage restraints policy, the devaluation of the peso and the drastic increases in consumer prices. The success of this stabilization programme will, to a great extent, depend on the continued support of this urban population and attention should be given to weigh carefully the extent to which further curtailments would affect their standard of living. It is equally important to provide to the rural population access to consumer goods, tools and implements to stimulate their desire to increase food production and market it through the official channels as well as ensure a minimal regular supply of raw material, fuel and spare parts to the modern sector. The fulfilment of these actions, in turn, depends on the capacity of the Government to maintain a minimum influx of essential imports for which the Government largely relies on external assistance.

### F. External assistance

33. Guinea-Bissau's development partners include the following countries: Algeria, Belgium, Brazil, China, Cuba, Czechoslovakia, Egypt, France, German Democratic Republic, Germany, Federal Republic of, Italy, Japan, Libyan Arab Jamahiriya, Luxembourg, Netherlands, Portugal, Sweden, Switzerland, Spain, Union of Soviet Socialist Republics, United States of America and Yugoslavia. The following multilateral programmes, banks and funds have also provided assistance: the African Development Bank, the African Development Fund, the European Caisse centrale de coopération économique, the European Economic Community, the Kuwait Fund, the Saudi Fund, the United Nations Children's Fund, the United Nations Development Programme, the World Food Programme, the United Nations Fund for Population Activities, the Food and Agriculture Organization of the United Nations, the World Health Organization, the World Bank and the International Monetary Fund, the International Fund for Agricultural Development and voluntary and non-governmental organizations.

34. As noted, the Government wishes to mobilize the support of the international community in the implementation of its development plan and strategy. Thus, it has embraced the round-table meeting format, set up with the assistance of UNDP within the framework of the Substantial New Programme of Action for the 1980s for the

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Least Developed Countries, which provides Guinea-Bissau with the opportunity to discuss periodically with its multilateral and bilateral development partners the problems faced by the country as well as its development prospects, objectives, priorities and policies. The first round-table meeting was held at Lisbon in May 1984, while the first round-table follow-up meeting took place a year later in Bissau in April 1985. Between these meetings, representatives of the Government and of the countries and organizations that have supported Guinea-Bissau's economic and financial stabilization programme met in Paris in February 1985, under the World Bank's sponsorship, specifically to discuss Guinea-Bissau's balance-of-payments needs. The outcome of these meetings will be examined in section V of the report.

#### IV. SPECIAL PROGRAMME OF ECONOMIC ASSISTANCE

35. The initial special programme of economic assistance for Guinea-Bissau was formulated in 1978 and was approved by the General Assembly in its resolution 33/124 of 19 December 1978. The programme consisted of two parts: part A calling for immediate action projects amounting to \$25.0 million and part B for accelerated development projects for \$13.0 million. The programme was subsequently revised as shown in the reports of the Secretary-General (A/34/370, A/35/343, A/36/263) with the addition of new projects and the withdrawal of others in accordance with the changing development priorities of the Government.

36. In August 1982, the review mission was advised that, in preparation for the 1983-1986 national development plan and the round-table meeting of donors envisaged for early 1983, the Government of Guinea-Bissau had proceeded with the review of all investment programmes and projects receiving external assistance. As a consequence of this review, of the 89 projects presented earlier, 21 projects had been withdrawn, many of which had been covered in other ways, and 7 projects were no longer considered to be of the highest priority. As a result of these reviews, the reformulated programme for special economic assistance described in the 1982 report of the Secretary-General (A/37/137) consisted of 129 projects, of which 69 have been fully funded, 18 have been partially funded and 42 yet to be financed. The estimated cost of fully funding the projects only partially financed amounted to \$US 43.5 million, while the full funding of other projects amounted to \$US 75.9 million, bringing the overall cost to a total of \$US 119.4 million for which the Government was seeking international assistance.

37. In the summary report of the Secretary-General submitted to the General Assembly in September 1983 (A/38/216, sect. X), it was noted that the Government was engaged in the finalization of its first national development plan (1983-1986) which, in the first part, consisted of a programme of stabilization for 1983-1984 aimed at correcting "the most critical maladjustments of the country's economy". This led to a revision of priorities and projects, and to the decision that outstanding projects in the special economic assistance programme, namely, those which are still unfunded or partially funded would be integrated into the new development plan. This plan was finalized in time for the May 1984 round-table conference of donors at which the Government sought external assistance for 60 projects costing \$US 172.1 million, of which 38 projects were fully funded or partially funded for a total of about \$90.7 million as a result of the meeting.

