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USAID/Bissau

Assessment of Program Impact 1993

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INTRODUCTION

Improved Governance leads to Economic Growth

That statement summarizes the USAID/Bissau program. Guinea-Bissau is moving from a closed command economy controlled by a single-party State to an open, export-oriented economy and a participatory elected government. This transition is difficult enough by itself, but would be impossible (and certainly not sustainable) if Guineans were not also moving to create and strengthen the institutions and decision-making processes that characterize a democratic government: policies openly debated; laws proposed and debated in a representative legislative body; regulations that implement those laws fully vetted with the parties most affected and fairly enforced; and adjudication of conflicts done openly and fairly. Those in Guinea-Bissau leading the transition have realized that each of these institutions and decision-making processes must be in place for the government to play an effective, rather than limiting or damaging, role in an economy based on private enterprise.

This link of improved governance leading directly to economic growth is at the heart of the USAID/Bissau program. Through our flagship project, Trade and Investment Promotion Support (TIPS), we are supporting improved, participatory policymaking; technically competent drafting of and participatory debate of legislation and regulations; independence of a better-trained judiciary and other channels of adjudication; and stimulus to private sector associations that will ensure that the government keeps private sector interests in mind. All of these activities reflect and join with changes already occurring in Guinean society; we are simply offering a helping hand. To focus our efforts and to consistently promote the economic benefits of improving governance, all TIPS activities are related to the policies, laws, regulations, courts, or civic associations that are involved in trade and investment in the sectors most critical to the rapid growth of the economy: rice, cashews, fish products, forestry products, fruits and vegetables, commerce and services (Critical Growth Sub-Sectors - CGS). We believe that Guineans who see immediate economic payoffs from democratization will never be willing to go back to the bad old days.

Thus our program logframe, which we report against in this API, has as its Strategic Objective "Private Sector Trade and Investment increased in critical growth sub-sectors through Improved Governance". The targets, moving through a logical progression agreed with the Africa Bureau when the Program Strategy was approved in May 1992, call for creating the platform of research, analysis and planning of trade and investment reform; improving and making more participatory the policy, legal and regulatory environment; improving the adjudication of conflicts over laws and regulations through reform of the judicial system; and improvement of the ability of private sector associations to stand up to the government and not only respond to but actively participate in the formulation of policy, legal and regulatory changes.

USAID is putting a greater emphasis worldwide on consolidating new democracies. We believe that the USAID/Bissau program is an excellent example of an actual governance program that is off the drawing boards and currently being implemented in a country in transition. We are learning lessons that will be valuable to all those interested in governance.

WHAT IS THE CGS MATRIX AND HOW DOES IT WORK?

The Strategic Objective of the USAID/Bissau program is "Private Sector Trade and Investment (T&I) increased in critical growth sub-sectors through Improved Governance". In order to measure whether or not our program is having a positive impact, we need to know if the levels of economic activity in the critical growth sub-sectors (CGS) have increased over the CPSP period. We use the CGS Matrix to measure this.

The critical growth sub-sectors are those areas of the Guinea-Bissau economy that will lead economic growth. We have identified six areas of goods (rice, cashews, fruits, vegetables, forest products, and fish products) that are critical to economic growth in Guinea-Bissau. We think of economic activity around these products as divided into six areas: production, processing, domestic marketing, marketing for export, and product-specific commerce and services. We add on commerce and services in the generalized economy to get a coherent, wholistic picture of all economic activity around these products. If we measure all economic activity in these eight areas for these six products, we account for approximately 65% of the Guinea-Bissau economy.

A graphic representation of these eight areas of economic activity across these six products is the CGS Matrix.

CGS Areas of Economic Activity		CGS Products					
		Rice	Cashew	Fruit	Veg	Forest	Fish
		1	2	3	4	5	6
Production	A						
Processing	B						
Marketing/Domestic	C						
Marketing/Export	D						
Commerce/General	E						
Commerce/Product Specific	F						
Services/General	G						
Services/Product Specific	H						

Each box in the CGS Matrix contains a measure, or measures, of private sector economic activity. For example, box B2 contains some measure of the level of cashew processing. Box E and Box G contain measures for generalized Commerce and generalized Services, respectively. One might think of this matrix as extending to the right to add additional columns as one adds additional goods. Eventually, one would describe the entire Guinea-Bissau economy. But the CGS Matrix is restricted to those six types of goods that are critical to growth in Guinea-Bissau.

Now for a more concrete example of how this collection of measures against the 38 cells of the CGS matrix might be grouped. If we wanted to look just at cashews, we would look at the measures of level of activity in each of the six specific areas of economic activity for cashews. For an idea of progress (or not), we would look at these measures across time. So, matrix boxes A2-D2, F2 and H2 would appear as in the table below.

Critical Growth Sector: Cashews								
Indicators, by Area of Economic Activity		1992	1993	1994	1995	1996	1997	1998
Production: Value of Cashew Production	A2	Baseline						
Processing: Value Added by Cashew processing	B2	Baseline						
Marketing/Domestic: Value of Cashews marketed domestically	C2	Baseline						
Marketing/Export: Export Earnings for Cashews	D2	Baseline						
Commerce/Cashews: (a measure of supporting commerce for cashews)	F2	Baseline						
Services/Cashews: (a measure of supporting services for cashews)	H2	Baseline						

There is no "bottom line" that results from a table like this. But it should give us an idea over time if the cashew sector is growing or not. If it is, and the other five product sectors in the CGS are growing, then we are achieving our Strategic Objective and Guineans are better off.

A word of caution to those regarding the CGS Matrix with a healthy skepticism. This is by no means an input-output matrix. We are not looking for any computation across cells, nor any uniformity in the indicators across cells. This is not a mathematical tool; rather, it is a conceptual and measuring tool to help us think about and track progress in the most important areas of the Guinea-Bissau economy. It is towards these economic areas that our governance and other private sector activities must be focused, in order to bring about rapid returns on improved governance for Guineans.

Reporting against the CGS Matrix: An Innovative Approach

USAID Missions, especially in the Africa Bureau, are accustomed to striving for and reporting people-level impact. Contractors are not. Their objectives and reward systems are different from ours. Often we resolve this divergence of objectives by making contractors responsible for inputs into a project, while retaining responsibility people-level impact ourselves. With TIPS, USAID/Bissau has taken a different approach. We have made our master contractor responsible for having an impact on the people of Guinea-Bissau through increased levels of economic activity in the critical growth sectors. The "contract primary objective" of the TIPS master contract is "**Increase the levels of sustainable private sector economic activity (T&I) in each of the 38 cells (elements) of the CGS matrix.**" Success or failure of the contractor will be measured by how much (or how little) levels of sustainable private sector economic activity increase in the 38 cells of the CGS matrix. Under TIPS, our contractors' objectives are the same as our own, in a clearly and unambiguously defined way.

To ensure that the contractor is not deficient, we have required that the TIPS contractor report to USAID/Bissau annually against the contract goal (the TIPS project goal), the "contract primary objective", and the analytical/strategic planning agenda. The reports against the contract goal will be identical to Section II of this API. Reporting against the contract objective will report against historical and current levels of activity in the CGS Matrix, which USAID/Bissau will then translate into reporting against the Strategic Objective for the API. Reporting against the analytical/strategic planning agenda will be divided into two categories: potential for increased levels of activity in the CGS matrix and constraints against increased levels of activity in the CGS matrix. The constraints reporting will be divided into the following categories: 1. Policy, 2. Legal/Regulatory, 3. Judicial/Administrative Adjudication, 4. Direct Assistance. TIPS will also prepare Target and Sub-Target reporting against the Program Logframe.

Thus we have established a system whereby the contractor will provide us with all of the information we need to manage the program toward success (people-level impact) and prepare our API reporting to USAID/Washington. We think that this is an innovative approach in that our contractor is not solely motivated by the contract requirement to report, but rather by the contract requirement to have people-level impact. They will discover that they need these impact reports just as much as we do. TIPS initiates full field operations in January 1994. Their first comprehensive report covering the areas noted in the paragraph above is due in March 1994. Regular annual reporting will be initiated in September of the same year. For this API we are drawing on our own resources and information systems.

I. SPECIAL FACTORS AFFECTING THE USAID PROGRAM

Guinea-Bissau continued its political and economic transition in 1993. While unquestionable progress has been realized on both fronts, still much needs to be done so that the Guinean people can have confidence that the government will carry out full economic reform and a transparent and fair democratic election. USAID identified the following processes, all moving forward at present, as the most influential factors on the performance of our program: Democratization, Economic Reform and Transition in the USAID. Reversal or significant delay in any of these processes would have a negative effect on our program.

DEMOCRATIZATION -- Steady Progress: Guinea-Bissau has made remarkable progress in political liberalization since the command economy/single-party period (1974-89) which followed the liberation war against the Portuguese. The constitution has been amended to permit multiparty democracy, a free press, and independent trade unions with the right to strike. Today there are 12 legalized parties planning to contest elections in March 1994 for the legislature and the presidency. The human rights league has 3,000 members. There is an active Chamber of Commerce and other civic institutions which are active in debates about policy (See Targets 2 and 4). There are still problems, including violations of human rights. But the changes from the Marxist-Leninist period are substantial and can be consolidated through free elections and an independent, strengthened judiciary.

Reaching this point has not been easy. The pace of progress since the Year of Democracy (1991) toward the first presidential and legislative elections has been slow. Each necessary element (Constitutional changes, electoral laws, establishment of an electoral commission, electoral census to build voter rolls, etc.) has been debated extensively between the opposition and the government. Election dates have been postponed from a general timeframe of 1992 to a more specific timeframe of November/December 1993 to a very specific date of March 27, 1994. It is not clear at this point that this latest deadline will be met. The U.S. position is one of support for movement in the process but not concern over the delays. Guineans must arrive at this election at their own pace; it is better that a fair process lead to general acceptance of the results of the elections.

USAID is now poised to assist the democratically elected government, particularly the democratically elected National Assembly and newly independent Judiciary, with TIPS technical assistance and training. We are fortunate in that we are prepared ahead of time to assist in the strengthening of a new democracy.

