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FINAL REPORT  
GUINEA PRIVATE AGRIBUSINESS PREPARATION PROJECT  
CONTRACT NO. LAC-0212-C-00-5014-00

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CHEMONICS INTERNATIONAL CONSULTING DIVISION

CONTRACT FINAL REPORT

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I. INTRODUCTION: OBJECTIVES OF THE PROJECT AND CONTRACT

In the following pages, we present the final report required by the contract between Chemonics International and USAID for the provision of technical assistance and related services under the Private Agribusiness Preparation Project. The objectives of the project, and the contract, were to assist the Government of the Republic of Guinea to promote private agribusiness investment, both domestic and foreign, by establishing an investment promotion entity and assisting that entity to carry out a variety of promotion activities. The project was initiated in FY 1983 and, as of this writing, came to an end with a PACD of April 30, 1988.

A major element in the implementation of the project was the appointment of a technical assistance contractor, Chemonics International, and a subcontractor, Equator Advisory Services Ltd., to assist in carrying out the work.

This final report describes the history leading up to the project and contract, covers the various activities undertaken by the contractor and the GOG investment promotion entity, CNPIP, and concludes with a discussion of the results, conclusions, lessons learned, and recommendations.

II. HISTORY OF EFFORTS TO HELP PROMOTE PRIVATE INVESTMENT IN GUINEA

A. Early Developments

In the early 1980s, the Government of Guinea slowly began a process of shifting from a totally state controlled, socialist economy, initiated with independence in 1958, to a more liberal, market-driven economy. The change was brought about by the disastrous state of the economy, engendered by government policies, and the visible effect of the one major private enterprise in Guinea, the bauxite mines of the CBG. The gradual shift in policy orientation was accompanied, not surprisingly, by a gradual shift in political orientation toward the West, including the United States.

An early manifestation of improved relations was a visit in 1982 to Guinea by the Chairman of the Chase Manhattan Bank, Mr. David Rockefeller, which was followed by a very fruitful visit to the United States, in June 1982, by President Sekou Touré. The success of this visit led to the formation of a special U.S.

Presidential Task Force, called the Agribusiness Task Force, or ATF, which visited Guinea early in 1983. This six-person ATF visited widely in Guinea and paid special attention to several important agribusiness areas, such as rice milling, marine fishing, smallholder coffee production, the breeding and export of tsetse-tolerant N'Dama cattle, pineapple, sugar and other specialty crops. The ATF concluded that given the many remaining problems and controls in place in a still socialist economy, and the inconvertible Guinean currency, the prospects of major foreign investment remained weak. However, the group recommended further efforts to develop some of these areas, in some cases (mainly enclaves) on the basis of normal foreign investment, and in other cases, with soft donor assistance.

## B. The Project

The Private Agribusiness Preparation Project was designed to follow up on the ATF recommendations, that is, to assist the Government of Guinea to move toward a greater reliance on private enterprise, especially in the agribusiness area. Parenthetically, agribusiness was stressed, rather than just general private enterprise, to fit better into the overall AID mandate. The project was based on an agreement with the Government of Guinea to establish a private agribusiness promotion office, initially called ONPAI, Office National pour la Promotion Agro-Industrielle, or in English, NAPO, the National AgriBusiness Promotion Office. ONPAI was established, under the tutelage of the Office of the Prime Minister, in December, 1983. M. Mamady Lamine Condé, former Guinean ambassador to the United States, was named director general.

The project called for three activities: (1) the establishment of ONPAI and the promotion of private agri-business investment, (2) follow-up work on the ATF recommendations, through the preparation of investment profiles for the opportunities identified by the ATF, and (3) assistance in the formulation of GOG strategy in the area of private agri-business. The initial project budget was \$800,000, mostly to support a technical assistance contract and the operations of ONPAI. The main lines of the original project budget were:

Technical Assistance	\$563,000
Invitational Travel	16,000
Support to TA personnel	65,000
Support to ONPAI	56,000
ONPAI Office and Repairs	70,000
Contingency	30,000
Total	\$800,000

In addition, there was a GOG contribution, financed out of PL 480 generations, of \$630,000.

