

STATEMENT BY MRS. HELENA MARIA NOSOLINI EMBALO
GOVERNOR FOR GUINEA BISSAU

Mr. Chairman of the Board of Governors,
Mr. President of the African Development Bank Group,
Honorable Governors and esteemed colleagues,
Ladies and Gentlemen

I wish firstly to extend my warmest greetings to everyone present and express my satisfaction with the opportunity offered me to participate in these Annual Meetings.

I particularly wish to thank the Government of Senegal for its extraordinary hospitality and the commendable efforts it has made in organizing this important event.

In the same vein, I thank the African Development Bank Group (ADB), the institution that has convened these meetings, for a job well done, and particularly its President, who must be specially congratulated for the bold measures ADB has steadily deployed for the development of Guinea Bissau.

Excellencies,

These Annual Meetings are taking place at a time when the international context is unfavorable and clearly marked by the international financial crisis.

The scale of this crisis and its repercussions on economies cause for great concern worldwide, and individual countries and the international community are required to come together to work out solutions.

The African economies have not yet been hard hit by this crisis, even though their degrees of exposure to the ensuing risks and their capacities for response vary depending on their respective economic structures.

Guinea Bissau is highly vulnerable in this context, owing to a combination of several factors. Agriculture is the core sector of the economy. Industrialization is limited and exports are based on primary commodities, notably cashew nuts, which account for some 90% of exports. Domestic savings are insignificant, and therefore hold little attraction for the financing systems. Over 60 % of the population is living below the poverty line. There are no development finance agencies nor operational investment finance systems. The Government has limited financial strength, which gives it limited possibilities of intervention.

As a Fragile State, its situation is even more critical; indeed the effects of the crisis on Guinea Bissau's economy are already evident, notably the sharp decline in tax revenues due to the significant fall in cashew nut prices on the international market and the decrease in migrant remittances.

Excellencies,

For over a decade, our national context has been dominated by successive institutional and political crises. This constant instability has considerably undermined the country's growth and poverty reduction strategies, contributing to the deterioration of the human development indicators.

Despite the Government efforts leading to adoption of responsible economic policies and the determination to meet the challenges of fiscal transparency and tightening, which have made it possible to improve the public finance management, the resources generated have been insufficient and have not allowed for resumption of the country's growth.

It should be stressed that the Government has set out with renewed confidence to meet the numerous challenges facing it and which are of concern to the Guinea Bissau population, particularly relating to: economic growth, employment, energy, improved health and education conditions, security and stability.

In that regard, the conclusion of the negotiations for the last phase of Post-conflict program with IMF opens prospects for access to the Poverty Reduction and Growth Facility, making it possible to attain the HIPC completion point in 2010.

We are however aware that these challenges are significant and require political determination, implementation of a plan of reforms in vital sectors such as public finance, public administration, justice, defense and security, and of course, substantial resources.

In this context, it seems to me appropriate to stress the key role of solidarity and international cooperation, if we hope to overcome the difficulties facing our country.

Excellencies,

Permit me to conclude my brief statement by voicing the hope that the African Development Bank Group will, in the current context of uncertainty concerning the future, strengthen its role and give new impetus to its strategic cooperation with the regional member countries.

This contribution, as part of the Bank's new strategy of intervention, could be decisive in terms of the measures implemented to contain the effects of the crisis, particularly for the countries most affected by the vicious circle of poverty.

Thank you for your attention.