ECONOMIC REFORM -- Back to Basics: The short history of independent Guinea-Bissau (since 1974) is dominated by the years of socialism, a command economy, and single-party rule. Private ownership of the soil, subsoil, water, minerals, forests, energy resources, industrial production, infrastructure, transportation, information and communications, banking and insurance was banned. For a country with minimal resources and considerable war damage, this was not a wisely chosen political economy. The GOGB began to recognize as early 1983 that the command economy was not an effective model for development elsewhere in the world nor in Guinea-Bissau. By 1987, it was painfully obvious that Guinea-Bissau was lagging far behind in development. The liberalization of the Guinea-Bissau economy was effectively launched with the signing of a structural adjustment program (SAC-I) with the IMF/World Bank. The reaction of the long-suppressed economy was immediate and dramatic. GDP growth soared to an average of 5.8% per year between 1987 and 1989. A second structural adjustment credit was negotiated in 1989 (SAC-II). While the GOGB has since gone through some rough times with the Bretton Woods institutions due to lack of compliance with key conditions, the effects of the structural adjustment programs have undoubtedly been positive, particularly trade reform and price liberalization. An economy that was at a standstill has been reinvigorated and now grows steadily at 3-to-6% annum. Private enterprise has sprung back to life, though it is still mostly informal.

The government's biggest difficulties with economic reform have been on the credit/monetary policy side. Macroeconomic stabilization remains a serious problem. An expansionary monetary and credit policy, stemming from the government's inability to bring spending under control, resulted in 87% inflation in 1992. This is a dangerous policy in a country where the foreign debt burden is staggering -- for 1993 total debt service is about $48 million, twice the estimated value of exports. Both SAC-I and SAC-II attempted to address these problems, but the GOGB continued to commit policy "errors", eventually leading to long delays in disbursement of the third tranche and, finally, movement of Guinea-Bissau to a shadow program (currently in operation). The shadow program has sought to address the basic management and implementation skills necessary for the GOGB to administer its finances, while continuing to push for the proper mix of stabilization policies. The shadow program recognizes that the recommended policy changes cannot succeed unless the GOGB has the capacity to implement them. USAID/Bissau would argue that another requirement is that the policies be vetted in a participatory manner so that Guinean private sector can give its views of the policy changes; we are pursuing that through our TIPS project.

While little hope was held out for progress under the shadow program when it was negotiated in the Spring of 1993, the November 1993 IMF/World Bank annual review concluded that the government is making significant progress and that a Paris Club rescheduling should be encouraged (c.f. 93 Bissau 03019). In essence, the team found that growth is still positive at 3% per annum, and the GOGB is bringing spending under control and taking appropriate measures to increase revenues. The World Bank team reported GOGB progress in setting up the most basic tools for managing its finances, as follows:

- Budget Reform -- the government now has a system whereby all requests for funding within the government pass through the Public Accounting Office in the Ministry of Finance, which records the request, determines whether or not funds are available, and if so forwards the request on to the Treasury. Under the previous system, the Ministries made purchases, sent the bill to the Treasury, which forwarded it to the Central Bank, which paid it in whatever way it could (often by printing money).

- Civil Service Reform -- Two important steps -- civil service layoffs and automation of the payroll system -- will be done in a more rational way once a census of workers is completed. At present it is difficult to tell who works for the government. Each Ministry is also drafting an organic law (a document explaining the structure and function of each Ministry), to be merged into a government-wide organizational decree.

- Debt Management -- The Ministry of Finance is building a database to determine precisely what debts are owed to whom. The government is seeking a Paris Club meeting to reschedule the bilateral debt. At present, only multilateral debts (to IBRD, IMF, and ADB) are being serviced.

- Revenue Collection -- The government has now automated the customs service, so that it can collect back duties owed by importers.

- Privatization -- Seven firms have been privatized to date; three more will be privatized in the next six months. One complication has arisen in the auction process: private holders of debt of the GOGB are including that debt in their winning bids. The GOGB benefits in that this debt is paid off; however, the government is disappointed in that it is not seeing new capital, one of the primary motivations for privatizing.

The basics of managing a government -- this is what the GOGB and the Bretton Woods institutions are now pursuing. It is a very positive sign for our program, in that a GOGB more capable of keeping its own house in order is a GOGB less capable of damaging the nascent Guinea-Bissau private sector through mistaken policies.

TRANSITION IN THE USAID PROGRAM -- From Planning to Implementation: Over the past two years, USAID/Bissau has moved from an intensive planning and project design stage to implementation stage. USAID's Country Program Strategic Plan and the TIPS Project Paper were approved in May of 1992. The TIPS PP is the CPSP and the TIPS Project Purpose is the Program Strategic Objective. In the course of CPSP approval, AID/W suggested changes to the program logframe. It is this modified program logframe against which we are reporting in the API. The RFP for the TIPS Master Contract was published in January, 1993, and the contract awarded in July, 1993 to a consortium led by Labat-Anderson, Inc. The TIPS long-term technical assistance team has just prepared its first workplan. They are an excellent, well-experienced team (led by a former U.S. Ambassador to Guinea-Bissau). The entire team should be in place in January 1994, which is when TIPS will officially "kick-off". USAID/Bissau has employed the time between CPSP approval and the arrival of the team by funding many studies and analyses (see Target #1), assisting reform working groups (see Target #2), pushing for judiciary reform (see Target #3), and assisting private sector associations with getting started (see Target #4). We used various sources of funds (PD&S, IPC project, 116(e), etc.) for these activities. We also took care of many of the logistical details for the start-up of the TIPS team. In sum, we have set up TIPS so that the contractor need not lose time "getting up to speed". They can hit the ground running, and be ready to offer the new, freely elected government of Guinea-Bissau their services.

NOTES ON THIS ASSESSMENT OF PROGRAM IMPACT: As we are reporting for the first time since our Program Strategy was approved, we have found that there are some indicators which no longer fit the situation here in Guinea-Bissau. We have found others that have proved impossible to collect, and still others that we are expecting the TIPS contractor to collect for us. The TIPS contractor is required to provide extensive impact reporting to the Mission (Introduction to this API), but the first report is not due until March 15, 1994. Thus this first API contains considerable narrative in the place of quantitative reporting. Those who read this API closely will notice where we have struggled with appropriate indicators for progress under the governance targets. We welcome USAID/W feedback on these indicators and suggestions for changes that fit the situation here in Guinea-Bissau.

II. PROGRESS TOWARD OVERALL PROGRAM GOAL

MARKET-ORIENTED ECONOMIC GROWTH THAT IS BROAD-BASED AND SUSTAINABLE

USAID/Bissau is tracking a number of macroeconomic indicators over the CPSP period to ensure that our assumptions about the Guinea-Bissau economy are correct, and that our program is consistent with and contributing toward realization of the Goal. Each of these indicators serves to measure part of the goal statement, as follows:

1. Economic Growth: GDP real growth rate.
2. Broad-Based: Rural households' "income".
3. Market-Oriented: a. Rural households' money income.
   b. Administratively determined prices.
4. Sustainable: a. Current account deficit.
   b. Government budget deficit.

Goal Indicator 1. Economic Growth: Real GDP increases by at least 25% over the CPSP period.

REAL GDP	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Growth Rate (yearly % change)	1.0	5.6	6.8	5.0	3.0	2.8	3.0	3.0					
Growth Index (1992 = 100)	-	-	-	-	-	-	100	103					125

(Source: IMF/World Bank)

After the failed, Marxist, central planning years of the 1980s, late 1986 marked the almost total opening of the Guinea-Bissau economy to private sector activity. The response was quick and significant: from 1987 to 1989 real GDP growth averaged over 5.8% per annum. By 1990, however, the constraints imposed by unclearly defined or unreformed policies, laws, regulations and judicial systems began to operate and real growth rates dropped significantly. Due in large part to our program and our close collaboration with other donors, particularly the World Bank, these constraints are now well recognized by the Guinea-Bissau public and private sectors, and are exactly those which our program will continue to attack now that the TIPS contract is initiating field activities.

Goal Indicator 2. Broad-Based: In each year of the CPSP period, at least 60% of rural households report increased "income" over the previous year.

RURAL HOUSEHOLDS	1992	1993	1994	1995	1996	1997	1998
% reporting increased "income" over previous year	n.a						

The World Bank financed Guinea-Bissau's first national household survey in 1990/91. It has the potential of providing USAID/Bissau with the information for this indicator. We have contracted out with a specialist in the United States to analyze the raw data and determine what information we can glean from it regarding market-orientation and participation in growth. If results are positive we will finance future surveys, perhaps on a biannual basis.

Goal Indicator 3(a). Market-Oriented: In each year of the CPSP period, the number of rural households reporting money income increases by at least 3.0%.

RURAL HOUSEHOLDS	1992	1993	1994	1995	1996	1997	1998
Number reporting money income	n.a.						
Yearly % change	--						

See narrative for Goal Indicator 2. One of the early and tentative results of our contractor's analysis of the IBRD survey data is that only 4% of Guineans participate fully in the money economy, i.e. earn "all" their income in money and use money to purchase "all" the goods and services they require. We are not convinced of this result. But we do expect a low level at the beginning of the CPSP period. Much of the trade that goes on outside of the city of Bissau is by barter, often using rice as the medium of exchange. Moving to a money economy will permit Guineans to trade in more goods at a higher volume, thus bettering lives.

Goal Indicator 3(b). Market-Oriented: In each year of the CPSP Period, the number of administratively determined prices does not increase above 1992 levels, and those that are administratively determined continue to reflect world price.

	1992	1993	1994	1995	1996	1997	1998
# of Administratively Determined Prices	4	3					

By 1992, the only prices that were administratively determined were for water, electricity, and petroleum products. In addition to these prices, the Ministry of Commerce and Industry publishes an "indicative" peso price for local rice. (Unfortunately, it is interpreted in rural areas as the only peso price for rice, not merely as indicative). USAID/Bissau is classifying this practice as an administratively determined price and promoting, through the TIPS project, an end to this practice. In 1993, the government liberalized the prices of petroleum products, leaving only 3 administratively determined prices. The general perception is that these prices are in line with the world market prices for these products. In fact, due to inefficiencies in the electrical power production process, electricity costs in Bissau are among the highest in Africa. Other donors are attacking the energy constraint to increased private sector investment.

Goal Indicator 4(a). Sustainable: Over the CPSP period, the current account deficit is reduced at an average annual rate of at least 3.0%.

CURRENT ACCOUNT		1991	1992	1993*	1994	1995	1996	1997	1998
($US millions)		-44.97	-72.27	-20.93					
- yearly % change		--	+60.0	-71.0					
- average annual % change (since 1992)		--	--	-71.0					-3.0%
Elements of the Current Account Deficit	Trade (net)	-47.03	-77.04	-31.05					
	- Imports	-67.47	-83.51	-65.00					
	- Exports	20.44	6.47	33.95					
	Services (net)	-33.77	-38.28	-26.49					
	of which:								
	- Interest	-17.04	-13.25	-12.44					
	- Fishing Licenses	13.49	13.50	14.05					
	Transfers (net)	35.83	35.05	36.61					
	- Official	39.96	35.69	35.61					
	- Private	-4.13	-0.64	1.0					

(Source: Ministry of Finance)

As the table shows, 1992 was a very odd year. The current account deficit climbed sharply, due mainly to the poor performance of the trade balance (deficit of $77 million) while the services and transfers accounts remained relatively stable. Cashews, the leading foreign currency earner, suffered a strong setback, posting $3 million in earnings when the original projection was $15 million. This was the result of cashew exporters holding back their exports in protest against the level of the export tax (see S.O. Indicator 2(a)). The sharp rebound of exports in 1993 reflects the expectation (already mostly borne out) that the exporters will bring their product out of the warehouses. This will, in turn, result in a sharp reduction in the 1993 current account deficit.

