



THE WORLD BANK  
IBRD • IDA | WORLD BANK GROUP

# POVERTY, SHARED PROSPERITY, AND EQUITY UPDATE GUINEA BISSAU

Prepared by Sering Touray (Economist, EAWPV) and  
Nalourgo Kanigui Yaya Yeo (Consultant, EAWPV)

Public Disclosure Authorized

Public Disclosure Authorized

Public Disclosure Authorized

Public Disclosure Authorized

© 2024 International Bank for Reconstruction and Development / The World Bank  
1818 H Street NW  
Washington DC 20433  
Telephone: 202-473-1000  
Internet: [www.worldbank.org](http://www.worldbank.org)

This work is a product of the staff of The World Bank with external contributions. The findings, interpretations, and conclusions expressed in this work do not necessarily reflect the views of The World Bank, its Board of Executive Directors, or the governments they represent.

The World Bank does not guarantee the accuracy of the data included in this work. The boundaries, colors, denominations, and other information shown on any map in this work do not imply any judgment on the part of The World Bank concerning the legal status of any territory or the endorsement or acceptance of such boundaries.

#### Rights and Permissions

The material in this work is subject to copyright. Because The World Bank encourages dissemination of its knowledge, this work may be reproduced, in whole or in part, for noncommercial purposes as long as full attribution to this work is given.

Any queries on rights and licenses, including subsidiary rights, should be addressed to World Bank Publications, The World Bank Group, 1818 H Street NW, Washington, DC 20433, USA; fax: 202-522-2625; e-mail: [pubrights@worldbank.org](mailto:pubrights@worldbank.org)

# POVERTY, SHARED PROSPERITY, AND EQUITY UPDATE GUINEA BISSAU <sup>1</sup>

Poverty increased by 2.8 percentage points between 2018 and 2021. Trends in poverty between 2018 and 2021 have largely gone in the same direction in urban and rural areas but remain higher in rural areas. Although overall consumption growth contracted in both rural and urban areas, rural households experienced a slightly larger contraction (6.6 percent on average) than urban areas (3.3 percent on average). However, growth in consumption is observed among the poorest households especially in urban areas – with annualized growth rates of up to 6 percent for households in the 9th centile of the distribution. In rural areas on the other hand, annualized consumption growth is negative across most of the distribution- but more (less) pronounced for the richest (poorest) households. As a result, Guinea Bissau recorded a slight decline in consumption inequality during the period – driven by larger reduction in inequality in urban areas- mainly Bissau.

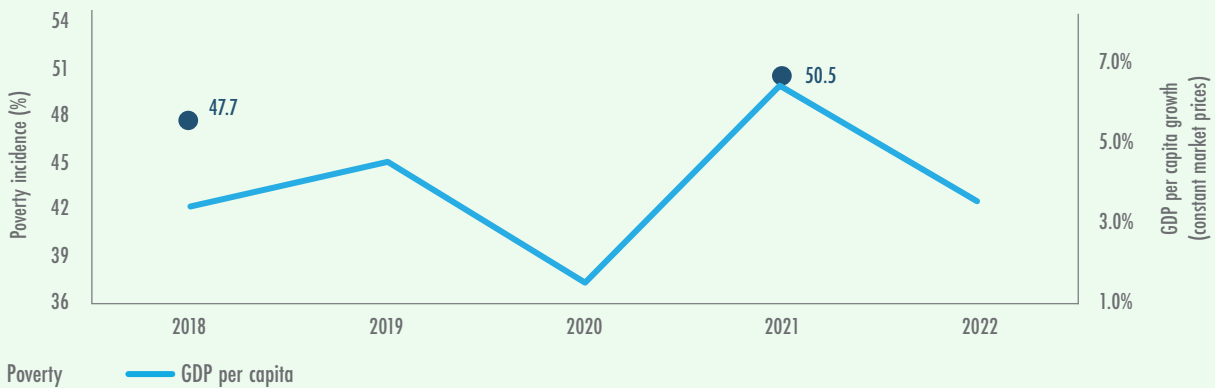
## COUNTRY CONTEXT, GLOBAL SHOCKS, AND RECENT TRENDS IN GDP GROWTH

**Guinea-Bissau experienced volatile economic growth over the past decade.** Economic growth rebounded in 2021 before slowing down in 2022. Real GDP per capita reached 6.4 percent in 2021 from 1.5 percent in 2020; before slowing down to 3.5 percent in 2022 and is expected to have further slowed down to 2.8 percent in 2023. The economy continues to be structurally vulnerable to terms-of-trade shocks and climatic risks. Recovery from the COVID-19 pandemic has been constrained by additional shocks- notably spillover effects of the war on Ukraine resulting in disruptions in global supply chains and rising food prices.

Additionally, cashew nuts, which account for 90 percent of merchandise exports and a major source of income for over 70 percent of households; have been experiencing declining prices and volatile international demand since 2018. Furthermore, the cessation of shipping operations by Maersk Line in 2021<sup>2</sup> resulted in a freight container monopoly and a 35 percent increase in export tariffs during the 2023 season. As a result, the volume of exports has declined- from 68 percent of production in 2022 to about 65 percent in 2023, exposing the economy to further vulnerabilities. Much of the un-exported cashew nut is smuggled through Senegal and Guinea as part of efforts by farmers to explore arbitrage opportunities.