This project was clearly a modest beginning, as befitted the name, "Agribusiness Preparation Project." It was mainly a small

two-year technical assistance effort, based on one long-term resident advisor to ONPAI and a modest level of short-term effort, mostly for the investment profiles. The modest size was doubtless justified by the tenuous nature of the GOG commitment at that time to economic liberalization and the very questionable prospects for private agribusiness ventures. With the revolution of April 1984, the prospects for liberalization and private investment improved markedly, and a project paper amendment added a further \$1,000,000 to the budget, bringing the dollar budget to \$1,800,000, still a modest project by AID standards, but a budget that provided an opportunity to make considerable progress.

### C. Chemonics Contract

#### 1. RFP and Proposal

USAID/Conakry, through AID/Washington, issued an RFP for the technical assistance contract in early 1984. Chemonics responded with a detailed technical and cost proposal dated June 24, 1984. Chemonics proposed to carry out the technical assistance activities prescribed in the RFP but with one exception. The RFP provided a description of the duties of the director general of ONPAI, and essentially gave the contractor's resident advisor the same duties, with no reference to the overall ONPAI organization, and no description of the institution building process or the contractor's role in that process.

Chemonics, in its proposal, stated that the building of ONPAI as a strong government investment promotion institution was of paramount importance. There should be a small, but well trained, dedicated and motivated staff to carry out the promotional work under the Director General. Chemonics further proposed to subcontract with a well-qualified subcontractor, Equator Advisory Services Ltd. (EASL), an affiliate of the Equator Bank of Hartford, Connecticut, to carry out some of the short-term work. The main task identified for Equator was a review and proposed revision of Guinea's Investment Code.

#### 2. The Contract

Chemonics was selected from among the bidders and a contract was negotiated with AID/W and signed on December 21, 1984. Chemonics negotiated a subcontract with EASL shortly thereafter. The contract scope of work accepted Chemonics' view of the importance of institution building as it related to ONPAI, and Chemonics has devoted much of its effort to this area since contract implementation began. The contract initially provided one long-term advisor, the resident advisor, for 24 months, plus 15 work-months of short-term effort and 7 for the home office, the latter mainly for technical backstopping by Chemonics' director to support in the United States the foreign investment promotion work of ONPAI. Five of the 15 work-months of short-term effort were subcontracted to EASL, leaving Chemonics only 10. The cost of the contract, including the fixed fee, was \$608,944.

Since December 21, 1984, the contract has been amended seven times through April 30, 1988. Some of these amendments have been technical, but four have increased the level of effort, increased the funding, or both, and extended the estimated completion date for about one year, from February 20, 1987 to the current April 30, 1988. The result is that Chemonics has, to date, provided nearly 90 work-months of professional effort for a total cost of \$1,383,073. Exhibit I summarizes the contract and the seven amendments.

D. Project and Contract Milestones

The project and contract can be conveniently divided into separate periods on the basis of important milestones. To give an overall perspective to the activities and events of the project since December, 1984, they are summarized here.

ONPAI's name was changed to CNPIP, Centre National pour la Promotion des Investissements Privés, and moved to the tutelage of the Ministry of Plan and International Cooperation in January, 1985, shortly after contract signature, but before the resident advisor was mobilized. The resident advisor arrived in March 1985, and the CNPIP office was opened in June, 1985. In March, 1986, a new minister of plan, Edward Benjamin, took over and initiated a major review of the functions of CNPIP and three other investment promotion entities in Guinea, all reporting to different ministries. This review called into question the existence of CNPIP, and, therefore, of the project. Also, Chemonics' resident advisor was changed in March 1986, the project was evaluated by a mixed AID-consultant team in the summer of 1986, and the director general was changed in October 1986. This period between March 1986 and October-November 1986 is referred to in this report as the "interregnum," since it was characterized by so many project changes and uncertainties. During this period, after the evaluation, the project went into an ad hoc phase, when a number of other activities were added to Chemonics' scope of work. Toward the end of the contract, in the fall of 1987, a professional staff was finally appointed for CNPIP, and staff training became an important consideration.