It is important to note that rice is a considerable and growing portion of imports ($16 million in 1992; $22 million in 1993). Rice is Guinea-Bissau's basic cereal crop and is used extensively as a medium of exchange: this is why we view it as one of the critical growth sector products. Note also that the economy is still heavily dependent on fishing licenses (for industrial fishing) and official transfers. Were donor support to drop precipitously, Guinea-Bissau would have little chance of reaching its economic and democracy goals. As to industrial fishing, the quantities taken by foreign fleets may have a value of from $100 to $200 million. Thus, the inclusion of fish and fish products in the CGS Matrix.

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* For 1993, figures are full-year projections based on data from first three quarters.

Clearly, Guinea-Bissau cannot continue to maintain such a current account deficit for long. The GOGB has come to realize that fact. The most recent IMF/World Bank review was very positive about the GOGB's progress under the shadow program. These efforts must continue over the long term. TIPS will have an impact as it stresses the marketing (for export) component of the CGS matrix.

Goal Indicator 4(b). Sustainable: Over the CPSP period, the share of GOGB current expenditures covered by tax revenue is increased at an average annual rate of at least 3.0%

	1991	1992	1993**	1994	1995	1996	1997	1998
Tax Revenue (billions of current year pesos)	56.3	60.2	169.0					
Current Expenditure (billions of current year pesos)	172.2	236.0	302.8					
Tax Revenue/Expenditures (%)	32.6	25.5	55.0					
annual % change	--	--	218.0					
average annual % change since 1992	--	--	218.0					3.0%

(Source: Ministry of Finance)

The above table demonstrates one of the reasons why the IMF/World Bank is so upbeat about Guinea-Bissau's performance under the shadow program. In the period under analysis, tax collection has improved enough to contribute to the dramatic increase in revenues. This strong performance reflects the government's announced decision to step up its efforts in collecting last year's tax import credits and to eliminate most tax exemptions. The government also expects that the export tax contribution to revenue will increase by the fact that two years of cashew exports will be exported in 1993 -- from which the GOGB currently gains a 20% export tax). This increasing growth of tax revenue is paired with a declining rate of growth of expenditures, meaning that the GOGB is beginning to take control of its spending. The IMF team recently in Bissau observed that discipline in cutting back spending has been excellent, enforced by the Ministry of Finance. The World Bank is giving the Ministry of Finance the tools (training, computer systems) to bring spending under control.

The increasing importance of tax revenue as a source of government revenue can also be seen through the dynamic in the structure of public revenue. From 1992 to 1993, tax revenue's contribution to total government revenue increased from 36% to 49%, while non-tax revenue share went down from 53% to 44%. External revenue share also declined from 11% to 7%. This demonstrates that the government is reducing its reliance on unsustainable sources of revenue, i.e. external finance, fishing licenses, and borrowing from the Central Bank.

This part of stabilization/structural adjustment is very hard for formerly socialist economies. It is even harder for Guinea-Bissau, where the level of development and the poverty of the government is such that systems for control never really existed. To pull itself out of its debt and monetary crisis, and reduce the over-sized public sector, the GOGB must maintain over the long term the positive progress made in the last year.

** For 1993, figures are full-year projections based on data from first three quarters.

III. PROGRESS TOWARD THE STRATEGIC OBJECTIVE

PRIVATE SECTOR TRADE AND INVESTMENT (T&I) INCREASED IN CRITICAL GROWTH SUB-SECTORS THROUGH IMPROVED GOVERNANCE.

The following general indicators of Strategic Objective attainment were established at the time our Program Objective Tree and associated Logframe were approved (May 1992):

1. Domestic Trade
   a. Formal sector
   b. Semi-formal sector
   c. Informal sector
2. External Trade
   a. Exports
   b. Productive component of imports
3. Investment
   a. Approvals under new investment code
   b. Private investment as % of GDP

These remain valid. However, since then, we have also developed the Critical Growth Sectors (CGS) Matrix, which identifies explicitly the economic sectors in which we expect to generate increased private sector economic activity as a direct result of our program and the TIPS project. TIPS provides some 80% of the resources for our program. Full field implementation of TIPS will begin only in January 1994. The primary objective of the TIPS contract is to "Increase the levels of sustainable private sector economic activity (T&I) in Guinea-Bissau's critical growth sub-sectors (CGS). The CGS are defined as per the CGS Matrix illustrated below (see Introduction for more information on the CGS Matrix and how it will be used to provide future API reporting at the Strategic Objective Level). Until such TIPS contractor data and reporting is available, we will still use our original S.O. indicators.

CGS Areas of Economic Activity		CGS Products					
		Rice	Cashew	Fruit	Veg	Forest	Fish
		1	2	3	4	5	6
Production	A						
Processing	B						
Marketing/Domestic	C						
Marketing/Export	D						
Commerce/General	E						
Commerce/Product Specific	F						
Services/General	G						
Services/Product Specific	H						

Strategic Objective Indicator 1. - Domestic Trade

Indicators		1992	1993	1994	1995	1996	1997	1998
a. Formal sector. # of commercial firms registered increased by 25% over the CPSP period.	Number	1,919						
	Index	100						125
b. Semi-formal sector. # of applications for stalls at formal markets increased by 25% over the CPSP period.	Number	n.a.						
	Index	100						125
c. Informal sector. # of rural households reporting (i) money income, (ii) part of production sold, and (iii) part of consumption purchased increased by 25% over the CPSP period.	Number	n.a.						
	Index	100						125

a. According to the Ministry of Commerce, registered commercial establishments and individuals increased by 27% over the 18 month period July 1991 to December 1992, reaching a total of 1,919 registrations.

b. We are going to have some difficulties capturing information under this indicator. The intent of measuring across the range of informal/semi-formal/formal was to see how the economy was formalizing (or not) and how each was contributing or participating in growth. However, a recent USAID study of the informal sector in Guinea-Bissau (Crowley, 1993) showed us that firms do not necessarily move slowly through this range or only in one direction; that is, small firms will "formalize" (get permits, pay taxes) for the sake of a major transaction or two, then "lapse" back into informality. The specific indicator, applications for stalls at formal markets, is also problematic, in that each formal market (in urban and rural areas) is surrounded by informal operators. Sorting them out will be quite a job.

c. See notes under Goal Indicators 2 and 3(a). To report on this indicator, we must sort through the information in the World Bank survey. If that survey is not useful to reporting on this indicator, we may need to change the indicator.

Strategic Objective Indicator 2. - External Trade

Indicators	1991	1992	1993*	1994	1995	1996	1997	1998
a. Export earnings increased by 25% over the CPSP period for: ($millions/FOB)								
Cashews	14.1	3.0	30.4					
Fish and Fish Products	2.6	0.8	0.9					
Wood and Wood Products	1.4	1.3	1.1					
Fruits and Vegetables	n.a.	n.a.	n.a.					
Other	2.4	1.3	6.1					
TOTAL Exports	20.4	6.5	38.4					
Index	---	100	590					125
b. Productive input (capital goods) component of imports increased by 25% over CPSP period.	26.3	32.2	31.5					
Index	---	100	99					125

(Source: Central Bank)

a. Overall, the performance of the above products has been satisfactory. Note that the leading export products are exactly those in the CGS. Cashews, the leading foreign-currency earner, continues to perform strongly and is expected to do so in next couple of years as recent major plantings start producing (and should the world market price stabilize). However, in 1992, cashew export earnings registered only $ 3.0 million, a drop of 78% from the previous year, $14.1 million. This poor performance was due to two factors: (1) a drop in the world price for cashews, and (2) a conflict (policy dialogue in our terms) between the government and the cashew exporters over the level of the export tax -- some of the cashew exporters perceived the current level of the export tax (20%) to be unfairly high. Both factors led exporters to keep their products in warehouses. That is the reason for the high projection for export for 1993, which will include last year's and this year's crops. It now appears that the private sector may have won the "dialogue": World Bank staff report that during 1994 the cashew export tax will be further reduced. As recently as 4 years ago, before the USAID NPA in that area, it had been 40%.

The other products have not shown consistent performances but are expected to improve in the next few years as TIPS helps their respective production, processing and export-marketing sub-sectors to better organize. The registered export levels of fruits and vegetables are still insignificant; thus, they are reported in aggregate in the "Other" category. We believe that some portion of the $6.1 million exported in the "Other" category in 1993 is fruit. Earlier, this year, USAID financed a pilot mango export program and put together a small group of mango producers and exporters who formally exported 2.6 tons of mangos to Portugal. While the volume exported is insignificant, the lessons that these exporters learned about market penetration were considerable. With newer trees moving into production now and over the CPSP period, we estimate that by 1998 mangos alone could provide between $1.0 and $1.5 million in export earnings. Up to 10 modern, large-scale producers are about ready to move now. Smaller producers will be drawn into the system as markets and marketing channels are established. TIPS currently has a leading Brazilian fruit exporter in the field to develop our plan of action for these in the short and medium term.

b. While 1993 did not see a rise in the import of capital goods, we expect to see this figure grow in future years as the economy grows and the private sector takes more initiative. Note again that the import bill is dominated by rice; lowering the amount of foreign exchange spent on rice (through TIPS-promoted increased local production, processing and domestic marketing) will increase the amount available for productive inputs.

Strategic Objective Indicator 3. - Investment

Indicators		1992	1993	1994	1995	1996	1997	1998
a. # of foreign and domestic firms granted customs exemptions under new investment code increased by 100% over 1992.	Number	28						
	Index	100						200
b. Private investment increased to around 5% of GDP.	Percent	n.a.						5

a. According to the Investment Promotion Department (GAI) in the Ministry of Finance, both local and foreign investors are demonstrating their confidence in the economy and country. Twenty-eight firms have been awarded exemptions provided under the 1991 Investment Code. Nearly 70% of the investors are foreigners, with local partners; 30% are completely foreign-owned.

b. Indicator b will be difficult to collect, as there are no national income accounts. Our TIPS project will try to get estimates or develop a proxy indicator for aggregate private investment.

