

Bolstering Social Protection and Human Capital to Promote Inclusive Growth Guinea-Bissau

Babacar Sarr

SIP/2025/110

IMF Selected Issues Papers are prepared by IMF staff as background documentation for periodic consultations with member countries. It is based on the information available at the time it was completed on June 13, 2025. This paper is also published separately as IMF Country Report No 25/168.

**2025
AUG**



IMF Selected Issues Paper
African Department

Bolstering Social Protection and Human Capital to Promote Inclusive Growth, Guinea-Bissau
Prepared by Babacar Sarr

Authorized for distribution by Niko Hobdari
August 2025

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ABSTRACT: Guinea-Bissau's social sectors face persistent challenges despite the progress made over the past few years. This paper reviews existing social protection programs in the country, assesses the efficiency and adequacy of public spending, and formulates recommendations to enhance value for money in social spending. Government spending on education and social protection has been low compared to regional peers, which partly reflects weak domestic revenue mobilization and volatile donor support. However, total health spending has been relatively high due to large private out-of-pocket payments. The much-needed expansion of health and education services to cover a larger segment of the population is expected to generate significant structural fiscal pressures. Regarding social protection, the analysis shows that Guinea-Bissau would benefit from implementing ambitious and well-targeted social programs and moving away from untargeted subsidies.

RECOMMENDED CITATION: Sarr, B. (2025). Bolstering Social Protection and Human Capital to Promote Inclusive Growth. IMF Selected Issues Paper, SIP/2025/110. Washington D.C.: International Monetary Fund.

JEL Classification Numbers:	H51, H52, H53
Keywords:	Spending Efficiency, Health, Education, Social Protection
Author's E-Mail Address:	bsarr@imf.org

SELECTED ISSUES PAPERS

Bolstering Social Protection and Human Capital to Promote Inclusive Growth

Guinea-Bissau

Prepared by Babacar Sarr¹

¹ The author would like to thank the national authorities and international development partners for their useful comments and suggestions.



GUINEA-BISSAU

SELECTED ISSUES

June 13, 2025

Approved By
African Department

Prepared By Babacar Sarr (AFR)

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BOLSTERING SOCIAL PROTECTION AND HUMAN CAPITAL TO PROMOTE INCLUSIVE GROWTH¹

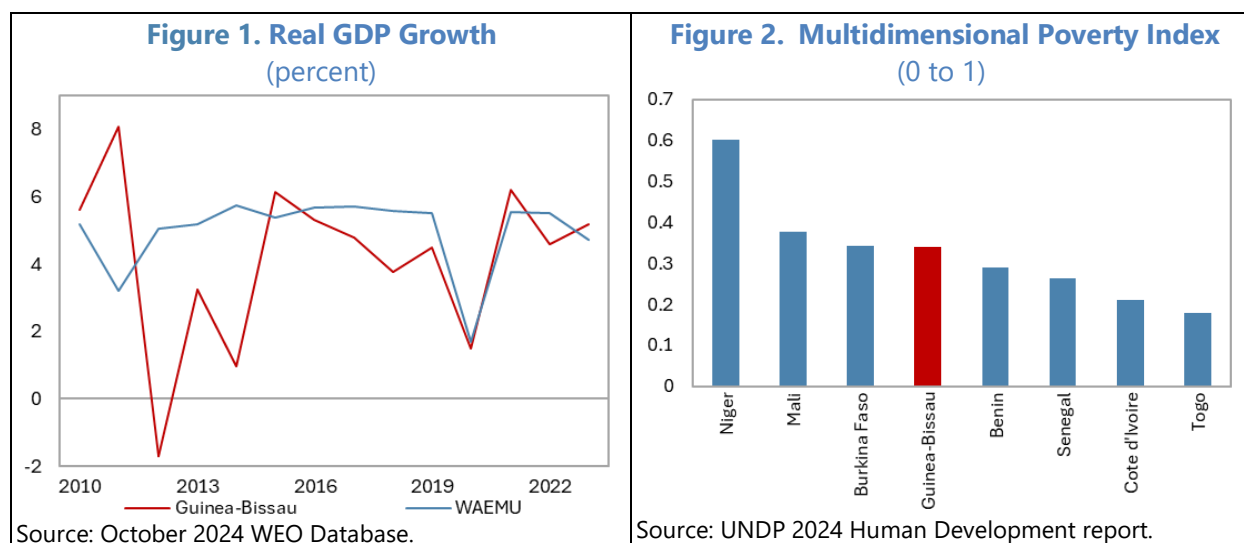
Guinea-Bissau's social sectors face persistent challenges despite the progress made over the past few years. This paper reviews existing social protection programs in the country, assesses the efficiency and adequacy of public spending to build human capital, and formulates recommendations to enhance value for money in social spending. Government spending on education and social protection has been low compared to regional peers, which partly reflects weak domestic revenue mobilization and volatile donor support. However, total health spending has been relatively high due to large out-of-pocket payments. Despite significant progress on certain social indicators, overall social outcomes remain poor relative to peers. Significant salary payment delays, followed by periods of strikes, have jeopardized the quality of services delivered in the health and education sectors. The much-needed expansion of health and education services to cover a larger segment of the population is expected to generate significant structural fiscal pressures, underscoring the need to enhance value for money in social spending. Moreover, strengthening macroeconomic policies will be critical to mobilize additional donor support while advancing structural reforms and creating fiscal space to allocate more domestic resources to social sectors should be a key government priority. At the same time, improving transparency and accountability in the health and education sectors, along with a rebalancing of spending towards investment in equipment and facilities, would yield efficiency gains. Regarding social protection, the analysis shows that Guinea-Bissau would benefit from implementing ambitious and well-targeted social programs and moving away from untargeted subsidies. The government has already started adopting digitalization in public administration, which offers promising options for the management of social protection programs.