<sup>1</sup> Prepared by Sering Touray (Economist, EAWPV) and Nalourgo Kanigui Yaya Yeo (Consultant, EAWPV)

<sup>2</sup> <https://www.maersk.com/news/articles/2021/09/03/maersk-to-cease-operations-in-guinea-bissau>

**Figure 1. Poverty incidence and GDP per capita, 2018-2022**

Source: World Bank calculations based on EHCVM 2018/19, EHCVM 2021/22 and data portal (<https://data.worldbank.org/>).  
 Note: Poverty estimates in 2018 and 2021 used EHCVM 2018/19 and EHCVM 2021/22.

### TRENDS IN MONETARY POVERTY 2018/19-2021/22

#### **Poverty continues to be widespread in Guinea Bissau—increasing by 2.8 percentage points (equivalent to over 80,000 additional poor) between 2018 and 2021.**

Data from the 2018/19 and 2021/22 EHCVM surveys showed that poverty increased from 47.7 percent in 2018 (equivalent to about 0.802 million poor persons) to 50.5 percent in 2021 (equivalent to over 0.886 million poor)<sup>3</sup>. This is equivalent to over 80,000 additional poor. Over the same period, other measures of poverty increased in Guinea Bissau. The poverty gap (which measures the extent to which individuals on average fall below the poverty line) increased from 13.7 percent in 2018 to 15.2 percent in 2021. Similarly, the poverty severity index (which puts more weight on the poorest households, measured by squaring the poverty gap) has also increased, from 5.4 to 6.2 over the same period. The increase in these indicators illustrate

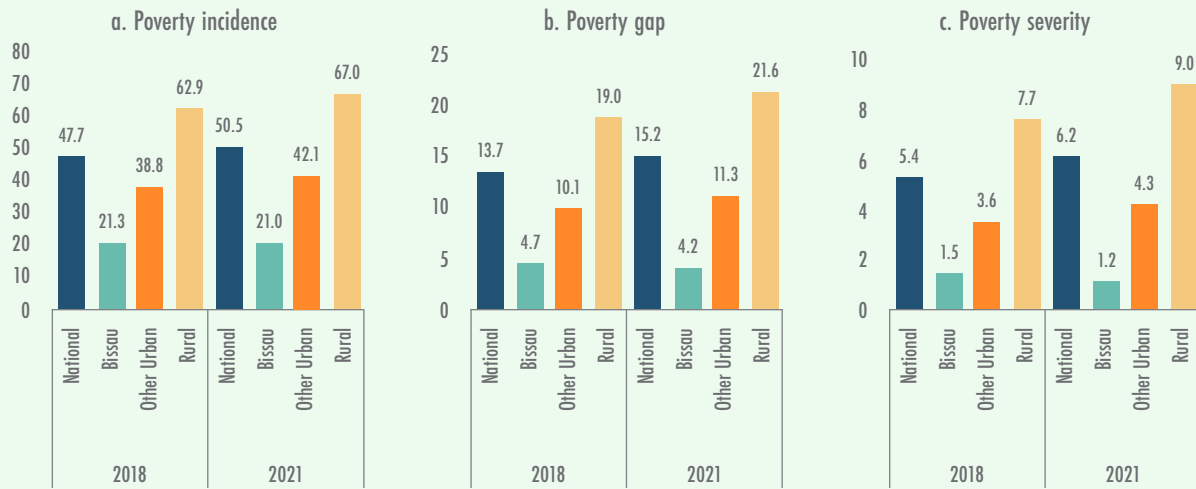
increasing intensity of poverty in Guinea Bissau during the period. Recovery from the COVID-19 pandemic has been constrained by additional shocks— notably spillover effects of the war on Ukraine resulting in disruptions in global supply chains and rising food prices.

#### **Trends in poverty between 2018 and 2021 have largely gone in the same direction in urban and rural areas but remain higher in rural areas.**

In rural areas more than half of the population are poor. The incidence of poverty increased by 4.1 percentage points over the period to reach 67 percent in 2021. In the capital city, Bissau poverty remained relatively unchanged at 21 percent; but in other urban areas, poverty increased by 3.3 percentage points between 2018 and 2021 to reach 42 percent. Poverty is most severe in rural areas as shown by higher and larger increases in both poverty gap and severity indicators over the period. Therefore, not only is poverty more of a rural

<sup>3</sup> A new national poverty line was constructed in 2021/22 instead of using inflation to update the 2018/19 line because the fixed CPI basket doesn't allow for any substitution effects, which could overstate poverty rates given the price shocks experienced between 2018 and 2021. The poverty line is constructed in two stages. A basket of goods of the country's food consumption that allows an individual to satisfy his daily nutritional needs of 2,300 kilocalories is retained and valued to provide a food poverty line. The non-food-poverty line is a portion of the non-food consumption expenditure of households located around the food poverty line. The sum of the two poverty lines gives the national poverty line. The timing of the implementation of the 2018/19 and 2021/22 surveys was not identical. In addition, the 2021/22 welfare aggregate excludes hospitalization expenditures and the rent imputation method for rural areas differs from 2018/19.