Finally, again note that in future years we hope to report progress at the strategic objective level employing the CGS Matrix format and data provided by the TIPS contractor.

TARGET 1

Technical/analytical base for planning T&I policy, legal and regulatory reform and for providing direct T&I support to the private sector improved in the critical growth sub-sectors.

Planning and implementing any reforms of the fundamental and comprehensive scope envisioned by our program and the TIPS project without a solid information (technical/analytical) base would not only be foolish but dangerous as well. Too often we are encouraged to press rapidly forward based on knowledge of what worked elsewhere and without adequate information as to the complexities of the local situation. Our program explicitly recognizes this danger and has established Target #1 to ensure that we, other donors, the GOGB, and the Guinea-Bissau private sector have the most comprehensive and best possible data and analyses available to us for planning and actually investing our extremely scarce resources.

As little as 4 or 5 years ago, the Guinea-Bissau economic knowledge base was almost non-existent. Until about 2 or 3 years ago, there were almost no data or studies on the private sector. This is not surprising given Guinea-Bissau's history, its level of development, and its very recent turn from a centrally-directed to a market-oriented economy. The old system required production data at most. It did not require a knowledge base to set policy and develop market friendly laws and regulations. It did not require a fair and impartial judiciary, and it did not have to understand market potential and penetration, cost control, profit and loss, and many other key economic concepts that we take for granted.

The technical/analytical base for planning policy, legal, regulatory and judicial reform, and for providing direct support to the private sector, has improved greatly over the past few years. The GOGB now publishes regular budget, balance of payments, and monetary statistics. Studies and research, a large share planned and financed by USAID, now cover most areas of concern to our program. There are still gaps, and both the quality and scope of knowledge can and must be constantly improved. Some "facts" repeated over and over by other donors, the GOGB, the private sector and by us, have proven to be simply false after closer scrutiny. In other areas, after more in-depth research, we found our original views to be somewhat simplistic.

Because of our efforts over the past few years, we are confident that we have taken the lead in working with other donors, the GOGB and the Guinea-Bissau private sector to develop the best technical/analytical base possible for planning and transforming Guinea-Bissau's future. Our development library, organized based on the information needed for our program, is recognized as the most comprehensive in the country. Much research was financed directly and completely by us. In other cases we collaborated in partially financing studies. In still other cases, we have used our influence to shape the research strategies of others. In sum, we do not care who (what donor, what GOGB entity, what private sector association) actually executes the work. Our first concern is that quality, properly-targeted, and timely research/analysis gets executed. Where there are gaps, or where we have a comparative advantage, we take direct action. Our second critical concern is that all information, regardless of source, is distributed as widely as possible and that it actually gets used in the planning and execution of specific program-related reforms and actions. The second concern is reflected in Targets #2, #3, and #4.

Note: Until now USAID/Bissau has employed PD&S, IPC, and other central and regional resources to execute its research/analysis agenda. With the initiation of TIPS field activities in January 1994, the major burden for developing and executing the analytical agenda for 1994-98 will fall to the TIPS master contractor. USAID/Bissau must, of course, approve that agenda.

Progress under Target 1 will be measured by the status of research/analysis/knowledge of (a) private sector activity related directly to the CGS products (Indicator 1), and (b) private sector activity in general (i.e., issues or areas of interest which are cross-cutting or have impact on all CGS products or private sector activity in general (Indicator 2).

Target 1, Indicator 1 - Status of research/analysis/knowledge specific to CGS products.

To measure the status of research/analysis/knowledge, we use a scale from 1 to 7. Criteria for the scale are, in general:

0 No information.
1-3 Starting to understand the information necessary for planning reform or planning direct T&I support (i.e, current status and potential for increased production, processing, and marketing; limited knowledge of constraints).
4-5 Firm enough ground to initiate broad action in reform or to initiate direct T&I support (i.e., more knowledge about the constraints).
6-7 Firm enough ground to work in detail on the reforms or to expand direct T&I support activities (i.e., almost complete knowledge about the constraints).

	1992	1993	1994	1995	1996	1997	1998
	Actual	Actual	Plan (TIPS starts)	Plan	Plan	Plan	Plan
Rice	3	3	4	6	6	6	6
Cashews	3	3	5	6	6	6	6
Fruits	0	4	6	6	6	6	6
Vegetables	0	1	3	6	6	6	6
Forestry	1	2	4	5	6	6	6
Fisheries	1	4	5	6	6	6	6

See narrative under indicator 2.

Target 1, Indicator 2 - Status of research/analysis/knowledge for general private sector constraints and issues.

To measure the status of research/analysis/knowledge, we use a scale from 1 to 7. Criteria for the scale are, in general:

0 No information.
1-3 Starting to understand the information necessary for planning reform or planning direct T&I support.
4-5 Firm enough ground to initiate broad action in reform or to initiate direct T&I support.
6-7 Firm enough ground to work in detail on the reforms or to expand direct T&I support activities.

	1992	1993	1994	1995	1996	1997	1998
	Actual	Actual	Plan (TIPS starts)	Plan	Plan	Plan	Plan
Policy	4	5	6	6	6	6	6
Laws:							
- property (land laws)	5	6	6	6	6	6	6
- Investment Code	6	6	6	6	6	6	6
- Commercial Code	2	4	6	6	6	6	6
- modern/traditional links	2	4	6	6	6	6	6
Regulations:							
- Investment Code implementation	1	4	6	6	6	6	6
- business registration	2	4	5	6	6	6	6
- business licensing	2	4	5	6	6	6	6
Judicial System	3	6	6	6	6	6	6
Private Sector:							
- services needs	2	4	6	6	6	6	6
- T&I promotion needs	2	4	6	6	6	6	6

In addition to searching out and gathering what we now believe to be almost all the data/information currently available on the areas listed in indicators 1 and 2, we have also financed the following major research efforts:

- A New Land Law for Guinea-Bissau: Needs and Opportunities, 1992, Land Tenure Center

- Relations between Ponteiros and Tabancas: Implications for a New Land Law in Guinea-Bissau, 1991, C. Tanner
- Guinea-Bissau Legal Sector Assessment, 1990, I. Pires
- Chamber of Commerce of Guinea-Bissau Institutional Analysis, 1990, N. Currie
- A Review of the Cashew Sub-Sector in Guinea-Bissau, 1990, KSU
- Rice Production and Marketing in Guinea-Bissau: A Contribution for Policy Dialogue, 1990, KSU
- How Recent Political and Governance Developments will Affect the TIPS Project, 1992, TIPS
- Administrative Implications for Guinea-Bissau Gleaned from the IFES Appraisal Mission to the Congo, 1992, J. Blacken
- Guine-Bissau Politicas Sectorials: Evolucao Recente e Perspectivas ate 1994, 1992, M. de Andrade
- Guinea-Bissau: Legal Considerations for a New Land Law, 1992, I. Pires
- The Ponteiro Census: Descriptive Results and Economic Analysis, 1992, University of Arizona
- Rice Marketing in Guinea-Bissau: A Study to Develop Information for Policy Makers, 1992, KSU
- Programa de Exportacao de Frutas, 1992, J. B. de Morais Neto
- Land Value in Guinea-Bissau, 1992, LTC
- Relatorio Sobre a Primeira Fase do Programa de Exportacao de Mangas, 1993, A. Cesana
- Indicators of Investment in the Cash Economy and Quality of Life in Guinea-Bissau, 1993, D. Nasatir
- O Mercado Fronterico e a Balanca Commercial da Guine-Bissau: Situacao e Perspectivas, 1993, INEP
- RRA Method for Tabanca's Land Demarcation, 1993, LTC
- GPS Pilot Study: Guinea-Bissau, 1993, LTC-MSI
- Customary Land Use in Guinea-Bissau, (ongoing), LTC
- Cacheu River Estuary Shrimp/Prawn and/or Oyster Resource Potential Assessment, 1993, TRD
- The Informal Sector: Production, Processing and Marketing Systems for the CGS, (ongoing), E. Crowley
- Establishing Priorities for Legal Reform, 1993, Checchi
- Portugal as a Market for Fresh Agricultural Products from Guinea-Bissau, 1993, REDSO/WCA Ag. Export Marketing Studies
- Traditional Conflict Resolution Systems (to start shortly)

One of the first tasks of the TIPS contractor is to review all available information, identify data gaps, and, based on this, develop its analytical (research) agenda for the remainder of 1994. Similar agendas will be developed and executed during each year of the CPSP. As noted previously, USAID must approve the agenda.

SUB-TARGET 1.1

Private/Public sector commissions coordinate process of developing and executing research/analysis agenda.

Sub-Target 1.1, Indicator 1. Commissions established
Sub-Target 1.1, Indicator 2. Number and type of commissions meetings, by topic.
Sub-Target 1.1, Indicator 3. Number and type of research/analysis work groups established, by topic.
Sub-Target 1.1, Indicator 4. Number and type of work group meetings, by topic

Nothing to report. See below.

SUB-TARGET 1.2

Private interest groups and appropriate government units participate in process of developing and executing research/analysis agenda.

Sub-Target 1.2, Indicator 1. Number and type of groups/units participating in commissions/work group meetings, by topic
Sub-Target 1.2, Indicator 2. Number and type of groups/units participating in research/analysis, by topic

Nothing to report.

At this point, most Guinean private economic interest and reform groups are more interested in the specific policies, laws, or regulations they are facing as problems rather than directing research. After initial USAID research, discussions with other donors, the GOGB and, most important, dialogue with private sector groups to understand their problems, USAID plays a very large role in setting the research/analysis agenda, as described in the narrative under Target 1. We expect that, in future years of the CPSP period, private groups will take more interest in directing the research/analysis agenda. If formal participation (i.e., via Commissions) does not naturally develop, or is found to be unnecessary, USAID will drop Sub-Targets 1.1 and 1.2.

TARGET 2

Policy, legal and regulatory environment for increased private T&I in the critical growth sub-sectors improved.

Even at this early stage of our program and the TIPS project, we can already perceive that the private sector environment in Guinea-Bissau has improved dramatically.

1. With our help, the private sector is getting organized. The number of private sector economic interest associations has mushroomed over the past two years. (See Sub-Target 2.2 for more details).

2. The GOGB is now open to dialogue with the private sector. Three years ago the Ministries would not have even thought of inviting the private sector to key policy planning or strategy sessions. Now it is generally recognized that the private sector is and must be the engine of growth in Guinea-Bissau. The Ministry of Agriculture, for example, now insists on private participation in all its significant debates. We are confident that others, the Ministries of Justice and Commerce and Industry, will do likewise shortly.