To summarize the milestones:

ONPAI changed to CNPIP	January, 1985
Resident advisor and start-up team arrive	March, 1985
CNPIP office opened	June, 1985
New Minister appointed, questions CNPIP role	early 1986
Chemcnics resident advisor changed	March, 1986
USAID evaluation of project	Summer, 1986
Director general changed	October, 1986
Therefore, interregnum period:	March-October, 1986
<u>Ad Hoc</u> contract phase begins	August, 1986
Professional staff appointed	September, 1987
Training emphasis begins	January, 1988

### III. PROJECT ACTIVITIES IN THREE AREAS

Chemonics and EASL have, as provided in the contract, carried out project activities in three areas. These are:

- o Development of the institutional capacity of ONPAI to carry out private agribusiness promotion activities using a full-range of promotion techniques.
- o Follow up on the ATF recommendations by selecting and prioritizing specific agribusiness opportunities and preparing detailed project profiles on these opportunities
- o Preparation of a proposed agribusiness strategy and policies for the Government of Guinea and basic documentation for further USAID and/or other donor assistance.

Each of these three activity areas is covered in a separate subsection below.

#### A. Institution Building

##### 1. Concept

Chemonics' concept of institution building in this project combines (1) direct efforts to establish and develop the institution and (2) efforts to assist the institution and its personnel to carry out its mandate, and, in this way, contribute to the development of the institution. We followed this approach throughout the contract period.

Two other elements of our approach might be mentioned here. First, because CNPIP's mandate is investment promotion, including foreign investment, a considerable amount of promotion work was carried out in the United States and, to a lesser extent, other foreign countries. Chemonics' home office was well placed in Washington to provide this function. Secondly, because Guinea is a francophone country, and since many of the countries expected to provide investment are anglophone, Chemonics prepared all important documents in both French and English.

##### 2. The Institution: CNPIP

As noted above, ONPAI was established under the tutelage of the Office of the Prime Minister in December 1983. Its mandate, set out in its "ordinance," was the promotion of private agribusiness ventures. Following the events of April, 1984, which resulted in a sharp speeding up of the process of economic liberalization, ONPAI's name was changed to CNPIP, under the Ministry of Plan and International Cooperation. This change occurred in January 1985, before the arrival of the Chemonics team. The ordinance establishing CNPIP was considerably longer and more convoluted than that of ONPAI, and contained two

significant changes: the mandate was broadened from agribusiness promotion to the promotion of all private investment, and there was at least the suggestion that CNPIP would concentrate on foreign investment rather than domestic investment. The requirement to concentrate on foreign investment was not absolute and, in fact, has been ignored.

CNPIP was not, and is not, the only GOG entity with investment promotion responsibilities: there are three others. They are the CCIA, Chambre de Commerce, d'Industrie et d'Agriculture, under the Ministry of Commerce; the ONPPME, Office National pour la Promotion des Petites et Moyennes Entreprises, under the Ministry of Industrial Development, with longstanding assistance from the World Bank; and the Direction de la Promotion des Industries Agro-alimentaires of the Ministry of Rural Development. In addition, there is the CNI, Commission Nationale des Investissements, charged with administering the Investment Code.

As the newest of these entities, and one apparently closely tied to a specific project and a specific donor, CNPIP has had a difficult time getting recognized as a legitimate, major player in the process. Further, there has been frequent concern, notably with the arrival of the new Minister of Plan in early 1986, that there was serious overlap in the functions of these different entities. In 1986, a major study, financed by the World Bank and carried out by a French consulting firm, the Societe pour le Developpement Industriel (SODI), recommended that virtually all of the functions of CNPIP be assumed by a reorganized version of the World Bank-assisted ONPPME, with the consequent demise of CNPIP. This recommendation has recently been accepted in principle, but is unlikely to be implemented because the Minister now prefers to retain CNPIP under his ministry. Chemonics has maintained, with CNPIP, that the roles of the various entities are quite clear and that there is little overlap. What little overlap there is may engender a small amount of healthy competition between the entities. However, CNPIP's tenuous status within the Government of Guinea, and in the local community, and the threat posed by the perceived duplication of services, has made the task of developing the institution much more difficult than would otherwise have been the case.