A. Introduction

1. Guinea-Bissau is a fragile state with significant, yet largely unfulfilled, development potential. The country has a history of political and institutional instability dating back to its independence in 1974, having experienced four successful coups d'état and several attempted coups. Guinea-Bissau is one of the poorest countries in the world despite positive economic growth trends in recent years. While GDP growth has been positive over the last decade, it has been quite volatile due to heavy dependence on cashew nuts and the country's exposure to a variety of domestic and external shocks (Figure 1). Smallholder agriculture accounts for about one-third of GDP and employs about 60 percent of the labor force. Public spending related to education, health, water, and roads is almost exclusively devoted to salaries, with little or no resources allocated for the construction of new infrastructure or the rehabilitation of existing facilities.

¹ Prepared by Babacar Sarr.

2. Guinea-Bissau falls in the category of countries with low human development. The country ranked 179 out of 193 countries in the 2023/2024 Human Development Report.² According to the UNDP's 2024 Multidimensional Poverty Index (Figure 2), approximately 65 percent of the population experience multidimensional poverty, with 53 percent living in a situation of severe deprivation. While the share of the population in multidimensional poverty has declined significantly in the WAEMU (by more than 15 percentage points in the last decade), this ratio has barely changed in Guinea-Bissau, where it was 66 percent in 2014. Moreover, the absence of essential health services and educational opportunities in Guinea-Bissau hinders human capital development, perpetuating intergenerational cycles of poverty while affecting productivity and growth.



3. In this context, government interventions in social sectors (health, education, and social protection) are key to supporting the country's development objectives. The Sustainable Development Goals (SDGs) highlight the criticality of adequate and efficient social spending to eradicating poverty (SDG 1), reducing inequality (SDG 10), promoting gender equality (SDG 5), ensuring quality education (SDG 4), and achieving universal health coverage (SDG 3). Bolstering social protection and building human capital are essential for reducing poverty, exclusion, and inequality, while also enhancing political stability and social cohesion.

4. Social spending features prominently in Guinea-Bissau's current Extended Credit Facility (ECF) arrangement³. One of the ECF program objectives is to ensure, through a quantitative performance criterion, that adequate resources are allocated to the Ministry of health, the Ministry of education, and the Ministry in charge of social protection spending and poverty-related interventions. Additionally, with the strong emphasis put on domestic revenue mobilization

² <https://hdr.undp.org/content/human-development-report-2023-24>.

³ The IMF strategy for engagement on social spending underscores the critical role of social spending—defined as social protection, health and education spending—as a key policy lever for promoting inclusive growth, addressing inequality, protecting vulnerable groups during structural change and adjustment, smoothing consumption over the lifecycle, and stabilizing demand during economic shocks. <https://www.imf.org/en/Publications/Policy-Papers/Issues/2019/06/10/A-Strategy-for-IMF-Engagement-on-Social-Spending-46975>

and measures to strengthen public financial management systems, the ECF arrangement aims to create the fiscal space needed to scale-up priority spending including in education, health, and social protection.

5. The objective of this paper is to provide an overview of social protection policies in Guinea-Bissau and to assess the adequacy and efficiency of health and education spending.⁴

Using data from household surveys, budget documents, and international development partners, the paper conducts an up-to-date mapping of highly fragmented social programs and their coverage, and provides policy recommendations to successfully implement the newly adopted National Social Protection Strategy. The paper also reviews Guinea-Bissau's health and education spending levels compared to regional peers and assesses whether budgetary resources allocated to these sectors translate into better human capital outcomes.

B. Overview of the Social Protection System in Guinea-Bissau

6. Social protection policies play a critical role in helping individuals cope with idiosyncratic shocks and in reducing poverty and vulnerability. In the case of Guinea-Bissau, the government's interventions in social protection can be grouped as follows:⁵

- *Social insurance and pensions.* These are mainly contributory schemes designed to provide social protection against old age, disability, death of the main household provider, maternity leave, and social health insurance. Examples of such insurances include the pension scheme administered by the National Institute of Social Security (INSS).
- *Social safety nets.* There are non-contributory programs often targeted at one specific population and aimed at enhancing households' income and improving the lives of poor and vulnerable populations. Examples of such interventions include low-scale cash transfers, school feeding programs, and transfers to freedom fighters.