3. For the first time, we are able to draw different Ministries into our actions and debates. As TIPS cuts across normal ministerial branches, we have been able to promote collaboration between Ministries, i.e. representation on work groups, participation in seminars and workshops.

4. The private sector now feels confident enough, and has a firm enough information base, to want to dialogue with the government. True, some dialogue is now really confrontation, but it is surely becoming more and more constructive.

In sum, through our new program and with our planning for TIPS, we have been able to promote an opening in the way both the public and private sectors think. There is recognized a commonality of interests and an ever-increasing willingness to work together to satisfy those common interests. This is a major change in Guinea-Bissau, and without it we would have no chance of actually reforming policy, laws, and regulations in a participatory and, thus, sustainable manner.

Using the indicator for this Target that was approved with the Program Logframe in May, 1992, we will measure impact according to progress through the following steps in the policy, statute, regulation sequence:

(1) Review of research/analysis from target (Output) # 1.
(2) Policies (re)formulated.
(3) Policies/statutes consistency review.
(4) Statutes (re)formulated.
(5) Statutes/regulations consistency review.
(6) Regulation (re)formulated.
(7) Analysis/review of regulatory implementation.
(8) Improved regulatory implementation.

Target 2 Indicator (May, 1992) - Policy, statute, regulation steps completed by Project Year.

	1993		1994	1995	1996	1997	1998
	Actual	Planned	Planned	Planned	Planned	Planned	Planned
Policies: General Private Sector	Step 1		Steps 1-2				
Policies: CGS-Specific	--	Step 1	Step 2				
Statutes: Land Tenure	Steps 1-4	Steps 1-3	Step 4				
Statutes: Commercial Code	Steps 1-3	Steps 1-3	Steps 4-5				
Statutes: CGS-specific	--			Steps 4-5			
Regulations: Land tenure/transfer	Steps 5-6			Steps 5-6	Steps 7-8		
Regulations: Business registration	--	Steps 5-7	Step 8				
Regulations: Investment	--	Step 5	Steps 6-8				
Regulations: Tax administration	--			Steps 5-6	Steps 7-8		
Regulations: CGS-specific	--			Steps 6-8			

Comments on the above indicator:

Given a solid technical/analytical base (i.e. firm knowledge as to potential and constraints), it is both logically and intuitively appealing to think of the following as a set of almost "required" sequential steps:

1. good information leads to (provides the base for) good policy;
2. good policy leads to (provides the base for) good laws;
3. good laws lead to (provide the base for) good regulations;
4. good regulations lead to (provide the base for) good regulatory implementation.

The above seems to imply that when approaching policy, legal and regulatory reform, we are starting with a clean slate -- nothing exists, there is no history, there are no specific problems (constraints) being felt by the private sector today. In fact, it seems to imply that we are not talking reform, rather formulation.

Unfortunately, our initial attempts to force this logic in Guinea-Bissau and on our program (i.e, the initial logic for Target #2 of our approved Program Logframe) have proved to be not very realistic.

First, private sector interest in promoting policy, legal, or regulatory reform does not usually initiate with policy, or even with legal reform. Rather it initiates with problems related to regulatory implementation or conflict resolution: e.g it is difficult to create and register a new firm, it is difficult to get

an import permit, it is difficult to collect a debt, it is difficult to force compliance with a contract.

Second, almost all of those in the private sector do not initially seem to recognize the logical linkages (forward or backward) between information-policy-laws-regulations-regulatory implementation problems or conflict.

Third, even where outside experts may judge that policies are "good" (clear, market-friendly and private sector oriented) and laws and regulations are all consistent with policy and with each other, the local private sector may have a very different and very negative view. This, we have learned, has two causes: (1) lack of information on all elements of the policy/legal/regulatory environment, and (2) a feeling that since the private sector did not participate in policy/legal/regulatory formulation, that which exists must *ipso facto* be bad.

Fourth, in the contrary situation, where outside experts may judge that policies, laws, and regulations are "bad" and inconsistent, the local private sector may have no opinion at all. This, we have learned, is because the local private sector (or at least significant components of it) have no (or very little) knowledge of what the current policies, laws and regulations are, and have no (or very little) contact with these systems.

As a result of the above, we have concluded that:

(a) our original "logical sequence of steps" indicators for Target #2 (policy reform -> legal reform -> regulatory reform) cannot be meaningfully employed to judge progress. Indicators for Target #2 have thus been reformulated. We now look at policies, laws, regulations and the implementation of regulations as individual elements, each having impact on the private sector environment individually. The logical links become apparent only at the operational level of reform, e.g. where policies, laws and regulations are already in place, regulatory reform (removal of the perceived constraint) may require legal reform, and legal reform may require that policies be clearly defined: where laws are the perceived constraint, and thus the initial target for reform, such legal reform may require both policy and regulatory reform, or perhaps neither.

(b) participation by the private sector (all types of associations and interest groups) and by the GOGB (various Ministries, from the Minister down to the clerks responsible for regulatory implementation) is even more important for each element (policy, legal or regulatory) than we had originally thought. Thus, we have reformulated our indicators at the sub-target level to even more concretely demonstrate interest group establishment and participation in policy, legal and regulatory reform processes.

Given these problems, we are attempting to develop a better measure of the status of the policy, legal and regulatory environment. One possibility is presented here. We welcome USAID/W feedback and suggestions for measuring our impact in this important governance area.

Proposed Target 2 Indicator - Status of policy, legal and regulatory environment for private sector activity in general.

The general bodies of policies, laws, and regulations are each looked at from four perspectives:

a. degree to which they are clearly defined;
b. degree to which they are private sector and market friendly;
c. degree to which they are widely understood; and
d. degree to which they are accepted (complied with).

A seven point scale (1, 2,....7) is used to indicate degree, where 1 indicates least satisfactory and 7 indicates most satisfactory.

	1992	1993	1994	1995	1996	1997	1998
	Actual	Actual	Plan (TIPS starts)	Plan	Plan	Plan	Plan
Policy							
a. clear	4	5	5	6	6	6	6
b. friendly	6	6	6	6	6	6	6
c. understood	3	4	5	6	6	6	6
d. accepted	3	4	4	5	6	6	6

	1992	1993	1994	1995	1996	1997	1998
	Actual	Actual	Plan (TIPS starts)	Plan	Plan	Plan	Plan
Laws							
a. clear	5	5	5	5	6	6	6
b. friendly	3	3	3	3	4	5	6
c. understood	2	3	4	5	5	6	6
d. accepted	2	2	3	4	4	5	6
	1992	1993	1994	1995	1996	1997	1998
	Actual	Actual	Plan (TIPS starts)	Plan	Plan	Plan	Plan
Regulations							
a. clear	2	2	2	3	4	5	6
b. friendly	2	2	2	3	4	5	6
c. understood	2	2	2	3	4	5	6
d. accepted	2	2	2	3	4	5	6

Again, we welcome USAID/W feedback and suggestions.

SUB-TARGET 2.1

Private/public sector commissions and/or working groups coordinate process of policy, legal and regulatory reform.

We initially envisioned that the formal establishment of high-level presidential public/private commissions would be necessary to promote policy, legal, and regulatory reform. The President still stands ready to do this to support TIPS. However, we have learned that such formal commissions are neither necessary nor sufficient to get the job done. In fact, a number of such commissions promoted by other donors simply have not worked at all. Two examples: the commissions centered on the Tropical Forestry Action Plan and the National Resources Management Plan. Whether or not the National Environmental Council (CNA) will work or not remains to be seen. The way to get things done in Guinea-Bissau is to identify the best and brightest who are interested in some policy, legal or regulatory area and have the potential to influence that area, and help get them organized and working with highly qualified Portuguese-speaking expatriate experts. Once working together on a topic of interest to them, these groups tend to develop a momentum of their own. Once momentum is developed, periodic reinforcement from the outside is all that is required to keep things moving and on track.

Sub-Target 2.1, Indicator 1. *Public/private sector commissions and/or working groups established, by area of program interest/activity.*

USAID-financed Implementing Policy Change Project has assisted in the creation of three participatory reform working groups: (1) Judicial Reform, (2) Commercial Reform, and (3) National Agricultural Sector Strategy. (4) The Land Tenure Law Working Group was established some time ago, but has worked closely with USAID over the past three years.

Land Reform: The land reform working group was established 4 or 5 years ago but was mostly inactive until USAID (using PD&S funds and the Land Tenure Center (LTC) of the University of Wisconsin) initiated its activity in this area in 1990-91. The group initially consisted only of public sector lawyers not familiar with land tenure issues or their economic implications. With our assistance, it has now been expanded to include the Ministry of Agriculture (planning and technical staff) and other governmental units currently responsible for land concessions and registration, as well as members of the private sector. Local NGOs are also becoming more involved in this area and will join the group shortly. With repeated LTC technical assistance, research, and training inputs, a fourth draft of the new law has been produced. Each draft has been made more private sector and market friendly. LTC work with this working group will continue under TIPS.

Judicial Reform: IPC helped in the formation of a working group for judicial reform in October 1992, consisting of members from the Ministry of Justice, the Faculty of Law, judges, and an outside lawyer. This group began promoting a Constitutional amendment to separate the judiciary from the executive. By February 1993 the National Assembly had passed the Constitutional amendment; however, this separation is *de jure* but not yet *de facto*, since the implementing legislation has not been approved and the government is still in the same budget year (the judicial system is still funded by the Ministry of Justice). The working group has now prepared ten organic laws that would implement the Constitutional amendment; both the Minister of Justice and the President of the Supreme Court view these drafts positively and hope that the National Assembly will approve them before the March elections. This working group benefitted from a USAID sponsored study tour in the United States and Brazil on Organization of Courts, and from a widely-attended seminar held in Bissau by a Montgomery County judge on the role of the judiciary in a democracy. The group has been highly effective in pushing for judicial reform.

Commercial Reform: This reform working group is focused on reforming the Ministry of Commerce and Industry so that it better serves the private sector. It is led by the Secretary-General of the Ministry, and includes the legal advisor to the Minister, the head of the Department of Research, and an IPC advisor. Private Sector participation in the working group is only on a "consultative" basis; for example, private sector operators were recruited to interview fellow entrepreneurs about the efficacity of the Ministry (assuming that sending a Ministry representative to do the survey would not have drawn straight answers). The working group has prepared a report on the obstacles to commerce imposed by the Ministry and recommended changes to the Ministry organization and staffing, and will soon hold a roundtable and a series of workshops to build public support for the reform.