One other issue has had an impact on the institution building effort. CNPIP is a government entity, with all of the attendant problems of low salaries, incentives and bureaucratic control. Many observers, and evaluators, responding to the move toward privatization in many countries, including Guinea, have contended that the project should be working with a private entity rather than a government one. In other words, that the contractor should be building a private investment promotion entity. This approach would, of course, be possible. Chemonics could either operate as a free standing, AID-supported private investment promotion entity, or could assist in the creation and development of a private Guinean entity for that purpose. Indeed, in the early days of CNPIP itself there was great interest in developing

ways to charge fees and thus become self supporting. But we believe that the promotion of private investment is a legitimate government function in any country, including those that are more private sector oriented such as the United States. The current AID emphasis on the private sector should not constitute a bar to the building of a government institution in this instance.

### 3. Initial Establishment of CNPIP

The establishment of ONPAI, and then CNPIP, was a protracted process that essentially consumed all of 1984 and the first six months of 1985. Although Chemonics provided a great deal of assistance in the last steps, between March and June 1985 and beyond, most of the work was done by the first director general, Mamady Lamine Condé, and USAID/Conakry. It was a major undertaking.

#### a. Facility and Furnishing

With office space at a premium in Conakry, and good office space almost non-existent except in the "villas" near the Hotel Independence, at very high prices, it was decided early on to renovate a medium-sized, two floor building opposite the Ministry of Natural Resources and CBG in central Conakry. Further, it was decided to include in the building both office space and living quarters, the latter for both the resident advisor and family and rooms for short-termers visiting Conakry. The director general displayed massive energy and determination in getting the renovation done and USAID provided excellent support, both with the necessary dollar and local currency funding and by ordering and arranging the delivery of furniture and equipment, including a large capacity generator, a godsend given the vagaries of power supply in Conakry. The facility was formally opened and inaugurated on June 27, 1985, some three months after the arrival of the resident advisor.

#### b. Local Currency Budget

Although certain basic CNPIP capital and operating costs were to be covered by USAID dollar funding, in part through the Chemonics contract but mainly outside of it, most of the operating costs were to be covered by counterpart funding. Obtaining access to local currency from this source has been a difficult process since project implementation got under way. Although some funds have been made available, the funds have often been late and in lesser amounts than requested by the director general or than needed to support the operation. Since Chemonics' role in the process has been of a support nature, rather than that of a major player, we do not discuss the matter in detail in this report. Ironically, it has been the rental fees on the apartment facilities, collected by CNPIP, with the assistance of the resident advisor, that have provided much of the day-to-day operating costs of CNPIP.

c. Initial Staff

A small but high quality professional staff is the sine qua non of a successful investment promotion entity. Recognizing this, Chemonics Resident Advisor Garry Dulin along with the home-office start-up team, Chemonics Director Tony Teele and Project Administrator Mary Ellen Ressler, devoted considerable effort in March, 1985, with the director general and USAID, working out the most appropriate numbers of personnel, titles and qualifications. A basic staff of six was generally agreed upon. In the meantime, the director general himself selected and appointed a number of support staff, including an administrator, accountant, secretary, drivers, office assistants and guardians. And, under the contract, the resident advisor engaged the services of a well-qualified bilingual secretary, Ms. Amy Sylla Dembele.