**Figure 2. Changes in monetary poverty indicators 2018/19 - 2021/2 by area of residence**



Source: World Bank calculations based on EHCVM 2018 and 2021

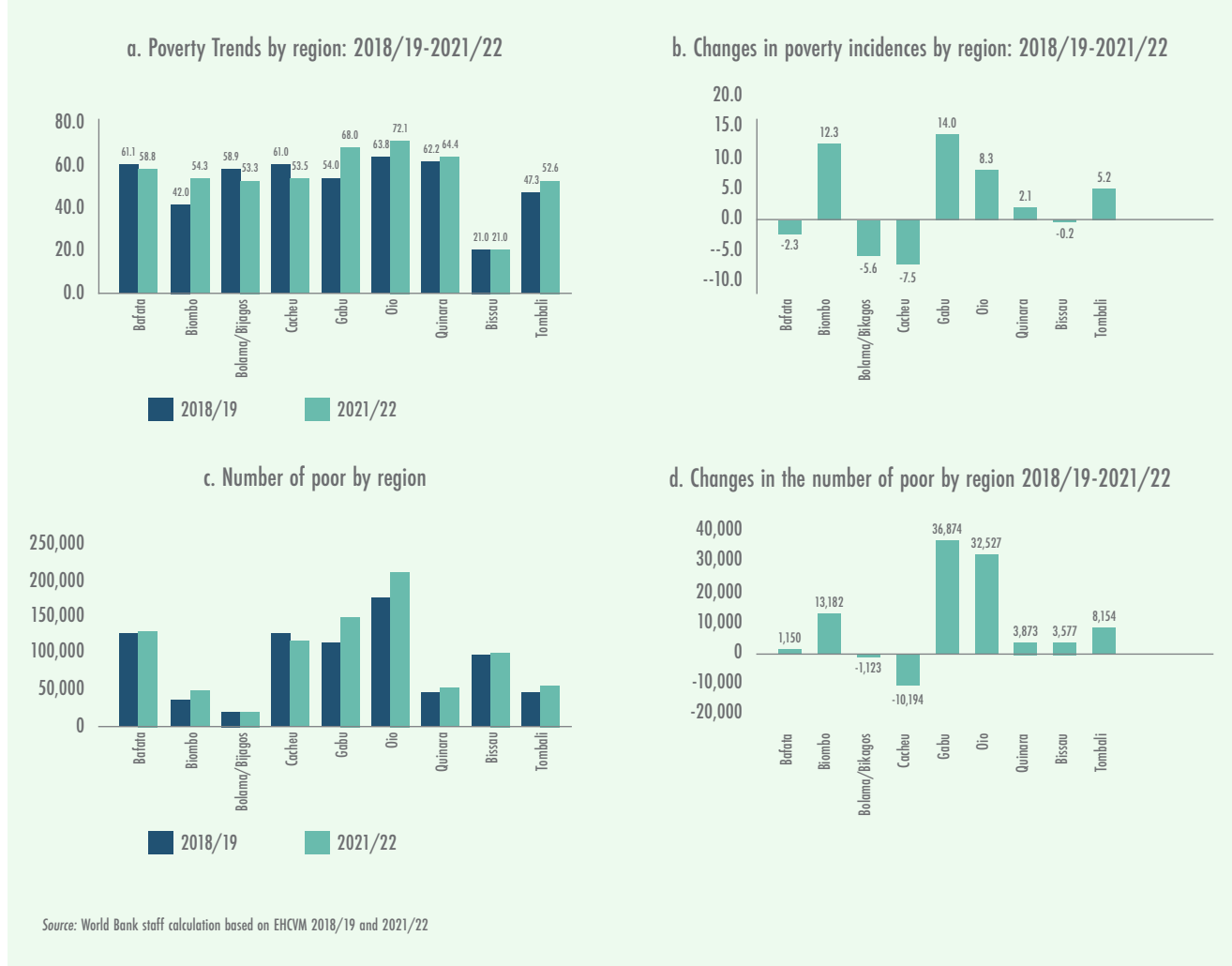
phenomenon in Guinea Bissau, but the rural poor are also furthest away from the poverty line compared to their counterparts in urban areas.

**This is partly because the rural economy continues to be dominated by low productive agriculture – mainly raw cashew nut production.** Over 70 percent of households rely on cashew production in Guinea Bissau- for whom income from sale of cashew nuts is an important source of livelihood. Despite improvements in cashew yields (supporting growth in agriculture from 4.3 percent in 2018 to 5.4 percent in 2021), cashew farmgate prices remain lower than export prices due to governance and market failures; thereby undermining the pace of rural income growth and progress in reducing rural poverty<sup>4</sup>. Between 2000 and 2020, official government estimates indicate that the average export price of a kilo of cashew nuts

was FCFA 491. However, during the same period, average farmgate prices for a kilo was almost FCFA 200 lower than the average export price - FCFA298 per kilo. Furthermore, although recent data shows rising cashew prices, the gap between export and farmgate cashew prices has increased reaching FCFA356 per kilogram in 2020 constraining income growth of farmers and reducing their ability to escape poverty.

