

PD-AAW-821

ISN 53307

AN EVALUATION OF UNITED STATES FOOD AID
IN GUINEA

Conakry/Washington
United States Agency for
International Development
August 1987

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I. INTRODUCTION AND SUMMARY OF CONCLUSIONS

Team Membership

The evaluation team comprised the following individuals:

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David Leong, AFR/PD	project officer
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The team was charged with examining three specific areas: performance by the Government of Guinea on the six specific evaluation factors included in the original Food For Progress agreement; Government of Guinea progress to date on the overall economic reform; and the effects of continued rice imports on domestic agriculture and consequently on the national economy. The team was then to formulate both short and long term recommendations for the Mission and for AID/Washington.

Methodology

Two problems exist in making an adequate assessment of the food and agricultural situation in Guinea. Statistical information in Guinea is scarce and often contradictory. The abrupt change in government economic philosophy at the end of 1985 rendered much prior economic analysis of little relevance. Moreover, it was impossible for a short evaluation to gather new data directly. The team, therefore, adopted the following methodology. The team examined and evaluated all existing material concerning agricultural production, consumption and population levels; where data conflicted, high and low scenarios were compared. Recent reports, especially those of the IMF and World Bank, discussed the status of current economic reforms. We supplemented this information with interviews of mission staff, government officials, commercial and shipping agents, importers, wholesalers and farmers. Where appropriate we analysed the probable effects of recent reforms on future developments. This method allowed us to make an assessment of GOG performance on the six evaluation factors and progress on economic reforms, as well as an assessment of the overall situation in Guinea with respect to food needs, imports and the ability of Guinean agriculture to meet domestic requirements. To the extent that uncertainties affect our conclusions, these are noted.

Background

PL 480 shipments of US rice to Guinea have a 26 year history, going back to the early years of independence. Shipments under PL480 Title I have totaled approximately 35,000 MT of rice in recent years, a large increase over the 20,000 MT at the beginning

of the decade. While rice shipped under Title I of PL480 is concessionary, the money borrowed to purchase the rice must be repaid over 30 years, albeit at concessionary rates of interest. Guinea has accumulated repayment obligations under the PL 480 program totaling approximately \$4 million per annum, 50 percent of the value of PL 480 commitments in FY 1987 and greater than the proposed level of \$3 million in FY 1988.

On September 15, 1985 the Government of Guinea became one of the first two African nations to sign an agreement allowing them to receive rice under the Food for Progress Program (FFPr) on a grant basis. Under the FFPr program 30,000 MT of rice was to be shipped in FY 1987, 40,000 MT in FY 1987 and 30,000 in FY 1989. This additional food aid doubled the amount of food aid accorded Guinea by the United States and increased the total amount of food aid received by Guinea by 60 percent.

Under the terms of the FFPr agreement the government of Guinea has undertaken six reform measures:

- Private rice imports will continue without restriction or unfair advantages to government importing agencies.
- Food rations should not be reintroduced.
- Food subsidies to consumers should not be reintroduced.
- Officially established prices for imported rice will gradually be removed.
- A schedule for privatizing the import and sale of agricultural inputs shall be elaborated.
- Measures to improve the security of the port of Conakry (which receives the shipments of U.S. rice) shall be undertaken.

A mid-term evaluation is required as part of this multi-year FFPr agreement. AID had several specific concerns: the sharp increase in food imports since the program began, the effects of the good harvests of 1985 and 1986, and the GOG adherence to the agreed-upon reform measures. An evaluation of the effect of imported rice on domestic production had also been required as one of the PL 480 "self-help" measures. Furthermore, PL480 food shipments must not have a negative effect on domestic agricultural production.

This evaluation was undertaken with two goals: monitoring GOG compliance with the six reform measures and answering the question of the effect of food aid on domestic rice production. The relation between food aid and domestic production will be discussed in general and vis-a-vis specific implications for two

U.S. food aid programs: Food For Progress and PL480.

The report first examines GOG compliance with the agreed-upon reform measures. The report then discusses the current state of Guinean food production and its adequacy for present needs. We then examine the possibility of growth in food production in Guinea as the effects of the recent economic reforms and improvements in infrastructure and marketing are felt. We discuss the state of the transportation and marketing infrastructure in detail in separate chapters, as well as the possibility of their expansion in tandem with increasing domestic agricultural production. Finally the effect of food aid on agricultural development and the Guinean economy will be examined.

As a result of recent reforms infrastructure and marketing have begun to develop apace in Guinea but they are not yet adequate to meet the current needs. In addition rains in the 1987 crop season began poorly and the crop may well be poorer than anticipated. We evaluate both the long term effects of receiving food aid and the short term needs. A distinction exists between the short and long term needs.

Conclusions

-Evaluation Factors-

The Government of Guinea has generally complied, in letter and in spirit, with the six specific factors included in the initial Food For Progress agreement. Compliance was weakest with the measure calling for gradual removal of official prices. While these prices persist, the official prices now realistically account for costs and margins. In addition the lack of enforcement of these prices has allowed free market pricing to go forward, resulting most often in much higher prices to the importers and distributors. Because free market pricing is in fact the representative price for imported rice, the GOG has met with the spirit of the reform.

Although a schedule for privatizing the import and sale of agricultural inputs has been prepared, resistance was experienced. A schedule for privatizing the concerned parastatals has been elaborated. The GOG is consequently in compliance with the terms of the FFPr agreement but Agricultural Ministry resistance to this measure may cause future difficulties for other programs -- notably the AEPRP-- which depend on this reform.

The GOG has complied completely and fully with the remaining four factors. A detailed discussion of compliance with all six reform measures follows in the body of the report.

Insofar as the Government of Guinea has met the terms of the original Food For Progress Agreement, the team recommends the USG

immediately commence negotiations for the second tranche. The shipments should arrive sufficiently after the local harvest to avoid disrupting local markets but in time to ensure the availability of rice during the Moslem holiday season. Since one prime objective of the FFPr program is to provide tangible support to the GOG as it undertakes difficult and radical reform measures, failure to proceed with the second tranche would 1) impair the USG ability to provide needed support to the GOG during this critical stage of economic development, and 2) lessen the credibility of the Food for Progress program, both in Guinea and in other countries.

--General Reform Measures--

The GOG has continued to make progress in other areas of economic reform. Although progress to date has slipped behind the somewhat optimistic original schedule in several areas, most notably reduction of civil service roles and elimination of the remaining parastatals, the Government retains its original goals and continues to progress. The costs of slippage are minor in comparison to the benefits of the steps already taken. Furthermore, the IBRD, the IMF and the AID Mission continue their vigorous support of these reforms.

-Effects of Food Aid-

The most difficult and the most important question remains the effect of rice imports, commercial and donor, on local agricultural production. The team reached several conclusions. First, the agricultural sector has the natural resources necessary to provide food self-sufficiency for Guinea. The sector has already responded to the more encouraging economic climate and shows both the desire and the ability to continue increasing levels of local production. The sector will require time to build confidence in the consistency of current government policy and to make the investment of capital required to insure the continued expansion of production. Continued close monitoring of rice imports and domestic production will be required to ensure domestic production is not "damaged" by these imports.

The lack of an adequate internal transportation network remains the most important bottleneck to expanded production and marketing. Neither the current truck fleet nor available roads could support major increases in local agricultural production. It currently can be cheaper to transport rice from Thailand to Conakry, than to move local production from the rice producing areas within Guinea to Conakry. Furthermore, the condition of local roads is worsening because maintenance has not increased to keep pace with the already increased levels of traffic. The AID Mission, directly and through the IBRD, is supporting Government attempts to improve internal transportation.

Commercial rice imports have also risen quickly in response to the changes in import policy and the more freely available foreign exchange. Current evidence, while inconclusive, suggests that the level of commercial imports may continue to increase for as long as imported rice remains cheaper than domestic rice in Conakry. If this is the case Guinea will "graduate", in the terms of the agreement, from PL 480 Title I. Since PL480 Title I loans must be repaid, this will have the added advantage to the GOG, of reducing total borrowing. While Title I terms are called "concessionary", the very low rate of return which the GOG earns on its domestic investments makes even these "concessionary" borrowings burdensome.

Our recommendation, therefore, is to 1) proceed with the second tranche of the FFPr agreement, and 2) delay signing any Title I agreement until comparatively late in the fiscal year. (June or July). Funding levels of \$3 million appear adequate at this time. Delaying of the final agreement will allow for assessment of the current crop and levels of commercial imports. In this manner short term contingencies -- a crop shortfall, or unanticipated withdrawal of the commercial sector before domestic production and infrastructure is adequate -- can be taken into account. We further recommend no substitution of wheat for rice, due to the possible long term effects of changing consumption patterns away from grains which can be locally produced.

In the medium and long term food aid is detrimental to the development of the agricultural sector in Guinea. This is accentuated in the case of Title I because these shipments represent loan rather than grant aid. The debt position of the government of Guinea, their low return on domestic investments, and the low priority of imported food as a development need of the country, all argue strongly against borrowing for purposes of importing food. Compared to Title I sales or commercial imports, grant aid such as the FFPr program has the advantage of being a free resource to the country.

Imported food has a negative effect on domestic agricultural production by lowering domestic agricultural prices. A decline in Title I imports will stimulate domestic agricultural production by limiting an important source of competition -- the government. Private importers will be much more likely to make the investments necessary to bring local grain to the capital when abundant government stocks are not available.

II. Overview of Guinea

Political Retrospective

The Republic of Guinea gained independence on October 2, 1958, after existing as part of the French colonial empire for more than fifty years. When members of the French Union, including Guinea, went to the polls to decide whether they would continue their association with France as members of the French Community proposed by General Charles de Gaulle, Guinea alone chose complete independence. The young republic thus served as a testing ground for anti-colonialism in Africa, and was closely watched not only by other African nations, but by the entire world. Under the leadership of President Ahmed Sekou Toure, the government and the sole political party sought to bring Guineans into an African form of political socialism and collectivist economy. Over time, however, expectations for Guinea's success as a model of African political and economic development faded and Guinea remained plagued by economic difficulties when Sekou Toure died in 1984.

On April 3, 1984, one week after Sekou Toure's death, a group of army colonels overthrew the last remnants of the Toure regime, abolished the Marxist-oriented Parti Democratique de Guinee and the secret police, and released all political prisoners. The Second Republic, organized under the 17-person Military Committee for National Recovery, restored freedom of speech, association, and travel, and began to systematically dismantle the political and economic structure of the First Republic.

Under the leadership of the new President, General Lansana Conte, the Government of Guinea (GOG) has undertaken sweeping economic reforms. These reforms include an accelerated retreat from collectivization and abolishment of agricultural marketing agencies, elimination of internal roadblocks to the movement of agricultural produce, abolishment of compulsory sales of agricultural production through state agencies, establishment of a private commercial banking sector, devaluation of the currency and introduction of a new currency (the Guinean Franc) in early 1986, abolition of fixed prices for most commodities, increases in previously subsidized consumer prices for rice, gasoline, and electricity, privatization of selected state-owned enterprises, and the announcement of a plan to reduce the size of the civil service by 30%. ^{1/}

Although the GOG has experienced some problems, performance on these reforms has been positive. But much needs to be done to improve the status of the Guineans. In 1986, per capita GNP was estimated at only \$300, making it one of the poorest nations in West Africa.

^{1/} USAID/Conakry, Interim CDSS, FY1989, P. 6-7

Geographical Description

Guinea has a surface area of 246,000 square kilometers and a population estimated between 5.5 and 6.7 million. It is well endowed with agricultural, hydroelectric and mineral resources, although these are not evenly distributed within the country. Guinea is divided into four distinct topographic regions (moving from west to east): Lower Guinea (also known as Maritime Guinea); Middle Guinea, consisting primarily of the central highland area (the Fouta Djallon); Upper Guinea, principally savanna; and the Forest Region, comprised of the Guinea Highlands and rain forests of southeastern Guinea.

Maritime Guinea stretches inland from the Atlantic Ocean to the main mass of the Fouta Djallon. Behind the wide and brackish coastal swamps lies an alluvial plain averaging about thirty miles wide. Annual rainfall ranges from over 4,000 mm in Conakry to about 2,000 mm to the northeast. Besides fishing along the coast, agriculture is also practiced, favored by the continuous heat and heavy rainfall. Crops grown include rice, fonio (a variety of millet), corn, kola and oil palm trees as well as fruits, especially mangoes, pineapples, bananas, and avocados. The area is also rich in mineral deposits (bauxite) and hydroelectric potential.

The predominant feature of Middle Guinea is the Fouta Djallon, a system of elevated, relatively level plateaus intersected by narrow and deep valleys. The elevation of over 13,000 square kilometers of this range is over 900 meters above sea level. Annual rainfall ranges from 2,500 mm in the south to 1,500 mm in the north. The region is the country's most important cattle producing area. Agriculture is mainly practiced in the valleys because the hard lateritic soils on the plateaus are difficult to manage. Fonio is the main subsistence crop. Other crops grown include oranges and, in the wetter valleys, bananas are also grown.

The lightly wooded, tall grass savanna dominates Upper Guinea. Having an average elevation of about 300 meters, the region comprises the upper Niger River valley basin. Annual rainfall ranges from 1,800 mm in the southwest to 1,200 mm in the northeast. This area also has hard lateritic soils except where alluvial soils predominate in the valleys. These eventually become the principal tributaries to the Niger River. The main crops are rice, fonio, peanuts, and sweet potatoes. Cattle are also raised, although cattle raising is of lesser importance than in Middle Guinea.

In the southeastern corner of Guinea is the Forest Region. Its elevation ranges from about 450 meters to over 900 meters with some peaks rising over 4,000 feet. At the lower elevations is the rain forest, which now consists primarily of secondary forest. Annual rainfall averages between 1,700 - 3,000 mm. Agriculture consists of rice, corn, cassava, kola and palm oil trees, bananas, and coffee.

Agricultural Potential

The Republic of Guinea possesses favorable climate and soils to promote rice as well as other agricultural production. Prior to independence in 1958, Guinea was a major crop producer, exporting rice, palm, cattle, bananas, and pineapples. However, since independence there has been a steady decline in agricultural production. Guinea now imports large quantities of basic foodstuffs. The reestablishment of the agricultural sector in Guinea will require time for newly adopted policies to take effect in the hinterland, substantial and continued investments in the transportation infrastructure, and careful planning to ensure economic policies do not disfavor local production of basic crops.

Agricultural production in Guinea suffered under the First Republic of Sekou Toure, as increasing state intervention in the economy led to inefficient and overregulated state control of most economic activities. Nevertheless, because of the necessity for food production, subsistence agriculture and production of food crops for the market endured while export agriculture and other economic activities declined sharply. Since Sékou Touré's death in 1984, there has been a systematic dismantling of socialist policies of that regime. The Government of Guinea has moved in a new direction, focusing on the development of a strong private sector and market-oriented policies. This change came in earnest in early 1986 when sweeping economic reforms were announced. Although it is too early to measure the impact these reform measures will have, one thing is clear: the continued development of the economy will require a strong agricultural sector.

III. The Food for Progress Agreement

On 27 December 1985 USAID/Conakry sent a cable to Washington announcing Guinea's economic reform program.^{1/} The title of the cable, "Kick-off of Guinea's Far-Reaching Economic Reform Program and A.I.D's Contribution" reflected the movement's hopes. At that time, the Mission requested a strong show of USG support for the GOG reform, aspects of which included:

Devaluation of the syli. (Further devaluation occurred when the Syli was abandoned in favor of the new Guinean franc in January, 1986.)

Closing government-run banks.

Overhaul of the GOG administrative structure.

Elimination of the GOG rationing system and monopoly of commodity imports.

Freeing of prices for most basic commodities previously controlled by the state.