But the key to effective operations remained a professional staff. Once the basic positions and their attributes were agreed upon, a lengthy process began in which the resident advisor prepared detailed job descriptions and a proposed organization chart for CNPIP and discussed these at length with the director general. Ultimately, a basic agreement was reached and applications were requested from interested candidates in Guinea and from Guineans residing outside of Guinea. The director general worked with the Ministry of Plan to arrange the appointment of a ministerial selection committee to select the candidates, assisted by the recommendations of the director general and resident advisor. Many resumes were reviewed and candidates interviewed. The whole process was fraught with many delays. Ultimately, with the appointment of a new minister of plan in early 1986, the process was halted pending the review of the role of CNPIP vis-a-vis the other entities charged with investment promotion in Guinea. Thus, after a year of operation, CNPIP still had no professional staff outside the director general himself. This situation, which ultimately lasted for two and one half years, to October 1987, severely hampered the ability of Chemonics to carry out real institution building activities during most of the contract period. In spite of this fundamental problem, however, a great deal of institutional development work was done.

d. Equipment Installation and Training

As soon as the CNPIP office facility was operational, in the summer of 1985, Chemonics sent out its computer specialist, Mr. Dale Murphy, and the Project Administrator Ms. Mary Ellen Ressler, to assist in various aspects of equipment installation and staff training. Mr. Murphy brought and installed a Wang microcomputer and several pieces of software on the hard disk, assisted in the selection and hire of the chief operator, and trained the chief operator and Chemonics' secretary in its use. Ms. Ressler worked with the secretary and others to arrange a filing and accounting system for Chemonics, office procedures, personnel policies, and the like. At the end of these short-term assignments, CNPIP had a well functioning office from the point of view of support personnel and materiel.

e. Brochure and Business Plan

At the request of the director general, Chemonics/Washington prepared a basic, bilingual brochure for CNPIP. The text was prepared by the project administrator, Ms. Ressler, and the brochure designed and executed by Chemonics' Graphics Department. It was well received and used throughout the life of the project.

As a new entity, with a lengthy but rather unspecific mandate in its "ordinance," there remained a great deal of uncertainty as to exactly what CNPIP should do and how it should be done. Chemonics preferred, and argued for, a conventional government investment promotion entity, essentially a "one stop shop" providing a range of assistance to potential domestic and foreign investors, similar to the Board of Investment in Thailand or the Investment Advisory Center in Afghanistan, both of which are well known to Chemonics and very successful. This specifically included assisting foreign and domestic investors in the preparation of their applications for benefits under the Investment Code, providing an analysis of the applications and the projects, and serving as an advocate for the applications before the CNI, charged with ruling on the applications. Further key activities, in Chemonics' view, included more general investment promotion, involving the preparation of promotional project profiles as well as other conventional (but modest and low-cost) promotional activities and, very important, efforts to directly improve the investment climate by advocacy and lobbying for legal and regulatory change.

The director general was not comfortable with this approach, fearing, with some justification, that sole dependence on government financing would result in a weak organization and a precarious existence. He preferred to include, as a major factor, the provision of services to investors, donors and others, on a fee basis. This concept obviously complicated an already complicated situation, in that it opened up a myriad of questions as to what services CNPIP would provide without charge versus remunerated services, organization, control, etc. To sort out these issues, the director general requested that a detailed CNPIP business plan be prepared by Chemonics under his supervision. Chemonics assigned this task to Mr. Francis Nyirjesy and Nicole Glineur of EASL. The plan was prepared over several weeks in early 1986, and recommended a mix of remunerated and non-remunerated activities and a gradual build up in the size and strength of CNPIP. The plan was a major effort, but was correctly characterized in the subsequent USAID evaluation as overambitious and unworkable. Needless to say, it was never implemented.

f. Accounting System

The resident advisor spent considerable time in the latter part of 1985 and early 1986 trying to work out and

install an adequate accounting system for CNPIP. The initial system put together jointly by the resident advisor and the CNPIP accountant, who was essentially a bookkeeper, was very rudimentary and provided for little control and no analysis. Mr. Dulin, who had considerable accounting experience, ultimately developed and demonstrated a more sophisticated accounting system using the Wang, but the accountant was unwilling to use it. With the arrival of the new resident advisor, Mr. Stervinou, day to day assistance in basic accounting has been given but no further effort has been made to install a more adequate system. Chemonics' own limited accounting requirements are taken care of by the resident advisor and secretary, supported by the project administrator in Washington.