38. The Government indicated to the 1985 mission that the special programme of economic assistance should especially draw attention of the international community to the urgency to assist Guinea-Bissau:

(a) In meeting its balance-of-payments deficits;

(b) In providing commodity and food aid;

(c) In providing funds for the 22 projects of the round-table still in need of financing, costing approximately \$81.5 million. (See appendix I).

## V. INTERNATIONAL CO-OPERATION

### A. Round-table conference of donors

39. Following a preliminary meeting at Geneva in July 1983, the round-table conference of donors for Guinea-Bissau was held at Lisbon from 21 to 23 May 1984, at which 130 delegates from 25 countries, 23 governmental and intergovernmental organizations and 10 non-governmental organizations participated. It provided an opportunity for the Government to discuss with its development partners its programme of economic and financial stabilization as well as the four-year socio-economic development plan under way and to present its estimated need for foreign assistance for the years 1984-1986. These requirements and the estimated costs associated with them can be subdivided into two major categories: (a) aid not linked to projects and (b) aid linked to projects. The first category includes (i) a programme for the reorganization and revival of production, mainly to finance the purchase of spare parts, small farming equipment, land and river transport and import of essential goods for the rural areas (\$52.0 million); (ii) a programme aimed at alleviating the trade deficit through the import of food, construction materials and fuel, (\$72.1 million); (iii) aid to the balance of payments (\$85.5 million) and (iv) guidelines and management of the economy at (\$6.8 million). In the second category, the Government solicited assistance for the financing of projects amounting to \$172.1 million for the years 1983-1986.

40. All the donor representatives commended the Government for the courageous and well-conceived economic and financial stabilization programme it had adopted as a means of survival and gradual recovery from its current economic and financial crisis. It was the consensus of opinion at the Lisbon conference that the round table should be regarded as part of a continuing dialogue with the view towards mobilizing essential assistance and also towards improving the speed and quality of programme implementation. While some of the donors were unable to make outright commitments beyond 1984-1985, assurances were given of continuing support throughout the national development plan period for both project and non-project aid. Although it is difficult to tabulate and cost the various aid commitments made, it is estimated that (a) the World Bank and the IMF, the Bank of Portugal, Sweden, the Netherlands and Switzerland have pledged a total of \$40.4 million for balance-of-payments support and structural adjustments; (b) Sweden, France, the Netherlands, Germany, Federal Republic of, the United States of America, Japan and the European Economic Community have indicated their intention to continue to

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provide grant food aid to Guinea-Bissau for a total estimated at about \$30.0 million for the years 1984-1986; (c) about \$90.7 million have been pledged by the donors for specific projects presented at the meeting. Various countries have also indicated their readiness to renegotiate the external debt of Guinea-Bissau and to finance local costs of projects as well as other recurrent development expenses. In return, the Government of Guinea-Bissau announced the creation of a Management Unit for Balance of Payments Assistance, consisting of representatives of the Ministries of Commerce, Plan, Rural Development and the National Bank of Guinea-Bissau, to manage the application of emergency balance-of-payments assistance pledged at the meeting. The Government also offered to produce an annual report on aid utilization as well as to conduct semi-annual co-ordination meetings among the locally resident donor community in Bissau.

41. A year later, the first round-table follow-up meeting was held in Bissau from 16 to 18 April 1985, attended by 57 delegates from 14 countries and 13 governmental and intergovernmental organizations. The participants acknowledged the critical importance of external assistance in support of the Government's economic and financial stabilization programme and their readiness to consider favourably the financing of the projects presented at the round-table meeting. Bilateral contacts will be sought by the Government with regard to further assistance to the balance of payments. Considering the delay in the implementation of the various pledges, the meeting acknowledged the need to ensure, in the future, timely and co-ordinated follow-up of the decisions and recommendations adopted by the round table at Lisbon. The round-table follow-up meeting also recommended the extension of the stabilization programme in order to allow for the consolidation of the results so far achieved. Finally, it decided tentatively on the holding of sectoral consultations on health (Geneva, October 1985), on non-governmental organizations (Bissau, October 1985), on agriculture (Bissau, May 1986), on fisheries (Bissau, June 1986) and a special consultation on technical assistance and human resources (Bissau, October 1986).