Increase in rice prices from 20 sylis per kilo to 80 sylis per kilo, along with increases in state controlled prices for gasoline and electricity.

Announcement of liquidization of seven industrial parastatals and privatization of thirteen others.

Reduction of the civil service.

Increase in price supports for coffee and palm kernels.

AID/W and the Mission immediately began discussions leading to the signing of a three-year Food For Progress agreement on September 15, 1986. Under this agreement the USG was to provide, on a grant basis, 30,000 MT of rice in FY 1986/1987, 40,000 MT in FY 1988, and 30,000 MT in FY 1989. In return the GOG has undertaken six specific reforms in the first year:

Privatization of rice imports will continue without restriction or unfair advantage to government importing agencies.

Food rations shall not be reintroduced.

Food subsidies to consumers shall not be reintroduced.

1. For purposes of this evaluation, the evaluation Team recognizes 27 Dec., 1985 as, "the beginning of the reform". (See Conakry 4587, 27 Dec. 85, App C).

Officially established prices for imported rice will gradually be removed.

A scheme for privatizing the import and sale of agricultural inputs shall be elaborated.

Measures to improve the security of the port of Conakry, which receives shipments of US rice, shall be undertaken.

In addition, funds generated by sale of the donated commodities will be held in a special account and used for development purposes, similar to PL 480 counterpart funds. Rules governing expenditures of the counterpart funds are somewhat different under the two programs, reflecting differences in the spirit of the programs.

Continuation of the program was conditional; "performance on six factors will be evaluated before approving commodities for the second year under this agreement." The evaluation team, therefore, has examined GOG performance on each of the six factors. The remainder of this section summarizes the current GOG position, together with the team findings.

Factor 1

"The policy of permitting private imports of rice should continue, without the imposition of restrictions which would provide unfair advantage to government entities. Over the course of the Agreement, the percentage of rice imported privately should increase, with increasing competition being reflected by an increase in the number of private importers "

GOG Response, 17 March 87 (translated):

"The policy authorizing private commercial rice importers to import rice continues without restriction. The number of private importers has gone from 1 at the beginning of the reform to 25 in Dec. 1986. During 1986, the private sector has imported 155,135 MT, of which 20,000 MT of 30,000 MT committed was under the Food for Progress agreement. Private importers, other than the "mixed" company, Societe Generale de Commerce, SGC, (for 11,092 MT) have been the only importers and distributors of rice." 2/

Background, Current Situation, Team Comments

It is difficult to verify an increase in the number of private

2. Societe Generale de Commerce is excluded because SGC is the channel through which French-Guinean commercial and bi-lateral interests are conducted. SGC is 40% owned by the GOG and 30% owned by French commercial trading companies.

importers. Government statistics for 1985 and 1986 do show, however, a dramatic shift from government imports towards private imports.

For CY 1985, the last year of the state monopolies, rice imports totalled 96,824 MT. ALIMAG was the government's sales and distribution agent, responsible for disposing of the rice imported by the government. The shipments consigned to the State monopolies (ALIMAG, Ministry of International Cooperation, ALIDI) totalled 79,433 MT. Of this figure, the FY 1985 PL 480 Title I Agreement provided 21,400 MT rice. The balance, 17,391 MT, consisted of small consignments, averaging about 1,000 MT each, sent to "diverse private importers".

Thus in 1985, rice imports were distributed as follows:

	MT	%
By Government Monopolies:	79,433	82
By Diverse Private Importers:	17,391	18
TOTAL	96,824	100

In CY 1986 the government and the private sector imported a total of 148,314 MT (Conakry 558 (87) App C). Fifteen private importers imported a total of 77,061 MT directly. The PL 480 Title I consignment of 25,158 MT, plus 20,000 MT of the FFPR shipment received by the GOG in CY 86, was sold to private importers for distribution and resale. We assume that imports from Italy, 4,047 MT, and Japan, 6,126 MT, also went on the private commercial market. Of the bilateral concessionary rice imports, 70,353 MT, only the rice imported from France (11,022 MT) and World Food Program (4,000 MT) remained in the government's distribution channels, i.e. Societe Generale de Commerce for the French sale, and the WFP itself.

Thus in 1986, rice imports were distributed as follows:

	MT	%
By Government Monopolies:	15,022	10
Diverse Private Importers:	133,292	90
TOTAL	148,314	100

U.S. food assistance in CY 1986 provided 64.2% of concessional rice imports, and 30.4% of total imports.

As of Aug. 1987, USAID/Conakry reports rice imports for CY 1987 totalled 85,400 MT. OF this total 14,400 MT were shipped under U.S. PL480 Title I, with a balance due of 30,600 MT. Only 10,000 MT of FFPR rice was shipped during the calendar year, the balance -- 20,000 MT -- coming in the first three months of FY 1987.^{3/} Imports of rice for the entire year appear likely to at least reach last year's totals at about 150,000 MT.

^{3/} The Agreement September 15, 1986 provides for 30,000 MT in U.S. FY 86/87. Arrivals in Conakry were: 9,900 MT, Nov. 86; 9,800, Dec. 86; 8,700, Jan. 87; 1,275, Mar. 1987.

Factor 2

"Food rations shall not be reintroduced."

GOG Response, 17 March 1987 (translated):

"The decision to end food rations remains irreversible."

Background, Current Situation, Team Comments

The evaluation team found no evidence to the contrary.

Factor 3

"Food subsidies to consumers should not be reintroduced."

GOG Response, 17 March 1987 (translated)

"Food subsidies to consumers no longer exist."

Background, Current Situation, Team Comments

Rice is currently imported both directly by private traders and by the GOG. Private imports are not subsidized, either directly or indirectly. Rice imported by the GOG is transferred to the private sector at a price calculated from the commercial costs of similar transactions. Most recently these prices have been calculated on a ship-by-ship basis and have been in the range of \$210-\$220 per MT.

One of Conakry's most active commercial rice importers showed USAID/Conakry his latest CIF documents for Thai rice, expected in Conakry by Aug. 31, 1987. Cost of rice, 25% broken, long grain, bagged, ex-Bangkok, \$171.50/MT; insurance, \$1.50/MT; freight, \$42.00. Total CIF: \$215.00. This supports the GOG contention that the retail selling price of all rice on the market is not subsidized.

By contrast, during the latter part of CY 1985, government controlled and rationed rice was sold at 20 sylis per KG, or 1,000 sylis for a 50 kg bag. This price was for rice imported and distributed by the State trading company ALLIMAG. At the same time, a 50 kg bag of rice cost 4,500 sylis on the parallel market. (October 1985, 23.935 sylis/\$1).

The most recent Embassy market survey, July 1987, shows a consumer price, Conakry market, of 120 FG/kg; \$2.76/KG; \$276/MT. At the popular market today, a 50 kg bag of rice costs 6,000 FG. The Embassy maintains a regular consumer market price survey of major commodities. GOG sale prices for government imported rice, still leave room for substantial profits to private traders at prevailing market prices.

A summary of rice prices, July - August 1987:

	FG/KG		\$/MT	
	<u>Imported</u>	<u>Local</u>	<u>Imported</u>	<u>Local</u>
Conakry	120	240	276	552
Faranah	153	200	352	460
Kissi	175	190	402	439
Kankan	187	225	431	517

Factor 4

"The GOG should progressively remove officially established prices for privately imported rice. The USG and GOG will develop a mutually agreeable schedule for doing so during the first year of the Food for Progress Program."

GOG Response, 17 March 1987 (translated):

"The goal of the Government is to implement a true price. However, given the weak purchasing power resulting from the economic reforms now underway, and the strategic importance of the product (rice), the fixing of an official price remains provisionally in effect, pending a rise in the salary level, and level of local production."

Background, Current Situation, Team Comments

The Government response understates the extent to which the GOG has retreated from a policy of official pricing for privately imported rice. "official prices" remain for only three commodities: cement, rice and petroleum products. For rice they are calculated by adding costs of distribution, including profits at each stage, to the landed cost of the rice. The intent is to minimize consumer fears of the current monopsony. The GOG, however has neither the will nor the ability to enforce the "official prices".

This procedure is in compliance with IMF recommendations that retail prices be based on CIF prices, plus real distribution costs including 8-10% profit margins. No real controls exist at present on the market pricing of rice, in spite of the existence of the "official price". Margins vary, usually well above those calculated in the official price. In short, while officially established prices for privately imported rice do exist, the actual price is allowed to rise substantially above that price, reflecting market value at the retail level.

Factor 5

"The GOG shall move toward market pricing of agricultural inputs and support free, competitive markets in the import and

sale of agricultural inputs. The USG and GOG will develop a mutually agreeable schedule for doing so during the first year of the Food for Progress Program".

GOG Response, 17 March 1987 (translated)

"The price of agricultural inputs has been revised to take into account all costs. Prices are fixed on the basis of commodity cost, insurance and freight, CIF Conakry. To this cost is added all other costs: taxes, transit costs, port charges, clearing, forwarding, and a profit margin of 10%. This explains today why the State companies, SEMAPE and AGRIMA are having difficulties disposing of stocks. The import monopoly formerly reserved for these state monopolies has ceased. Today, thanks to the encouragement and assurances given by the Government, two private agricultural inputs importing companies have become active."

Background, Current Situation, Team Discussion

Factor 5 applies to all agricultural inputs, which were previously imported and sold through the State monopolies, SEMAPE, for fertilizers, pesticides and phytosanitary commodities, and AGRIMA, for mechanical equipment. The GOG's comment correctly reports difficulties in providing unequivocal compliance with the FFPR terms. Nevertheless, the GOG commitment to divest state control of these monopolies remains firm. The GOG has removed price subsidies from agricultural inputs sold through SEMAPE. Local farmers have neither the money nor the experience to use these inputs; consequently the GOG is having difficulty selling off current stocks. Given that the parastatal prices are no longer subsidized the team expects private importers to be able to meet demand for inputs as it increases. Regardless, it is the intention of GOG to privatize SEMAPE by mid 1988. As for mechanical inputs under AGRIMA, the stated policy stands, the import monopoly formerly reserved for these State monopolies has ceased. AGRIMA will be closed by mid 1988.

While our determination is that compliance with the FFPR conditions has been met, the team remains concerned that resistance within the GOG to divestiture of SEMAPE and AGRIMA persists. Continuation of parastatal input supply agencies, increases business risks for those wishing to enter the agricultural input supply business, as government subsidies or stocking of inputs can cause a rapid deterioration in the market position of private distributors.

For this reason, and especially in relation to the AEPRP program for Guinea which requires full divestiture of the state run companies for second tranche disbursement, we wish to signal our concern and urge the GOG to move effectively and completely in this area.

Factor 6

"The GOG should undertake measures to improve security in the Port of Conakry."

GOG Response, 17 March 1987 (translated)

"The energetic measures taken to improve the security at the Port of Conakry have brought about results, despite a few flaws. Since the reforms, the percentage of losses at the Port have gone from 13% to less than 2% at present."

Background, Current Situation, Team Discussion

In a letter of 9 February 1987 the Mission expressed dissatisfaction with the loss of 2.95% through pilferage during discharge of cargo aboard the Export Champion. Prior to the arrival of two ships carrying PL 480 Title I rice, the Leslie Lykes and the Tampa Bay, Mission staff and personnel met with the Deputy Port Director on two occasions, August 9, and 12, 1987. In the meeting of August 9 the Mission explained that both Title I Self-Help Measures and the FFPr Agreement called for better port security measures. The Deputy Port Director, on August 12, announced plans to control and limit access to the port by partitioning it into two separate areas: the Commercial Port and an area for all other port uses (fishing, ferry traffic, and Navy). This measure is included in the GOG's phase II of its port expansion project, now tendered for bid. Phase I was carried out by a German contractor. The Port Authority reports it wants to implement this measure immediately, and could complete it within a few months.

As an interim measure to control traffic in the port area, temporary barriers formed from large metal shipping containers have been placed around the berths used for vessels discharging rice. A system of port passes to limit the number of people in the area was put into place. Other measures under consideration include limiting access by trucks to only those operated by an association of recognized shipping and forwarding agents; limiting access by train through a gate between the two ports; privatizing the stevedoring companies; and replacing Customs Agents with a Port Police Authority (CSP) to maintain port security.

During the evaluation, two vessels carrying Title I commodities had started discharge: Leslie Lykes, 10,000 MT of rice; and the Tampa Bay with 3,700 MT of rice. A wall of empty containers, stacked three high, cordoned off both ships; truck access was controlled by manned rope gates. Transit agents' trucks were loaded by slings and cargo nets from ships' tackle. Fully loaded trucks (20-25 tons of rice) were covered with cargo nets

and dispatched to a transit warehouse. Trucks are accompanied by at least one military escort.

If losses of the Title I cargo between the ship and sales agents' warehouses exceed 2 per cent, this will indicate a deterioration of security at the Port.

IV Current Status of the Economic Reform Program

Exchange Rate

Between June and December of 1986 the rate for the Guinean franc on the parallel market moved from FG 395 per dollar to the range of 460-480 per dollar, while the official exchange rate was held in the range FG 360-390 per dollar. During the first quarter of 1987 the Central Bank continued to manipulate the auction rate which remained between FG 400 and FG 410 per Dollar, while the parallel rate was in the range FG 480-520 per dollar. At the time of writing (August, 1987), the Embassy was selling 435 FG per dollar (the rate has subsequently increased to FG 440/dollar). The GOG admits the auction system for allocating foreign exchange is a weekly fixing, resulting in a failure to eliminate the parallel market completely. As a result transactions have been diverted to unofficial channels. The GOG remains, however, philosophically committed to allowing the exchange rate to reflect market forces.

Public Sector Employment

A major objective of the economic reform program for 1986 was a substantial reduction in public sector employment, together with a reform of the civil service. Little progress was made in 1986; the program to encourage voluntary departures began slowly and had no effect on employment. This lack of progress led the authorities to adopt a series of measures for immediate and strict application in 1987. Indications are that the pace of the reform has accelerated during the second quarter of 1987. At the present time (August 1987) over 3,000 civil employees have voluntarily departed from the government. The GOG goal is to reduce government rolls by an additional 10,000 employees.

Restructuring Public Enterprises

At the end of 1985, there were 21 commercial and 49 industrial enterprises in the non-financial public enterprise sector. All of the commercial enterprises except ONAH (responsible for importation and distribution of petroleum products) were to be liquidated, while all the industrial enterprises were to be liquidated or privatized. Since 1985 limited progress has been made toward these goals. None of the commercial enterprises have been liquidated; only four of the planned 16 industrial enterprises have been liquidated. Restructuring of ONAH as a mixed enterprise with foreign partners has remained under negotiation; the new company is not expected to commence operations until the second half of 1987. The authorities remain committed to step up and complete the disengagement of the Government by June 1988. The few enterprises to be retained, including water and electricity utilities, the port authority, railways, national airline and post and telecommunications office are to become financially autonomous. They will no longer be eligible for budget subsidies after June, 1988.

V. Food Availability and Food Needs

V.1. Agricultural Production

While estimates of Guinean agricultural production differ widely there is general agreement that production has increased over the last decade. Comparing figures for cereal production estimated in a 1986 study, done by the group Agroprogres for the Ministry of Rural Development, with those of the 1974 Agricultural Census, we observe a rate of growth in cereal production of 7.8 percent per annum from a production of 521,700 MT in 1974 to an estimated 1,110,000 MT in 1985 (Table 1). 1/

Using lower estimates resulting from a survey by the Ministry of Plan and International Cooperation, we obtain a figure for total cereal production of 815,00 MT in 1985, indicating a rate of growth of 4.6 percent, still substantially outstripping the rate of growth in population during the period, estimated at approximately 2.5 percent per annum.