**The rural-urban disparities in wellbeing may also have been further exacerbated by the faster post-COVID-19 recovery of the services sector – which employs most of the urban households.** For instance, the services sector grew by 7.5 percent in 2021- from 0.35 in 2020 and 3.2 in 2018; mitigating the adverse effects of the COVID-19 pandemic thereby resulting in a smaller increase in poverty in urban areas relative to rural areas.

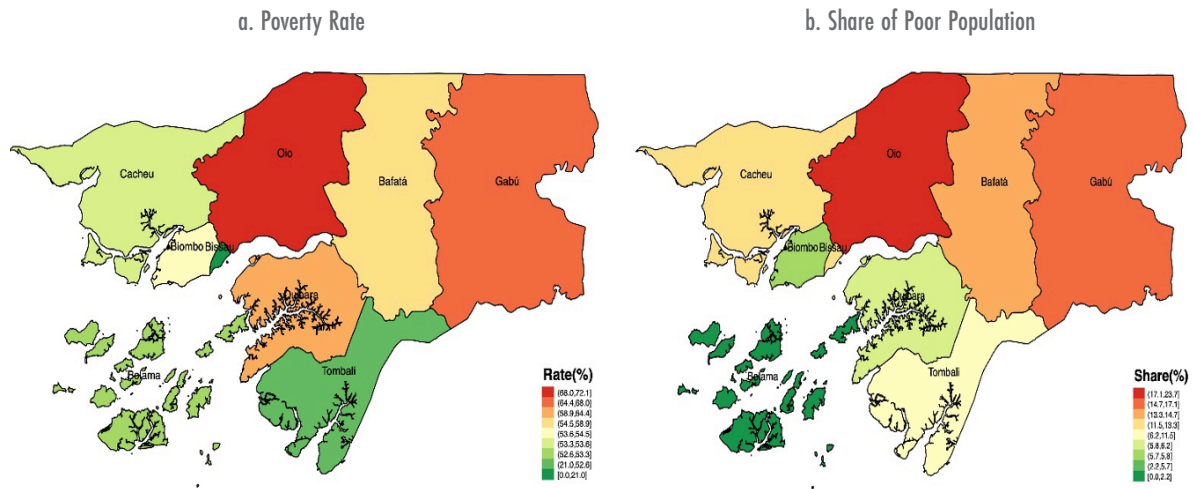
<sup>4</sup> The recent World Bank Systematic Country Diagnostic (SCD) update- September 2023, discusses in detail the extent to which lack of inclusiveness and low rural productivity continue to constrain growth, inclusion and sustainability- <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099110323163018763/bosib0f7d3f3e401e0a2a3015c9e962aff5>

**Figure 3. Poverty Trends by region: 2018/19-2021/22**


**Regional disparities in monetary poverty trends persist with the highest incidence of poverty observed in the regions of Oio, Gabu Quinara.** The region of Oio continues to record the highest incidence of poverty with 72 percent of the population being poor in 2021- about 8.3 percentage point increase from its 2018 levels (see Figure 3a and 3b). The lowest incidence of poverty is reported in the Bissau region where 21 percent of the population are poor – relatively the same rate in 2018. The largest increase

in poverty between 2018 and 2021 was recorded in the regions of Gabu and Biombo where poverty increased by 14 and 12.3 percentage points during the period (Figure 3b)- resulting in Gabu becoming the region with the second highest incidence of poverty as of 2021. Despite overall increases in poverty, the regions of Cacheu, Bolama/Bijagos, and Bafata experienced reductions of 7.5, 5.6 and 2.3 percentage points respectively in the incidence poverty over the period.

Map 1. Poverty Indicators by Region (EHCVM 2021)



Source: World Bank calculations based on EHCVM 2021/22. A new national poverty line was constructed in 2021 instead of using inflation to update the 2018 line because the fixed CPI basket doesn't allow for any substitution effects, which could have otherwise overstated poverty rates given the price shocks experienced between 2018 and 2021.