#### B. Non-project assistance

42. Under the World Bank's sponsorship, representatives from the World Bank, IMF, UNDP and EEC, as well as from France, Germany, Federal Republic of, the Netherlands, Switzerland, Portugal, Sweden and the United States met with a delegation of Guinea-Bissau in Paris on 12 and 13 February 1985 to review the ways in which the international assistance to Guinea-Bissau had been carried out. The Government of Guinea-Bissau expounded on the objectives of the economic policies that have been adopted, on the results achieved thus far, on the existing blockages and on the needs for 1985 and 1986. For 1985, the Government indicated that its total requirements amount to \$23.8 million (of which \$7.0 million are for food aid, \$8.0 million are for fuel import and \$8.8 million are for other essential imports). For 1986, and subject to favourable weather conditions in 1985 and fulfilment of the various economic and financial reform programmes, export of goods and services could reach \$25.0 million, thus leaving a balance-of-payments deficit of about \$30.0 million, including food aid, to be financed. The meeting acknowledged that the trend shown by some of the economic indicators is highly encouraging. Nevertheless, all agreed that additional efforts are still required

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for the financial stabilization and economic recovery of Guinea-Bissau. The current policies that provide for periodic adjustments of producer and consumer prices should be continued in order to keep up the shift in the terms of trade in favour of the agricultural sector. The reforms aimed at instilling greater efficiency to the marketing process should be expanded, as well as the process of reorganizing the state enterprises. Additional progress is needed to reduce the current imbalance in the public finances and the balance of payments. The participants also agreed that the short-term adjustment efforts should be subordinated to, and support, the goal of long-term development. Accordingly, the scheduling and selection of investments should be ruled by the criteria of economic efficiency and financial feasibility. Finally, the countries supporting Guinea-Bissau promised that every effort will be made to meet the remaining balance-of-payments needs.

43. The programme of assistance to the balance of payments includes three types of action: (a) debt rescheduling; (b) cancellation or rescheduling of commercial arrears and (c) reconstitution of a minimum level of reserves. The Government of Guinea-Bissau hopes that the donors would live up to the commitment made at the United Nations Conference on Trade and Development, namely, that of transforming the loans of the least developed countries into grants (cancellation of arrears) to the extent possible. Alternatively, debt service could be rescheduled. With respect to the cancellation or renegotiation of arrears on short-term credits and of commercial arrears, the Government is negotiating with creditors in order to change these short-term credits into medium and long-term bilateral credits on concessionary terms so as to enable debt renegotiation within the framework of the Paris Club. Guinea-Bissau has successfully negotiated the rescheduling of its trade credit arrears, amounting to \$24.0 million with Portugal, as well as with the Union of Soviet Socialist Republics, and is in the process of negotiating with other countries. Finally, the Government of Guinea-Bissau is seeking international assistance in re-establishing a minimum level of reserves, estimated at three to four months of exports, or \$20.0 million.

#### C. Food aid

44. Food aid to Guinea-Bissau is essential not merely to fill its food deficit resulting from adverse weather conditions and supply its urban centres, but also, as acknowledged by the round-table conference of donors at Lisbon, as a short-term measure to alleviate the pressure on the balance of payments. The proceeds from the sales of food aid are deposited into the National Investment Fund which was established to finance local costs of development projects and to make up for parts of the budgetary deficit. Thus, the Government urged donor countries not to tie the level of their food assistance to Guinea-Bissau's food production at a given year, but to tie it to the overall development effort of the country. Guinea-Bissau needs to be able to count on a steady flow of food aid for the next few years.

45. In 1984, Guinea-Bissau received food aid from the following countries and organizations: Germany, Federal Republic of, Saudi Arabia, United States of America, Portugal, Algeria, Luxembourg, Sweden, Japan, France, Czechoslovakia, Yugoslavia, Union of Soviet Socialist Republics and EEC. The total value of this

food aid has been estimated at about 631 millions of Guinea-Bissau pesos. The Food Security Planning Bureau in the Ministry of Plan has estimated the imported food requirements for 1985, as shown in table 8 below.

Table 8  
Imported food requirements for 1985

(In tonnes)

	Estimated requirements for 1985	Total received up to 15 April 1985	Food pledged for delivery	Deficit remaining
Rice	28 650	12 513	2 000	14 137
Wheat flour	6 350	2 190	-	4 160
Oil	2 000	125	-	1 875
Milk	500	100	-	400
Sugar	2 500	-	-	2 500
Sorghum	-	-	3 000	-

Source: Food Security Planning Bureau, Ministry of Economic Co-ordination, Planning and International Co-operation.