g. Documentation Center

Frustrated by the absence of professional staff, Chemonics concentrated on institution building activities that could be implemented without a professional staff. A documentation center, or library, was considered a key activity in this respect, since a well-stocked library would be invaluable to potential investors seeking information about Guinea and its investment opportunities. The intent was to concentrate on collecting and making available documents about Guinea, about the investment climate and investment promotion elsewhere, technical items on project development and analysis, and a wide range of agro-industrial processes. Chemonics initially assigned the task to Mr. William Kedrock, who selected and ordered appropriate texts and documents, came to Guinea in the fall of 1985, assisted in the hire of two documentalists, provided initial training, arranged for the physical establishment of the center in the CNPIP building, developed procedures and conducted some training. Later, at the request of the director general, USAID and CNPIP entered into a long-term agreement with the Chamber of Commerce and Industry of Paris to provide extensive additional assistance and training to the documentation center. Although financed with project funds outside of our technical assistance contract, Chemonics facilitated and managed the agreement. The center now has a small but very useful collection of materials and personnel trained in classification and overall management of the center.

4. Investment Promotion Activities: First Year

a. Approach

As discussed above, Chemonics approach to institution building is to combine direct institution building activities, such as those described just above, with assistance in carrying out the work of the institution, which indirectly contributes to building the institution. In this case, assistance in carrying out the work means assistance in investment promotion and improving the investment climate in Guinea. In spite of the lack of professional staff at CNPIP, a number of activities of importance were carried out.

b. Initial Activities in Washington

Even before the arrival of the resident advisor, Chemonics took at least two steps to begin the process of investment promotion. First, the company prepared a translation of the Investment Code in English and made it available to the Embassy of Guinea, CNPIP and interested investors. Note that this was a previous investment code; when a new investment code was prepared with the assistance of the World Bank in 1986, Chemonics printed another bilingual version and made it widely available. Unfortunately, in Chemonics' opinion, neither of the versions of the investment code is particularly favorable to investment in Guinea, as is discussed in more detail below.

A second step was the engagement of a Guinean-American businessman to make a comprehensive list of all expatriated Guinean businessmen in the United States and Canada (and a few in France), for use in subsequent promotion campaigns. USAID considered this a very useful effort; the director general was opposed to the effort when he heard about it and insisted that Chemonics clear any further promotion or other project interventions in Washington with him. This effectively slowed promotional efforts in the United States to a crawl except in connection with director general visits to the United States and other countries. (See below.)

c. Investment Climate Assessment and Monitoring System

In cooperation with the Africa Bureau Private Enterprise Office and Chemonics subcontractor, EASL, Mr. Francis Nyirjesy prepared, in early 1986, a detailed assessment of the investment climate in Guinea. It contained a great deal of valuable information for potential Guinean and foreign investors, but also indicated both the existing strengths and the problems. Given the newness of the liberalization program, many problems were described.

It was Chemonics' intention to follow the publication of this assessment (in English and French) with the establishment of a computerized system to monitor, on a monthly basis, changes in the investment climate. However, in absence of a professional CNPIP staff and a lack of interest on the part of the director general, nothing was done. The original assessment remained useful, but the failure to set up and implement the monitoring system via a short-term specialist was a lost opportunity.

d. Promotional Trip of the Director General

The director general, M. Condé, made an AID-financed trip to the United States in early 1986, including the United States, France, Morocco and Tunisia. Chemonics supported all aspects of this trip in the United States and in the other countries. M. Condé demonstrated a great deal of drive and energy in meeting U.S. government officials (at least three of the

deputy assistant secretaries of state for Africa, who welcomed him with open arms) and numerous American businessmen. He had similar meetings in the other countries. The effort generated a great deal of inquiry, correspondence, and requests for information.