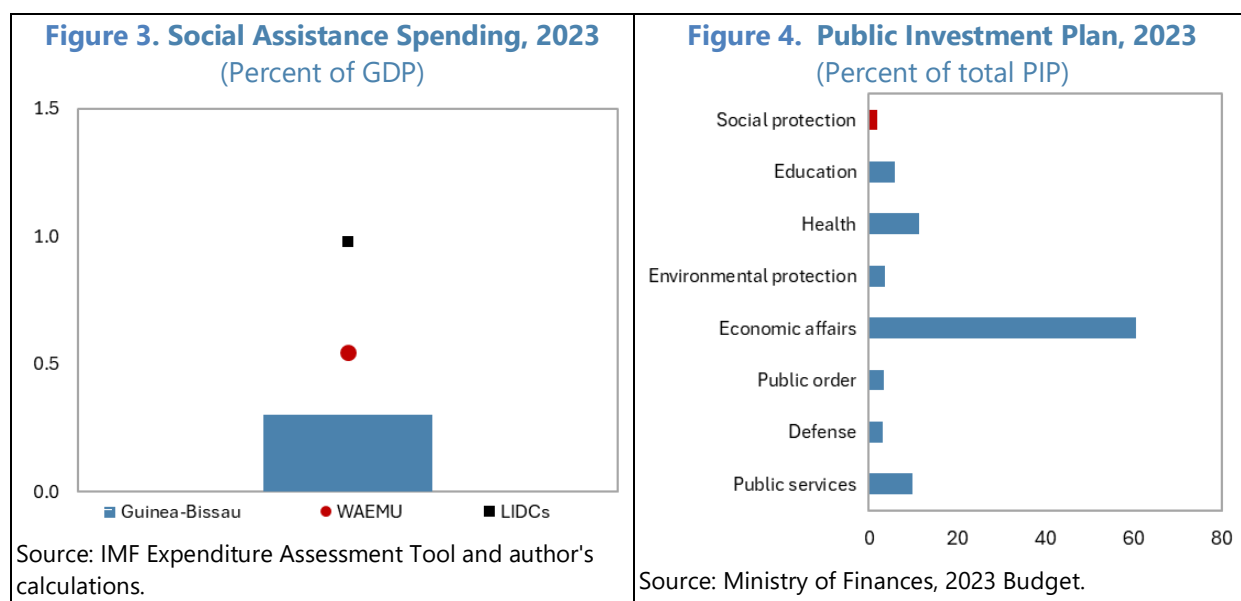
7. Two ministries are in charge of social protection, one for contributory schemes (social insurance) and the other for non-contributory schemes (social assistance). On the one hand, the Ministry of Public Administration, Labor, Employment, and Social Security (MAPTESS) supervises contributory social protection, exercising oversight over the National Institute of Social Security (INSS). On the other hand, the Decree-Law 03/2020 on the structure of the government established that at the central level, the Ministry of Women, Family and Social Solidarity is the government body responsible for formulating, coordinating, and implementing government's policies related to the protection of women, family and society in general, especially the most vulnerable.

8. However, social protection expenditures are not explicitly presented in budget documents. The budget laws do not use the standard classification of government functions, which

⁴ In addition to being efficient and adequate, social spending also needs to be financed in a sustainable manner, including by creating fiscal space (see Selected Issues on domestic revenue mobilization).

⁵ Food and fuel subsidies are also an important stabilization policy used by the government of Guinea-Bissau. The subsidies consist of price controls, full exemptions, or reduced tax rates on basic food products like rice, sugar, flour, and oil.

would readily permit the identification of social protection expenditures. Furthermore, ministries often spend outside the budget using off-budget resources or make expenditures without a designated budget line, for instance by classifying these as “other expenditures.” The data compiled from ministries show that only limited resources are allocated to social protection (Figures 3 and 4). In this context, the bulk of available information with regard to social protection programs is provided by international development partners (e.g., Food and Agriculture Organization – FAO, United Nations Fund for Children – UNICEF, World Food Program – WFP, and the World Bank).



Social Insurance

9. Expenditures on social protection are mainly devoted to contributory schemes, which are limited to workers in the formal sector. The overwhelming majority of the active population works in the informal sector and therefore lacks social insurance coverage. According to data from the Ministry of Finance, about twenty-four thousand people contributed to the public sector pension scheme in 2023, while the INSS pension scheme covers about eight thousand people. Hence, less than 4 percent of the working-age population (15 to 59) actively contribute to a pension scheme while insurance coverage for accidents at work and occupational diseases is even lower, as only 1 percent of the working-age population benefits from such insurance. At the same time, only a small minority of the population over retirement age (60) receives an old-age pension (Table 1). Total expenditures on public pensions excluding transfers to freedom fighters reached FCFA 9 billion in 2023 (0.8 percent of GDP).

Table 1. Guinea-Bissau: Contributory Social Protection Coverage	
Categories	% of population group
Population 60 and over receiving a pension	17.2
Population 15-59 years old contributing to a pension scheme	3.7
Health insurance (men)	1.8
Health insurance (women)	1
Source: National Social Protection Policy, 2024.	

10. The pension regime managed by the INSS is quite comprehensive (Table 2). This regime covers private sector workers and their families for illness, maternity, disability, old age, death, and occupational diseases, among other benefits. It covers all the benefits contemplated in the International Labor Organization's Convention No. 102 (social security minimum standards), except for unemployment benefits.⁶ The contribution rate for the INSS regime is set at 22 percent of the gross salary, of which 8 percent come from the employee and 14 percent from the employer. In addition, employers pay a contribution rate for insurance against accidents at work and occupational diseases, ranging from 2 to 10 percent of salary depending on the sector of activity.

Table 2. Guinea-Bissau: Key Features of the Old-Age Pension Schemes		
Parameters	INSS	Public Administration
Retirement age	60 years	60 years
Minimum years of contribution	10 years	15 years
Contribution rate	22% (of which 8% by worker)	6% (by worker only)
Accrued rate	2% of average monthly salary	2.8% of average monthly salary
Monthly pension	Average monthly salary * 2% * number of years of contribution	Average annual base salary*number of years of contribution/36
Maximum amount	80% of average salary before retirement	110% of average base salary before retirement
Source: National Social Protection Policy, 2024.		