46. Japan, France, the United States of America, Italy and EEC have already delivered or are in the process of delivering food aid to Guinea-Bissau in 1985. However, as shown in table 8, a substantial deficit remains to be filled.

#### D. Project funding

47. Of the 60 projects costing around \$172.1 million for which the Government has sought external financing, 38 projects worth \$90.7 million have been funded or no longer require funding. Twelve projects totalling \$61.9 million have been partially funded and would require further inputs from the donors. Finally, 10 projects costing about \$19.6 million are without response to date. Appendix I summarizes the response.

#### Conclusion

48. The international community has responded generously to and been supportive of the courageous measures taken so far by the Government of Guinea-Bissau in its efforts to correct some of the fundamental structural imbalances in its economy. However, sustained external assistance will be required for the next few years in

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support of Guinea-Bissau's economic recovery programme. In particular the review mission has highlighted in this report the following requirements:

(a) Funding of the balance-of-payments deficit of about \$53.8 million, including food aid, for the years 1985-86;

(b) Debt renegotiation and relief;

(c) Funding of some 22 development projects costing approximately \$81.5 million.

APPENDIX I

Funding of projects of the first development plan  
 for 1983-1986

(In thousands of US dollars)

A. Funded projects/projects no longer requiring funding

	<u>Title</u>	<u>Amount</u>	<u>Source</u>
(a)	<u>Rural development sector</u>		
A 12	Training center for rural staff	4 699.0	Italy, Fonds d'aide de coopération
A 15	Study and exploitation of small valleys	1 269.0	United Nations Sudano-Sahelian Office (UNSO), FAC
A 26	Support to Tabanca Associations for development of oil products	685.0	World Bank
A 32	Small equipment for rice hulling	2 417.0	(to be integrated with A 54)
A 37	Integrated development of Bolama/Bijagos	715.0	Non-governmental organizations
A 54	Caboxanque Integrated Project	4 218.0	Non-governmental organizations, FAC, European Economic Community (EEC), Capital Development Fund
	<u>Subtotal (a)</u>	<u>14 003.0</u>	
(b)	<u>Commerce</u>		
C 1	Assistance to Ministry of Commerce	1 210.0	European Development Fund (EDF)
C 2	Assistance to the reorganization of commercial enterprises	620.0	EDF
	<u>Subtotal (b)</u>	<u>1 830.0</u>	

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<u>Title</u>	<u>Amount</u>	<u>Source</u>
<b>(c) <u>Fisheries</u></b>		
G 4 Expansion of artisanal fishing	1 373.0	Kuwait Fund
G 13 Development of artisanal fishing	8 100.0	Kuwait Fund
G 14 Study of fishing port	350.0	Kuwait Fund
G 15 Improvement of port installations	300.0	Kuwait Fund
<u>Subtotal (c)</u>	10 123.0	
<b>(d) <u>Transports</u></b>		
T 18 Training of civil aviation staff	520.0	Italy
T 19 Remodelling of Bissau airport terminal	1 500.0	Several financing proposals under review
T 20 Restructuring of Silo Diata	3 250.0	Several financing proposals under review
<u>Subtotal (d)</u>	5 270.0	
<b>(e) <u>Education</u></b>		
E 14 Printing of manuals for basic education	1 800.0	African Development Fund
E 22 Teaching material for basic and secondary education	215.0	Swedish International Development Agency (SIDA), United Nations Educational, Scientific and Cultural Organization, African Development Bank (ADB), United Nations Children's Fund
		(Project may be postponed to second development plan)
<u>Subtotal (e)</u>	2 015.0	

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	<u>Title</u>	<u>Amount</u>	<u>Source</u>
(f)	<u>Health</u>		
	S 26 Repair of hospitals	1 650.0	Portugal, United Nations Development Programme (UNDP)
	S 37 Training of health staff	1 032.0	ADB and others
	<u>Subtotal (f)</u>	<u>2 682.0</u>	
(g)	<u>Public works</u>		
	P 8 Housing credit	7 500.0	Several sources Study by UNDP
	P 25 Second World Bank highway project	9 000.0	World Bank and Kuwait Fund
	P 27 Assistance to Public Works Sector	1 500.0	(Incorporated in P 25)
	P 31 Workers' neighbourhood	825.0	Instituto Nacional de Seguros
	P 40 Bissau Infrastructure Department	5 500.0	
	<u>Subtotal (g)</u>	<u>24 325.0</u>	
(h)	<u>Water resources</u>		
	H 8 Structuring of water resources services	750.0	The Netherlands
	<u>Subtotal (h)</u>	<u>750.0</u>	
(i)	<u>Energy</u>		
	N 9 New energy sources	750.0	FAC, SIDA, The Netherlands
	N 11 Master Plan for energy sector	100.0	EEC
	N 12 Revision of repair of groups III, IV	625.0	Several sources under review
	N 14/16 Fuel savings	600.0	(to be included in N 11)

