

followed, the economic and social situation in Guinea Bissau remains largely fragile. Thousands of Bissau-Guineans live in absolute poverty and achievement of the MDGs by 2015 is increasingly unlikely. The country is ranked 175 out of 177 countries as of basic and flour affect economic growth and the purchasing power of the population, in particular the most vulnerable. The effective per capita GDP was €153 in 2006 and €163 in 2007. Inflation was estimated at 3.8% in 2007, in a context marked by the accumulation of outstanding internal payments, including salary arrears.

2. The armed conflict of 1998/99 and continuing political instability have also contributed to the weakening of public administration, the deterioration of infrastructure, the increase of public deficit, and poor private sector development, all of which are slowing down the reactivation of the economy. Investments remain weak, (12.2% of the GDP in 2006) and largely implemented by the State through external funding (88.5% of all investments in 2006).

3. In order to tackle these problems and other development-related and poverty reduction challenges, the Government of Guinea-Bissau presented a Poverty Reduction Strategy Paper (DENARP) to the development partners at the Geneva Round table in November 2006. One of the major axes of the national strategy relates to promotion of economic growth and the creation of jobs.

4. Public administration reform is also a key element of the DENARP and one of the Government priorities in efforts to improve public funding and management. With the administrative reform, the government of Guinea-Bissau intends to modernize its public administration to i) reinforce its capacities and to make it more efficient and accountable; (ii) to improve public finance management; iii) to create the conditions to implement public policies, aimed namely at consolidating peace, poverty reduction and promotion of economic growth.

The economic challenges for Guinea-Bissau

5. **Improvement of public funding and management.** Acceleration of economic growth requires, inter alia, a public administration capable of implementing adequate public policies in order to ensure macroeconomic stability, increased State revenue, an improved business environment and a diversification of export products. The efforts carried out by the Government, since May 2007, in the improvement of public finances led to the signing with the IMF of the Emergency Post-Conflict Assistance (EPCA) programme for the year 2008, which opens up good perspectives for additional support. However, more efforts and appropriate reforms are needed to increase State revenue, create budgetary discipline, reform public administration and reinforce its capacities.

6. **Aid mobilization and its efficient management.** In light of the limitations of Guinea-Bissau's internal financial and human resources, the implementation of policies and reforms requires the support of the international community. The November 2006 Geneva round table,

organized with UNDP support, raised pledges amounting to US\$ 279.38 million, of which US\$ 29.45 million in budget support and US\$ 249.93 million in programme support. Whereas pledges for budget support have largely been respected, assistance for development programmes and projects has, for the most part, yet to materialize. Within the context of the EPCA with the IMF, an increase of support to Guinea-Bissau, mainly budget support, is planned. At the same time, the country's inclusion in the PBC agenda, as well as its access to support from the Peacebuilding Fund, will result in additional support by the international community to programmes in the context of DENARP, the Security Sector Reform plan and the country's other national strategies. The perspective of an aid increase to Guinea-Bissau requires adequate technical monitoring in order to ensure greater efficiency and to facilitate the implementation of the reforms.

7. ***Development of the private sector.*** The private sector in Guinea-Bissau is poorly developed and essentially concentrated on import / export activities. Efforts need to be made towards facilitating the growth of the private sector in key sectors such as agro-industry, livestock farming, fisheries and tourism, whics2(o)-3.s8te sec3onot.s8te 4(.8907 0690 Tc0.0157 Tw{as i)6l)12o

Peacebuilding Commission Country-Specific Configuration on Guinea-Bissau