11. The public sector pension scheme does not offer the same level of protection as the INSS and is limited to old-age benefits and health expenses. Civil servants do not receive survivors' or invalidity pensions, although they may benefit, on a case-by-case basis, from disability allowances provided in connection with health costs. However, health cost reimbursements, including the provision of aid for medical evacuation abroad, no longer exist in practice for civil servants. This benefit is currently suspended, except for government officials. The contribution rate is set at 6 percent of salary, with no set rate for the employer (the government), as pensions are

⁶ [The ILO Social Security \(Minimum Standards\) Convention, 1952 \(No. 102\) | International Labor Organization](#)

financed from the general state budget and paid by the Treasury in the absence of a pension fund. The current system, financed on a pay-as-you-go basis, is inherently unsustainable because of a misalignment between retirement benefits and the contribution rate (World Bank, 2024).⁷

Social Assistance

12. The main non-contributory social protection benefit is a social transfer to the freedom fighters who fought during the War of Independence, their ascendants, and their descendants.⁸ These transfers (also called pensions) are managed by the Ministry of Defense and funded by the annual budget. In 2023, 1,696 freedom fighters received an average monthly transfer of about FCFA 63,000, which was equivalent to about 44 percent of the average public sector salary (World Bank, 2024). These expenditures amounted to FCFA 1.3 billion (0.1 percent of GDP). In addition, there is a social fund to support freedom fighters, for example, to assist in purchasing medicines.

13. Beyond these transfers, state funds allocated to social assistance are limited, and existing programs consist primarily of dispersed short-term projects that are supported by international agencies. Most social assistance programs are funded by international development partners and are concentrated on food for education, including food distribution and school feeding (Table 3). Cash transfer programs are implemented on a limited scale, and a few projects have been executed in recent years with the support of the World Bank, WFP, UNICEF, and FAO. These programs are characterized by dependence on external funding, short-term implementation in a few administrative sectors and regions, management mechanisms outside the civil service system, and weak coordination between projects.

Table 3. Guinea-Bissau: Social Cash Transfers, 2018 to 2023

Project	Year	Households	Amount	Duration	Donor
Rural Community Development Project	2018	387	FCFA 10K per quarter	2 years	WB
Safety Nets and Basic Services Project	2019	5000	FCFA 8-10K per quarter	2 years	WB
Support for families affected by floods	2021	1080	FCFA 40K per month	4 months	WFP
Food Safety Urgency Project	2022	3000	FCFA85K	1 transfer	FAO/WB
SDG Joint Project	2023	1500	FCFA 40K per month	3 months	WFP

Source: National Social Protection Policy, 2024. Amount per member of household.

14. The coverage of the poor by social transfers has been quite low and volatile over the last few years. Table 4 presents data on the total number of individuals who received a cash transfer between 2020 and 2022 (latest data available). Except in the case of the Safety Nets and

⁷ The formula for calculating the pensions leads to elevated levels of old-age pension relative to pre-retirement earnings. The accrual rate of 2.8 percent is one of the highest in sub-Saharan Africa.

⁸ While these transfers are called pensions, there has been and there's no contribution from beneficiaries. Years worked before April 25, 1974 (year of independence) are counted as double the actual years of service.

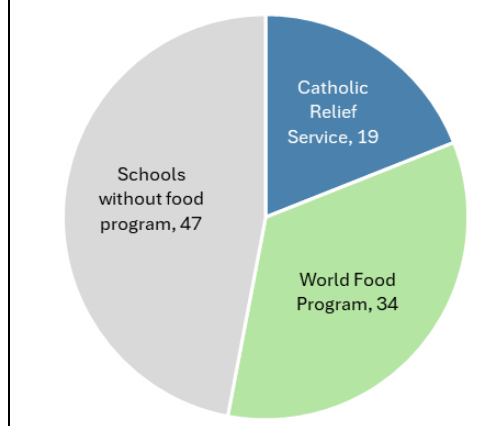
Basic Services Project, cash transfer programs were active for only a few months (or only once in the case of the Food Security Emergency Project). The cash transfers (excluding COVID response) reached about 27,000 individuals in 2020 and about 66,000 in 2021, before decreasing to less than 7,000 in 2022. As a percentage of the population living in poverty, coverage peaked at 7.6 percent in 2021 before declining to less than 1 percent in 2022. This pattern mainly reflects the implementation, expansion, and completion of the largest cash transfer project, the Safety Nets and Basic Services Project. This highlights the inherent lack of sustainability of such donor-funded projects in the absence of a national cash transfer program.

Table 4. Guinea-Bissau: Beneficiaries of Cash Transfers, 2020 to 2022			
Beneficiaries	2020	2021	2022
Number of individuals	26474	65775	6670
% of total population	1.8	3.6	0.3
% of population in poverty	3.9	7.6	0.7
Source: National Social Protection Policy, 2024.			

15. School feeding remains one of the largest social safety nets in Guinea-Bissau. In 2023, WFP provided school meals to 179,000 children in 852 schools, representing about half of the primary schools in Guinea-Bissau (Figure 5). Additionally, WFP provided take-home rations to nearly 25,000 girls in grades 5 and 6, and 635 children with disabilities. This encouraged families to enroll their children and keep them in school. WFP also signed agreements with farmers' cooperatives to provide smallholder agricultural market support and promote home-grown school feeding. However, some school canteens were closed for several weeks due to food shortages. Guinea-Bissau is also a recipient of the school canteens project implemented by the Catholic Relief Services and funded by the United States Department of Agriculture.⁹ The first phase of the project (2019-2023), worth US\$17 million (of which US\$6 million was allocated to direct food support), aimed to improve school performance and encourage school attendance. It was implemented in five regions and covered 350 schools, providing meals to 86,000 students. The second phase of the project, worth \$27.5 million and approved in 2024, aims to cover 130,000 students, including those in other regions. However, there are uncertainties with regard to

Figure 5. Primary Schools Covered by Food Programs, 2023 (Percent)

Source: WFP, CRS (2023).



