CONCEPT NOTE
GB Poverty Assessment (ID: P173205)
Guinea-Bissau(AFRICA)

BASIC INFORMATION

Activity Information

Project ID	Product Line
P173205	Advisory Services & Analytics
Short Name	Full Name
GB Poverty Assessment	GB Poverty Assessment
Project Status	Completion Fiscal Year
Active	2021

Processing

Is this a Reimbursable Advisory Services (RAS) (CN is required for RAS activities)?

No

What kind of task description is needed?

Concept Note with a Review (Track 2, including Programmatic)

Is this a Programmatic activity?

No

Is this a joint Bank-IFC activity?

No

Accountability

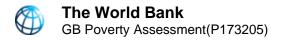|	
Region	Country, Regional or World
AFRICA	Guinea-Bissau
Requesting Unit	Team Leader
AFCF1(6550)	Djibril Ndoye
Responsible Unit	
EA2PV(9558)	
Practice Area (Lead)	Contributing Practice Areas
Poverty and Equity	

CONTEXT : STATEMENT OF PROBLEM

Guinea-Bissau is a small country in West Africa with an estimated 1.87 million inhabitants and a GNI per capita of US$750 (in 2018 as per the Bank's Atlas methodology). Its population is young—about 42 percent is under 14 years of age—and has been growing fast, at an average rate of 2.2 percent in recent years. The economy remains largely dependent on the agricultural sector and is vulnerable to weather fluctuations—agriculture represented about 56 percent of GDP in 2018 and virtually all exports, and it remains the main source of employment in rural areas. Cashew is the main cash crop (representing 98 percent of exports), with linkages to other sectors, such as labor-intensive cashew processing, trade and transportation. Furthermore, economic growth is estimated to have declined to 3.8 percent in 2018, from 5.9 percent in 2017, due to lower cashew production caused by adverse weather conditions. Cashew exports declined by about 25 percent. Fluctuations in international cashew prices continue to have significant growth and fiscal implications given the country's high export concentration in cashew. The fiscal situation remained weak due to low domestic revenue mobilization. The fiscal deficit deteriorated from 1.7 percent of GDP in 2017 to an estimated 5.1 percent in 2018 (on commitment basis), driven by weak tax revenue collection and increased capital spending.

Guinea-Bissau is a fragile state characterized by political instability. Guinea-Bissau has a history of political and institutional fragility dating back to its independence from Portugal in 1974. The country is one of the most coup-prone and politically unstable countries in the world. In addition to military coups, frequent changes in government are another manifestation of the country's political instability. In 2018, the country's fragility index was 96, significantly higher than Cabo Verde at 68, with which it shared the same independence history. The country's Doing Business ranking of 173 out of 190 countries in 2019 suggests that conditions are very challenging for developing entrepreneurship in this fragile context. Guinea-Bissau is currently experiencing a new political and institutional crisis from the 2019 presidential elections. This new situation marked by an absence of consensus between the election's protagonists make the country's relationship with the development partners less clear and consequently accentuate its fragility.

Political instability and poor economic performance have contributed to high poverty rates and inequality. Estimations based on international approach predict a light downward poverty trend since then, and more accurate poverty figures will be soon available from the 2018 WAEMU harmonized household survey. Guinea-Bissau is one of the world's poorest countries. It ranked 178th out of 189 countries on the 2018 UNDP Human Development Index and poverty is widespread, with a higher incidence in rural areas. Nearly 1.2 million people (67 percent) were poor in 2010.

Approximately 80 percent of the poor live in rural areas and practice subsistence agriculture. Poverty rate is lower in urban than in rural areas. At 0.50, the Gini coefficient indicates that inequality in Guinea-Bissau is high relative to the rest of Africa and to low-income country standards. The 2010 data indicates that total consumption at the top ten percent of the consumption distribution (42 percent) is 28 times higher than consumption at the bottom ten percent (1.5 percent) and three times higher than the whole consumption of the bottom 40 (13 percent). **More accurate poverty figures are expected from the 2018 harmonized household survey (EHCVM2018) which will be available soon.**

DEVELOPMENT OBJECTIVE

The development objective is to contribute (i) to fill the knowledge gap on poverty and inequality in Guinea Bissau and (ii) to promote the design and the implementation of evidences-based public policies oriented for poverty and inequality reduction in this Country.