The director general also took advantage of his presence in Washington to insist that Chemonics replace its resident advisor, Mr Dulin, because the two were unable to work together, and to interview replacement candidates, including the eventual replacement, Mr. Lucien Stervinou.

e. OPIC Mission to Guinea

Shortly after the director general's return, planning began in Guinea and the United States for an investment mission sponsored by the Overseas Private Investment Corporation (OPIC.) Under the EASL subcontract, Mr. Nyirjesy worked with the director general, and the resident advisor, and interested Guinean businessmen, to prepare summaries of projects they wished to discuss with members of the American mission. In Washington, Chemonics maintained liaison with the OPIC project officer, Michael Delia. The mission itself took place in March 1986. This effort--to use the mission to showcase CNPIP both locally and in the United States--worked well. After the plenary sessions at the Hotel Independence, chaired by the new minister of plan, Edward Benjamin, the one-on-one sessions between Guinean and American businessmen were held at CNPIP, with considerable assistance from the director general, both resident advisors (who were overlapping) and Chemonics' director.

The OPIC mission did, indeed, showcase CNPIP and was very useful for the purposes of the project. On the negative side, there were only six participating U.S. businessmen (and almost as many OPIC personnel). Of these, only two or three could be called legitimate potential investors; the others were consultants or commodity salesmen. The most interested potential investor, the owner of a Texas fishing operation, was badly mishandled by the relevant government department, where he was told that the annual fee for each boat would be \$40,000 or more. He became discouraged, and all of CNPIP's and Chemonics' efforts to correct the situation and rekindle his interest had no discernable effect. This case illustrates how fragile U.S. investor interest can be (other than large-scale mining ventures) and how carefully it must be handled.

f. Investors Guide

Chemonics proposed on several occasions to prepare an investors guide as a companion piece to the investment assessment. However, this effort was postponed indefinitely, theoretically because the situation was always in flux, and the guide was never produced.

g. Day-to-Day Assistance

In addition to the specific actions described above, the resident advisor assisted the director general on a daily basis in receiving Guinean and foreign individuals who visited CNPIP seeking information and assistance. Where possible, assistance was given, in the form of information, advice, introductions and escort services to important appointments. However, in the absence of a professional staff, the scope of assistance was much lower than in similar entities in other countries. Thus, it was a frustrating situation for Chemonics personnel.

h. Washington Activities

Chemonics/Washington provided a low level of investment promotion support on a day-to-day basis. Assistance was entirely in response to queries, quite a few of which were received and dealt with. A more active program had been precluded by the requirement to clear all initiatives.

5. Interregnum: March to November, 1986

We have called this six-month period the "interregnum," because a number of events conspired that threatened to change the project radically and at the same time, to distract CNPIP attention from major initiatives. Day-to-day management and promotion activities continued, however.

a. CNPIP Functions and Existence  
Questioned: the SODI Report

As described above, early in the tenure of the new minister of plan, he became concerned that there were too many investment promotion entities in Guinea (four, or five if CNI is included) and he had the impression that they had seriously overlapping functions. Given these concerns, he continued to prohibit CNPIP from engaging a professional staff. To shed light on the situation, he asked the World Bank to finance and carry out a comprehensive study of the roles and strengths of the various entities. The World Bank put the assignment out for bid and, we understand, three bids were received, two from American consulting firms familiar with Guinea and the third from a French firm, SODI. SODI was selected, without consultation with either CNPIP or USAID. The SODI team prepared a comprehensive report which, in essence, strongly recommended that the World Bank-supported ONPPME be strengthened and assume most of the functions included in CNPIP's mandate. It also called for CNPIP to be dissolved. Implementation of the report would have meant the demise of CNPIP. Since the report came out in late 1986, it has periodically been the subject of intense discussion at various levels of government and the World Bank, with the latter understandably pushing for its implementation. No specific action has been taken and at this writing, meetings continue, with the Ministry of Plan and CNPIP holding out for the status quo.