⁹ The McGovern-Dole International Food for Education and Child Nutrition Program helps support education, child development and food security in low-income, food-deficit countries around the globe. Besides, the United States Agency for International Development (USAID) has provided some financial support for elections and military training in recent years.

the continuity of the school feeding programs in the context of shrinking international donor funding.

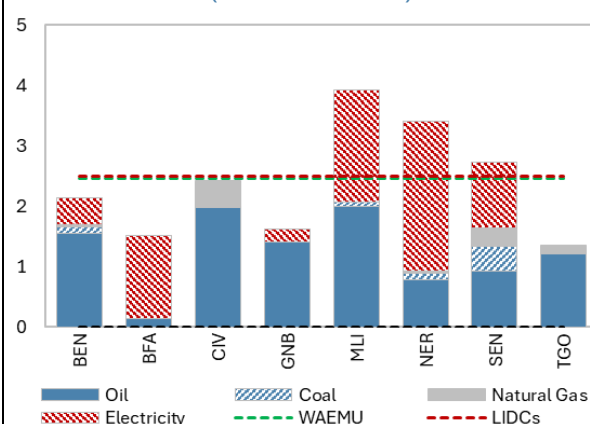
16. International partners are introducing new initiatives to provide direct support to the most vulnerable households. In January 2025, the World Bank approved a US\$20 million grant to improve health, education, and social protection in Guinea-Bissau, targeting poor households. The project will run until 2030 and aims to improve access to quality social services. Key initiatives include regular cash transfers to poor households, the development of a national social registry, community health strategies, and the distribution of new teaching materials in schools. The project aims to directly benefit children under the age of five, pregnant women, and vulnerable households.

17. Given the lack of large-scale social programs, the government relies on subsidies to mitigate the negative effects of the high cost of living on households. Inflation has

been high in recent years, exceeding 7 percent in both 2022 and 2023, before slowing to 3.7 percent in 2024. In response, the government increased food and fuel subsidies as a means of reducing the cost of living for households. In addition, the government has introduced price controls for a few staple goods. Food and fuel subsidies, often in the form of tax exemptions, are regressive and can be a drain on government resources. While data on total tax expenditures are not available, information from the Customs Directorate (DGA) shows that in

2023, tax exemptions at the border reached around 1 percent of GDP (FCFA 11 billion), of which 0.7 percent of GDP (FCFA 8 bn) were related to fuel products. These figures do not include tax exemptions granted by the General Directorate of Contributions and Taxes (DGCI) and are therefore underestimated. Implicit energy subsidies (that take into account the environmental costs and foregone consumption taxes) were estimated at 1.6 percent of GDP in 2023, well below the WAEMU average of 2.5 percent of GDP (Figure 6). Hence, subsidies and exemptions are much more costly than social protection programs, including those funded by donors. A rationalization of tax exemptions would create fiscal space for targeted financial support to the most vulnerable.

Figure 6. Energy Subsidies by Products
(Percent of GDP)



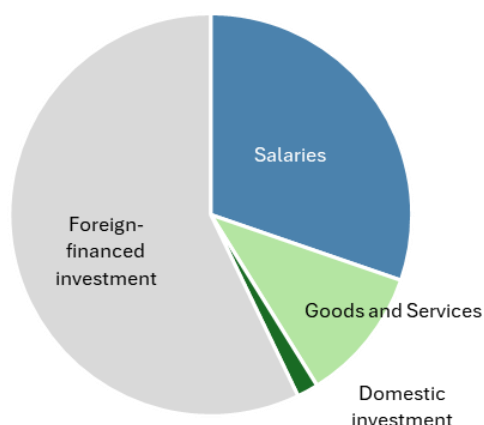
Source: IMF Expenditure Assessment Tool (latest value available) and author's calculations.

C. Benchmarking Health and Education Spending and Outcomes

18. There are different approaches for assessing the adequacy and efficiency of public spending. While recognizing that the adequate level of social spending likely varies by country, the level of spending relative to peer countries at a similar level of development can provide an initial assessment in terms of whether spending is particularly low or high. Social spending related inputs, outputs, and outcomes can also help inform spending adequacy. The assessment of spending efficiency varies by the types of social spending. In terms of inputs, the level and composition of

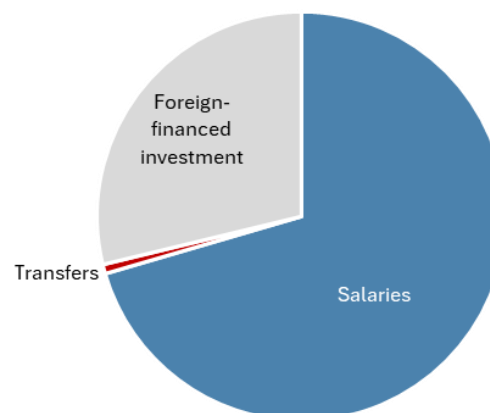
spending can provide a preliminary sense of the government's policy priorities (Figures 7 and 8), while in terms of outcomes, efficiency frontier analysis is frequently used to assess how a country is performing for a given level of spending.¹⁰

Figure 7. Composition of Spending, Ministry of Health, 2025 (Percent of total spending)



Source: Ministry of Finances, 2025 Budget.

Figure 8. Composition of Spending, Ministry of Education, 2025 (Percent of total spending)



Source: Ministry of Finances, 2025 Budget.

Education

19. The education system faces multiple challenges, such as poor infrastructure, low teachers' salaries, and governance issues. While access to primary education has improved markedly in recent years, the education sector faces ongoing challenges due to low capacity and delays in the payment of teachers' salaries. In this context, the education system is often paralyzed by repeated strikes, leading to low efficiency in resource utilization and poor educational outcomes. The sector heavily relies on volatile external aid to attain satisfactory educational outcomes. Compounding this issue is the inadequate qualification of teachers (UNICEF, 2024).