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<u>Title</u>	<u>Amount</u>	<u>Source</u>
N 15 Technical assistance to Guinea-Bissau Water and Energy Enterprise	700.0	SIDA
N 21 Dams on Corubal River	· pm	(UNDP-financed study)
<u>Subtotal (i)</u>	2 775.0	
<b>(j) <u>Industry</u></b>		
I 1 Technical assistance to Ministry	387.0	SIDA, World Bank
I 2 Support fund for industrial enterprises	14 500.0	(Through aid to balance of payments. Project being revised)
<u>Subtotal (j)</u>	14 887.0	
<b>(k) <u>Telecommunications</u></b>		
L 3 New telephone lines	4 175.0	Study by Algeria (Project to be revised)
<u>Subtotal (k)</u>	4 175.0	
<b>(l) <u>Administration</u></b>		
B 5 Assistance to the National Development Fund	933.0	Food and Agriculture Organization of the United Nations (FAO) study
B 14 Technical assistance to Government	295.0	World Bank
B 15 Organization of agricultural credit	1 655.0	ADB
<u>Subtotal (l)</u>	2 883.0	
<b>(m) <u>Regions</u></b>		
R 1 National project for support to regions	5 000.0	(Project being revised through a study)
<u>Subtotal (m)</u>	5 000.0	
<b>TOTAL, A</b>	90 718.0	

B. Projects partially funded

<u>Title</u>	<u>Brief Project Description</u>	<u>Amount</u>	<u>Contacts</u>
<b>(a) <u>Education</u></b>			
E 7 Construction and supply of 80 schools	Construction of 20 schools per year, each having 130 m <sup>2</sup> and two classrooms built with local materials. Each room will be furnished with two double desks for 30 students	1 605.0	Non-governmental organizations, EEC
E 8 Rehabilitation and re-equipment of schools for basic education	Rehabilitation of school buildings and replacement of deteriorated equipment in 347 schools	1 525.0	SIDA
	<u>Subtotal (a)</u>	3 130.0	
<b>(b) <u>Health</u></b>			
S 16 Anti-tuberculosis campaign	Construction of a 200-bed hospital to accommodate cases identified in the anti-tuberculosis campaign	4 050.0	Italy
	<u>Subtotal (b)</u>	4 050.0	
<b>(c) <u>Public works</u></b>			
P 17 Bissau/Biombo Highway	Construction of a 60-km paved road, beginning at the airport and going Ondame (Biombo)	6 000.0	Saudi Fund
P 18 Bissau/Prabis	Construction of an 18-km paved road, beginning at Alto Crim and going to Prabis (Bifurcation), including a stretch linking this road to the industrial zone of Alto de Bandim		
P 22 M'Pack - S. Vincente Highway	Construction of a 79-km paved highway and 5 secondary bridges, which would be a modern link between Banjul and Bissau. Other stretches to be built are Mandina Ba-Selety in Gambia, and Ziguinchor-M'Pack in Senegal (but these stretches are not included in the total cost for Guinea-Bissau)	23 500.0	Economic Community of West African States (ECOWAS), Italy

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<u>Title</u>	<u>Brief project description</u>	<u>Amount</u>	<u>Contacts</u>
P 26 Secondary bridges	Replacing bridges on the following rivers: Pulon (39 m), Colage (20.5 m), Cole (41 m), Bugicate (10 m), Uramai (15 m), Costa (60 m), Armada (13.4 m), Aqueram (30 m), and Geba (86 m)	15 000.0	Saudi Fund EEC
	<u>Subtotal (c)</u>	47 250.0	
<b>(d) <u>Energy</u></b>			
N 18 Material for services and for distribution networks	For energy, purchase of safety-related work equipment, fire-fighting equipment, machine tools and measuring equipment, communications equipment and vehicles. Acquisition of equipment to connect new consumers and repair worn installations. For urban water systems, purchase of meter-tuning equipment and leakage-detection apparatus	1 700.0	without contacts
	<u>Subtotal (d)</u>	1 700.0	
<b>(e) <u>Industry</u></b>			
I 8 Study of new industrial production	To study possibilities for a new production utilizing domestic raw materials. Preparation of project documents	500.0	Portugal/ United States of America
I 9 Strengthening of popular production	Creation of four centres for revitalization of popular or artisanal production, co-ordinated through a national directorate that will ensure the distribution of tools, materials, and will provide technical support	1 386.0	SIDA/ Swiss Aid/ Austria
	<u>Subtotal (e)</u>	1 886.0	