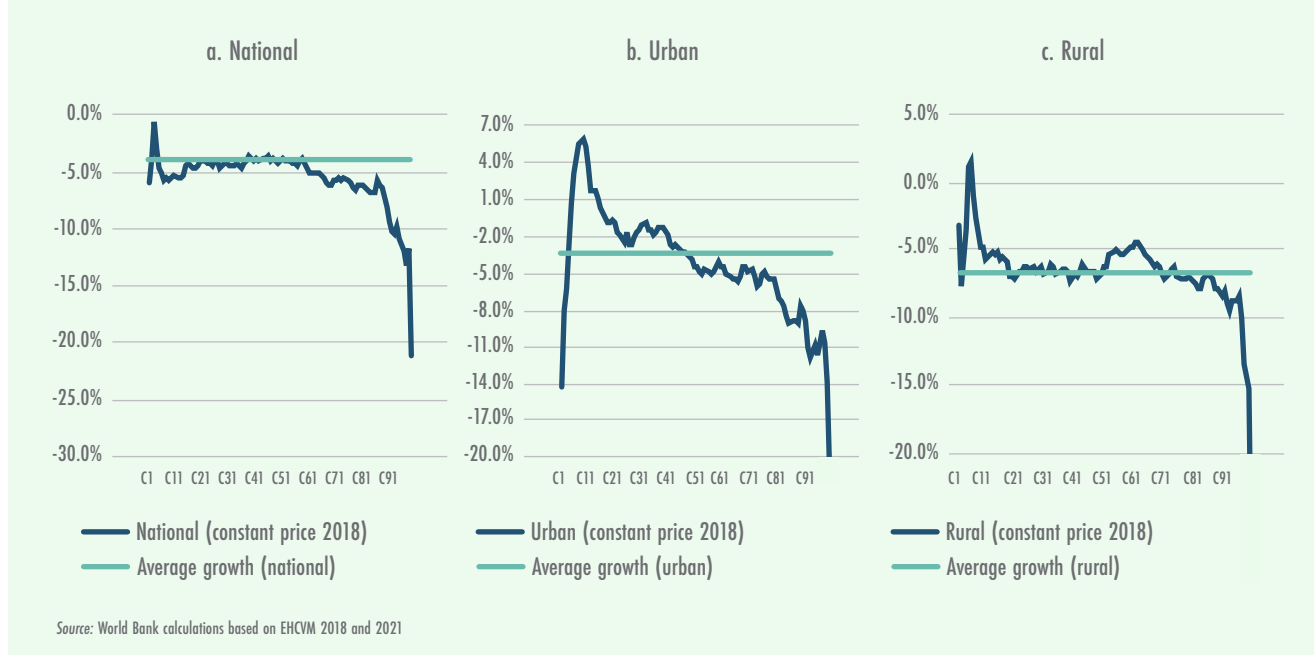
**More than half (55 percent) of the poor are concentrated in the regions of Oio, Gabu and Bafata.** In addition to having a high incidence of poverty, the regions of Oio and Gabu are home to 23.7 and 17.1 percent of the poor people in Guinea Bissau respectively (Map 1a and 1b). Both regions recorded additional over 30,000 poor persons each in 2021. Furthermore, the region of Bafata has the third highest share of the poor population (14.6 percent) despite a 2.3 percentage point decline in poverty during the period. Similarly, Bissau which has a low incidence of poverty, has a slightly higher share of the poor -11.5 percent of the poor. In contrast, the decline in poverty in the regions of Cacheu and Bolama/Bijagos resulted in over 10,000 and 1,000 fewer poor persons respectively (Figure 3c and 3d).

## INEQUALITY AND SHARED PROSPERITY<sup>5</sup>

*What was the annualized growth in per capita household consumption across the distribution?*

**While all households suffered reductions in per capita consumption between 2018 and 2021, the richest households experienced the largest reduction.** According to the growth incidence curve shown in Figure 4, between 2018 and 2021 the annualized growth in consumption per capita declined by 2.5 percent on average for the population. The poorest households (bottom 40 percent of the distribution) experienced a slightly lower decline of 1.5 percent per year. The richest households on the other hand experienced much steeper decline – for instance,

<sup>5</sup> The results presented in this section differ from those presented in the Poverty and Equality Brief, because they are based on the measure of consumption used for calculating poverty at the national poverty line, rather than at the international line. The main differences are that this aggregate adjusts for differences in the cost of living across the country and uses the ratio of the two national poverty lines to adjust for the increased cost of living between the two survey rounds, instead of the official CPI

**Figure 4. Growth Incidence Curve by Geographical Location**


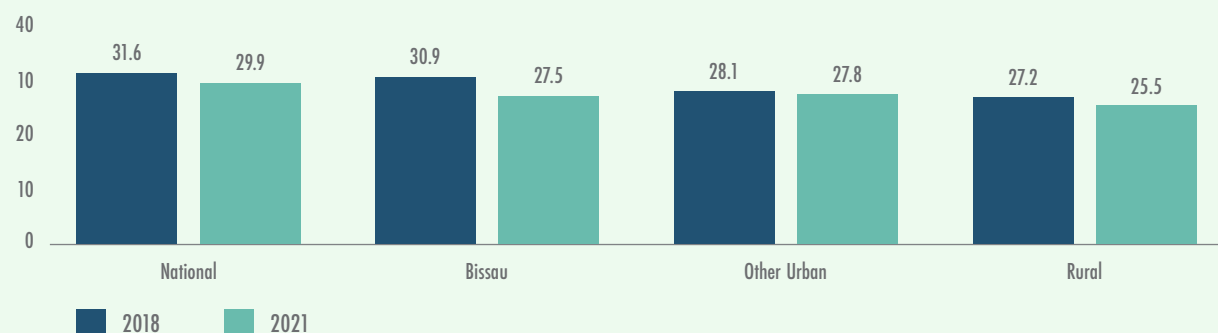
the richest households (top decile of the distribution) experienced a decline of up to 20 percent during the same period. This is likely driven by more steady growth in the agricultural sector over the years (averaging 4.6 percent between 2018-2021); than industry and service sectors which remained volatile and respectively averaged 4.4 and 4.2 percent driven by a strong rebound in 2021.