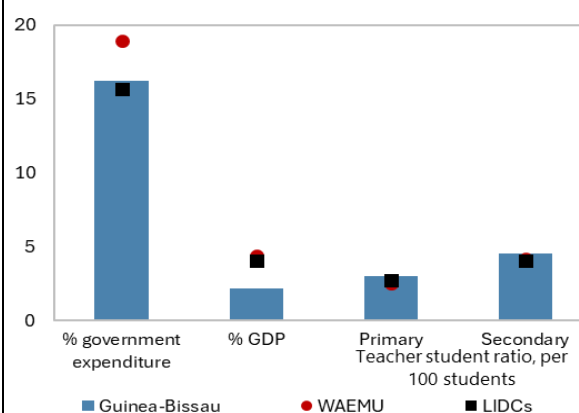
20. The civil servant census undertaken by the Ministry of Public Administration in 2022 revealed a substantial prevalence of ghost workers within the education sector. Compared to other ministries, education had one of the smallest reductions in both workers and salaries in relative terms following the census. However, due to its considerable employment size, it stood as the largest contributor to absolute financial savings through this census process. The elimination of ghost workers translated into annual savings of approximately FCFA 1 billion annually (about 4 percent of the education budget). Nonetheless, the census report indicated that 2,944 new hires have been made in 2022, thus significantly increasing the wage bill despite laying off the detected ghost workers.

¹⁰ See the 2019 IMF strategy for engagement on social spending.

21. Expenditures on education stood at 2.1 percent of GDP in 2023, equivalent to less than half of the average ratio in the WAEMU (4.5 percent of GDP) (Figure 9). Compared to its peers, Guinea-Bissau does not allocate sufficient resources to the education system. In terms of the composition of expenditures, the education budget was 16 percent of total expenditures, while this share averaged 19 percent in the WAEMU. In addition, most domestically financed expenditures are devoted to salaries, constituting about 90 percent of the total outlays in 2023. In contrast, spending on the purchase of goods and services, transfers, and domestically financed investment represented less than 2 percent of the total expenditures. However, Guinea-Bissau's teacher-student ratios are favorable compared to peers, for both primary and secondary schools, reflecting recent recruitment waves in the education sector and low school enrollment.

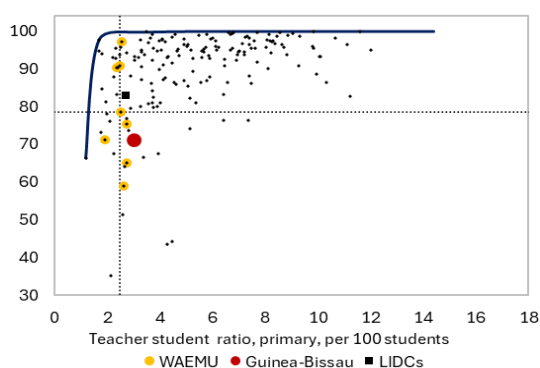
22. The low level of spending on education as well as its composition are reflected in Guinea-Bissau's educational outcomes. Guinea-Bissau has made some progress in access to education over the last decade, as evidenced by the marked improvement in the adult literacy rate from 45.6 to 54 percent of the population between 2014 and 2022. The net primary school enrollment has also increased over the last few years, from 62 percent in 2014 to 71.3 percent in 2022. Nonetheless, Figure 9 shows that Guinea-Bissau could benefit from efficiency gains in the use of teachers to achieve tangible outcomes (net primary enrollment being used as a proxy for outcomes). Guinea-Bissau also tends to have a lower net primary attendance rate than its WAEMU peers and other low-income developing countries (Figure 10). However, the adult literacy rate of 54 percent is slightly above the WAEMU average (Figure 11).

Figure 9. Education Spending and Teacher-Student Ratios



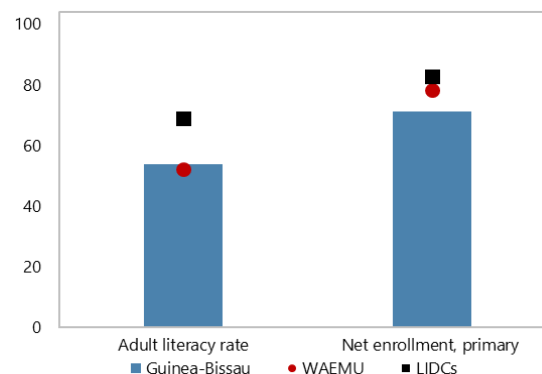
Source: IMF Expenditure Assessment Tool (latest value available) and author's calculations.

Figure 10. Teacher-to-Student Ratio and Primary Net Enrollment Rate (Percent)



Source: IMF Expenditure Assessment Tool (latest value available) and author's calculations.

Figure 11. Literacy and Primary Enrollment Rates (Percent)



Source: IMF Expenditure Assessment Tool (latest value available) and author's calculations.

Health

23. The health system of Guinea-Bissau is fragile, reflecting persistent challenges due to poor infrastructure and weak governance. Given the country's history of persistent political instability and the slow pace of institutional reforms implemented in the last two decades, its health system is ill-equipped to deal with growing demand for quality health services. The healthcare delivery is organized across 11 districts at the local, regional, and centralized levels. Primary healthcare facilities are also classified into three types (A, B, C) depending on their capacity to deliver more or less complex health interventions. Despite efforts to dedicate adequate resources to the health sector, outcomes are lagging, and coverage is low. The education of health care professionals has largely relied on the support of the government of Cuba, primarily through medical teaching in Spanish.