Production appears to have increased more rapidly than the labor supply -- especially if we assume that the increase in the rural population was significantly less than that of the population as a whole, as one would expect with increasing urbanization. While area estimates are incomplete, it would appear that production has increased more rapidly than total area planted as well, indicating some increase in productivity of both land and labor. Conclusions as to labor productivity in Guinean agriculture must remain very tentative, however, due to the inadequate data.

The 1985 crop year was a year of moderately good rainfall after two years of drought and reduced crop yields. In more typical years and in the drought years of 1983 and 1984 agricultural performance was considerably poorer. Still, examining the available data, as well as the impressions of those knowledgeable about Guinean agriculture, it would appear that Guinean agriculture has shown the ability to increase its production at rates commensurate with population growth or above. The FAO index of total food production in Guinea from 1972 - 1985 in Table 2 below bears this out.

1. Agroprogres, Etudes de Restructuration Des Services Agricoles et de Schemas Directeurs Régionaux de Développement Rural, Ministère du Développement Rural, République de Guinée, Agroprogres, Avril 1986.

Table 1
Cereal Area, Production and Yield, Selected Years

	1955 ⁽¹⁾			1974 ⁽²⁾		
	AREA (ha)	YIELD (kg/ha)	PROD (t)	AREA (ha)	YIELD (kg/ha)	PROD (t)
Rice (paddy)	350,000	740	260,000	468,000	800	375,000
Fonio--"	NA	NA	NA	148,400	500	74,200
Maize	50,000	1,200	60,000	58,800	1,150	67,700
Millet	20,000	750	15,000	8,000	600	4,800
Cassava	55,000	4,500	250,000	87,200	5,000	436,000
Bananas	NA	NA	NA	21,100	4,500	94,800
Plantains						
Total Cer.	420,000		335,000	683,200		521,700
Total C+C	475,000		585,000	770,400		957,700
	1981 ⁽³⁾			1985 ⁽⁴⁾		
	AREA (ha)	YIELD (kg/ha)	PROD (t)	AREA (ha)	YIELD (kg/ha)	PROD (t)
Rice (paddy)	494,164	800	395,000	750,000	800	600,000
Fonio --"	368,000	500	184,000	NA	NA	221,000 ^a
Maize	146,100	1,150	184,000	420,000	642	270,000
Millet	10,000	800	8,000	NA	NA	19,000 ^a
Cassava	104,200	5,000	521,000	120,000	5,000	600,000
Bananas	25,000	4,500	113,000	NA	NA	NA
Plantains						
Total Cer.	1,018,264		755,000	NA		1,110,000
Total C+C	1,122,464		1,276,000	NA		1,710,000

(1) Average 1954-56 from: Services des Statistiques d'Outre Mer, Paris 1959.

(2) Agricultural Census 1974/75, Bulletin de Statistiques et d'Etude Economiques No.1, Ministère du Plan et de la Coopération, Conakry 1978;

except where adjusted by World Bank-

(3) World Bank, Guinea Agricultural Sector Review, April 15, 1984 Washington D.C.

(4) Agroprogres,

^a 1984-85 Ministère du Plan (sondage), extrait de Etude de Restructuration des Services Agricoles et de Schemas Directeurs Regionaux de Developement Rural, Ministère du Developement Rural, Republique de Guinée, Agroprogres, April 1986

Table 2: Index of Total Food Production (FAO) 1/

	--- 1975 = 100 ---				
Year	1972	1975	1980	1983	1985
Index	90	100	102	107	112

This growth has unfortunately occurred simultaneously with a sharp fall in the production and export of cash crops due to the low prices imposed by the State.

Large reserves of agricultural land remain available to farmers in Guinea and extensification of agricultural production has hardly begun. Further increases could be realized through intensified agricultural practices. There is every reason to believe that abundant land resources will continue to be available to Guinean agriculture over the next several decades. We shall explore the possibilities of further increasing agricultural production in Guinea in Section VI. Cereal Production.

1. FAO, Production Yearbook, various years, Rome.

U.2. Population

The last population census completed in Guinea was during the 1950's while the country was still under French colonial rule. This, combined with the complex migratory patterns in West Africa, makes the population a subject of considerable speculation. There seems to be agreement by most observers to place the population figure for Guinea at about 5.0 million in 1980. 1/ This figure is arrived at by using the original population census and working forward through estimated mortality and birth rates. Using a 5.0 million population figure in 1980 and working forward to 1985, at a rate of growth of 2.54 percent per annum, we arrive at a population figure of 5.5 million in 1985. This figure is consistent with the figure used by Agroprogrès in its 1986 study, as well as with the other principal sources on the subject. 2/ 3/ 4/ 5/ 6/

After this, however, estimates differ widely. While the natural rate of increase would put the population at approximately 5.8 million in 1987, different estimates of the emigration patterns show the number of Guineans as high as 6.7 million. 7/ While it is thought that a number of Guineans may have returned upon the death of Sekou Toure, economic conditions hardly point to the return of almost a million immigrants, 15 percent of the total population. Estimates

1. Ross, John A., ed., International Encyclopedia of Population, Center for Population and Family Health, Columbia University, New York, 1982. Ross estimates the population of Guinea at 5 million in 1980 and its rate of growth of 2.54 percent per annum.
2. Agroprogres, op. cit..
3. World Bank, Guinea Conditions for Economic Growth, A Country Economic Memorandum, Washington D.C., February, 1984. The World Bank uses a population figure of 5.571 million in mid-1981 with a rate of growth of 2.8 percent per annum, resulting in a 1985 population of 6.2 million. In a more recent report the Bank indicates a 1986 population figure of 5.8 million: World Bank, Report and Recommendation of The President of The IDA To The Economic Directors On A Proposed Credit of SDR 15.6 Million To The Republic of Guinea For A Structural Adjustment Program, Washington D.C., January 1986.
4. Petersen, William, Population, Macmillan, New York, 1975. Petersen reports a population of 4.2 million in 1973 and a growth rate of 2.3 percent per annum, indicating a 1985 population of 5.5 million, p. 357. Petersen shows refugees from Portugese Guinea to Senegal in 1970 numbering 63 - 68,000 but as of that date no refugees from French Guinea.
5. International Monetary Fund (IMF), Guinea - Recent Economic Developments, Washington D.C., October 1984. The IMF uses a figure for the total population of Guinea of 5.7 million in 1983 and a growth rate of 2.9 percent for a population of 6.0 million in 1985.
6. Chemonics, Investment Opportunities In The Guinean Rice Industry, Washington D.C., November 1986. Chemonics uses a figure for the total populaton of Guinea of 5.5 million in 1985, p. 6.
7. United States Department of State, unpublished figure.

by the USAID mission of a return of 400,000 Guineans placing the current population at 6.2 million are probably more realistic, although the number of returnees may be considerably less. We shall, nevertheless, consider the various ranges of population estimates in assessing food needs.

A second important question in terms of the demography of Guinea is the age structure of the population as age, sex and levels of activity are all important in determining the food needs of a population. We shall assume for purposes of food needs assessment that the population is fully active and equally divided between male and female. We will use Ross's estimate of 43.1 percent of the Guinean population as under 15 years of age. ^{1/} This compares with 46.0 percent for Eastern and Western Africa as a whole and about the same as Central and Southern Africa. ^{2/} We have calculated nutritional needs based on this population distribution.

Another important factor in assessing food needs will be the distribution of the population between rural areas and Conakry. This is so because of the relatively different food availabilities and consumption patterns in the interior as opposed to the capital.

Conakry being both the capital city and, with the exception of the mineral port of Kamsar, the only deep water port, has exclusive access to imported food, the large majority of which is marketed and sold there once unloaded. Furthermore, being a peninsula and a fairly large city, it is rather cut off from the hinterland and, in any case, fairly distant from the major food producing areas. As a result, the population of Conakry is largely fed by food imports, of which food aid is an important constituent. Estimation of this population is important in determining whether needs are being adequately met.

Population for Conakry is given at between 400,000-700,000. ^{3/} We will use this range in determining our estimation of food needs in the capital.

1. Ross, op. cit.. Ross's figures for the age structure of the population of Guinea are consistent with those of the World Bank, op. cit.

2. Ross op. cit. p. 626.

3. Chemonics, op.cit.. Agroprogres, op. cit., World Bank, op. cit.

V.3. Food Needs

a. Guinea

As seen above in Section V.1. Agricultural Production, food production in Guinea is diverse. Table 3 details food availability in Guinea based on food production and imports in 1985. Production estimates are based on mid-points of the range of different estimates. As these tend to be off-setting in many cases, increased rice area resulting in a decrease in area and production estimates for other cereals, for example, these midpoint estimates give a good indication of the approximate supply of food-stuffs in Guinea.

Based on local production and imports, rice constitutes 20 percent of the average Guinean diet, slightly behind cassava (21 percent by weight) but exceeding it in nutritive value. Other cereals constitute an important part of the diet: maize (7.0 percent), fonio (6.6 percent), millet and sorghum (7.0 percent) and wheat (0.14 percent), while fruits - 14 percent and vegetables - 7.0 percent constitute significant elements in the overall food balance.

The average diet is probably atypical, however. Rice constitutes a much larger portion of the diet in the capital at the expense of other cereals and cassava, while rice consumption is unevenly distributed throughout the country. Rice is heavily consumed along the Niger River basin and the coastal areas, where it is grown, whereas it is less important on the high plain where it is replaced by manioc and other cereals.

Table 4 converts consumption levels based on the food availabilities in Table 3 and their calorie and protein equivalents at various levels of population for Guinea. Minimum daily food requirements are shown as calculated for the average population of Guinea, based on distribution figures and activity levels cited above. At all but the highest levels for estimated population, food supply is shown to be more than adequate in Guinea. Even at the highest levels of population estimated, average calorie intake, while insufficient for heavy work, is adequate for bodily maintenance.

These figures are not meant to suggest food supplies are adequate in Guinea at all times and for all segments of the population. Certainly in the drought years of 1983 and 1984 the population of Guinea was hard pressed to meet its food needs adequately, even given the prevailing levels of food aid. Distribution of food may also be a problem which is not examined here, with the poorest class of the population receiving an inadequate share of the total food supply.

The figures do indicate that in an ordinary crop year given the current levels of food imports, both donor and commercial, Guinean agricultural production is sufficient to meet the food needs of the population.

Table 3

FOOD AVAILABILITY IN GUINEA(1)
1985

	Production 1,000MT	Imports 1,000MT	Total	Per capita consumption (kg/capita)
Rice (Milled)	340	90	430	78.0
Fonio	140	-	140	25.5
Maize, Millet and Sorghum	150	-	150	27.3
Wheat Flour and bread	-	30	30	5.5
Cassava	450	-	450	82.0
Sweet Potatoes	80	-	80	14.5
Igname	50	-	50	9.0
Plantain	45	-	45	8.2
Vegetable oil	50	5	55	10.0
Peanuts	50	-	55	9.0
Red Meat	35	2	37	6.7
Chicken and Eggs	10	-	10	1.8
Milk (10,000,000 liters)	60	5	65	11.8
Fish	42	-	42	7.6
Sugar	-	20	20	4.0
Fruits	300	-	300	54.5
Vegetables	150	-	150	27.3
TOTAL				382.7

Source: Agroprogres, Etude de Restructuration des Services Agricoles et de Schemas Directeurs Regionaux de Developement Rural.

Table 4

Food Availability and Nutritional Requirements
Guinea
1985(1)

LOW POPULATION ESTIMATE		
Population (millions)		5.5
Total kg/capita		382.7
Total daily kg/capita		1.05
Total daily calories/capita		2,240
Total daily grams protein/capita		52
HIGH POPULATION ESTIMATE		
Population (millions)		6.2
Total kg/capita		338.7
Total daily kg/capita		0.93
Total daily calories/capita		1,971
Total daily protein/capita (grams)		46
VERY HIGH POPULATION ESTIMATE		
Population (million)		6.7
Total kg/capita		314.0
Total daily kg/capita		0.86
Total daily calories/capita		1,837
Total daily protein/capita		43
MINIMUM DAILY REQUIREMENT		
Total daily Calories/capita	(Kcal/capita)	
Moderately Active Male		3000
" " Female		2200
Sedentary Adult Male		2500
" " Female		2000
Children and Adolescents		
Male	(less than 5 years)	1200-1900
	(5 years and over)	2000-3000
Female	(less than 5 years)	1200-1800
	(5 years and over)	1900-2200
Total daily protein/capita (grams)		
Adults		35
Pregnant and lactating women		65
Average Guinean intake (calories)		
	Active	2100
	Sedentary	1925

(1) Estimates for Guinean nutritional levels from: Agroprogres, op cit., adjusted for different population levels from Table 3. Estimates of minimum daily nutritional requirements from: Oxfam, Practical Guide to Selective Feeding Programmes, Oxfam Practical Guide No.1, Oxfam Health Unit, Oxford, 1984.

Table 5 compares Guinean cereal consumption to that of other West African nations. Although the figures allow differing interpretations, Guineans may currently consume adequate quantities of cereal staples at prevailing levels of aid. A further question is the needs and availabilities in Conakry where most of the food aid is concentrated.

b. Conakry

Shipments of PL480 and Food for Progress Rice remain largely in Conakry. According to the Minister of Internal Commerce, who is responsible for the shipments, at most 20-30 percent of a shipment will be moved into the interior in the case of a food emergency. ^{1/} As we shall see further on in Section VI, Cereal Production, this still leaves a significant quantity of imported rice on some local markets in the interior.

The special situation of Conakry, its distance from the agricultural producing hinterland, size, and role as the capital, explain the concentration of rice imports in the capital.

Even under the system of private distribution which was inaugurated as a condition for the Food for Progress shipments, private traders have not found it in their interest to transport the bulk of imported rice to the interior where their margins would be reduced by higher distribution costs and competition from local grains.

The needs of the capital must, therefore, be examined separately. Table 6 examines the needs of the population of Conakry based on total rice consumption of 131 kg per capita, only slightly less than double the national average consumption. This figure represents 80 percent of imported rice supplies in 1985 based on FAO data, somewhat less according to GOG import statistics.

Food consumption of other foodstuffs in Table 6 was adjusted to maintain diets in the capital equivalent with the national average. Quantities of cereals and cassava consumed have been adjusted downward while the quantities of other foods consumed have been held constant on a per capita basis. As can be seen from Table 5 the quantities of different foodstuffs which must be brought into Conakry, except for rice, remain relatively minor, consistent with what we know of food marketing patterns in Guinea. Bananas, oranges and mangoes are consumed in significant quantity in the capital and form part of the basic diet. A fairly significant quantity of fruits must be brought to the capital but, given its proximity to the coastal fruit producing areas, this does not appear incongruous.

1. Ministère du Commerce Intérieur, private conversations in preparation of this study.

Table 5

Per Capita Consumption of Cereals in West Africa 1/
1976-1980
kg/capita

	Low Income <u>2/</u>	High Income <u>3/</u>	Total W Africa	Guinea <u>4</u>
Wheat products	5.2	9.5	8.3	3.25
Rice	27.4	14.0	17.4	52.4
Maize	13.6	17.0	16.1	32.7
Millet	55.3	24.8	32.5	2.0
Sorghum	20.1	25.2	23.9	-
Fonio	-	-	-	17.9
Total	121.60	90.5	98.2	108.25

Notes:

- (1) Source: for West Africa: Delgado, Christopher L., Miller, Cornelia P., "Changing Food Patterns In West Africa Implications For Policy Reseach", paper presented at the African Studies Meetings, Dec. 1983., P7.
- (2) West African Countries with per capita income less than \$325 in constant 1976 dollars.
- (3) Per Capita income greater than \$325 in constant 1976 dollars: Cameroon, Ghana, Ivory Coast, Liberia, Nigeria, Senegal.
- (4) 1981, source Ag production figures from: World Bank, Guinea Agricultural Sector Review, op. cit.. Population figures from Petersen, op.cit. (5.141 million).
- N.B. Except for millet Nigerian Cereals consumption is considerably less than other high income West African countries.