ACTIVITY TYPE

Is this mainly an analytical or an advisory activity?

Analytical

Does this task produce analytics of the following type?

Poverty Assessment (PA)

ACTIVITY SUMMARY

For almost a decade, the real situation of poverty and inequality has been overlooked due to the lack of up-to-date data. The last household survey dealing with this issue dates from 2010. Since then, the country has experienced economic change and strong political and institutional instability which have undoubtedly influenced the living conditions of the populations. Thanks to the harmonization program of surveys on living conditions supported by the World Bank and the WAEMU Commission, Guinea Bissau, like its counterparts in the Union, now has recent relevant and detailed data capable of carrying out in-depth analyzes of poverty and inequality. This program has funded the outgoing 2018/19 poverty survey and will support another round later no than 2021 or 2022.

This Poverty Assessment seizes this opportunity to contribute to fill this knowledge gap by producing detailed analyzes of poverty and inequality from these recent data. To this end, it will initially focus on trends and the profile or correlates of poverty which will highlight gender, spatial and demo-socioeconomic disparities. A comparison of Guinea Bissau with the other members of the WAEMU will be made possible to better situate the country in a varied sub-regional economic context. Secondly, it will open to an in-depth analysis on public policies and their effects on poverty by focusing on several sectors such as education, health, agriculture (cashew), water and sanitation. This analysis will also deal with approach the human capital development in a fragile country like Guinea Bissau. Emphasis will be placed on the measurement of the human capital index to give to the Country the possibility of being among the global comparators.

DETAILED ACTIVITY DESCRIPTION

I. Key Questions for the Guinea-Bissau Poverty Assessment

1. **Following the elections in 2014, Guinea-Bissau released a strategy called Terra Ranca 2015-2020, which proposed investments in human development, infrastructure, business environment, urban development, biodiversity and natural capital, with an overarching theme of peace and governance**. In response, the Bank elaborated its Country Partnership Framework (CPF) FY18-FY21 for Guinea-Bissau which focus areas are: (i) Increased access to quality basic services especially outside of the capital city of Bissau and in the poorest areas of the country; and (ii) Expanded economic opportunities and enhanced resilience with gender and governance as cross-cutting themes. The Poverty Assessment is trying to address the following questions that are closely linked to the government strategy and the Bank's CPF.

What is the current poverty and inequality situation in Guinea-Bissau?

2. **The current level of poverty and inequality in the country is unknown due to the lack of up-to date data. The last Poverty Evaluation Household Survey (ILAP[1]) was conducted in 2010**. Since then, the country has experienced economic transformation, strong political and institutional instability, and exogenous shocks which could have impacted living conditions of the population. The ongoing program on harmonization of living conditions surveys supported by the World Bank and the West African Economic and Monetary Union (WAEMU) Commission, will allow Guinea Bissau to have recent, relevant and detailed poverty data that can be used to carry out in-depth analysis of poverty and inequality. Particularly with the recent 2018-2019 Harmonized Household Living Conditions Survey (EHCVM)[2], it will be possible to conduct an update of the poverty profile in Guinea-Bissau which will serve to inform policy makers and help design better policies.

Is economic growth translating into employment, income for the poorest and poverty reduction?

