

GUINEA-BISSAU



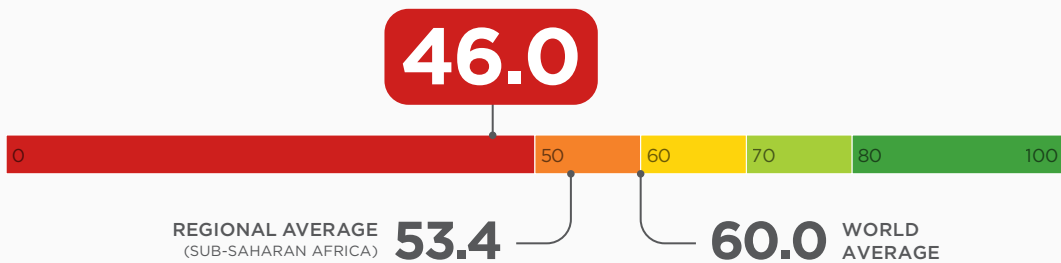
WORLD RANK: **166**
REGIONAL RANK: **42**
ECONOMIC FREEDOM STATUS: **REPRESSED**

Guinea-Bissau's economic freedom score is 46.0, making its economy the 166th freest in the 2022 *Index*. Guinea-Bissau is ranked 42nd among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

Economic growth in Guinea-Bissau has been erratic over the past five years, slowing and then recovering to produce a five-year annual average of 3.1 percent. Economic freedom in the country held steady over the same period until suddenly plummeting in 2021. Dragged down by poor **fiscal health** and sharply lower scores for **judicial effectiveness** and **government integrity**, Guinea-Bissau has recorded a staggering 10.1-point overall loss of economic freedom since 2017 and has fallen from the "Mostly Unfree" category into the "Repressed" category. Scores for **tax burden** and **government spending** exhibit strength, but **business freedom**, **investment freedom**, and **financial freedom** are weak.

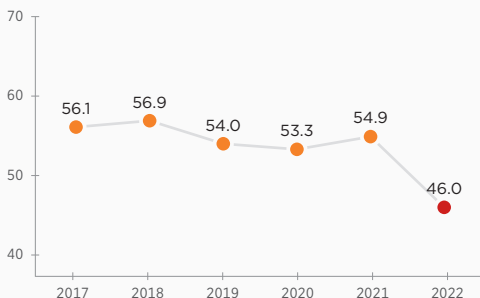
IMPACT OF COVID-19: As of December 1, 2021, 148 deaths had been attributed to the pandemic in Guinea-Bissau. The economy contracted by 2.4 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1999): +12.5

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
2.0 million

GDP (PPP):
\$4.3 billion
-2.4% growth in 2020
5-year compound annual growth 3.1%
\$2,348 per capita