Table 6

Theoretical Food Balance: Conakry
1985

	Production (KMT)	Imports (KMT)	Total (KMT)	Per capita consumption (kg/capita)
Rice (Milled)	--	72	72	131
Fonio	--	6	6	10.5
Maize, Millet and Sorghum	--	6	6	10.3
Wheat flour and bread	--	6	6	11.5
Cassava	--	25	25	45.0
Sweet Potatoes	--	8	8	14.5
Igname	--	5	5	9.0
Plantain	--	5	5	8.2
Vegetable oil	--	8	8	15.0
Peanuts	--	5	5	9.0
Red Meat	--	4	4	6.7
Chicken and Eggs	1	--	1	1.8
Milk (10,000,000 liters)	--	6	6	11.8
Fish	7	--	7	12.6
Sugar	--	2	2	4.0
Fruits	--	30	30	54.5
Vegetables	7	8	15	27.3
TOTAL				382.7

NOTES:

- (1) Food availability based on a population for Conakry of 550,000 a consumption of 72,000 tons or 80 percent of 1985 rice imports at a theoretical distribution of the remaining 2,240 calories consumed on average by the Guinean population.
- (2) Imports from the interior of the country, except for rice.

Total food availability is apparently met in the capital based on domestic production and prevailing levels of food imports. Food requirements in Table 6 are based on a population of 550,000 in Conakry, the midpoint of the range of population estimates for the capital. At the extremes, 400-700,000, respectively, rice requirements for Conakry would range between 38,000 and 92,000 MT consistent with imported supplies in the capital in most years and well below, even at maximum levels, what is currently being proposed in terms of food aid and commercial shipments.

While other food supplies would need to be adjusted upward in Conakry using a higher population base, this would not subtract from the national average food availability, already judged to be sufficient at all but the highest levels of population prior to the question of the distribution of that population within the national borders. Problems resulting from a larger population in Conakry would be ones of logistics, given the total food supplies, and seemingly solvable, given the magnitudes dealt with in Table 6. Improving the logistics of transporting food from the hinterland to the capital is an aspect of the total effect of imported rice on domestic agriculture dealt with in detail in Section VII.3, Transport.

U.4 Food Supplies, Consumption and Prices

No statistical evidence is available for Guinea illustrating the relationship between food supplies, consumption and prices. Prices for food stuffs were controlled, along with other prices until the end of 1985, and the effect of price liberalization on domestic prices is discussed below (Section VI.3). It would appear at this point that increasing cereal supplies will have the effect of depressing prices and discouraging local production. In a country such as Guinea, in which more than 80 percent of the population is engaged in agriculture, the negative effect of cereal imports on production will more than offset the positive short term effect on income, leading to a decline in national welfare.

Evidence from other developing countries shows demand for foodstuffs to be relatively inelastic with respect to price. Consumers will switch from one staple to another if relative price changes but overall consumption of food will not increase or decline rapidly in response to price changes, once basic levels of nutritional needs are satisfied. The high percentage of income spent on food in developing countries mitigates against large increases in food demand as prices change.

The data in Table 5, showing cereal consumption in high and low income West Africa, indicates a decline in cereal consumption as income rises. This conclusion is mitigated by two factors. Low income countries tend to be heavily weighted by Sahelian countries. Limited production of roots and tubers in these countries, for agro-climatic reasons, and the particularly large donations in food aid in cereals which they receive, have both served to increase cereal consumption there relative to high income West Africa. Nevertheless, the conclusion that the possibility of increasing cereal consumption is limited once adequate income and nutritional levels are reached would seem borne out as well as from data from other developing countries.

It is theoretically possible, if meat production is sufficiently elastic, for the positive effect on income of lower cereal prices to result in an increased demand for meat and, consequently, higher demand for cereals. Both because of the conditions of meat production in Guinean agriculture, discussed below, and the relative inelasticity of food demand to discrete changes in income, this is not felt to be the case. In a country where over 50 percent of discretionary income is spent on food, a small increase in income due to lower food prices, will in all probability be spent in satisfying other basic needs, most of which i.e., clothing, hygienic products, medicine, and household goods, cannot be met from local production.

VI. Cereal Production

VI.1. Systems of Production 1/

Several different systems of agricultural production are practiced in Guinea, depending largely on the availability of water, soil fertility and agricultural "know-how". "Slash and burn" agriculture is practiced to some extent in all regions and is the predominant form in the Forest Region and on the high plains of the Fouta Djallon region. Agricultural systems are more diverse in the other regions and possess greater potential for further diversification with agricultural development.

The Forest Region covers about 22 percent of the surface area of Guinea. Rainfall varies between 1,700 and 3,000 mm from north to south and is fairly reliable. The region is mountainous, although extensively cleared of its original heavy forest cover. Farming is largely on small plots. Rice is cultivated in the valley bottoms which are well suited to the large water needs of the crop, as they are natural drainage points. Maize and cassava are cultivated as well as coffee, palm oil and any number of minor crops. Crops are often planted in a broadcast fashion and intercropped, all in the same field, a system which appears to preserve soil resources, although seemingly limited as to yield potential. The system also has low labor requirements, an advantage as labor is often scarce in the region. The region has good agricultural resources but its distance from major ports and population centers, and the difficult terrain, limit its possibilities as an agricultural supplier of choice in the near future.

Middle Guinea includes the Fouta Djallon plateau and the lowland plains of Gaoul and Koundara. It covers 20 percent of the surface of the country. Rainfall varies between 1,500 and 2,500 mm. While the region is well situated in respect to population centers, the capital and export port, the hilly nature of the terrain has already led to significant erosion, reducing the area's potential for agricultural production. Fonio, the region's staple food, is one of the few crops which can be grown successfully on a large scale, and is supplemented by garden cultivation of vegetables and more intensive crops. Cattle grazing is practiced on the high prairies and is a significant factor in local production.

Upper Guinea covers about 40 percent of total area. The region includes the valley of the Niger River and several major tributaries. Rainfall at between 1,200 and 1,800 mm per annum is low for the country but still fairly abundant compared to much of West Africa. Flooding and irrigation along the river valleys make the area rich in agricultural potential. More extensive systems of agricultural production are possible using tractor or animal power.

1. Sources drawn on for this section include: World Bank, Guinea Agricultural Sector Review, op cit.; Chemonics, op cit.; Agroprogres, op cit.

While most farming now is done on small hand-tilled plots, some animal traction and tractors are used. Some larger farms exist as well. Some livestock grazing is prevalent on the grass savannas between the river valleys but is of less importance than in Middle Guinea. Cattle are exported to neighboring Mali and the Ivory Coast. The region has the potential to increase agricultural production and exports significantly. Although far from Conakry, transportation across the savanna does not encounter the problems of terrain experienced in the Forest Region. While the state of roads westward toward Conakry is currently poor, good roads do exist northeast to Bamako. The Niger River is also navigable from Bamako to Kankan, the provincial capital.

Maritime Guinea covers 18 percent of the country's area. It consists of a swampy coastal area with heavy rainfall of between 2000 to 4000 mm per annum. The coastal plain rises slowly to the foot hills of the Fouta Djallon, one to two hundred miles inland. The region is rich in agricultural potential; rice, coconut, nuts, bananas, pineapple and citrus are grown. Agriculture is mostly smallholder. Little plantation agriculture has survived the years of political difficulties. The region is the only one at present with costs of rice production competitive with imported rice on the Conakry market. This is due both to the exceedingly low price for international grains at present, and the high Guinean costs of transport from the interior, due to the poor infrastructure.

Rice Production

Because of its high demands for water rice is grown in regions of high rainfall or in irrigated river valleys, swamps and wet valley bottoms. Approximately 500,000 ha. are planted to rice in Guinea, distributed as follows: 25% in Maritime Guinea, 17% in Middle Guinea, 26% in Upper Guinea and 32% in the Forest Zone.

Three distinct types of cultivation occur:

rainfed rice - This is the most widespread practice, frequently using patterns of shifting cultivation. This is the typical form of cultivation in the Forest Zone.

flooded rice - This form of cultivation is practiced both along the river bottoms and alluvial plains of Upper Guinea

mangrove rice - This form of cultivation is practiced in the estuaries and coastal regions of the Maritime region. Special salt resistant varieties are characteristic of this type of culture.

All of these systems possess the possibility of increasing their production with improved agricultural practices and increased inputs.

VI.2. Comparative Advantage

Rainfall in Guinea is particularly favorable to rice production and should allow the country to meet all its needs with improved practices and increased inputs. Comparative rainfall levels in the rice producing areas of West Africa are given in Table 7.

Table 7

Rainfall in Rice Producing Area of West Africa ^{1/}

	Ivory Coast	Liberia	Mali	Sengal	Sierra Leone	Guinea
Rainfall (mm/year)	1300-1500	2,000	620	750-1,800	2500-3000	1800-4000

At present low international prices for cereals, it is difficult for African countries to compete with imported rice on their local markets. Landed prices for imported rice in Conakry average \$186-\$210 MT, between 90-100 GF per kilo. Marketing margins add another 10-20 GF. While costs of production of local rice range from 50-70 percent of the CIF cost of rice, high internal transport costs raise the marketed price in Conakry to above that of imported rice. Indeed, it costs more under local transport conditions to transport rice from Kankan to Conakry than to ship there from Bangkok or Arkansas. This is also the case for some regional centers such as Labé, distant from the rice producing regions. As a result, imported rice, including food aid, is currently finding its way to these areas. Table 8 shows the relative costs of imported and local rice.

^{1/} Pearson, Scott R., Humphreys, Charles P., and Monke, Eric A., A Comparative Analysis of Rice Policies in Five West African Countries, unpublished AID manuscript, prepared by Stanford University Food Research Institute and West Africa Rice Development Assoc., Washington D.C., July 1979.

Table 8:

Comparative Costs of Guinean and Imported Rice
1985 ^{1/}
FG/kg

Destination	Origin	---Base Price---		Cost of rice plus ---Transportation---	
		Paddy	Rice	Road	Train
CONAKRY	Importation	-	80.0	80.0	-
	Cost (100 km)	55.9	106.2	112.2	-
	Cost (200 km)	57.1	108.2	112.2	-
	Kankan	44.3	84.2	132.2	105.2
	Kankan	57.3	89.9	139.9	110.9
	Kankan	51.9	98.6	146.6	119.6
	N'Zerekore	42.9	81.5	138.5	-
LABE	Importation	-	80.0	106.2	-
	Boke	58.0	110.2	132.5	-
	Koundara	53.3	101.3	117.8	-
	Kankan	44.3	84.2	116.6	105.0
	Kankan	57.3	89.9	122.3	110.7
	Kankan	51.9	98.6	131.0	119.4
	N'Zerekore	42.9	81.5	130.5	-

1. Agroprogres, op. cit..

In addition to the problem of transport and marketing, domestic rice producers are competing against a system of subsidized cereal production in the major industrial countries, especially the United States and the European Community. ^{1/} It is for this reason that some of those who have studied the possibilities of rice production in Guinea have recommended a tax on cereal imports. ^{2/}

The effect of commercial cereal imports on local production is a policy question which, while related to this evaluation, goes somewhat beyond the narrower question of the effect of food aid on cereals, especially in the form of rice, on local production.

Table 9 shows levels of commercial imports and food aid of cereals by type for the past 5 years.

Table 9:

Guinean Cereal Imports 1981-86 ^{3/} Metric Tons						
	1981	1982	1983	1984	1985	1986
Total Cereal	130,380	93,950	111,700	188,200	140,200	NA
(Commercial)	96,480	55,350	86,700	145,600	93,100	NA
(Food Aid)	33,900	38,600	25,000	42,600	47,100	NA
Rice	77,600	46,500	77,020	106,500	70,000	148,314
(Commercial)	55,600	22,000	58,520	76,100	NA	70,353
(Food Aid)	22,000	24,500	18,500	30,400	NA	NA
(U.S.)	21,400	15,480	15,760	17,880	21,400	45,158

It is clear that if commercial imports can compete effectively with domestic rice, food aid sold to commercial agents at prices commensurate with those for commercial rice will be able to compete also; indeed at higher prices the government would find no outlets since imported commercial rice would be cheaper. The long term effect of this additional rice then is to maintain prices below that at which domestic producers can compete, displacing domestic production. In addition the provision of foreign exchange to purchase imported food which is one of the aspects of food aid, by supporting the country's exchange rate through improved balance of payments, effectively lowers further the cost of commercial imports.

1. See Sposato, Stephen R., Agricultural Trade in Sub-Saharan Africa, July 1987, for a full discussion of world cereal trade and the implications for African policy makers.
2. Agroprogres, op.cit. Chemonics, op. cit..
3. Source FAO, Trade Yearbook, Various years, Rome FAO, FOOD AID Bulletin, Rome, 1986. FAO totals differ slightly from GOG reported totals, as recieved by the AID mission. Totals for 1986 and 1987 from GOG reports recieved by the AID mission.

In the short term, however, domestic production cannot meet current demand. Hence continued rice imports are necessary at around the current level of 150,000 MT per year. We will discuss the price issue in more detail below, before examining marketing and transport systems in detail in Section VII.

VI.3. Producer Response to Price

- A brief retrospective on the historical price situation faced by Guinean farmers will be helpful in understanding the disarray in the marketing of agricultural produce in Guinea at present and the possibilities of future development given better functioning agricultural markets.

State procurement was "de rigueur" under the centralized regime of Sékou Touré from 1958 until his death in 1984. Because of the extremely low prices offered, the inability of the state to enforce its decrees and the general inefficiency of the parastatal organizations given the responsibility for collection and distribution of agricultural production, only a very small percentage, estimated at from 1 - 2 percent of food production, passed through state marketing channels.

Table 10 illustrates the regime of official prices practiced by the state. Prices went unchanged from 1974 to 1985 and the end of the First Republic. While reasonably high at official exchange rates, these rates were themselves so distorted that actual market rates for the Guinean syli were 50 times lower than the official rate. As few but state trading companies had access to foreign exchange at the official rate, it was the market rate (parallel rate), which was actually representative of prices in vogue.

This was also the case for agricultural goods, where the 98 percent of foods which traded on parallel markets went for prices considerably higher (25 to 30 times) than official prices in syli.

When the syli was devalued in January 1986 and replaced by the Guinean franc, official prices rose significantly. After the abandonment of state procurement parallel markets for agricultural produce ceased to exist.

Table 11, and the accompanying graph, shows the relationship between prices for imported rice and domestic rice prices. If rice is not being sold at the official price, there is nevertheless a marked relationship between the price of imported and domestic rice, whether the imported rice be commercial rice or food aid.

Table 10

Principal Crops
Official and Market Prices

Producer Price	Official Price ^{1/}				Market ^{2/}	
	1974	1978	1980	1981	1986 ^{2/}	
Rice	0.39	0.39	0.39	0.39	0.13 - 0.3	
Fonio	0.22	0.22	0.22	0.22	0.13 - 0.2	
Maize	0.30	0.30	0.30	0.30	0.13 - 0.2	
Millet	0.30	0.30	0.30	0.30	NA	
Cassava	0.22	0.22	0.22	0.22	0.08 - 0.15	
Bananas and plantains	0.20	0.20	0.20	0.20	NA	
---U.S. \$/KG. Parallel Market Exchange Rates--- ^{3/}						
Rice	0.02	0.02	0.02	0.02	0.12 - 0.30	
Fonio	0.01	0.01	0.01	0.01	0.12 - 0.20	
Maize	0.02	0.02	0.02	0.02	0.12 - 0.20	
Millet	0.02	0.02	0.02	0.02	NA	
Cassava	0.01	0.01	0.01	0.01	0.07 - 0.15	
Bananas and plantains	0.01	0.01	0.01	0.01	NA	

- 1/ Official Exchange Rates 23 Syllis = \$1.00
 2/ At market Rates of 400 FG = \$1.00
 3/ 400 Syllis = \$1.00 1974-1981, 420 FG = 1.00, 1986.