24. As in the education sector, the 2022 civil servant census revealed a significant number of ghost workers. According to the Ministry of Public Administration, the number of workers was reduced by 11 percent, from 2,954 in March 2023 to 2,636 in December 2023, the month when the payroll was considered free of ghost workers. Similarly, the total amount of salaries paid declined by 10 percent in the same time span, which equates to yearly savings of around FCFA 0.5 billion.

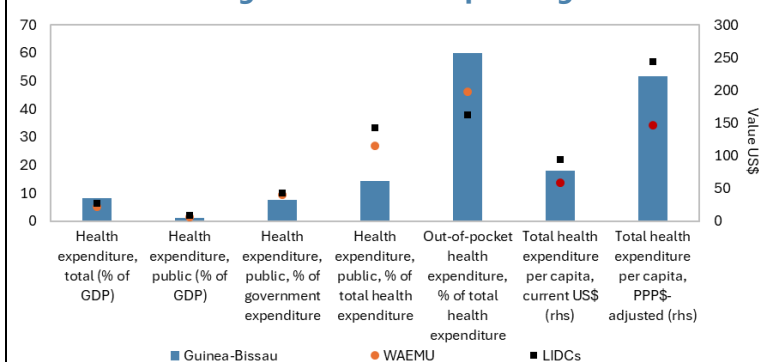
25. Government spending level on health is broadly in line with the averages of low-income and WAEMU countries.

Government health spending increased in recent years, reflecting a rapid increase in the number of healthcare workers. Guinea-Bissau's public health spending as a share of GDP is broadly in line with the WAEMU average but slightly below the LDC average (Figure 12).

However, total health spending per capita (both government and private) is about US\$221 per person per year (on a PPP basis), much higher than the WAEMU average of US\$146 per person per year. With government spending mostly dedicated to the payment of salaries, the health sector relies heavily on external donations and private out-of-pocket payments.

26. Total health expenditures (public and private) are much larger than those of its regional peers due to the very high share of out-of-pocket spending by households. Patients are the largest funder of Guinea-Bissau's health system, providing 60 percent of total health expenditures in 2023. In addition, due to the extremely low coverage of health insurance (only 1.4 percent of the population aged 15-49), almost all of this expenditure is actually made at the time of

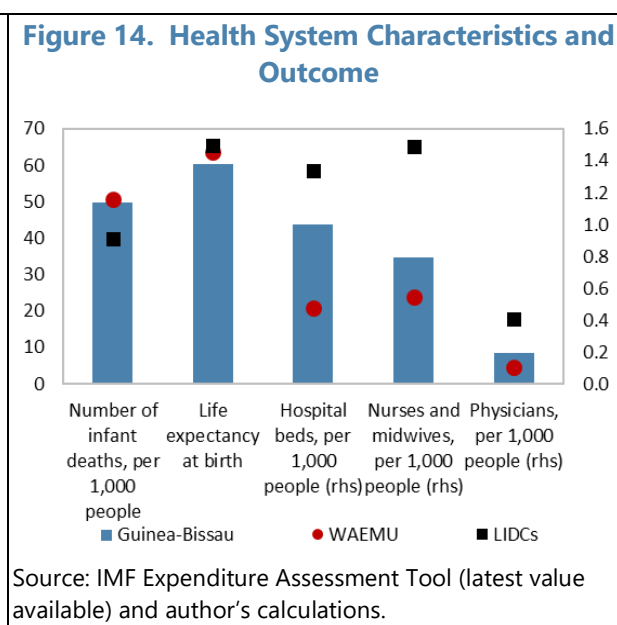
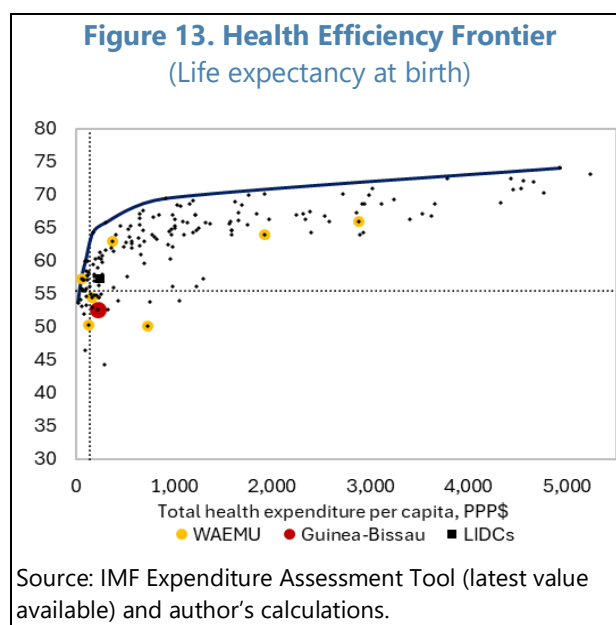
Figure 12. Health Spending