3. **The Systematic Country Diagnostic (SCD) has shown that the poverty trend between 2002 and 2010 was one of growth at the top and declining welfare for the rest of the population, which can explain the increase in poverty**. While a decline in cashew prices could partly explain the increase in poverty rate, the uneven allocation of endowments and economic opportunities structurally limits the inclusiveness of economic growth in Guinea-Bissau. The SCD document also shows in more detail the constraints that the population faces to raise their standards of living based on an exhaustive assessment of three major elements: (1) assets ownership; (2) intensity in which assets are utilized; and (3) returns earned on the factors of production. The household asset base comprised of demographic endowments (the proportion of young and productive members of the household, implying a demographic dividend), human capital, natural capital, social capital, and financial capital. Intensity of usage is captured through labor market participation, its intensive and extensive margins, formal and informal work shares, and land use, among other uses elaborated below. Finally, returns are examined by the wages for labor factors. The assessment ends with a discussion of the extent to which private transfers complement household income and the vulnerability of households to systemic and idiosyncratic shocks. After making the 2010 ILAP

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[1] Inquérito Ligeiro para a Avalição da Pobreza, in Portuguese
[2] Enquête Harmonisée sur les Conditions de Vie des Ménages (EHCVM)

and 2018-2019 EHCVM surveys data comparable over time, we will conduct the same type of analysis with a focus on analyzing the welfare effect of the cashew sector and the dynamics of the labor market.

How can we leverage greater inclusion through human capital development for poverty reduction?

4. **The productive capacity of households is undermined by low human capital. Low educational achievement, largely the result of a weak and inefficient education system, poses a major obstacle to improving labor productivity and generating income for the population**. While official statistics indicate that school attendance has improved over the past several years, Guinea-Bissau continues to have some of the lowest education results in the region. Primary net enrollment increased from 45 percent in 2000 to 67 percent in 2010. However, primary completion is low. Overall, 64 percent of children complete primary education compared to 69 percent in Sub-Saharan Africa and 92 percent worldwide. At 51 percent, the literacy rate is also lower than the regional average of 60 percent. Inequities are found to remain between gender, rural/urban locations, and socioeconomic levels. Health outcomes are equally poor, limiting the ability of individuals to work, and undermining their productivity. The poor general health of the population is encapsulated in the low average life expectancy in Guinea-Bissau: 54 years at birth, compared with sub-Saharan and world averages of 56 years and 71 years respectively. Morbidity in adults is most associated with lower respiratory tract infection, HIV/AIDS and malaria. Morbidity patterns, especially those associated with malaria, have serious implications for labor productivity and people's capacity to work over extended periods. In the 2010 ILAP, 78 percent of respondents (most of them poor) reported that they had missed at least one day of work due to illness during the four weeks before the survey was taken. The SCD has identified human capital and governance as key pathways for poverty reduction. We will analyze the trends in access to education and health services. In addition, government spending in these sectors can have varying impacts on poverty depending on the actual benefit incidence of interventions, so understanding who is benefiting is critical.

II.   Proposed Outline

Chapter I. Poverty, Growth and Governance

5. **Chapter 1 will consist of an update of levels of poverty and inequality in Guinea-Bissau using the 2018-19 EHCVM survey, including multidimensional poverty**. The survey covers the following three main areas: (i) the first is the Non-Standard Unit survey (NSU) which helped to collect data on food items units used by household for consumption; (ii) the second is related to the household level data collection which allowed to gather information on demographics, education, health, employment, consumption, housing and household entrepreneurship activities; and (iii) the third is a community survey that collected data relative to the population living conditions and livelihood at community level. It also includes market survey to collect food prices data. The poverty measurement methodology, including the setting of the national poverty line, will be revised to match the new WAEMU regionally harmonized poverty measurement methodology. The poverty and inequality situation will be benchmarked against comparator countries. Non-monetary poverty indicators such as for health (malnutrition, maternal and child mortality), education (literacy, educational attainment, school enrollment, test performance), water, sanitation, electricity, and roads will be presented. We will examine the poverty incidence and depth for different groups defined by age, gender, economic activities, geography, and other characteristics. This will help to identify vulnerable groups as well as the spatial distribution of poverty within the country.

We will also analyze the joint distribution of deprivations and construct an index of multidimensional poverty.

6. **Changes in the methodology of approaching poverty and inequality between surveys will drive to a deep exercise of making comparable the figures over time**. A methodological note will be produced by the team to address the comparability issues which mainly rely on the differences noted in the questionnaire design, the sampling and the data collection period between the two surveys. As Guinea Bissau didn't conduct an experimental survey to quantify the extend of these changes and consequently adjust the poverty figures, the team will use parametric and non-parametric approaches. The first refers to the "Survey to Survey" imputation methodology and uses econometric regressions while the second rely on covariate factors between surveys.