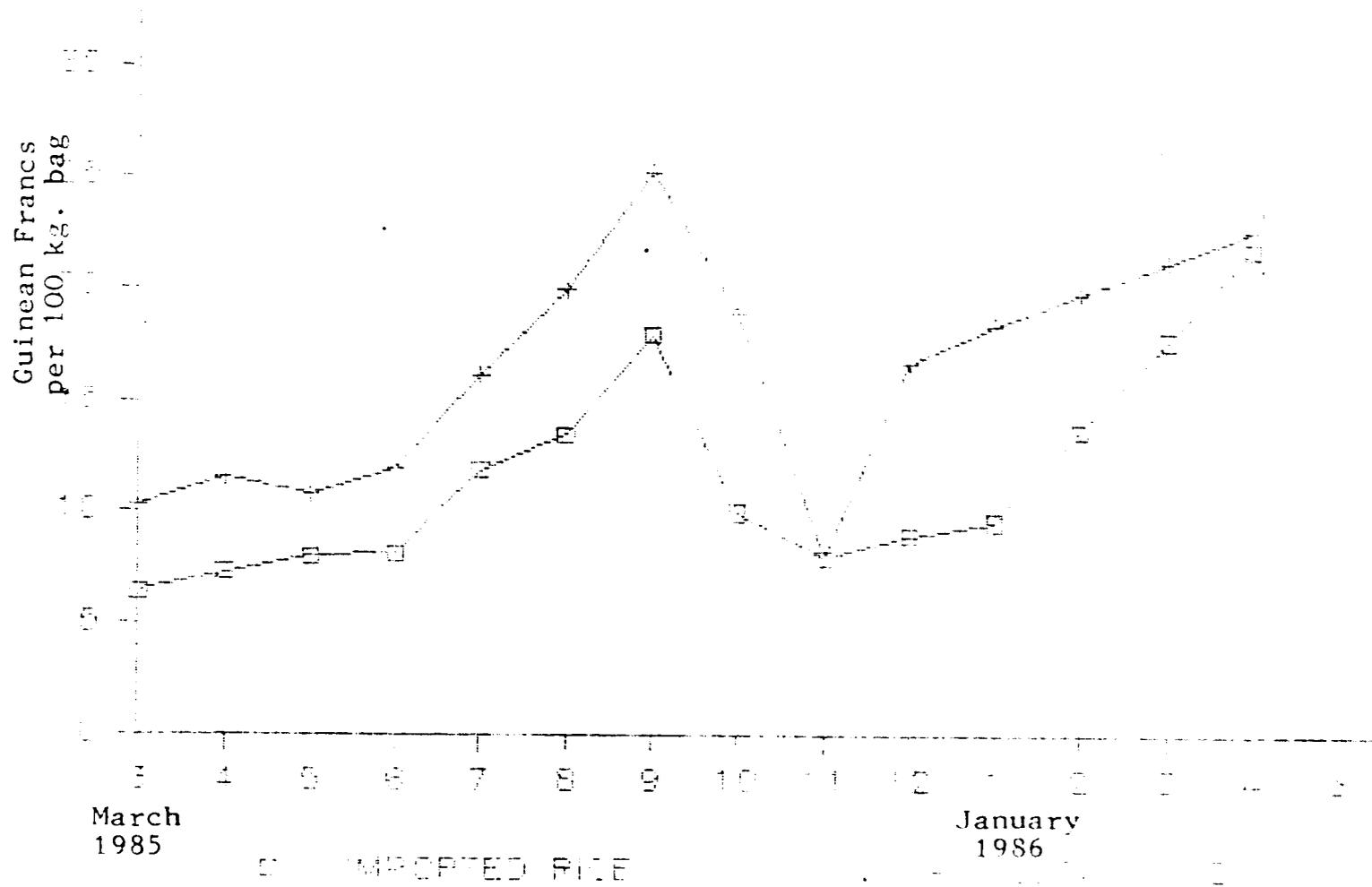
Table 11

Monthly Rice Prices
Conakry, Guinea
1985-1986

Month	Imported Rice Guinean Francs per 100 kg. bag	Domestic Rice
1985		
March	6425	10,250
April	7250	11500
May	8000	10750
June	8140	11905
July	11875	16131
August	13500	20000
September	18000	25333
October	10000	19000
November	8000	8000
December	9000	16750
1986		
January	9590	18500
February	13762	19933
March	17853	21366
April	22000	22800
May	14000	30000
June	14000	30000
July	12000	21600

MONTHLY RICE PRICES (CFA)

1985 - 1986



For the brief period since the liberalization of prices for which we have data, we observe a close relationship between the price of imported rice and domestic rice in the Conakry market. By so dominating the price of local rice in a major market, accounting for 9 - 12 percent of the population and the most concentrated agglomeration of non-supplied consumers, imported rice and especially food aid plays a significant role in determining producer prices for rice in all of Guinean agriculture.

Large shipments of imported rice also discourage investment in domestic marketing and transport of agricultural products from the hinterland to Conakry by providing low cost imported rice to supply population needs. Marketing and transport are discussed in Section VII. We shall see how higher investment in the infrastructure will make domestic production more competitive and conversely that limitation of rice imports will encourage such investment.

In terms of farm production, lower prices represent the determinant constraint to Guinean farmers to expanding their production. While labor is sometimes a constraint in expanding the number of hectares worked, the major constraint to greater production is insufficient means. Fertilizer, pesticides and even seeds are inputs often in shortage or non-existent because the farmer lacks sufficient resources to purchase them. Credit is not really a solution before prices improve because the farmer will most often lack the collateral against which to borrow. A rise in prices addresses the farmer's investment needs at the root of his problem, insufficient revenue. It also will address the labor constraint by encouraging people to remain in agriculture or to return to it, while providing a stimulus to the farmers themselves to produce.

Among the many farmers we had a chance to talk with during our evaluation tour, all indicated that they would like to produce more but lacked the means. Insufficient seed was the problem most often cited--while seed was available on the market, they lacked liquidity to pay for it--followed by credit, fertilizer, pesticides, and tractors. All indicated that increased prices would go a long way in helping them to increase production.

We shall examine in Section VII. the constraints to expanding production caused by insufficient marketing and transport infrastructure, and the role prices play in this development.

VI.4 Future Demand and Production

Population growth in Guinea has accelerated to around 3 percent per annum, similar to other African countries. Improved medical care and diet have reduced infant mortality and reduced the incidence of the diseases which reduced population growth in the past. As the birth rate generally does not fall until later in the development evolution, Guinea's population growth rate is likely to continue to increase in the near future.

A rate of growth of 3 percent per annum would add 2 million people to the population of Guinea by 1997. An increase of this magnitude would require an increase in food production of 34 percent in order for imports and consumption per capita to remain constant at the calculated 1985 level.

The need for development of marketing infrastructure and transport will continue to grow because of the rapid emigration to the cities. Table 12 details the growth in agricultural productivity necessary to keep pace with population growth. It assumes maintaining an equivalent degree of self-sufficiency as in 1985 when approximately 5 percent of calorie needs were imported in the form of 90,000 MT of rice.

Table 12

Growth In Population and Required Growth In Agricultural Productivity ^{1/}

	1987 (millions)	1997 (millions)	growth (%)
Population	6.0	8.06	3.0
Rural population	4.8	5.80	1.9
Urban Population	1.2	2.26	6.5
	(thousands)	(Thousands)	
Agric. production	2,269	3,084	3.0
Area (ha)	1,400	1,792	2.5
Productivity			1.6

As seen in Table 12 above, because both the rural population - and consequently the agricultural labor force - and farmed area, are increasing at a slower rate than the population as a whole, agricultural productivity must increase if production is to keep pace with the growing needs of the population.

1/ Assumptions based on prevailing trends in population growth rates, urbanization and assumptions as to agricultural land use.

For this to happen farmers must receive prices which allow them invest in fertilizer, improved seeds, pesticides, improved tool tractors or animal traction; in short, in productivity enhancing inputs.

The state, for its part, must be ready to invest in road infrastructure, improved rail transport and agricultural services especially agricultural extension.

The private sector must undertake significant investment as well, transport and marketing, in addition food processing industries.

At present low prices for agricultural commodities, profit margins are insufficient for farmers to reinvest in their operations. Such prices give little inducement for private investors to assume the risks inherent in developing agricultural markets. The banks also must see sufficient profit and saving being generated in rural areas, before they will be willing to extend branch offices up-country.

In a country so heavily dependent on agriculture, to continue to import large quantities of food aid, is to threaten the very process of modernization of domestic agriculture that would allow the country to move forward.

VII. Marketing, Transport, and Storage

A. Marketing

1. Introduction to Marketing in Guinea

Marketing of agricultural commodities in Guinea is evolving rapidly. An aggressive private sector has emerged since the dissolution of the state-run marketing agencies. However, continued growth of the private sector will require high levels of investment by the GOG (with assistance from external donors) as well as the private sector. For the GOG, this investment should be manifested in the form of improving the infrastructure (road, rail, air, riverine and ocean ports), adopting policy changes to encourage the private sector (e.g., credit, banking, investment, transportation, etc.), and promoting imports of agricultural inputs as well as agricultural exports. For the private sector, the investment might be in the form of trucks, storage facilities, "canteens" (i.e., small stores in rural areas stocked with basic consumer goods), fuel depots, etc., to promote the domestic production of agricultural commodities. A strong private sector is required to encourage long-term development of the agricultural sector, which will in turn decrease the dependence on imported rice and reduce the foreign exchange drain caused by these imports.

2. History of Marketing

Under the First Republic, almost every aspect of economic activity was under nearly total central or local government control. Not only were the major economic sectors nationalized (e.g., communications, rail, air, utilities, and tobacco), but virtually every other aspect of the economy was monopolized by the government, including all domestic and foreign trade, banking, and insurance. The government controlled gold and diamond mining, forestry, and commercial fishing, as well as traditional rural activities such as cultivating, herding, and fishing. Regional authorities were assigned crop and livestock production targets by the central authorities, and village committees were supposed to see that they were attained. Food distribution was effected using a ration card system.

Despite repeated campaigns to stimulate the production of various crops, agricultural production continued to decline. The low farmgate prices served as a strong disincentive to production and farmers scaled back production to meet little more than their own consumption needs. The artificially low prices fostered the development of an active parallel market since very little rice was available through State agencies at the official prices. Production decreased to the point where the GOG was forced to import increasing quantities of rice to meet the demands of urban and non-producing consumers. To this day, the economy continues to demand imported rice.

3. Current Policy Environment

The present government moved quickly to remove obstacles to agricultural production and marketing. Within the first month of coming to power, it accelerated the retreat from collectivization and abolished agricultural marketing agencies that were demonstrated failures; eliminated internal roadblocks to the movement of agricultural produce; and abolished mandatory sales of produce to state agencies.

Other reforms were announced in late 1985 which would directly or indirectly affect the marketing system in Guinea. As part of the reform program, the state banking monopoly was abolished and a new banking system based on the private sector was established, the currency underwent a drastic devaluation improving the terms of trade in favor of domestic production, the new Guinean franc was introduced and a weekly foreign exchange auction was established, agricultural prices were liberalized, nearly all of the state-owned enterprises were scheduled to be privatized, and a program to reduce the size of the civil service by 30% was announced. In late 1986, the GOG issued new mining and petroleum codes and in early 1987, a new and more liberal investment code was approved.

At present, the GOG's role in agricultural marketing is minimal. With respect to food aid imports, there are some restrictions on how much rice can be sold on the market at any one time. This effectively spreads out the deliveries of P.L. 480 rice over several months and acts to moderate price fluctuations.

The GOG establishes an official price for rice at the wholesale level. In January 1986, the price was increased 300% from 20 to 80 GF/kg, and in June 1986, another increase to 100 GF/kg was announced. The GOG has neither the will nor the ability to enforce this price. In fact the GOG transfers the PL 480 rice to wholesalers at 120 GF per kg. Therefore market forces are allowed to prevail. Since the GOG is aware of the price fluctuations but does not enforce the official prices, a de facto free market system is in practice. 1/

1/ USAID/Conakry, Interim CDSS, FY1989, P. 7

Despite favorable policies, marketing of agricultural production from the interior continues to be hampered by the deteriorated and costly to maintain infrastructure. The poor state of the roads and uncertainty of fuel and spare parts leaves traders reluctant to send their trucks to the interior to purchase agricultural production and, because there is no market for their commodities, farmers are unwilling to produce beyond subsistence levels. To reverse this downward trend, Guinea's market economy will require massive investments in infrastructure as well as time to foster producer confidence that a market for their commodities exists. Until then, the ability to produce rice in coastal areas and the proximity of these areas to Conakry will favor rice production along the coast over that produced inland.

4. Distribution Mechanism for Rice Imports

Food imports are distributed almost exclusively through the private sector in Guinea. Food aid is normally distributed through an agent who is responsible for taking receipt of the commodity, warehousing it, then selling to private vendors in quantities determined by the GOG (to avoid periodic shortages and to prevent flooding the market with rice at any one time). The price at which the rice may be sold to private vendors (i.e., the wholesale price) is determined by calculating an average CIF Conakry price for rice imports, and adding a reasonable fee (approximately 8%) to cover handling and other costs. Once the rice is sold to the private vendors, the prices are set at what the market will bear.

Commercial imports are handled in a similar fashion. The eventual wholesale price is determined by the GOG Ministry of Commerce after the importer documents the cost of the rice, shipping, insurance, and other handling costs. The difference with commercial imports, however, is that the rate at which the rice is put on the market is not determined by the GOG.

5. Expansion Opportunities

Although the internal marketing system for rice appears to be functioning smoothly, there are factors that are constraining growth. Farmers and merchants alike expressed their concern that the transportation infrastructure was in deplorable condition and discouraged quick development of the agricultural sector in the country. They also expressed their concern that a lack of sufficient credit kept them from expanding their operations. Finally, merchants expressed a concern that the lack of sufficient milling capacity in Guinea prevented local rice from becoming competitive with imported rice.

B. Transport

1. Transport Sector Administration

Administration of the transport sector is the responsibility of the Ministry of Equipment and more particularly of its two Secretariats of State: The Secretariat of State for Transport (SET), which is responsible for the formulation and monitoring of sector policies, programs and regulations affecting public and private sector organizations, and for overseeing public sector agencies in ports, shipping, air transport, road transport and railways; and the Secretariat of State for Public Works (SETP), which deals with planning, programming, construction and maintenance of highways, urban and feeder roads, as well as airfield infrastructure. The Ministry of Plan and International Cooperation (MPCI) deals with the allocation of investment resources to the transport sector.

2. Current Transport Situation

Prior to the reforms, long-distance transport of agricultural commodities was monopolized by two state-run enterprises, COTRA and ENTRAT. COTRA has been dissolved, and ENTRAT is in the process of being liquidated. The gap created by the dissolution of these entities is being filled by private operators. While some operators have fleets of 10-20 vehicles, a large majority are owner-operators with one or two vehicles. Access to the transportation industry is free and tariffs for freight remain unregulated as a result of policy dialogue between the GOG and the IBRD.

Passenger transport on the road has been, and continues to be, handled through small private transporters. An estimated 7,000 vehicles in Guinea are licensed for public transport, with about two-thirds of these operating in Conakry.

Because of poor record keeping, it is difficult to determine the size of Guinea's vehicle fleet. Current estimates are that there are some 27,000 vehicles in country, of which there are about 4,000 trucks and 1,000 buses. The IBRD estimates that this is adequate to meet present transport demand, but that it will be insufficient once economic activity increases. ^{1/}

To ensure continued expansion in the agricultural transport sector, investments need to be made to improve and maintain the physical infrastructure and to increase the rolling stock (including spare parts) available in country.