National Agricultural Sector Strategy: This reform working group, consisting of technicians from the Ministry of Agriculture, two private sector members (the National Association of Agriculture Producers (ANAG) and the Chamber of Commerce, Industry and Agriculture (CCIA)) and USAID, has undertaken the redrafting/updating of the National Agricultural Sector Strategy. The group has just gotten started. USAID assistance will continue under TIPS.

SUB-TARGET 2.2

Private interest groups and appropriate governmental units participate in process of reviewing and (re)formulating policies, statutes and regulations.

Sub-Target 2.2, Indicator 1. Private sector associations established and now participating in review/(re)formulation

A significant number of new private sector associations were created recently to promote/defend their members' interests. The most important is the Chamber of Commerce Industry and Agriculture (CCIA). USAID was instrumental in the institutional development of the CCIA. The CCIA has a national membership of 550 small-to medium sized business operators grouped into seven regional delegations: Bissau, Bafata, Gabu, Bolama, Canchungo and Farim. The second most important group is the National Agricultural Association (ANAG) which has over 800 members nationwide. Other new private sector groups, which like ANAG are also associated with the CCIA are:

Association of Business Women
Young Entrepreneurs Association
Association of Construction Entrepreneurs
Association of Cashew Growers
Association of Forestry Industry
Cooperative of Farmers (West)
National Association of Fishing Enterprises

Also established: the Guinea-Bissau Bar Association (OAGB) and the Guinea-Bissau Association of Magistrates.

It is important to note that there are now private sector associations covering almost all areas of interest to our program and TIPS (i.e. the CGS Matrix). Prior to the creation of the CCIA, none of these associations existed. Some are still weak and getting organized, but all are already serving as our private sector partners in working with the GOGB. The same entities will be used under Target #4 as channels for direct support to the private sector in the CGS Matrix.

Sub-Target 2.2, Indicator 2. Governmental units participating in review/(re)formulation.

The government units listed below are only those currently working directly and constructively with us and our private sector colleagues to meet the objectives of our program. (Others will ask, or be asked to join at the appropriate time):

Ministries of Agriculture, Justice, Commerce and Industry, and Finance. As with our private sector partners, these are the public institutions which are key to the success of our program.

Sub-Target 2.2, Indicator 3. Formal seminars/workshops by area of program interest.

Jornadas Juridicas (joint USAID/Portuguese financing). The themes were related to legal structure and adjudication affecting private economic activity. Participation: an estimated attendance of 400 people from Bissau Law School, Lisbon Law School, Ministry of Justice, Supreme Court, GB Bar Association, Association of Magistrates, CCIA, other trade associations, other ministries and other individuals from the private sector.

Three Colloquiums on Modernization of Agriculture in GB. Organized by the Ministry of Agriculture, with support from Portuguese Cooperation, WB, USAID. Participation: 70 - 120 participants, from the CCIA, ANAG, traditional farmers, modern and commercial farmers, donors, commercial banks.

Conference on Guinea-Bissau's Fisheries sector, Bissau, July 1993. This conference was organized by the Ministry of Fisheries, in coordination with private interest group to examine the fisheries sector. Participation: Around 70 participants from various ministries, private sector, donor community.

First National Conference on Forestry (October 1992). The conference was realized to define, in an intersectorial context, a Government policy capable of preserving and promoting rational use of forest products. Organized by the General Directorate of Forestry, SOLIDAMI (NGO coordinating unit) and CNA (National Council on Environment). Multi-donor financing (WB, IUCN, USAID, FAO, CECI) as well as GOGB financing. Participation: 70 - 100 participants from both private and public sector, including NGOs.

Round Table on Tropical Forestry Action Plan. Organized by the Ministry of Agriculture. Participation: Various ministries, NGOs, donor community.

National Seminar on Beekeeping and Modern Commercial Fruit Production. Organized by NGO NAFAGONAL, at the request of ANAG. Participation: 70 - 100 participants, mostly modern commercial farmers and also the public sector.

Conference on National Agricultural Strategy. Organized by the Ministry of Rural Development and Agriculture. Participation: 90 - 100 participants from the public/private sector - Secretary of State for Plan, Central Bank, ANAG, CCIA, Ministry of Public Administration, Ministry of Commerce and Industry, Ministry of Finance, Ministry of Women's Affairs, NGOs, Rural Associations, Cadastral (land registry) Department, USAID.

Conference on the Role of the Informal Sector in the Guinea-Bissau economy. Participation: About 60 members of private associations and/or the private sector plus 3 Ministers and the Secretary of State for Plan.

Workshop on Promoting Foreign Investment in Guinea-Bissau. Participation: 60 participants, almost all from the private sector, plus the Secretary of State for Plan and key individuals from the Ministries of Finance and Commerce and Industry.

The President of Guinea-Bissau invited elements from the CCIA (described under Sub-Target 2.3, Indicator 1) to be part of his delegation to attend the Southern Governors' Summit Conference in Richmond, Virginia.

Sub-Target 2.2, Indicator 4. Radio programs about review/(re)formulation, by area of program interest.

The CCIA has a weekly radio program devoted to business affairs.

Sub-Target 2.2, Indicator 5. Newspaper articles about review/(re)formulation, by area of program interest.

The CCIA is publishing a monthly business newspaper that has sections that report on the overall economic and market conditions. TIPS was recently featured in major articles in two private newspapers. A third article will be published shortly.

Sub-Target 2.2, Indicator 6. Outreach sessions to traditional populations about review/(re)formulation, by area of program interest.

There exists a plan for a national vetting of the recently-revised land law (4th draft) at the village level before final drafting and submission to the National Assembly for approval. These sessions will implemented by TIPS.

SUB-TARGET 2.3

Selected private groups represent their members' interests in policy, legal and regulatory fora.

Sub-Target 2.3, Indicator 1. Private sector associations formally endorsing or rejecting specific policy, legal or regulatory proposals by area of program interest/activity.

The Chamber of Commerce, Industry and Agriculture (CCIA) and the Agricultural National Association (ANAG) have been the leading interest groups in voicing their opposition against some of the government policies on trade and investment. The CCIA has argued against the current level of interest rates and the level of tax applied on cashew exports. ANAG has demanded that the government return to it a fraction of the revenue it makes on exported-agricultural products. The CCIA is opposing the government's new policy of imposing an additional 10% export tax on cashew crops that were not exported last year.

SUB-TARGET 2.4

Ability of National Assembly to (re)formulate T&I legislation improved (eventual coordinating role)

Sub-Target 2.4, Indicator 1. T&I legislative committee structures and procedures developed.
Sub-Target 2.4, Indicator 2. Number of legislators and support staff trained in T&I.
Sub-Target 2.4, Indicator 3. Number of public hearings on T&I legislation held, by topic.

Efforts to assist the National Assembly can only be addressed after democratic elections. The TIPS contractor, employing the Legislative Development Institute at SUNY/Albany and ANDAL at the Brazilian Senate, will be fully prepared to begin working immediately with the elected National Assembly.

SUB-TARGET 2.5

Material and human base for T&I law review and drafting improved.

Sub-Target 2.5, Indicator 1. T&I laws collected/indexed/codified, by topic.

Through a USAID executed contract, an index of Guinea-Bissau Legislation (1975-1992) was refined and installed in the computer systems of the Ministry of Justice, Supreme Court, Law School and the Office of the Attorney General. Training was provided to the users along with instruction manuals. USAID financed the collection and printing of all Guinea-Bissau laws in several areas, the most important of which was commercial law, and has distributed over 60 copies to key personnel in the legal and business community. For almost all of them, this was the first time they had have access to such a collection.

Sub-Target 2.5, Indicator 2. Number of GELD staff and Law Faculty students trained in T&I.

See Sub-Target 3.4.

Sub-Target 2.5, Indicator 3. Number of T&I legal consistency reviews conducted, by topic.

One major piece of USAID research was to collect, review and analyze the economic impact of Guinea-Bissau's commercial laws. The final report "Establishing Priorities for Legal Reform - Guinea-Bissau" was published in August 1993. Other relevant studies are listed under Target #1 Indicator 2.

SUB-TARGET 2.6

Implementation of T&I regulations improved.

Sub-Target 2.6, Indicator 1. Number and type of private interest groups/governmental units that favorably evaluate implementation of T&I regulations.

As of this date, USAID has not initiated any specific action to improve the implementation of T&I regulations. Such actions, probably initiated with the Investment Code, will be undertaken by TIPS shortly.

TARGET 3

Adjudication of T&I legal and regulatory conflict improved

As described under Sub-Target 2.1, Indicator 1, the judicial reform has made great progress in the last year, most particularly in achieving a Constitutional Amendment separating the Judiciary from the control of the Executive. USAID, through the IPC project, has been closely involved in this reform. To date, the working group has drafted ten enabling laws which will give structure, operating procedures and budgetary independence for the judiciary. One of these laws, establishing a system of small claims courts, has been passed by the National Assembly. Recruitment of judges for these courts is now underway. USAID will assist in training these new judges. Further impact at the Target level will await implementation of the judiciary reform.

Target 3, Indicator 1. Number and type of private sector interest groups and governmental units favorably evaluating adjudicatory performance of (a) court system and (b) administrative tribunals.

Leaders of the CCIA, ANAG, the Guinea-Bissau Association of Magistrates, and the Bar Association have all expressed gratification at the progress being made, with USAID support, to establish an independent judiciary system and upgrade the capabilities of magistrates and lawyers. However, the judiciary will need to function independently for at least a year before we can expect private groups to evaluate the functioning of the new system.

Target 3, Indicator 2. Number of T&I cases adjudicated by (a) court system and (b) administrative tribunals.

USAID is compiling data to establish a baseline on the number and nature of T&I cases adjudicated by the court system since 1991. This information for this indicator will be available by the end of 1993.

SUB-TARGET 3.1

Formal court system restructured and upgraded to facilitate fair and impartial adjudication of T&I legal conflict.

Sub-Target 3.1, Indicator 1. Plans for judicial (court) system functions, structures, and procedures developed and approved.

As described under Sub-Target 2.1, the government of G-B has adopted a number of judicial, regulatory and administrative reforms over the past year. USAID has contributed to this accomplishment through technical assistance, training and financial support. Under the IPC project, a working group of government officials, judicial officials, a private lawyer, faculty of the Law School, and the IPC team worked out an Action Plan to bring about an independent and functioning judiciary system. (It should be noted that the judicial reform working group used an objective tree format to define their Judicial Reform Action Plan.) The judicial structures will be established by the 10 enabling laws (which should be passed within the next six months) drafted by the judiciary reform working group. These laws cover: (1) the overall organization of the judiciary; (2) the organization of the Supreme Court; (3) the organization of the Superior Council of Magistrates; (4) the Statute of Magistrates (providing legal authority and enumerating qualifications); (5) the Organic Law for the Ministry of Justice; (6) the organization of the Administrative Tribunals; (7) the organization of the system of Small Claims

Courts; (8) the Judicial Inspectors (not unlike our Inspectors General); (9) the Prison Services; (10) the Statute for Assistance to Minors (wards of the court).