7. As mentioned above, Guinea-Bissau is a fragile state characterized by political/institutional instability. It's then interesting looking at how these fragility factors have impacted economic growth and poverty reduction? We will describe trends in poverty from 2002 and 2018, calculate the impact of poor governance (political/institutional instability) on economic growth and estimate the growth elasticity of poverty reduction. A comparative analysis with similar countries will be carried out. Furthermore, we will conduct a comprehensive exercise of looking at the drivers of economic growth over time and assessing the changes in poverty. Finally, we will present a poverty outlook to assess: (i) the prospect for poverty reduction considering the recent health pandemic COVID-19 impact; and (ii) the country likelihood to achieve the twin goals in 2030 given the economic growth path.

Chapter II. Income diversification Employment and Poverty Reduction

8. **Chapter 2 will consist of looking over time how economic growth has been translated into employment, income generation and poverty reduction**? We will analyze the relation between poverty and different kinds of jobs by looking at linkages between poverty, labor market status and sector of employment and how these have evolved over time. We will also look at labor market performance (participation rates, employment to working age population rate). Differences over time between men and women in terms of types of employment, time used, and hours worked, remuneration and transfers, and unpaid labor will be investigated as well as the relation between, education, welfare and gender in terms of remuneration. We will attempt to present the main drivers of poverty and inequality trends using micro-decomposition, looking at labor income (driven by changes in assets and returns to those assets) versus non-labor income (remittances, transfers & other) and demographics (dependency rate and employment shares). An income aggregate will be constructed using income of all household will be classified depending on their main source of income.

9. **The ADEPT's labor force module and econometric analysis will be combined to understand the growth and employment effect on poverty**. ADEPT software developed by the World Bank proposes reliable tables of indicators that facilitate the analysis of the labor market with regards to poverty and inequality.

Chapter III. Zooming into the Rural Economy

10. **This chapter will examine in details the dynamics of the cashew sector during the period 2010-2019 and measure the impact of international price fluctuations on rural poverty**. The two main questions are: what are the constraints to cashew productivity and profitability? What are the opportunities for rural

income diversification? More than 75 percent of rural households in Guinea-Bissau participate in agricultural activities, including farming, livestock rearing, fishery and forestry. Trade and crafts are the second most common economic activities in rural areas. Households' participation in the agricultural sector falls as one moves from the lowest to the highest consumption quartile. Autonomous household activities are the main type of work practiced in rural areas, especially among the poor. Of all agricultural commodities, cashew is the single most important crop in the country followed by peanuts and rice. About 76% of rural households grow cashew. Data from the 2010 household survey show that cashew accounts for 26 percent of income (net of remittances) for female headed households and for 35 percent for male headed households. As such, cashew is the most important source of monetary income, and this is especially true for poor households. Although other crops are grown to an extent, they tend not to be exported. Rice is another important commodity in Guinea-Bissau, largely grown on a subsistence basis and increasingly imported. Cashew is traded for rice, with considerable reliance on a barter system. The cashew sector is thus at the core of both economic performance and poverty reduction. We will take a critical look at cashew sector value chains with an emphasis on cashew growing and processing. On the basis of the value chains analysis, we will identify and rank the main ongoing activities and consider what needs to be done with a view to promoting the development of the sector.

11. **Distributional analysis approach will also be used to analysis the impact of cashew international prices fluctuation on poverty**. The ADEPT's microsimulation module will be customized to make benefit incidence analysis and simple simulations on the effect of cashew prices fluctuation on poverty. Depending to the availability of detailed fiscal data, the team will explore the possibility to improve the distributional analysis by using the Commitment Equity approach (CEQ).