^{1/} IBRD Staff Appraisal Report, Transport Sector Project, P. 3

3. Transportation Components

a. Physical Infrastructure

The distinct geographic regions within Guinea, the need to traverse the Fouta Djallon, and severe climatic conditions result in a transportation infrastructure that is both difficult to build and costly to maintain. The present capacity of all transportation modes in Guinea (road, rail and air) is insufficient to meet current levels of demand, much less increased demand expected as new economic reform measures take hold and productive sector activities increase.

(1) Roads

At independence, Guinea's road infrastructure consisted of about 14,000 km of nominally adequate roads. At the end of the First Republic in April 1984, that system had deteriorated to less than 4,600 km, of which 1,150 was paved. The state of maintenance of the 4,200 km priority network which carries 80% of all traffic is extremely poor. Of the 28 ferries required for large river crossings, only two are operational. At least 2,500 m of temporary bridges need replacement. ^{1/}

Table 13
Road Conditions in Guinea

Type	Kilometers	Condition (%)		
		Good	Fair	Poor
Paved	1,145	27	35	38
Gravel Earth	3,405	13	22	65

Source: IBRD Staff Appraisal Report, Transport Sector Project, Annex 2-1

The IBRD, under its recently approved Transport Sector Project, and in conjunction with other donors, e.g. the African Development Bank, aims to improve the transport infrastructure through the following interventions:

- Rehabilitation of approximately 360 km of severely deteriorated paved road providing basic access to major centers of agricultural production;
- Port improvements including dredging, construction, rehabilitation of existing structures, and navigational aids;

1/ IBRD Staff Appraisal Report, Transport Sector Project, P. 3
2/ Ibid, P. 3

- Assistance to improve aviation safety, including navigation and safety equipment, runway rehabilitation, and improvements to secondary airports; and
- Technical assistance for human resources development in the transport sector. ^{1/}

USAID/Conakry is supporting the GOG's efforts by providing counterpart funds to improve rehabilitation of the road network.

(2) Rail ^{2/}

The railway system in Guinea primarily serves the mining sector. Although there exists a public railway, its importance has been diminished due to its age, poor maintenance, lack of suitable locomotives and railcars, and poor management. Without massive investments in all areas, it is improbable that the railway will become important soon for agricultural transport.

Three mining railways, constructed since 1965, handle the bulk of the transport flows. The Sangaredi-Kamsar line transports approximately eight million tons of bauxite per year. The Kindia-Conakry line carries approximately three million tons of bauxite per year, and the Fria-Conakry line carries some 600,000 tons of alumina per year. Management and upkeep to the railways is the responsibility of the mining companies and appears to be adequate.

The public railway, which runs from Conakry to Kankan was constructed in the period 1900-1914. Up to the mid-1940s, it carried most of the country's agricultural exports to the port of Conakry. But since independence, the railway has been poorly maintained. Under the Office National du Chemin de Fer de Guinea (ONCFG), the track and rolling stock fell into disrepair. By 1981, the railroad carried no more than 10,000 tons of freight and only 288,000 passengers (three quarters of which were suburban commuters from Conakry and its suburbs). Two new locomotives and eight new railcars financed by the French in 1984 contributed to a brief increase in long distance transport. An international donors' meeting in May 1985 agreed to a program of minimum investments and technical assistance to maintain rail operations at existing levels for a three year period while the road paralleling the railroad was being rehabilitated. However, by the end of 1985, ONCFG's lack of progress caused French technical assistance to be withdrawn and the interim investment program to be cancelled. In both 1985 and 1986, landslides and washed-out bridges interrupted traffic in the interior for several months. Urban passenger traffic was halted altogether in 1984, although it was briefly reintroduced in late 1986 to alleviate road congestion during the construction of drainage works along the airport access

^{1/} IBRD Staff Appraisal Report, Transport Sector Project, P. 14-15

^{2/} Ibid, Annex 2-4

road in Conakry. Although the demand for services remains, inefficient operations led to suspension of up-country passenger transport services in early 1986. Despite the historical significance of the railway for agricultural transport, it is and will continue to be insignificant without massive investments in the entire system.

b. Fuel Distribution and Pricing ^{1/}

A vital component to the transportation sector is the steady supply of fuel and lubricants. Fuel supply and distribution have been serious impediments to the development of the transportation sector in Guinea. Under the First Republic, there were two state monopolies, ONAH for non-mining related importation and distribution, and HYDROVENTES for retailing through its network of 168 service stations. In 1985, ONAH assumed control of HYDROVENTES and is now responsible for fuel supply and retail distribution. Negotiations are now underway between the GOG and foreign partners to form a joint venture to assume responsibility for fuel supply and to assist distribution through the private sector.

Foreign exchange shortages and the absence of long term fuel purchasing contracts have at times resulted in erratic and insufficient fuel supply. This situation was exacerbated with poor management and neglect of maintenance of the tanker truck fleet and of storage and station facilities, which has resulted in nearly a complete breakdown of the fuel distribution network. ONAH currently has a fleet of 161 vehicles, of which 128 were in service in 1985. While about half of the fleet was replaced in 1984, the remaining half averages more than eight years old, and will soon need replacement.

Of the 168 service stations taken over by HYDROVENTES, about one third are in Conakry. The majority of the stations, especially those outside the capital city, are inoperable, and ONAH's supply to the provinces has become erratic. In 1984, Conakry (with 12% of the population), accounted for 86% of the country's total fuel consumption - 197 liters per capita vs. 5 liters per capita in the rest of the country. Much of the supply to the consumers outside the capital is shipped in drums and jerricans on trucks and other vehicles. ONAH's headquarters in Conakry are continually congested with tankers and unauthorized personnel filling their containers at two pumps. This practice is extremely inefficient as it ties up ONAH's tankers for extraordinary amounts of time.

ONAH's financial management is also very poor. Poor accounting procedures result in substantial losses. For example, in the first trimester of 1986, ONAH had not yet billed for one-third of its sales. Of the two-thirds billed, only half had been paid, and monthly amounts outstanding roughly equalled the GOG's total monthly civil service wage bill. This situation highlights the need for concluding negotiations for a joint venture to import and distribute fuel. Once a new structure is in place, rehabilitation of the fuel distribution network

^{1/} IBRD Staff Appraisal Report, Transport Sector Project, Annex 2-3

becomes key to reestablishment of a functioning road transport network. Approximately \$9.5 million (grant) from Italy is available for storage depots, petroleum stations, and tanker trucks, but additional funds will probably be required.

Prior to early 1986, fuel prices were based on an exchange rate of less than one fourteenth the parallel rate. Official prices were low compared to international prices, as well as those in neighboring countries. For instance, at the parallel rate, retail prices were less than 50% CIF Conakry prices and about 15% of retail prices in Senegal. Even after the price increases in early 1986 (to 115 GF/liter and subsequently to 140 GF/liter), the prices still are only one-half to one-third the prices in Mali, Senegal, or Côte d'Ivoire (CFA 285, 320, and 350/liter respectively). Thus, compounding the poor fuel distribution network are market forces that favor smuggling to neighboring countries. 1/

1/ IBRD Staff Appraisal Report, Transport Sector Project, Annex 2-3

C. Agricultural Storage

1. Conakry

Storage facilities in Conakry, while not of the best quality, appear to be sufficient. At present, there are several categories of warehouses:

- Warehouses owned and controlled by the GOG and used either by the GOG to store government property, or leased to businesses on a long-term basis. Total capacity: approximately 61,000 MT
- Warehouses at the Port Authority of Conakry, normally used only for transit storage for non-food items, but available for food storage in an emergency. Total capacity: approximately 19,000 MT.
- Private warehouses in Conakry, now under construction. Total capacity: approximately 20,000 MT.

The warehouses are generally of cement block construction with corrugated steel roofs, ranging from 2,000 to 12,000 MT capacity. Commodities (including foodstuffs) are stored on the rough cement floors, sometimes on wooden pallets but often hand-stacked, under conditions that are less than ideal, but passable (dusty, dirty, lax security, poor air circulation, etc.).

2. On-Farm and Secondary City Storage

Many suggested inadequate or inappropriate rice storage at the village level was a problem, although of less importance than other problems facing farmers. The storage problem affects both rice stored for consumption and rice seed stored for the following year's crop. Although we could not tell what percentage of the crop was lost due to the poor storage, significant losses do occur. There appear to be adequate storage facilities in the larger towns and secondary cities. While the lack of adequate storage is not currently a major problem, it will become more serious as production levels increase.

Rice used for consumption is first parboiled (the rice is briefly cooked in a large pot with a small amount of water), air-dried for several days (either on roofs of houses, on mats, or when available, on paved roads), and then put into sacks, barrels, or "graineries" for storage. The parboiling serves two functions: it partially cooks the rice making it

more resistant to pests, and it also loosens the hulls surrounding each kernel of rice, thereby facilitating the hulling process done prior to cooking. The sacks or barrels full of parboiled and dried rice are then stored in the farmers' houses, or in a separate structure called a "grainery" which mainly provides protection from the rain. Storage in old petroleum barrels provides the best protection from pests, but only a few farmers can afford the barrels.

In the larger towns and secondary cities, there appear to be sufficient storage facilities. In the town of Faranah, for example, there were approximately ten storage sheds with a capacity of up to 300 MT each. These were covered and locked sheds, which provided protection from water, as well as thieves.

A certain part of each harvest is kept by the farmers for use as seed for the following year. Because it is used as seed, it cannot be processed (i.e., parboiled), nor can it be stored in barrels, as it needs to "breathe." Because of this, farmers experience significant losses from pests. However, perhaps the greatest culprit is the farmer himself. Once the consumption stocks are depleted there is a strong tendency for the farmer to eat the rice originally set aside for seed, especially when the rice that is available commercially is expensive. Farmers complain that while they often set aside sufficient rice seed, they invariably were short the following season because they consumed more than they had planned to. Lack of sufficient quantities of seed was often suggested as a constraint to increased production.

While the above problems do have an impact on the farmer, the lack of storage facilities does not appear to be a major problem at present. However, as production levels increase, and as the sophistication of the marketing system increases, there will be an increased demand for storage facilities in the large towns, secondary cities and at the farm level.

VIII. The Current Crop Year

One aspect leading to agricultural productivity in Guinea is the favorable rainfall patterns. Rainfall is not only abundant, but it is spread out over several months, ideal conditions for many crops, including rice. The yields are also sensitive to inadequate levels of rainfall. In 1987, the rains have come late, and are lighter than normal (see Table ___ below). How this will affect the overall agricultural production in Guinea is unknown. Meteorological data gives only a partial picture, as it has been reported that there has also been an increase in area planted this year.

Rice can be planted in two ways: directly from seed, or by transplanting. Direct seeding is faster and, since the plants are not stressed from transplanting, the growing time to maturity is shorter than for transplanted rice. There must, however, be sufficient water before the seed is sown or the plants will die before they can become firmly established. Transplanting is the other method practiced. Rice seeds are germinated in a nursery and transplanted into fields when the seedlings are four to six weeks old. Growth of the plants is temporarily retarded by the stress of transplanting, but there is an overall time savings because germination can take place prior to the beginning of the period of heavy rains, allowing farmers to get an early start on the growing season.

Rice production requires adequate water throughout the growing season, but there are four critical periods where water shortages will have more of an effect: germination, transplanting, pollenization, and "heading". Water is first needed to ensure proper germination and establishment of a strong root system. The rainfall must also be adequate during the period of transplanting. The next critical period is that of pollenization, when the individual rice kernels are formed. Plants that are stressed during this period develop fewer kernels which results in lower yields. The final critical period is at the end of the growing cycle, when the individual kernels are filled out. Stress during this period will result in smaller and underdeveloped kernels.

Table 14

RAINFALL PATTERNS - 1987 (AS OF JULY)

CITY		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
CONAKRY	: AVERAGE (mm)	0.6	1.0	5.3	29.4	143.6	443.3	1,266.9	1,174.0	796.6	317.4	97.5	14.6	4,194.4
	: 1987 TO DATE	0.0	0.0	0.0	6.5	113.4	289.9	545.6	N/A	N/A	N/A	N/A	N/A	955.4
	: % OF NORMAL (TO DATE)				22.1	78.9	65.2	43.1						22.8
BOKEO	: AVERAGE (mm)	0.0	0.0	0.6	7.3	105.3	276.9	506.0	659.0	486.3	345.9	99.4	0.7	2,489.7
	: 1987 TO DATE	0.0	0.0	0.0	7.0	71.6	356.4	300.6	N/A	N/A	N/A	N/A	N/A	746.6
	: % OF NORMAL (TO DATE)				96.0	67.9	128.3	59.3						30.1
MAMOU	: AVERAGE (mm)	4.3	6.1	35.0	88.1	182.0	210.3	333.4	414.6	356.3	228.9	633.0	9.8	2,501.8
	: 1987 TO DATE	0.0	0.0	0.1	19.8	204.8	189.1	N/A	N/A	N/A	N/A	N/A	N/A	413.8
	: % OF NORMAL (TO DATE)			0.3	22.5	112.5	89.9							16.5
LABE	: AVERAGE (mm)	2.8	2.0	6.2	42.3	152.5	238.2	325.2	355.3	326.3	157.9	44.3	7.8	1,689.6
	: 1987 TO DATE	0.0	0.0	0.0	3.3	154.9	163.2	280.6	N/A	N/A	N/A	N/A	N/A	602.0
	: % OF NORMAL (TO DATE)				7.8	101.6	68.5	86.3						35.7
FARANAH	: AVERAGE (mm)	4.6	9.6	23.4	74.5	142.8	223.8	279.7	311.3	316.0	195.0	57.2	7.1	1,645.0
	: 1987 TO DATE	0.0	0.0	10.3	4.0	251.1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	265.4
	: % OF NORMAL (TO DATE)			44.0	5.4	175.8								16.1
FANKYAN	: AVERAGE (mm)	2.8	5.2	27.9	68.6	134.5	214.0	291.6	334.8	346.6	154.6	36.6	3.2	1,622.6
	: 1987 TO DATE	0.0	0.0	4.5	7.1	152.9	163.2	244.6	N/A	N/A	N/A	N/A	N/A	672.0
	: % OF NORMAL (TO DATE)			16.1	10.3	112.9	76.2	83.8						41.4
SIGUIRI	: AVERAGE (mm)	0.0	0.8	8.1	29.8	167.0	179.1	285.3	307.0	269.6	122.0	16.0	1.8	1,200.0
	: 1987 TO DATE	0.0	0.0	0.0	0.0	91.4	91.5	N/A	N/A	N/A	N/A	N/A	N/A	182.9
	: % OF NORMAL (TO DATE)					54.7	51.1							15.3
KISSIDOUROU	: AVERAGE (mm)	0.0	09.6	61.0	122.6	216.6	279.1	470.4	304.0	251.9	26.0	109.0	0.0	2,178.9
	: 1987 TO DATE	0.0	0.0	50.0	41.8	239.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	313.0
	: % OF NORMAL (TO DATE)			82.0	34.1	109.4								14.4
MACENTA	: AVERAGE (mm)	22.6	49.6	129.9	199.6	245.6	219.0	428.5	508.5	496.6	295.6	164.0	55.9	2,746.9
	: 1987 TO DATE	0.0	24.0	74.9	115.6	149.4	238.6	219.5	N/A	N/A	N/A	N/A	N/A	1,047.0
	: % OF NORMAL (TO DATE)		48.4	57.6	58.0	60.4	109.0	51.0						38.1
SIEHA	: AVERAGE (mm)	10.5	57.0	125.0	187.0	181.4	208.0	204.5	271.0	240.4	220.0	60.0	22.6	1,970.0
	: 1987 TO DATE	0.0	23.8	100.0	46.0	186.0	176.0	216.0	N/A	N/A	N/A	N/A	N/A	633.0
	: % OF NORMAL (TO DATE)		41.8	80.0	24.6	102.5	84.3	105.6						32.1
KINCHAK	: AVERAGE (mm)	0.0	0.6	18.9	50.0	150.0	246.0	370.0	340.0	160.0	250.0	60.0	10.0	2,100.0
	: 1987 TO DATE	0.0	0.0	0.0	74.0	165.0	265.0	275.0	N/A	N/A	N/A	N/A	N/A	705.0
	: % OF NORMAL (TO DATE)				148.0	175.0	103.4	74.3						33.6

* KEY RICE PRODUCING AREA *

SOURCE: METEOROLOGICAL DATA, NATIONAL METEOROLOGICAL INSTITUTE OF SIENGA

In 1987, the rains did not follow the usual pattern. In the western part of Upper Guinea, an important rice production area, the rains began in April/May as normal. In June, however, the rains stopped and they have been much lighter than average ever since. As of this report, the rains in Maritime Guinea have been much lighter than average for the rainy season.