Sub-Target 3.1, Indicator 2. Number and type of court officers, law adjudicators and support staff trained in T&I statutes and court procedures.

The IPC project has made available legal codes to judges and lawyers in the various courts in the country as well as to the library of the Law School.

Under the IPC project, a judge from Maryland held a week-long series of seminars in Bissau. The topics of discussion were the role of the judiciary in (1) a democratic society and (2) an economy based on private enterprise. Participation included the Guinea-Bissau private sector, the Chief Justice of the Supreme Court, 32 magistrates, the senior class of the Law School, and officials of the Ministry of Justice (including the Minister). Extensive television and radio coverage added to awareness of the importance of an independent judiciary and the role of the judiciary in a liberalized economy. As an interesting follow-up, USAID sent a group of magistrates on a study tour of Brazil and Montgomery County, Maryland to study court systems. The magistrates brought back to Bissau both ideas for drafting the enabling laws for the judiciary reform and clear impressions of how such system work in practice. The small claims court enabling law recently passed is based on the Montgomery County model.

USAID also financed:

- participation of the President of Tribunal de Contas to the 14th Annual Congress of Public Finance Control in Washington;
- participation of the President of the Supreme Court in the colloquium on Legitimacy and Legitimation of Constitutional Justice in Lisbon, Portugal;
- participation of two policy and legal officials from the Ministry of Commerce and Industry and two private sector representatives at a 3-week International Development Law Institute seminar in Rome on "Laws Concerning International Commerce";
- two magistrates to attend the Latin American Conference of Magistrates in Brazil;
- four judges to attend a conference in Sao Tome about Democracy and Development;
- one participant to a conference in Spain on Democracy and the Rule of Law;
- two magistrates to participate in a conference on the role of courts in the control of public finances.

As noted elsewhere, the Jornadas Juridicas was a widely-attended series of seminars on T&I law sponsored by the Law School and partially financed by USAID.

Sub-Target 3.1, Indicator 3. Judicial structures established and procedures implemented.

The small claims court enabling law has passed and must now be implemented. The other laws should be passed within the next six months.

SUB-TARGET 3.2

Appropriate governmental units establish clear, transparent and efficient mechanisms for the administrative adjudication of T&I rulings.

Sub-Target 3.2, Indicator 1. Number and type of administrative tribunals established to handle T&I conflict-resolution.
Sub-Target 3.2, Indicator 2. Number and type of private interest groups having voting membership on each tribunal.

A new system of administrative tribunals will be created through the judiciary reform; one of the draft enabling laws outlines its structure. Guinea-Bissau previously had a Administrative Tribunal under the Civil Courts, which was charged with adjudicating conflicts between the individual and the State and between different elements of the State. These functions have since been merged into the Tribunal das Contas, which is primarily an investigatory court examining government spending (not unlike our GAO but under the Executive Branch). After the passage of the enabling laws, this Tribunal das Contas will pass this adjudicatory responsibility to the new court.

SUB-TARGET 3.3

Traditional law/systems recognized in T&I statutes/regulations and respected in court and administrative T&I rulings.

Sub-Target 3.3, Indicator 1. Number and type of T&I (a) statutes and (b) regulations that make specific reference to traditional law/systems.

USAID has participated in the development of a new draft land law which recognizes traditional law practices of the various ethnic groups. That draft will soon be vetted around the country in outreach sessions to be implemented by TIPS.

The small claims courts are to be structured so that there is a judge with legal training heading it who will be assisted by two people from the local communities who will provide inputs concerning traditional law. These traditional law advisors will participate in fact-finding, cross-examination, etc., and provide the view of traditional systems for each case.

Sub-Target 3.3, Indicator 2. Number and type of traditional interest groups favorably evaluating (a) court system and (b) administrative tribunal adjudicatory performance.

Reporting under this indicator will await establishment of the new judiciary system.

SUB-TARGET 3.4

Lawyers' expertise in T&I laws and regulations improved.

Sub-Target 3.4, Indicator 1. Number of lawyers and law students trained by (a) the Bar Association and (b) Faculty of Law in T&I laws and regulations.

The Bar Association has not carried out any training. It is, however, struggling to establish some standards for lawyers. The Law School, which was created three years ago, will graduate its first class of 13 students this year. All students take, in their last year, a new course in Commercial Law.

Other training associated with the Law School: The Jornadas Juridicas, mentioned previously, were an effort by the Law School to train students in T&I law. Also, USAID through a local contractor had all Guinea-Bissau's laws from 1975 to 1992 compiled, indexed, and installed in four computers, located in the Faculty of Law, in the Supreme Court, the Ministry of Justice and the Office of the Attorney General. USAID also collected and distributed all laws since the colonial regime, to these institutions and others. This was a very important addition to the functioning of these institutions, which did not have copies of Guinea-Bissau's laws before USAID's assistance.

TARGET 4

Ability of entrepreneurs to respond to improved policy, legal and regulatory environment improved.

Clearly our first task under Target #4 was to help get the private sector organized. As the listing below demonstrates, we have been extremely successful. The formation of these associations has made a real impact on the Guinea-Bissau private sector.

Chamber of Commerce Industry and Agriculture (CCIA)
National Agricultural Association (ANAG)
Association of Business Women
Young Entrepreneurs Association
Association of Construction Entrepreneurs
Association of Cashew Growers
Association of Forestry Industry
Cooperative of Farmers (West)
National Association of Fishing Enterprises

Our work to help create and develop the CCIA started almost three years ago from an absolute zero base. At first it was only a Chamber of Commerce. Later it was expanded to also represent the interests of Agriculture and Industry. With over 550 small-to medium sized business operators as members today, it is clearly the best organized and dominant private sector group in the country. It now publishes both a monthly bulletin and a newspaper. Other services to members will be promoted under TIPS. The CCIA is fully recognized by the GOGB and the general public as the leading voice of the private sector in Guinea-Bissau. Its functioning regional offices provide the base for rapid communications and information exchange with almost all areas of the country. The Chamber is involved in almost all aspects of our program.

The second most influential private sector association is ANAG, with some 800 members. Newer and much less developed than the Chamber, ANAG is already playing a major role in our program in two ways: (1) dialogue with the GOGB to represent producer interests in policy, legal and regulatory fora, and (b) serving as the program/TIPS operational link with those involved in the production, processing, and marketing of cashews, fruits and other agricultural products.

It is interesting to note that the 600 member Cashew Growers Association was formed in response to the perception that both the Chamber and ANAG were too dominated by commercial interests and that producers needed their own organization to represent their members interests.

Fortunately, and with some encouragement from USAID, private associations have also developed in other areas key to our program, e.g. forestry and forest products and fisheries.

It is our plan to assist all these private entities under TIPS. We fully expect that the Chamber will become a type of national private sector federation, with which all other private associations will be affiliated. This is critical as the private sector must speak to the government (and donors) with one powerful voice. Differences in interests should be resolved within the private sector itself (within the Chamber) before the private sector speaks as to specific policies, laws or regulations.

Target 4, Indicator 1. Number, size and type of new business entities and joint ventures established

BUSINESS ACTIVITIES	July 1991	Dec.1992	Increase	(%) Inc.
Import/Export	304	397	93	30.6
Wholesale	65	122	57	87.7
Retail	1,510	1,919	409	27.1
Commercial Agent	26	27	1	3.8
Total	1,905	2,465	506	29.4

Source: Ministry of Commerce

Custom duties exempted firms under the Investment Code, since 1991, by sector

Type of Firm	Number of Firms	Percentage
Industry (processing)	16	57.1
Fisheries	3	10.7
Tourism	1	3.6
Construction	2	7.1
Transport	3	10.7
Agricultural Marketing	1	3.6
Livestock	1	3.6
Commerce	1	3.6
TOTAL	28	100.0

Source: GAI/Ministry of Finance

These figures clearly demonstrate that there is growth in the private sector. Guineans and some foreigners are sufficiently confident in the direction of policy, legal and regulatory reform to risk their own scarce capital. TIPS will be working to encourage this trend.

Target 4, Indicator 2. Number, size and type of existing firms expanded and successful export ventures operating

With the exception of our pilot program in Mango exports (see narrative under Strategic Objective Indicator 2), we have not yet provided direct assistance for export promotion except for the trade missions discussed under Sub-Target 4.2. TIPS will initiate such activities in 1994.

SUB-TARGET 4.1

Selected private interest groups provide CGS-related T&I support services directly to their members.

Sub-Target 4.1, Indicator 1. Number and type of T&I (a) training programs, (b) research/market reports, (c) other publications provided entrepreneurs in the CGS.

(a) T&I Training Programs:

1 Seminar in International Marketing of Commodities, Italy - Institutional and Legal Framework of International Trade. Two participants from the Ministry of Commerce and Industry (MCI), and two from the CCIA, all financed by USAID.
2 Workshop on Export Market Entry Strategies, Ghana - three private entrepreneurs participated, all financed by USAID.
3 Department of Industry (MCI)/UNDP seminar in Business Initiatives, Bissau - Members of C of C participated, among others
4 USAID/Africare short-term training in Business and Rural Vocational Skills, Guinea-Bissau - private sector participants only.
5 Training in Agri-Industry Development, Brazil - (financing from USAID/Brazilian Embassy).

(b) T&I research/markets reports:

These studies have been distributed to interested private sector parties:

1 Rice Marketing in Guinea-Bissau: A study to Develop Information for Policy Makers, report (USAID-financed)
2 The Ponteiros Census: Descriptive Results and Economic Analysis, report (USAID-financed)
3 Cacheu River Estuary Shrimp/Prawn and/or Oyster Resource Production Potential Assessment, report (USAID-financed)
4 Guinea-Bissau Border Trade, report (USAID-financed)
5 Guinea-Bissau Informal Sector of the Economy, workshop/report (USAID-financed)
6 REDSO/WCA multi-mission study on Regional Agriculture Export Market. Guinea-Bissau benefited with a study on the Portuguese Market for the country's fruits and vegetables.
7 Ministry of Agriculture/World Bank Study/Action Plan on the Modernization of the Agricultural Sector
8 Report/workshop on the Impacts of Laws and Regulations on T&I (USAID-financed)

(c) Other T&I publications provided to entrepreneurs in the CGS:

1 Monthly Consumer Price Index publications - Secretary of State of Plan
2 Annual Agricultural Statistics - Ministry of Agriculture
3 Agricultural Census (annual publication) - Ministry of Agriculture
4 Agricultural Campaign Bulletins - Ministry of Agriculture
5 Official Bulletin - National Printing Press (publishes government decrees, legislation, and other government/public sector news)
6 Daily Foreign Exchange Information - Guinea-Bissau International Bank
7 C of C Monthly Bulletin and newspaper

8 National Institute of Agricultural Research Quarterly Bulletin
9 Quarterly Bulletin from the Association of Portuguese Managers and Entrepreneurs
10 Central Bank's Bi-Annual and Annual Statistical Reports

Except for the Ministry of Agriculture publications, these are all fairly new publications available to entrepreneurs.