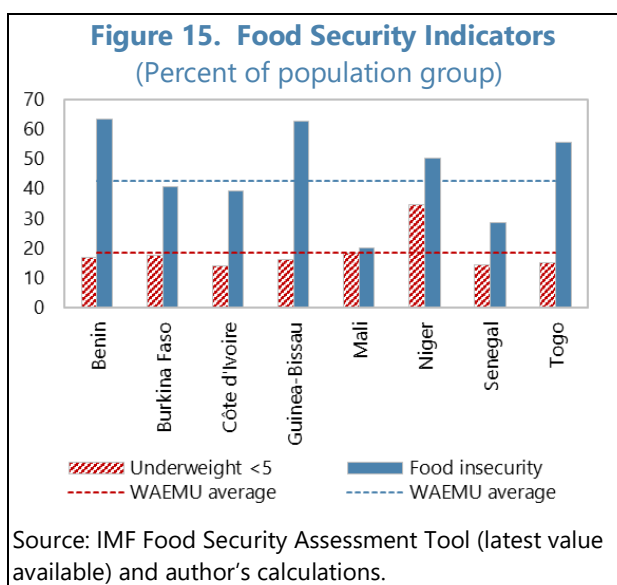
Source: IMF Expenditure Assessment Tool (latest value available) and author's calculations.

using health services. The share of out-of-pocket spending in health spending in Guinea-Bissau is much higher than the WAEMU and LIDC averages (46 percent and 37 percent, respectively). Due to the limited state expenditure on health and the heavy reliance on donor support, households bear the brunt of health-related expenses. This reliance on private funding represents an ongoing risk of exacerbating poverty.

27. Moreover, user fees for services are only displayed in over half of the health centers nationally (World Bank, 2019). These fees are not standardized nationally, varying between and within regions. About 45 percent of facilities do not display any fees, leaving patients in the unknown about the charges they will face when seeking treatment, and making them vulnerable to arbitrary fees. Thus, user fees may vary from patient to patient within the same facility.



28. While the allocation of resources to the health sector seems appropriate, Guinea-Bissau lags significantly behind most of its regional peers in terms of access to basic health services. The health system faces major challenges, with limited access and low internal efficiencies (Figures 13 and 14). Despite having more hospital beds, nurses, and physicians than its WAEMU peers, Guinea-Bissau displays poor health outcomes, including a shorter life expectancy at birth. In addition, the neonatal mortality rate of 49.8 per 1,000 live births in Guinea-Bissau is higher than the LIDC average, although it is broadly in line with the WAEMU average.



29. Regarding nutrition, a large share of the population is in moderate to severe food insecurity (Figure 15). Food insecurity in Guinea-Bissau has risen in recent years, with moderate to severe food insecurity reaching about two-third of the population in 2022, much higher than the WAEMU average of about 43 percent.¹¹ Regarding the child underweight indicator, whose purpose is to measure nutritional imbalance and malnutrition resulting in undernutrition, Guinea-Bissau fares better than several WAEMU countries. The share of underweight children under 5 years old is 16.3 percent, which is below the WAEMU average of 18.7 percent.

D. Conclusion and Policy Recommendations

30. Guinea-Bissau's social sectors face persistent challenges despite the progress made over the past few years. Government spending on education and social protection has barely increased in recent years, in part reflecting weak domestic revenue mobilization and volatile donor support. While health spending (public and private) is relatively high, due to large out-of-pocket payments, spending on education and social protection is low compared to peers. Despite significant progress on certain social indicators, overall social outcomes remain poor relative to peers. Significant salary payment delays, followed by periods of strikes, have jeopardized the quality of services delivered in the health and education sectors.

31. The paper shows that Guinea-Bissau would benefit from implementing ambitious and well targeted social protection programs and moving away from untargeted subsidies. These subsidies benefit mostly the higher income groups and represent a significant fiscal cost to the government in the context of a very limited fiscal space. There is a pressing need to develop social programs aimed at providing support for the poorest and most vulnerable populations. With donors' support, such as the World Bank, conditional cash transfers for primary and secondary education could be introduced in order to increase school attendance and reduce school dropouts. Building adaptive social-protection systems capable of rapidly responding to shocks would ensure continued access to basic services for those most in need. Improving the quality and efficiency of spending to expand the coverage of social services will be key in this regard.

32. The government has already started adopting digitalization in public administration and this offers promising options for the management of social protection programs. Digital solutions can help to collect, cross-reference, and manage data to improve the effectiveness of targeting and identification of beneficiaries, as well as the definition of benefit levels. Digitalization could also play a key role in modalities for delivery of benefits, including the use of mobile phone payment systems, which is increasingly being adopted by the local population. Furthermore, establishing a social registry of beneficiaries and developing a targeting mechanism to reach those

¹¹ The Food and Agriculture Organization (FAO) provides estimates of the proportion of the population facing moderate or severe difficulties in accessing food using the Food Insecurity Experience Scale (FIES). It produces a measure of the severity of food insecurity experienced by individuals or households, based on direct interviews. [Food Insecurity Experience Scale | Voices of the Hungry | Food and Agriculture Organization of the United Nations](#)

most in need will be essential to effectively implement the new social protection strategy adopted by the government in 2024.

33. Enhancing the quality of health and education spending is not only important for fiscal sustainability, but also critical for growth and competitiveness. Health and education services need to be expanded to cover a larger segment of the population. These factors are expected to generate significant structural fiscal pressures, underscoring the need to enhance value for money in social spending. Additionally, strengthening macroeconomic policies will be key to mobilizing additional donor support. In the medium-term, advancing PFM reforms and creating fiscal space to allocate more domestic resources to social sectors should be a key government priority.

34. Improving transparency and accountability in the health and education sectors, along with a rebalancing of spending towards investment in equipment and facilities would result in efficiency gains. The remarkably high spending level on the wage bill is crowding out investment in equipment, health and school facilities, underscoring the need to review the composition of spending. The 2022 civil servants census revealed the existence of ghost workers, and the government should continue closely monitoring the wage bill management. Spending adjustments should concentrate on boosting spending efficiency given the additional spending needs required to meet the SDGs in social protection, education, and health.

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