UNEMPLOYMENT:
3.2%

INFLATION (CPI):
1.5%

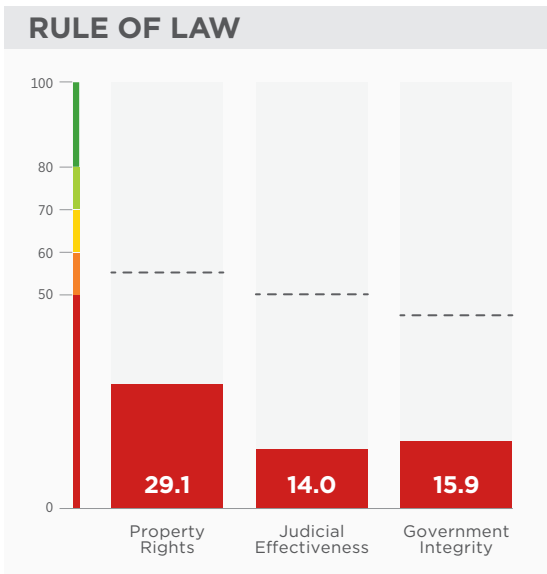
FDI INFLOW:
\$20.0 million

PUBLIC DEBT:
78.1% of GDP

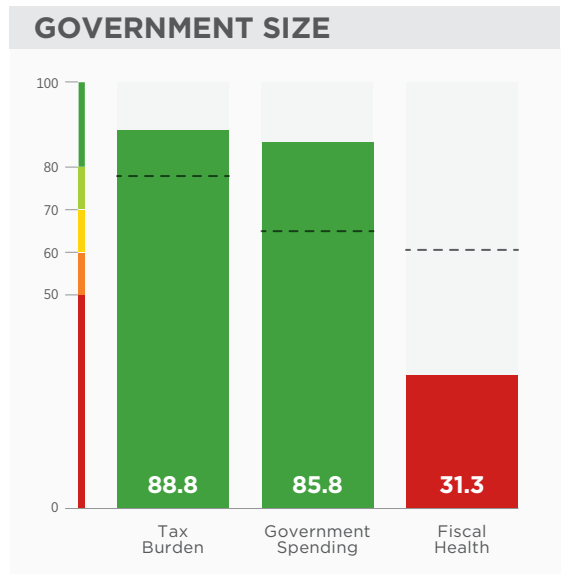
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Conflict has wracked Guinea-Bissau almost continuously since independence from Portugal in 1974. A contested presidential election in late 2019 plunged the country into crisis. Two competing governments were formed, and after months of unrest during which several former senior ruling party officials temporarily fled the country and the military briefly took control of some government buildings, Umaro Sissoco Embaló, a former prime minister and general, was confirmed as the country's sole president. Guinea-Bissau is highly dependent on subsistence agriculture, the export of cashew nuts, and foreign assistance, which normally accounts for approximately 80 percent of its budget. The incomes of approximately two-thirds of the population are below the extreme-poverty line.

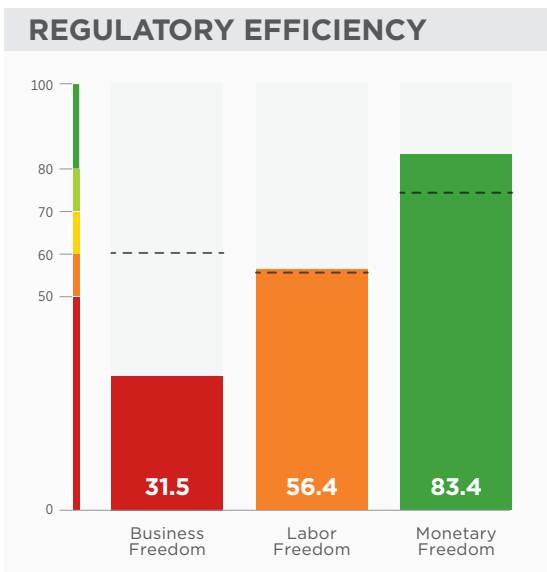
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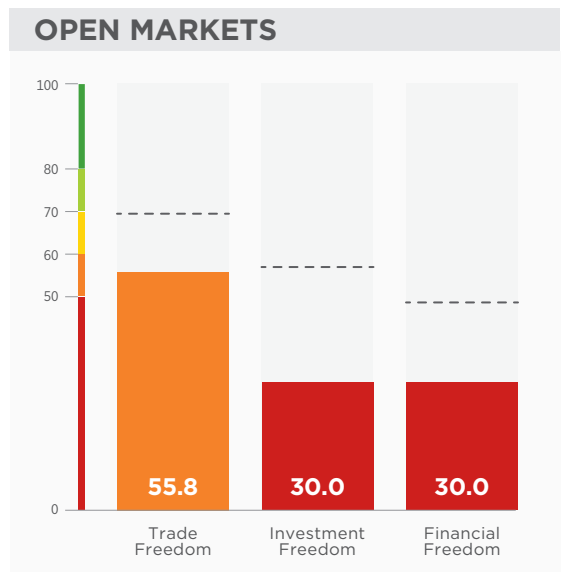
Protection of property rights is poor because the legal system is weak and slow. Enforcement of contracts can be difficult. The judiciary has little independence and is barely operational. Judges are poorly trained and underpaid. Corruption is pervasive, including among senior government figures. Many officials are suspected of facilitating the country's status as a transit hub for cocaine trafficking from South America to Europe.



The top individual income tax rate is 20 percent, and the top corporate tax rate is 25 percent. The overall tax burden equals 9.5 percent of total domestic income. Government spending has amounted to 21.8 percent of total output (GDP) over the past three years, and budget deficits have averaged 6.0 percent of GDP. Public debt is equivalent to 78.1 percent of GDP.



Guinea-Bissau is having a difficult time improving its business climate without a stable government. Weak institutions and problems related to its status as a way station for illegal drugs bound for Europe ensnarl business owners. Two out of three Bissau-Guineans subsist below the absolute poverty line. The government continues to subsidize electricity, partly through a loan from the African Development Bank.



Guinea-Bissau has one preferential trade agreement in force. The simple average tariff rate is 12.1 percent, and nontariff barriers continue to impede trade. The government screens foreign investment, and investment is discouraged by inefficient regulations. The underdeveloped financial sector remains under state control. Credit costs are high, and access to financing is scarce.