**Across space, notable differences in the patterns of consumption growth emerge between the rural and urban poor.**

Overall, consumption growth contracted in both rural and urban areas – with rural households experiencing a slightly larger contraction (6.6 percent on average) than urban areas (3.3 percent on average). However, positive growth in consumption is observed among the poorest households in urban areas especially– with annualized growth rates of up to 6 percent for households in the 9th centile of the distribution. In rural areas on the other

hand, annualized consumption growth is negative across most of the distribution- but more (less) pronounced for the richest (poorest) households. This is further reflected in the large contraction of consumption of the poorest 40 percent of households - especially in rural areas (1.96 percent reduction) relative to urban areas (0.25 percent decline). This disparity in consumption growth is reflected in the ‘shared prosperity premium’ which measures the extent to which economic growth is inclusive by focusing on consumption growth among the poorest of the population relative to the whole population. The shared premium shows that growth was less inclusive in rural than in urban areas - 0.79 percent compared to 1.98 percent in urban areas; and 0.96 percent at the national level. This trend implies that larger decline in consumption growth among rural households (where the incidence of poverty is also higher) constrained poverty reduction resulting in an overall increase in poverty.



**Figure 5. Gini (consumption) inequality index, 2018-2021**

Source: World Bank staff calculation based on EHCVM 2018 and EHCVM 2021.

*What are the trends in Gini, share of top and bottom quintiles in total consumption, and in ratio of percentiles of consumption distribution?*

**Positive consumption growth among the poorest urban dwellers is consistent with a decline in inequality.** Guinea Bissau recorded a slight decline in consumption inequality between 2018/19 and 2021/22, as measured by the Gini coefficient, which decreased from 31.6 to 29.9. The trends by residence area show that the decrease in consumption inequality was more pronounced in urban areas- mainly

in Bissau, where it declined 3.4 Gini points (from 30.9 to 27.5), compared to 0.3 and 1.7 Gini Points decline in other urban areas; and in rural areas respectively.

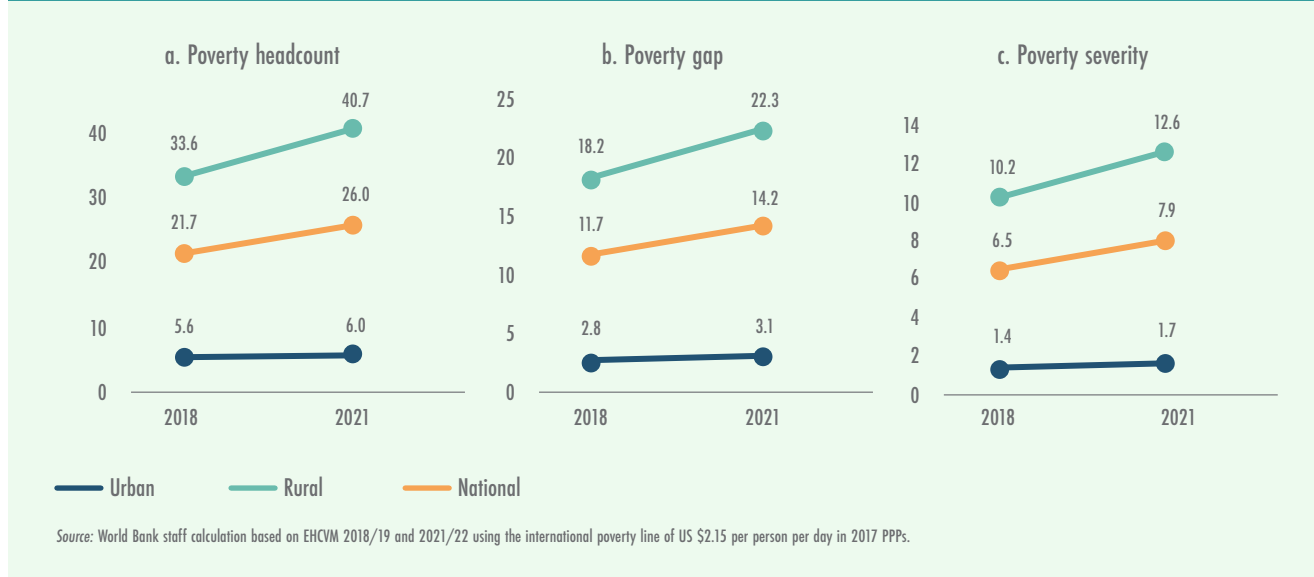
**A look at the consumption ratio between the wealthiest and poorest quintiles overall and across space also illustrates declining inequality – driven by lower inequality in the Bissau area.** For instance, the consumption ratio in Bissau declined from 4.55 to 3.81 between 2018/19 and 2021. In rural areas, it declined marginally from 3.80 to 3.53. In other urban areas, it

**Table 1. Consumption inequality indicators in Guinea Bissau 2018/19 – 2021/22**

	Share of population		Consumption as a percentage of total		Gini index		Consumption ratios between top and bottom quintiles	
	2018/19	2021/22	2018/19	2021/22	2018/19	2021/22	2018/19	2021/22
<b>National</b>					31.6	29.9	4.7	4.4
<b>Bissau</b>	27.9	27.8	39.8	40.3	30.9	27.5	4.5	3.8
<b>Other urban</b>	14.7	14.8	14.4	15.1	28.1	27.8	4.0	4.0
<b>Rural</b>	57.3	57.4	45.8	44.6	27.2	25.5	3.8	3.5