Chapter IV. Human development and basic service delivery

12. **This chapter will focus on analyzing the trends in access to education and health services and measuring the efficiency of public spending**. The two main questions are: what are the trends of the education and health indicators from 2010 to 2018? who are benefiting from public spending in health and education? It will provide a profile of children out of school and look at inequalities in access to health care in terms of gender and welfare groups. We will present regional differences in quality of services and look at trends in education and health outcomes for different socio-economic groups particularly in terms of location, gender, welfare and parental background. We will apply benefit incidence analysis to show which different socioeconomic and demographic groups benefit most from public spending on health and education. In addition, trends in private spending on health and education and its weight in overall consumption baskets will be presented by quintile. Where possible, maps showing the distribution of public and private spending on health and education per beneficiary and per welfare quintile will be presented alongside maps that present where 'gaps' in outcomes and thus 'needs' for these social services are highest. We will look at trends in returns to education and the role of female versus male educational attainment in terms of household wellbeing. This analysis will end with a series of policy recommendations for addressing the main gaps in service delivery and for ensuring equal opportunity for all. In addition, this chapter will pay attention on the capacity of Guinea Bissau to achieve the SDG goals on Education and Health. Recent data produced by the 2017 ERI-ESI show that the country is well behind the other WAEMU countries in many sectors (education, health, water and sanitation, labor, gender). Due to the lack of data on learning outcome, it will not be possible for the team to measure the human capital index for the country. However, the team will use the 2018 MICS data to benchmark the Country with similar countries on other relevant indicators related to the human capital.

III. Data

13. **The main sources of data are presented below**:

- Harmonized Household Living Conditions Survey (EHCVM) 2018-19 which will help to update the poverty profile in Guinea-Bissau and compare the results with those of the Poverty Evaluation Household Survey (ILAP) 2010.

- Informal Sector and Employment Integrated Regional Survey (ERI-ESI) 2017 which will help to conduct detailed analysis of the labor market in Guinea-Bissau.

- Multiple Indicator Cluster Survey (MICS 2006, 2010, 2014, 2018-19) which will provide disaggregated data on children and women health, education, etc.

- 2019 Health Service delivery indicators (SDI) survey.

- 2016 Cashew survey

- 2002 Poverty survey

14. **Data for comparator countries** will be drawn mainly from the World Development Indicators and the World Bank PovCalNet system.

DELIVERABLES

Group By: Pillar

Name	Lead	Completion Date	Processing Type
Poverty Assessment report	Djibril Ndoye	31-Dec-2020(P)	DR Required
Poverty assessment concept note	Djibril Ndoye	01-Apr-2020(P)	DR Required

EXPECTED RESULTS AND OUTCOMES

The expected results from this work are the following:

- Methodological note to make the 2010 and 2018-19 poverty data comparable over time
- New Guinea-Bissau poverty profile available;
- Complete Guinea-Bissau Poverty Assessment report including policy notes.

Do you want to track result indicators for this activity?
No

RISKS

Please describe the risks related to this activity and how they can be managed.

The main risks are related on the new context of COVID-19 with the limited displacements for missions and consultations with the Government. The new political crisis of the Country could also not facilitate these consultants. The team will work remotely with the National Statistics Office and other partners to mitigate these risks. The team will also request guidance from the CMU to facilitate the dialogue with the Government.

DISSEMINATION and OUTREACH STRATEGY

This work will have a strong capacity building component. Guinea-Bissau national statistics office employees will be trained on the new harmonized methodology for poverty survey. The poverty analysis will be done hand in hand with them. In addition to that, a series of brief discussion seminars with the government, civil society, development partners and the academic community will be organized to discuss the concept note and collect information. Then a series of follow-up discussion seminars will be held to launch the report and debate the findings. The various media will also be targeted and invited to the seminars to ensure wide coverage in the press as well as Radio and TV. Various products will be delivered to ensure communication of the main findings.