The earlier rains in Upper Guinea allowed some farmers to plant their crops early. Crops planted in April/May were able to survive on the light rains, and were being harvested in August. However, a significant amount of rice is also being planted in July/August. There may be sufficient water for the germination/transplanting and pollenization stages, but unless the rainy period is uncommonly long, yields will suffer from inadequate water during the heading stage.

The following table compares rainfall patterns this year with normal years. As previously mentioned, the general decrease will have a negative effect on crop yields. The decrease will, however, be mitigated by the increased area planted to rice. Since accurate planting figures do not exist, it is impossible to determine the net effect. We estimate domestic production will be lower.

IX. The Future of Food Assistance in Guinea

The team members concurred that Guinea has the agricultural potential and desire to become self-sufficient in food production in the near future. The agricultural sector is already responding quickly to the GOG move towards supporting private sector activities. Food production is up; further increases will follow with the development of the transportation, marketing and storage systems. Further, private sector commercial imports have increased sharply and should, within two years, cover the current food deficit. As a result the need for ongoing food assistance after the third tranche of the Food for Progress agreement should diminish.

Future Food for Progress Evaluation Factors

The six criteria in the current agreement should remain in place. To a large extent they require only inaction from the GOG. Moving away from them would suggest a shift in fundamental policy and hence call into question our continued participation in the Food for Progress Agreement. Further, we suggest that future evaluation criteria for the Food for Progress program be tied directly to progress in easing constraints to achieving agricultural self-sufficiency. To this end we see two areas for improvement: further freeing of commercial imports and encouraging the continued growth of local production.

Freeing the commercial imports of food:

The GOG should split cargoes of Food for Progress and PL 480 rice to allow smaller wholesalers to participate. This would increase competition and build a local capacity to market food.

In conjunction with the first suggestion, the GOG should use a modified auction system to allocate rice to the private sector, using the current calculated price as a minimum bid.

Encouraging Growth of Local Production:

There is no base of information available on the costs of production, transportation and marketing. We see a need for two kinds of statistical data. Some data vary quickly over time and place and therefore must be collected regularly. Retail prices of commodities, transport and storage provide examples. Other data change only slowly over time and hence need be collected much less frequently. Data describing the nutritional status of urban Guineans provide an example.

Further, there is little in-country capacity to collect and use such information. To address these needs we suggest scheduling a series of small studies, to be carried out locally but in conjunction with technically proficient statisticians, to collect information on the costs of production and transportation.

We further suggest a system be instituted to collect time series data on retail prices of agricultural products at selected points throughout the country. This is most important if the GOG is successfully to encourage private agricultural production while, at the same time, ensuring the availability of an adequate supply of food commercially.

The local currency cost of these studies could be financed with the local currency generated through government sales of PL 480 Title I and Food for Progress commodities, while dollar costs could be financed through the USAID Technical Assistance budget.

Credit for farmers will become a constraint as production grows beyond the subsistence level and farmers acquire collateral. We suggest, therefore, that commercial banks be encouraged to expand into the rural areas to meet this need. This might be accomplished by using local currency proceeds to finance start-up costs for opening branch banks in rural areas.

We suggest sales of government held stocks of fertilizers to private enterprises for distribution and sale. Perhaps these could be sold at auction (with a minimum bid well below replacement cost). Such a plan gives a financial boost to the private distributors, while also building credibility for the GOG promise to divest itself of the current parastatal.

Future Programs

The study recommends continuation of PL480 Title I at sharply reduced levels -- programmed levels of \$3 million appear adequate at this time -- and a completion of U.S. commitments under the Food For Progress program. A reduced level of total U.S. commitments will bring the U.S. food aid assistance to Guinea back to levels consistent with current food needs in the country and stem an almost doubling of U.S. aid which risked to delay needlessly the development of local agricultural production and infrastructure. We are further recommending a delay in the signature of the Title I agreement until later in the year, in order to assess the local crop situation and flows of commercial imports.

In the long term food aid is seen to be harmful to the development of local agricultural production because its continuation on a regular basis serves as a disincentive to investment in domestic agriculture, marketing and distribution. This is somewhat off set in the case of Food for Progress by the beneficial effects of a grant program on the overall balance of payments and the consequent benefit to overall development in the country. This argument is much less true in the case of Title I because of the repayment obligations. While the rates of interest under the Title I

program are low by international standards, a positive return implies that the host country economy is growing at at least that rate if they are to raise the future revenues to repay investments undertaken as a result of the aid. This is often not the case and is also somewhat doubtful in the case of Guinea.

It avers that future programs may be curtailed by events beyond the scope of the evaluation, namely, the unavailability of U.S. rice. The team strongly recommends that rice not be substituted for by wheat or wheat flour, because of the adverse effect in shifting domestic consumption away from a locally produced grain to one which must be imported.

APPENDICES

MEMORANDUM OF UNDERSTANDING

RELATING TO THE AGREEMENT

BETWEEN

THE GOVERNMENT OF THE UNITED STATES OF AMERICA

AND

THE GOVERNMENT OF THE REPUBLIC OF CHINA

FOR

THE GRANT OF 30,000 TONS OF RICE

UNDER

FOOD FOR PROGRESS PROGRAM

FISCAL YEAR 1986

In implementation of the Agreement between the Government of the United States of America (USG) and the Government of the Republic of Guinea (GOG) for Agricultural Commodities under the Food for Progress Program (FFPR) in Fiscal year 1986, the USG, acting through the Agency for International Development (A.I.D.), and the GOG have noted and agreed as follows:

I. REPORTING

A. In order that the two parties may be informed of the status of the program and in order to implement the provisions of the Agreement, the GOG accepts to provide A.I.D. quarterly reports containing information on the following elements of FFPR:

- Quantities of rice received, lost, sold and in storage under the program;
- Description of distribution system used to deliver rice to consumers, including identification of storage, distribution points and responsible agents;
- Amounts of local currency generated, deposited and expended, and description of planned uses of these funds;
- Wholesale and retail selling prices of rice, and expenses paid from local currency for cost of receiving, storing and distributing rice, including justification for these prices and costs;
- Status of progress, or lack thereof, toward meeting conditions described in Attachment A of the Agreement; and
- Description of obstacles encountered in implementing program and measures taken or planned to overcome them.

B. Quarterly reports covering all of the above points plus any other information that the GOG may deem appropriate should be submitted to A.I.D. within 15 days of the following dates : September 30, December 31, March 31 and June 30.

C. In addition to the above, a report shall be provided within 15 days following the unloading of each ship providing the following information:

- Number of bags and weight of rice on the manifest;
 - Number of bags received and their weight;
 - Number of bags received in good condition and their weight;
 - Number of damaged bags received and weight of their contents;
 - Number of bags and weight of edible rice reconstituted from loose rice recuperated from spillage; and,
 - Number of bags and weight of rice not accounted for.
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II. MANAGEMENT AND USE OF LOCAL CURRENCY PROCEEDS

- A. The GOG agrees to use the proceeds accruing under the Agreement for accomplishment of the conditions described in Attachment A of the Agreement, and for the support of economic reforms, especially the promotion of private enterprise and market liberalization.
- B. The local currency proceeds accruing under the Agreement shall be deposited as generated in a special account opened by the GOG at the Banque Centrale de la République de Guinée (BCRG) or, preferably at one or more of the commercial banks in Conakry, for this purpose. The amount to be deposited shall be determined according to the number of kilos received in good condition and in damaged but edible condition multiplied by the price the GOG sells the rice, less documented costs for unloading, transport, storage, handling and distribution. All funds generated from the sale of a given FFPR shipment should be deposited within 120 days following the last day of unloading the shipment, unless an extension of this period is mutually agreed upon by the two parties.
- C. The GOG agrees that it will actively collaborate with USAID in planning the use of local currency generations and that it will endeavor to plan for or use all funds generated under this program within one year of the arrival of the first shipment to support a development strategy and related activities mutually agreed upon by the two parties prior to withdrawal of funds from the special account.
- D. The GOG will take the steps necessary for the correct management of sales proceeds, ensuring their availability and efficient use on a timely basis for mutually agreed upon objectives. The GOG will also undertake measures to ensure that there will be no action taken whatsoever on the special FFPR sales proceeds account without prior consultation with the designated A.I.D. representative.

III. SECURITY AND UNLOADING OF RICE SHIPMENTS

- A. The GOG will deploy all efforts necessary to reduce to an acceptable level (2 percent of the total cargo) the losses of rice during unloading at the Conakry Port and between the Port and designated warehouses. The GOG understands that losses of more than two (2) percent will represent a failure on its part to meet one of the conditions of the Agreement.
- B. At least fifteen (15) days prior to the arrival of each rice shipment, the GOG agrees to designate in writing a representative who will be responsible for organizing the security arrangements for that shipment. This official will work closely with USAID and the designated agent responsible for the reception, transport and storage of the shipment to ensure that all concerned authorities are advised of rice shipment arrival, and that all possible security measures are in place before FFPR rice ship enters Guinea port waters and that these measures are maintained until the ship leaves Guinean port waters.
- C. The GOG, acting through its designated agent, will ensure the provision of the number of workers and trucks required to unload an average of six hundred (600) metric tons of rice daily while a rice ship is in the Port of Conakry. The GOG will also endeavor to give top priority to providing best possible berth to FFPR rice ships upon their arrival at the port throughout the unloading period.
- 64

IV. DESIGNATION OF RECEIVING AGENT

A. At least twenty (20) days prior the arrival of each FFPR shipment, the GOG will designate in writing the agent or agents that will be responsible for receiving, storing and distributing rice at the wholesale level for that FFPR shipment. This agent will prepare an agreement describing its responsibility, role and expected costs with regards to handling the rice shipment that will be cleared by USAID and signed by the officially designated representatives of the GOG and the agent at least ten (10) days prior the arrival of the FFPR rice shipment.

V. REPRESENTATIVES

For all purposes relevant to the FFPR Agreement and this Memorandum of Understanding, the GOG will be represented by the individual holding or acting in the office of the Minister of Plan and International Cooperation and the USG will be represented by the individual holding or acting in the office of the A.I.D. Affairs Officer, U.S. Embassy, Conakry, each of whom, may designate additional representatives for all purposes except the revision of this Agreement and its Memorandum of Understanding.

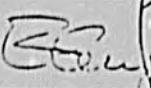
VI. CONCLUSIONS

This Memorandum of Understanding shall enter into force upon the signature of the Agreement between the USG and the GOG for agricultural commodities under the Fiscal Year 1986 Food for Progress Program.

This English version of this Memorandum of Understanding will be authoritative.

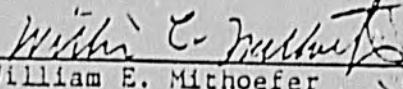
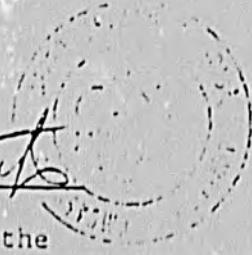
Signed this 15th day of september 1986

For the Government of the
Republic of Guinea



Edouard Benjamin
Minister of Plan and International Cooperation

For the Government of the
United States of America



William E. Mithoefer
Charge d'Affaires of the
Embassy of the United States
of America



UNITED STATES OF AMERICA
AGENCY FOR INTERNATIONAL DEVELOPMENT



UNITED STATES ADDRESS:
USAID / CONAKRY
DEPARTMENT OF STATE
WASHINGTON D. C. 20520

Le 6 février 1987

INTERNATIONAL ADDRESS
USAID
C/O AMERICAN EMBASSY
BP 603 CONAKRY
GUINEA

S.E.
Monsieur le Ministre
Edouard Benjamin
Ministre du Plan et de la
Coopération Internationale
Conakry, Guinée

Monsieur le Ministre,

5
USAID asks
Compliments

J'ai l'honneur de vous informer que les opérations de déchargement des 30.000 TM de riz dans le cadre de notre accord de subvention de "Vivres pour le Progrès" signé le 15 septembre 1986, sont presque terminées. Afin d'accélérer la livraison de la tranche de 40.000 TM prévue dans notre accord pour l'année 1987, nous devrions procéder immédiatement à la satisfaction des conditions préalables à l'expédition de cette deuxième tranche.

De ce fait, j'ai le plaisir de vous communiquer par la présente les procédures à suivre pour assurer la continuation du programme "Vivres pour le Progrès" et la livraison des 40.000 TM dans les meilleurs délais.

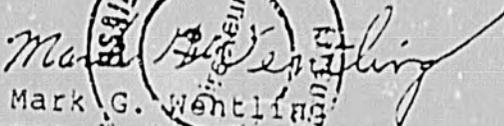
Je me permets tout d'abord de vous rappeler que contrairement aux autres programmes d'assistance alimentaire des Etats-Unis (PL 480, Titre I et II), le programme "Vivres pour le Progrès" n'a pour but que la réalisation positive de la politique de réforme économique, surtout si celle-ci a un effet positif sur le secteur agricole. Nous sommes avisés que dans des cas comme la Guinée, où des programmes sur années multiples sont acceptés, les tranches par année supplémentaire future seront refusées si des progrès acceptables dans le programme de réforme économique ne sont pas constatés. En conséquence, avant d'obtenir l'accord pour la deuxième tranche de 40.000 TM de riz, une évaluation du progrès enregistré dans l'accomplissement des six mesures stipulées dans notre accord devra être réalisée et acceptée par notre siège à Washington. Ces six mesures sont:

1. La politique qui autorise les importations privées de riz doit continuer, sans que celles-ci soient frappées d'aucune restriction supplémentaire qui offrirait un avantage déloyal aux entités gouvernementales. Pendant la durée de l'Accord, le pourcentage des importations privées de riz doit augmenter et cela se reflètera par une augmentation du nombre d'importateurs privés (autres que la Société Générale de Commerce).
2. Le système de ravitaillement officiel ne doit pas être réinstauré.
3. Les subventions alimentaires aux consommateurs ne doivent pas être réinstaurées.
4. Le Gouvernement de Guinée doit progressivement annuler toute fixation de prix officiel pour le riz importé par le secteur privé. Le Gouvernement des Etats-Unis et le Gouvernement de Guinée développeront un programme mutuellement satisfaisant pour agir dans ce sens pendant la première année du programme "Vivres pour le Progrès".
5. Le Gouvernement de Guinée doit aller vers une situation où les intrants agricoles sont vendus au prix du marché et soutenir les marchés libres et compétitifs pour l'importation et la vente d'intrants agricoles. Le Gouvernement des Etats-Unis et le Gouvernement de Guinée développeront un programme mutuellement satisfaisant pour agir dans ce sens pendant la première année du programme "Vivres pour le Progrès".
6. Le Gouvernement de Guinée doit prendre des mesures pour améliorer la sécurité dans le Port de Conakry.