Source: World Bank staff calculation based on EHCVM 2018/19 and 2021/22

**Figure 6. Trends in monetary poverty using the \$2.15 (PPP2017) international poverty line by area of residence, 2018 - 2021**



increased slightly from 4.0 to 4.02- indicating a higher level of inequality in other urban areas and a more equitable distribution in rural areas

## BENCHMARKING POVERTY TRENDS VERSUS REGIONAL AND STRUCTURAL PEERS

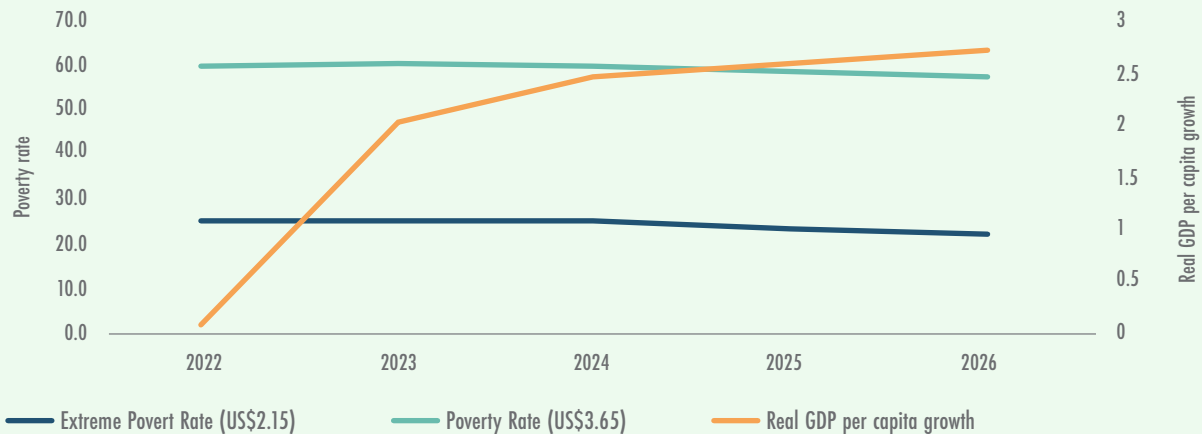
As the second EHCVM 2021/22 was fielded in 8 WAEMU member states,<sup>6</sup> it is possible to assess the evolution of poverty from 2018 to 2021 across these countries, leveraging that the two waves of the WAEMU for the 8 states are mostly comparable as they use the similar questionnaires, survey methodology and poverty measurement approach. To compare the evolution of poverty across countries we rely on the international

poverty line of \$2.15 and \$3.65 per person per day in 2017 PPP.

**Consistent with the findings using the national poverty line, between 2018 and 2021, Guinea Bissau experienced a 4.3 percentage point increase in poverty based on the International Poverty Line of US\$2.15 per person per day- from 21.7 percent to 26 percent (Figure 6).** The increase in poverty is more pronounced in rural than in urban areas- where the incidence, gap and severity of poverty is higher. The combination of agricultural growth and high food prices<sup>7</sup> is expected to have left poverty unchanged between 2022 and 2023 at about 26 percent, with population growth implying over 10,000 additional poor people. A rebound in the agriculture sector will

<sup>6</sup> Benin, Burkina Faso, Côte d'Ivoire, Guinea Bissau, Mali, Niger, Senegal, and Togo completed the first harmonized household survey across WAEMU countries, the "Enquete Harmonisee sur Conditions de Vie des Menages" EHCVM 2018/19. The second round of EHCVM, the EHCVM 2021/22 has been completed in July 2022. This second round is fully comparable with the EHCVM 2018/19, despite some minor changes.

<sup>7</sup> Inflation remained high at 8 percent (y/y) in 2023, from 7.9 percent in 2022, driven by food and energy inflation. This followed an average of 1 percent between 2015 and 2020.

**Figure 7. Recent trends and outlook in growth and international Poverty outlook, 2022-2026**

Source: World Bank calculations based on EHCVM 2018/19, EHCVM 2021/22 using the international poverty lines of US\$2.15 and US\$3.65 per person per day in 2017 PPPs and data portal (<https://data.worldbank.org/>).  
 Note: Poverty estimates in 2018 and 2021 used EHCVM 2018/19 and EHCVM 2021/22. Poverty rates in 2019-2020 and 2022-2026 correspond to the recent Macro Poverty Outlook Datasheet from SM24.

partly drive the poverty rate to decline to 25.4 percent in 2024. Further progress is expected to be supported by lower food prices reducing poverty to 24.1 percent in 2025, lifting over 15,000 out of poverty, and reaching 22.6 percent by 2026. Household purchasing power will improve with higher cashew prices and lower food prices, benefiting the poorest who spend a higher share of their income on food.