SUB-TARGET 4.2

Selected private interest groups and appropriate governmental units provide T&I promotional services in the CGS.

Sub-Target 4.2, Indicator 1. Number and type of (a) T&I promotional materials and (b) T&I trade missions executed.

T&I Promotional Materials

No materials developed to date. A recently completed survey of T&I promotion possibilities in Guinea-Bissau determined that GAI, a public sector entity, is probably not a good investment for T&I promotion under TIPS. We are assessing the possibility of somehow placing this function with the CCIA, possibly with some participation by GAI.

T&I Trade Missions

1 Private/Public Agricultural Trade Mission to Portugal - 10 participants (USAID-financed)
2 Private/Public Agricultural Trade Mission to Cape-Verde - 10 participants (USAID-financed)
3 Private/Public Agricultural Trade Mission to Brazil - 6 participants (USAID-financed)
4 US Southern Governors Summit - 3 members of the C of C and the Secretary of State of Plan (USAID-financed)

Annex A -- USAID/Bissau Program Logframe

and modifications made this API

USAID/Bissau Program Logframe, 1992-1998		
Level	**Objective Statement**	**Indicators**
Goal	Market-Oriented Economic Growth that is Broad-Based and Sustainable	1. Economic Growth: GDP real growth rate. 2. Broad-Based: Rural households' "income". 3.a. Market-Oriented: Rural households' money income. 3.b. Market-Oriented: Administratively determined prices. 4.a. Sustainable: Current account deficit. 4.b. Sustainable: Government budget deficit.
Strategic Objective	Private Sector Trade and Investment (T&I) increased in critical growth sub-sectors through Improved Governance	1. Domestic Trade a. Formal sector. # of commercial firms registered increased by 25% over 1992. b. Semi-formal sector. # of applications for stalls at formal markets increased by 25% over 1992. c. Informal sector. # of rural households reporting (i) money income, (ii) part of production sold, and (iii) part of consumption purchased increased by 25% over 1992. 2. External Trade a. Export earnings increased by 25% over 1992 for Cashews, Fish and Fish Products, Wood and Wood Products, Fruits and Vegetables b. Productive input (capital goods) component of imports increased by 25% over 1992. 3. Investment a. # (value) of foreign and domestic firms granted customs exemptions under new investment code increased by 100% over 1992. b. Private investment increased to around 5% of GDP.
Target 1	Technical/analytical base for planning T&I policy, legal and regulatory reform and for providing direct T&I support to the private sector improved in the critical growth sub-sectors.	1. Status of research/analysis/knowledge specific to CGS products. 2. Status of research/analysis/knowledge for general private sector constraints and issues.
- Sub-Target 1.1	Private/Public sector commissions and/or working groups coordinate process of developing and executing research/analysis agenda.	1. Commissions established 2. Number and type of commissions meetings, by topic. 3. Number and type of research/analysis work groups established, by topic. 4. Number and type of work group meetings, by topic
- Sub-Target 1.2	Private interest groups and appropriate government units participate in process of developing and executing research/analysis agenda.	1. Number and type of groups/units participating in commissions/work group meetings, by topic 2. Number and type of groups/units participating in research/analysis, by topic

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Level	Objective Statement	Indicators
Target 2	Policy, legal and regulatory environment for increased private T&I in the critical growth sub-sectors improved.	Status of policy, legal and regulatory environment for private sector activity in general.
- Sub-Target 2.1	Private/public sector commissions and/or working groups coordinate process of policy, legal and regulatory reform.	1. Public/private sector commissions and/or working groups established, by area of program interest/activity.
- Sub-Target 2.2	Private interest groups and appropriate governmental units participate in process of reviewing and (re)formulating policies, statutes and regulations.	1. Private sector associations established and now participating in review/(re)formulation 2. Governmental units participating in review/(re)formulation. 3. Formal seminars/workshops by area of program interest. 4. Radio programs about review/(re)formulation, by area of program interest. 5. Newspaper articles about review/(re)formulation, by area of program interest. 6. Outreach sessions to traditional populations about review/(re)formulation, by area of program interest.
- Sub-Target 2.3	Selected private groups represent their members' interests in policy, legal and regulatory fora.	1. Private sector associations formally endorsing or rejecting specific policy, legal or regulatory proposals by area of program interest/activity.
- Sub-Target 2.4	Ability of National Assembly to (re)formulate T&I legislation improved (eventual coordinating role)	1. T&I legislative committee structures and procedures developed. 2. Number of legislators and support staff trained in T&I. 3. Number of public hearings on T&I legislation held, by topic.
- Sub-Target 2.5	Material and human base for T&I law review and drafting improved.	1. T&I laws collected/indexed/codified, by topic. 2. Number of GELD staff and Law Faculty students trained in T&I. 3. Number of T&I legal consistency reviews conducted, by topic.
- Sub-Target 2.6	Implementation of T&I regulations improved.	1. Number and type of private interest groups/governmental units that favorably evaluate implementation of T&I regulations.

Level	Objective Statement	Indicators
Target 3	Adjudication of T&I legal and regulatory conflict improved	1. Number and type of private sector interest groups and governmental units favorably evaluating adjudicatory performance of (a) court system and (b) administrative tribunals. 2. Number of T&I cases adjudicated by (a) court system and (b) administrative tribunals.
- Sub-Target 3.1	Formal court system restructured and upgraded to facilitate fair and impartial adjudication of T&I legal conflict.	1. Plans for judicial (court) system functions, structures, and procedures developed and approved. 2. Number and type of court officers, law adjudicators and support staff trained in T&I statutes and court procedures. 3. Judicial structures established and procedures implemented.
- Sub-Target 3.2	Appropriate governmental units establish clear, transparent and efficient mechanisms for the administrative adjudication of T&I rulings.	1. Number and type of administrative tribunals established to handle T&I conflict-resolution. 2. Number and type of private interest groups having voting membership on each tribunal.
- Sub-Target 3.3	Traditional law/systems recognized in T&I statutes/regulations and respected in court and administrative T&I rulings.	1. Number and type of T&I (a) statutes and (b) regulations that make specific reference to traditional law/systems. 2. Number and type of traditional interest groups favorably evaluating (a) court system and (b) administrative tribunal adjudicatory performance.
- Sub-Target 3.4	Lawyers' expertise in T&I laws and regulations improved.	1. Number of lawyers and law students trained by (a) the Bar Association and (b) Faculty of Law in T&I laws and regulations.
Target 4	Ability of entrepreneurs to respond to improved policy, legal and regulatory environment improved.	1. Number, size and type of new business entities and joint ventures established 2. Number, size and type of existing firms expanded and successful export ventures operating
- Sub-Target 4.1	Selected private interest groups (e.g. C of C) provide CGS-related T&I support services directly to their members.	Number and type of T&I (a) training programs, (b) research/market reports, (c) other publications provided entrepreneurs in the CGS via the C of C or other entities.
- Sub-Target 4.2	Selected private interest groups (e.g. C of C) and appropriate governmental units (e.g. GAI) provide T&I promotional services in the CGS.	1. Number and type of (a) T&I promotional materials and (b) T&I trade mission executed via C of C and/or GAI.

Modifications to the Program Logframe and to Indicators made this API

One and a half years of additional experience of working in the Guinea-Bissau context has led us to modify some of the Sub-Targets and many of the indicators in the Program Logframe for our first API. Most of the modifications to indicators are done to clarify what we wish to measure or to substitute proxies for indicators impossible to collect. The modifications to Sub-Targets come from a realization that the reformers of Guinea-Bissau are not proceeding as we expected; rather, they are moving in a more fluid style that is even more participatory than we could have imagined.

Goal - We have clarified a number of indicators. For all goal indicators, we replaced the phrase "1992 through 1998" or "1993 through 1998" with "over the CPSP period" to make the prose less confusing.

4(a). Same indicator, but text changed to clarify that we will measure an average annual rate, so we should see by 1998 that the current account deficit dropped by an annual average of 3% over 1992-1998. Previous text suggested an annual decrease of 3%, which is impossible given the constant flux of current account in any open economy.

4(b). Same indicator, but text changed to clarify that we will measure the primary deficit as a percentage (to reduce fluctuating peso effects) and to measure an annual average decrease by the end of the period. Previous text suggested an annual decrease, virtually impossible given that the government relies so heavily on customs duties for revenue.

Strategic Objective - Changed indicator 3(a) from "applications approved and implemented in the CGS" to "firms granted customs exemptions". The latter indicator was proving difficult to collect from the government Investment Promotion Office (GAI), so the new indicator will serve as a proxy.

Target 1 - We found that the indicator determined in May of 1992 was too constraining to accurately measure the status of the technical/analytical base here in Guinea-Bissau. By imposing a logic of sequential steps, the indicator would have served well to tell us how our own USAID research was proceeding but did not help us measure the overall state of knowledge of the CGS here in Guinea-Bissau. We have substituted two indicators, one for the level of knowledge in the CGS-specific products, and another for constraints and issues cutting across the private sector generally.

Sub-Target 1.1 - We have added the words "and/or working groups" to the Sub-Target statement to better reflect the way Guineans are proceeding with their reforms.

Target 2 - The proposed change in indicators, and our thinking behind it, is thoroughly described in the main body of text. We also made changes in the indicators for the subtargets. Generally speaking, we found that counting groups and meetings is not sufficient to measure participation in a reform process. Rather, the sheer number of associations forming in Guinea-Bissau and their desire to speak on issues affecting them is a better indication of the changes occurring here.

Sub-Target 2.1 - As with the parallel Sub-Target 1.1, we have added the words "and/or working groups" to the Sub-Target statement to better reflect the way Guineans are proceeding with their reforms.

Sub-Target 2.5 - We have modified somewhat the text of the Sub-Target statement to reflect the fact that most of our work on increase the capacity for drafting of laws will be in the National Assembly after the elections, not with GELD.

Target 3 - No changes.

Target 4 - We have removed the "e.g."s from the Sub-Target statements since there are many and various organizations now involved in these activities.