Je vous prie de bien vouloir me communiquer dès que possible, votre évaluation des progrès accomplis par votre Gouvernement dans l'application de ces six mesures. Il faudra également inclure dans cette évaluation une description du déroulement des opérations de déchargement, transport, stockage et vente du riz déjà reçu, ainsi qu'un rapport sur les versements actuels et à venir aux fonds de contrepartie générés par la vente de la première tranche de 30.000 M et un plan sommaire quant à leur utilisation. Mon adjoint, M. Craig Noren et moi-même sommes disposés à collaborer avec vos agents pour la réalisation de cette évaluation.

J'espère avoir dans un proche avenir l'occasion de vous rencontrer pour discuter plus en détail de cette évaluation et les mesures qui doivent être prises dans l'immédiat pour éviter dans les mois à venir une pénurie de riz en Guinée. En attendant, toute observation de votre part concernant cette évaluation et les six mesures ci-dessus sera grandement appréciée.

Je vous prie de croire, Monsieur le Ministre, à l'assurance de ma haute considération.


Mark G. Wentling
Directeur de l'USAID/Guinée

(Circular stamp: Directeur de l'USAID/Guinée)

MGW/dh
/87

cc: Secrétaire d'Etat au Commerce

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Conakry, le 17-3-1987

2084

IMPCI/CAB/DGCI/874

OBJET :

Le Ministre

A MONSIEUR LE DIRECTEUR
DE L'USAID EN GUINEE

- CONAKRY -

GOG 6
Comptable

Monsieur le Directeur,

Faisant suite à votre lettre MGW/DH/054/87 DU 6 Février 1987 portant sur les procédures à suivre pour assurer la continuation du programme "Vivres pour le Progrès", j'ai l'honneur de vous faire ci-après le point sur les six mesures stipulées dans notre Accord.

1- La politique autorisant le commerce privé de riz se poursuit sans restriction. Le nombre d'importateurs privés est passé de 1 (au début de la réforme) à 25 en Décembre 1986. Il a été importé au cours de l'année 1986, 155.135 dont 20.000 t sur les 30.000 du Programme "Vivres pour le Progrès".

Les opérateurs privés, autres que la Société Mixte S.G.C. (pour 11.092 t), ont été les seuls importateurs et distributeurs de riz.

2- La suppression du système de ravitaillement demeure une décision irréversible.

3- Les subventions alimentaires aux consommateurs n'existent plus.

./...

4- Le but poursuivi par le Gouvernement demeure l'instauration de la vérité des prix.

Cependant, étant donné la faiblesse du pouvoir d'achat découlant des Réformes Economiques en cours et le caractère stratégique du produit, la fixation d'un prix officiel demeurera provisoirement en attendant le relèvement du niveau des salaires et de la production locale.

5- Les prix des intrants agricoles ont été révisés pour tenir compte des coûts de revient.

Les prix sont fixés sur la base de la valeur CIF Conakry additionnée des frais exposés (Taxe Véritas, frais de transit, frais du Port autonome, frais de la Société Nava et une marge de 10 %.

Ceci explique aujourd'hui les difficultés d'écoulement de stock des sociétés d'Etat SEMAPE et AGRIMA concernées par la distribution des intrants agricoles.

Le monopole d'importation jadis réservé à ces sociétés d'Etat est supprimé. Aujourd'hui, grâce aux encouragements et aux assurances données par le Gouvernement, deux sociétés privées ont commencé à s'installer.

6- Les mesures énergiques prises pour améliorer la sécurité au Port de Conakry ont porté leurs fruits malgré quelques imperfections. Le pourcentage de perte au Port est passé depuis les réformes de 13 % à moins de 2 % à ce jour.

II
 (APPORT SUR LE DEROULEMENT DES
 OPERATIONS "VIVRES POUR LE PROGRES"

Suite à la signature le 15 Septembre 1986 de l'Accord "Vivres pour le Progrès", la première cargaison de 10.000 Tonnes des 30.000 Tonnes du Programme est arrivé à CONAKRY le 15 Novembre 1986 par le Navire EXPORT CHAMPION.

Le 15 Décembre 1986 une autre cargaison de 10.000 Tonnes est arrivée par le Navire "GALVESTON BAY" et le 15 Janvier 1987 la troisième cargaison de 8.725 Tonnes est arrivé de nouveau par EXPORT CHAMPION.

Une quatrième cargaison de 1.275 Tonnes est attendue en Mars 1987 ce qui complètera le programme à 30.000 Tonnes.

Chaque cargaison a été confiée à un Opérateur Privé chargé de la réception et de la distribution aux Commerçants demi-gros et détaillants. A la fin de chaque opération de déchargement, un rapport a été rédigé.

De façon globale, les opérations se sont déroulées de la façon suivante:

Cargaison: 574.500 sacs de 50 Kgs riz soit 28.725 Tonnes
 Moyenne de déchargement $\frac{567.426 \times 50 \text{ Kgs}}{37 \text{ jours}} = 766,79 \text{ T /}$

RESULTATS DES OPERATIONS DE DECHARGEMENT
 (en nombre de sacs)

	BOBO	A Z I Z	O. BALDE	T O T A
Bon état	199.728	199.555	173.414	572.697
Déchirés	175	170	181	526
Pourris	14	177	799	990
Mouillés			25	25
	<u>199.917</u>	<u>199.902</u>	<u>174.419</u>	<u>574.238</u>

SOUS PALAN.

Bon état	193.610	193.397	166.299	553.306
Déchirés	3.791	3.180	3.024	9.995
Pourris	14	177	799	990
Tombé mer	36	46	82	164
Mouillés	-	2	25	27
Balayures cales	1.277			1.277
Reconditionnés	-	912	755	1.667
	<u>198.728</u>	<u>197.714</u>	<u>170.984</u>	<u>567.426</u>

M A G A S I N S

Bon état	191.496	191.860	164.912	548.268
Avaries Port	3.791	3.343	3.595	10.729
Avaries Magasins	2.085	1.488	684	4.257
Mouillés -"	28	2	66	96
Pourris	47	108	949	1.104
Reconditionnés	1.324	912	757	2.993
	<u>198.771</u>	<u>197.713</u>	<u>170.963</u>	<u>567.447</u>

RECAPITULATION DES RESULTATS (EN NOMBRE DE SACS)

	ACCONIER	SOUS PALAN	MAGASINS	DIFFEREN
Sacs Bon état	572.697	553.306	548.268	24.429
-"-déchirés Port	526	9.995	10.729	10.203
-"- -"- Mag.	-	-	4.257	4.257
-"- Pourris	990	990	1.104	114
-"- tombés mer	-	164	-	-
-"- Mouillés	25	27	96	71
-"- reconditionnés	-	2.944	2.993	2.993
TOTAL:	<u>574.238</u>	<u>567.426</u>	<u>567.447</u>	<u>6.791</u>

RECAPITULATION DES DOMMAGES EN TONNES

	Avant prehension	S/Palan	EXTRAPORTAGE	MAGASINS	T O
BOEO	7, 562	89,819	7, 127	7, 128	111
MEIZ	11, 236	139,704	4, 287	4, 710	159
X. BALDE	48, 707	248,758	7, 358	13, 065	317
TOTAL:	67, 505	478,281	18, 772	24, 903	589

estimation manquants avant prise en charge par l'acconier	67,505	Tonn
- " - entre le Navire et le sous palan	478,28	- " -
- " - au cours du transport	18,77	- " -
- " - dans les magasins	24,90	- " -

Le poids recuperable après reconditionnement des sacs de riz est estimé entre 60 et 87 % selon les cargaisons.

- La cadence de déchargement de 766,79 Tonnes par jour est supérieur de 43% à l'objectif de 600 Tonnes/jour fixé dans le memorandum d'entente/accord "Vivres pour le Progrès" du 15 septembre 1986.

- Le pourcentage des manquants entre le Port et les entrepôts est de 1,73 % ce qui est en dessous de la norme de 2% définie dans le Memorandum.

- Le riz reçu dans trois ou deux magasins selon les cargaisons, a été immédiatement mis à la consommation, une semaine après la fin de réception.

STOCKS ET VENTES AU 25/02/1987

En résumé il a été reçu hormis les manquants et les inconsommables	27.665,3	Tonnes
en bon état		
avaries	552,07	- " -

TOTAL:	28.217,37	Tonnes
	17.018	Tonnes

Vente au 25/02/87
Calcul des Fonds de contrepartie

- Riz reçu en bon état		
27.665,3 x 93.000 F.G.	=	2.572.872.900 F.G.
- Riz reçu en dommage		
552,07 T x 46.500 F.G.	=	25.771.325

Déduction pour frais

Montant à verser

Montant déjà versé

509.917.126 F.G.

2.088.627.029 F.G.

880.000.000 F.G.

Reste à verser au 25/02/87

1.208.627.029 F.G.

Dans l'ensemble, les opérations du programme "Vivres pour le Progrès" se déroulent normalement. L'amélioration future de la sécurité portuaire permettra d'aboutir à des résultats encore meilleurs.

Dans les 2 mois à venir les stocks du V.P.P. exercice 1986 seront épuisés. Il est en conséquence opportun d'accélérer la mise en train du programme 1987.

11 RECUL DES FONDS DE CONTREPARTIES
DU PROGRAMME "VIVRES POUR LE PROGRES"

E X E R C I C E : 1 9 8 6

NAVIRE: "CALVESTON BAY DU 15/12/86

RECEPTIONNAIRE: Ets ASKIA

CARGAISON: 10.000 TM DE RIZ

I)- Quantité reçue 9.849,8 Tonnes
 dont Bon état: 9.669,85 Tonne
 endommagé: 179,75 Tonne

II)- Calcul des fonds de contreparties

Riz reçu en Bon état:

9.669,85 x 93.000 FG = 899.296.050 F.G.

Riz endommagé

179,75 x 46.500 FG = 8.358.375 F.G.

TOTAL: 907.654.425 F.G.

Déduction pour frais = 177.991.320

TOTAL: Fonds de contrepartie
 à verser 729.663.099 F.G.
 Fonds de contrepartie
 déjà verser 300.000.000 F.G.
 Reste à verser 429.663.099 F.G.

II CALCUL DES FONDS DE CONTREPARTIE
DU PROGRAMME "VIVRES POUR LE PROGRES"

E X E R C I C E 1 9 8 6

-:-:-:-

NAVIRE: " EXPORT CHAMPION " DU 15/11/86
 RECEPTIONNAIRE: Ets MAMADOU ALIOU BANI dit BOBO
 CARGAISON: 10.000 TM DE RIZ

I)- Quantité reçue: 9.934,6 Tonnes
 dont: Bon état: 9.680,5 Tonnes
 Endommagé: 254,1 Tonnes

II)- Calcul des fonds de contrepartie

Riz reçu en bon état		
9.680,5 x 93.000 F.C.		900.286.500 F.C.
Riz endommagé		
254,1 T x 46.500 F.C.	=	11.815.050 F.C.
TOTAL:.....	x	912.102.150 F.C.
Déduction pour frais		179.529.140 F.C.
Total fonds de contrepartie à verser		732.573.004 F.C.
Déjà versé		380.000.000 F.C.
Reste à verser		352.573.004 F.C.

II CALCUL DES FONDS DE CONTREPARTIE
DU PROGRAMME "VIVRES POUR LE PROGRES"

E X E R C I C E 1 9 8 6

-:-:-:-:-

NAVIRE: EXPORT CHAMPION DU
RECEPTIONNAIRE: OUSMANE BALDE "SANS LOI"
CARGAISON: 8.725 TM RIZ

I)- Quantité reçue: 8.435,17 Tonnes
dont bon état: 8.314,95 Tonnes
endommagé: 118,22 Tonnes

II)- Calcul des Fonds de contrepartie

Riz reçu en bon état		
8.314,95 T x 93.000 F.G.	=	773.390.350 F.G.
Riz endommagé		
118,22 T x 46.500 F.G.	=	5.497.230 F.G.
		<hr/>
		778.787.580 F.G.
Réduction pour frais	=	153300.054
		<hr/>
Montant à verser	=	626.390.926 F.G.
Montant versé	=	200.000.000 F.G.
		<hr/>
Reste à verser	=	406.390.926 F.G.

PRIMARY CONTACTS

FOOD FOR PROGRESS EVALUATION, CONAKRY, GUINEA
AUGUST 5-28, 1987

Government of Guinea Counterparts to Evaluation Team

Mr. Boubacar Bangoura; Sct. of State for Commerce, Director of
Import-Export Division.

Mr. Moustapha diallo; Ministry of Cooperation and Plan, Section for
America and Ocenia.

Mr. Alpha Soumah; Ministry of Cooperation and Plan, Direction
Generale des Investissements Publics.

Evaluation Team

Mr. Paul Greenough: AID/Washington, August 13-27
FVA/FFP/AFR (Team Chief).

Mr. Stephen Sposato: AFR/DP, Economist, Africa Bureau Aug 4-20.

Mr. David Leong: AFR/PD, Program Analyst, Africa Bureau
August 6-22.

Mr. Robert Kidd: A.I.D. Regional Office; West Central Africa.
Abidjan Regional Food for Peace Officer
August 4-23.

American Embassy and USAID/Conakry

Mr. William Mithoefer, Charge d'Affaires
Mrs. Theodore Wood Stervinou, Acting A.I.D. Representative
Mr. Craig Nolen, Project Development Officer
Mr. William Hall, PL 480 Program Assistant (PSC)
Mrs. Marie Elise Mahou, PL 480 Monitor (PSC)
Dr. Emmanuel Dem Diarra, Sr. Program Assistant

Secretary of State for Commerce (Aug. 20)

Mr. Kaury Koundiano

Autonomous Port of Conakry (PAC): August 7 and 12, Port security
Lt. Bakery Traore, Deputy Director of PAC.

Secretary of State for Commerce (Aug. 8)

Mr. Pierre Kamara, Director of Interior Commerce
Mr. Kande Mamadi, Deputy Director of Interior Commerce
Mr. Kaba Baro Conde, Director of the Division of Prices and
Strategic Products

S A T A : (Aug. 10)

Mr. Greenier, General Manager, Clearing and Forwarding Agent.

Central Bank of Guinea (Aug. 10)

Mr. Bah Sirandiou, Chief of Studies
Mr. Mangué Fodé Toure, Chief of Credit

S O A E M : Ship's Agent for "Leslie Lykes"
Mr. Jacques Courtois

Chamber of Commerce, Industry and Agriculture (Aug. 8)

Mr. Mohamed Said Fofana, Secretary General

Ministry of Rural Development (Aug. 13)

Mr. Mohamed Lamine Soumah, Director General, Bureau of Strategic
Development.

NIVINTER: Private Commercial Agent; Agent for 10,000 MT, Title I
rice, Leslie Lykes, and for 10,000 MF FFPR rice, Export Champion.
Mr. Mamadou Aliou Bah dit Bcbo, President (Aug. 14)

World Bank: (Aug. 17)

Mr. Kaba Soriba

Ministry of Rural Development

Mr. Sory Barry, Ag. Economist, accompanied Mr. Leong and Sposato on
field trip to Faranah, (Aug. 15-18).

Field Trips: (Mr. Leong, Sposato)

August 14 Dubreka 50 km/E/NE Conakry. Coast rice

August 15-18 Faranah 450 km/W/NW Conakry. Upland rice.

Cargo Ship Captains

Cpt. Thomas J. Goreham, Leslie Lykes; 10,000 MT Title I rice
(Aug. 10)

Tampa Bay; 3,700 MT Title I rice (Aug. 17)

Thai Rice Agent: G. Premjee Limited, Bangkok

Mr. Munir M. Hashim, Kidd, (Aug. 18).