MILESTONES

Schedule

Name	Original	Revised	Actual
AIN Sign-off			24-Mar-2020
Management Approval of Concept	23-Mar-2020	15-Apr-2020	

Completion Summary	30-Jun-2021

BUDGET

Budget Plan vs Actual (USD)

	Cumulative Budget for the Program			Current FY (2020)			
Source of Fund	Activity Plan	Actual Expenditure to Date	Actual vs Plan (%)	Activity Plan	WPA Plan	Expenditure (YTD)	WPA Burn Rate (%)
Bank Budget	260,000	0	0.00	10,000	10,000	0	0.00

Budget Plan (USD)

Do you want to plan the budget by FY?
Yes

Source of Fund	2020(Current FY)	2021	Cumulative Budget for the Program
Grand Total			
Grand Total Cost	10,000	250,000	260,000
Bank Budget	10,000	250,000	260,000

Clients or Audience

Does this activity have a client?
Yes

Organizations & Contacts

Ministry of Economy and Planning
Central Ministry, Activity Partner/Extended Team Member
Guinea-Bissau

Contacts

Instituto Nacional de Estatistica (INE)
Central Ministry, Activity Partner/Extended Team Member
Guinea-Bissau

Contacts

Direction Generale de l'Economie et du Plan
Line Ministry/Ministerial Department, Activity Partner/Extended Team Member
Guinea-Bissau

Contacts

TEAM

Project Team

Name	Role	Title	Unit
Djibril Ndoye	Team Leader (ADM Responsible)	Economist/Statistician	EA2PV
Abdoullahi Beidou	Team Member	Senior Economist/Statistician	EA1PV
Aifa Fatimata Ndoye Niane	Team Member	Senior Agriculture Economist	SAFA4
Carlos Rodriguez Castelan	Team Member	Lead Economist	EA2PV
Coumba Fall Diack	Team Member	E T Temporary	AFCF1
Edson Correia Araujo	Team Member	Senior Health Specialist	HLCHN
Emily Elaine Gardner	Team Member	Senior Education Specialist	HAFE2
Federica Marzo	Team Member	Senior Economist	EA2PV
Marie Caroline Paviot	Team Member	Senior Agriculture Economist	SAFA1
Patricia De Sousa Robalo P Rosa Merle	Team Member	Analyst	HAFE2
Philippe Auffret	Team Member	Sr Social Protection Specialist	HAFS2

Extended Team

Name	Title	Organization	Location

INSTITUTIONAL DATA

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Does this activity inform other existing Bank's projects or activities?

Yes

Associated activities/ projects

West Africa Poverty Monitoring (P164474)

Does this activity address climate change adaptation, mitigation or both?

Yes

Is this activity an Impact Evaluation (IE) or does it include IE deliverable(s)?.
IE is the study of causal relations between a program, policy or project intervention and outcomes of interest. IE employs counterfactual analysis to evaluate program, policy or project interventions that are either Bank-financed or financed by other governments and institutions.

No

Climate Change

Did the activity address adaptation, mitigation or both through?

Category	Adaptation	Mitigation	Explanation
Diagnostic and Policy Advice	Yes	Yes	The report will be interested to examine the relationship between climate change and poverty through agriculture productivity including livestock and fisheries.
Knowledge Management	No	No	
Tools and Data	Yes	Yes	The new poverty survey contains data that give the opportunity to do some analysis on climate change effects.

ANNEX A. DELIVERABLES DETAILS	
Not Categorized	
Deliverable Name	Decision Review Required?
Poverty Assessment report	Yes
Status	Deliverable Creation Date
Planned	25-Mar-2020

Planned Completion Date

31-Dec-2020

Lead

Djibril Ndoye

Deliverable document(s) will be disclosed

Yes

Provide a brief description of the deliverable

This will be a complete Poverty Assessment report including policy notes.

Not Categorized	
Deliverable Name	Decision Review Required?
Poverty assessment concept note	Yes
Status	Deliverable Creation Date
Planned	25-Mar-2020

Planned Completion Date

01-Apr-2020

Lead

Djibril Ndoye

Deliverable document(s) will be disclosed

Yes

Provide a brief description of the deliverable

The concept note describes the poverty assessment methodology and main activities. It also contents the main expected outputs.

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ADDITIONAL INFORMATION

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