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<u>Title</u>	<u>Brief project description</u>	<u>Amount</u>	<u>Contacts</u>
(f) <u>Mining</u>			
M 7 Restructuring of Department of Geology and Mines	Technical assistance: one geologist, one geophysist, one mining engineer. Training of staff in the Department and abroad Purchase of materials and equipment, revision of geological maps. Research and prospection	2 125.0	France/ Portugal
	<u>Subtotal (f)</u>	2 125.0	
(g) <u>Information and Culture</u>			
D 1 Development of Radio Broadcasting Services	Immediate support to the existing system, new equipment, spare parts, technical assistance, training. Medium-term support through a comparative study of AM and FM transmission costs and the installation of a permanent system, with equipment, technical assistance for installation, training of staff, and the organization of rural radio services	1 750.0	Federal Republic of Germany
	<u>Subtotal (g)</u>	1 750.0	
TOTAL, B		61 936.0	

C. Unfunded projects

(a) <u>Forestry</u>			
F 4 Forestry-pasture organization and action in eastern part of the country	Project activities would consist of four sub-projects in 20 villages and would analyse current burning practices and the diffusion of control methods. Land clearing would also be studied for compatibility with forestry legislation. An evaluation would be made of the impact of trees in response to the population's needs	1 452.0	EEC

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<u>Title</u>	<u>Brief project description</u>	<u>Amount</u>	<u>Contacts</u>
F 6 Strengthening of Forestry Services	Technical support to the Central and Regional Services, procurement of vehicles for the Services  Implementation of extension services and staff training at technical and higher levels	1 467.5	FAO/Italy
	<u>Subtotal (a)</u>	2 919.5	
<b>(b) <u>Fisheries</u></b>			
G 1 Assistance to State Secretariat for Fisheries	The project will provide to the State Secretariat for Fisheries international consulting services to assist in its policies and strategies and training its staff	752.0	Portugal
G 2 Control of fishing activities in the exclusive economic zone	The project will consist of two phases: (a) Identification mission to prepare programme to be adopted  (b) Project assistance and execution, providing necessary financing and technical assistance	1 025.0	The Netherlands
G 16 Scientific Programme for Control of Fishing Stocks	Performance of studies to estimate accurately the potential of the country's fisheries resources  The project will include a detailed scientific study of the various stocks and a refined statistical knowledge that will allow studies to be made for investment purposes	348.0	Italy
	<u>Subtotal (b)</u>	2 125.0	
<b>(c) <u>Mining</u></b>			
M 6 Research on Molybdenum in Ganquiro	Topographic control and planialtimeter survey, geological cartography, description of trenches and wells, geophysical research on surface areas, drilling, prospecting and laboratory analysis for anomalies	488.0	Brazil
	<u>Subtotal (c)</u>	488.0	

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<u>Title</u>	<u>Brief project description</u>	<u>Amount</u>	<u>Contacts</u>
(d) <u>Health</u>			
S 8 Construction and repairs of health centres	The project will build 15 new centres, with living quarters for staff, and repair 32 existing centres which are in bad condition and lack of equipment	3 060.0	Italy
	<u>Subtotal (d)</u>	3 060.0	
(e) <u>Public works</u>			
P 20 Bambadinca/Xitole/ Quebo Highway	Construction of a 74-km paved road between Bambadinca and Quebo	9 660.0	
	<u>Subtotal (e)</u>	9 660.0	
(f) <u>Telecommunications</u>			
L 4 Substitution of old equipment and supplies	Study of 12 existing centrals and inventory of material needing replacement. Repair of structures (not included in the project).	1 050.0	
L 5 Support station for coastal navigation	Construction and equipment of a coastal station; training of staff; communications with fishing and transport vessels	300.0	
	<u>Subtotal (f)</u>	1 350.0	
<b>TOTAL, C</b>		<b>19 602.5</b>	



Map of Guinea-Bissau