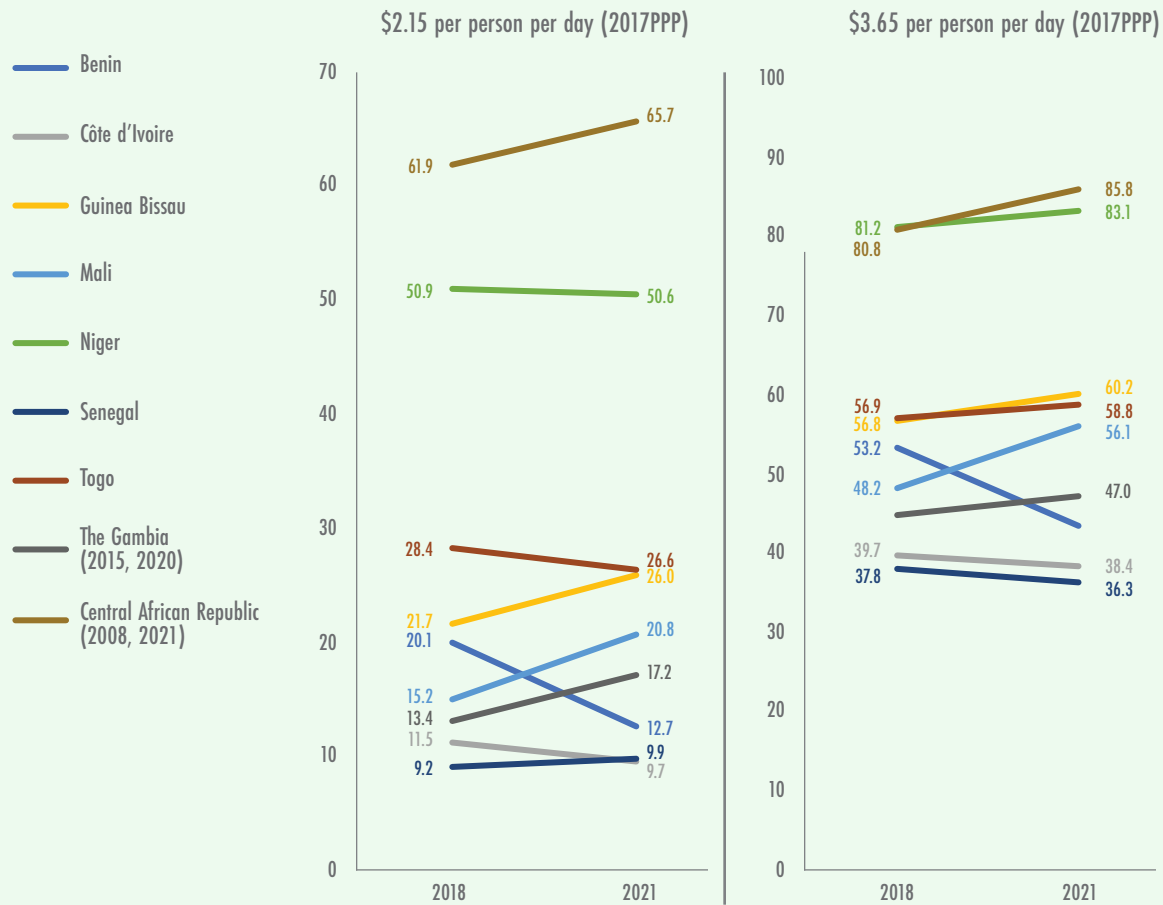
**Compared to some its peers in the WAEMU region (Figure 7), Guinea Bissau's poverty rate is relatively high. As of 2021, Guinea Bissau's poverty rate is only lower than the rate in Niger and Togo.** Additionally, out of the eight countries in the region, Guinea Bissau is one of the three with an increase in poverty during the period- the second highest increase in the region – behind Mali's 5.7 percentage point increase. In contrast, some of its

peers experienced moderate reduction in poverty. For instance, Benin experienced substantial decline in their poverty rates, with a decline of 7.4 percentage points. Cote d'Ivoire, starting with a lower poverty rate of 11.5 percent, successfully reduced it by 1.8 percentage points, bringing it down to 9.7 percent in 2021/22. This reduction enabled Cote d'Ivoire to achieve the lowest international poverty rate among its peers, surpassing Senegal. Precisely, Senegal held the position for the lowest rate in 2018/19 but a slight increase in its poverty rate from 9.2 percent to 9.9 percent made the country fall behind Cote d'Ivoire.

**Compared to its Structural Peers<sup>8</sup>,** Guinea Bissau's poverty rate (based on the US\$2.15 International Poverty Line) is almost 10 percentage points higher when compared to The Gambia's 2020 rate; and about 40 percentage point lower than Central African Republic's 2021 rate.

<sup>8</sup> Structural peers are defined as fragile countries that have similar structural characteristics (population, GDP per capita, contribution of agriculture to economy, life expectancy, trade composition, and government revenue) to Guinea-Bissau. This group includes Burundi, Central African Republic, The Gambia, and Sierra Leone. For the purpose of this note, we only select countries with recent poverty estimates on PIP.

**Figure 8. International Extreme Poverty Rate (\$2.15 & \$3.65, PPP2017), 2018-2021**



Source: World Bank staff calculation based on EHCVM 2018/19 and 2021/22 using the international poverty line of US \$2.15 per person per day in 2017 PPPs. For The Gambia (2015 and 2020) and Central African Republic (2008 and 2021) values from PIP were used.