In Chemonics' view, this whole episode was very unfortunate. One of the major protagonists, the World Bank, selected a French firm to carry out the study. Predictably, they were in favor of strengthening the World Bank-assisted entity, with a largely French technical assistance team, over an American-assisted entity, even though Chemonics' advisor, Mr. Stervinou, is French himself and even though CNPIP and Chemonics had established close ties with French entities such as the CCIP.

b. Change in Resident Advisor

Chemonics was asked by the director general to change the resident advisor during this period, with the justification that Mr. Dulin and the director general could not work well together. Our view is that Mr. Dulin was a well-qualified, hard-working advisor who was making a major contribution to CNPIP. His major weakness, in fact, was his inability to get along with M. Condé. His replacement, Mr. Stervinou, was much better at getting along with M. Condé and did so successfully until the latter's departure in October 1986.

c. Evaluation

The regular mid-term evaluation of the project was carried out in April and May of 1986 by a two-man team consisting of Mr. Ray Kelley, a private consultant, and Mr. John D. Schneider of REDSO/WCA. They prepared entirely separate evaluation reports. Mr. Kelley, in the official evaluation, was generally favorable to the work of the project to date, and made several valuable suggestions that were subsequently carried out. He also made a few suggestions that were troublesome and not accepted by Chemonics or USAID. One was a suggestion that, because of the problems faced at CNPIP, especially the lack of staff and the difficulties with the director general, Chemonics should somehow drop its support of CNPIP and, with USAID approval, begin to undertake investment promotion work largely on its own. There were several suggestions for additional tasks that a liberated Chemonics team might undertake. Clearly, this recommendation flew in the face of the project design and, we believe, the political realities in Guinea. It was not implemented.

Second, Mr. Kelley took issue with the Chemonics/CNPIP practice of doing 80-page studies under the name of "project profile" because normally a "project profile" is a much shorter, i.e. a four-page, standardized project summary. Mr. Kelley noted that such summary descriptions were prepared for the OPIC mission. He recommended that Chemonics/CNPIP scrap the existing 80-page profile format and switch to the four-page format, preparing many more profiles in the process. Chemonics' position was that the term "profile," and the detailed presentation, was specifically required in the Chemonics contract and was part of the project design. A shift would require approval of both CNPIP and USAID, and a contract amendment. None of the parties wished to make this change.

As noted, with the exception of these two points, Chemonics found Mr. Kelley's evaluation accurate, and useful. Many of his suggestions were feasible given the project resources, whereas others were not.

Mr. Schneider's evaluation, by contrast, was almost entirely negative with respect to all aspects of the project, taking the position that (1) CNPIP had been ineffectual as the project's implementing agency; (2) Chemonics had not provided appropriate technical assistance, and (3) the project objectives were essentially invalid. His major recommendation was that CNPIP drop virtually all foreign investment promotion, and activities aimed at improving the investment climate, and concentrate on helping Guinean investors. Interestingly, he did recognize that investment promotion is a legitimate government function. Mr. Schneider's evaluation had essentially no impact on further implementation of the project.

d. Change in the Director General

The final interregnum event was the replacement of the director general by the minister of plan. Mr. Condé was replaced in October 1986, on an interim basis by M. Cissé, and in November on a permanent basis by M. Himi Yansané. M. Yansané is younger and less experienced in many areas than M. Condé, but he was in most ways a more effective director general because he was able to get along with people and to concentrate on the objectives at hand. With the new Director General in place, CNPIP and Chemonics were able to move forward toward project objectives.

6. Investment Promotion and Other Activities:  
Post-Interregnum

a. Reports and Documents

(1) Survey of Private Sector

One of the major observations and recommendations of Mr. Kelley's evaluation was that not enough was known about the Guinean private sector and that a survey should be carried out. Chemonics assigned Mr. Don Rhatigan to this task as a short-term specialist. Mr. Rhatigan did a comprehensive desk survey in Conakry and a field survey in several key centers. He concluded that, outside of Conakry, the private sector was extremely small and weak, and did not offer very many potential partners for major foreign investors. A number of potential partners were identified in Conakry. Chemonics published the report after normal editing in English and French. Even though Chemonics viewed the report as a bit overstated on the weakness of the Guinean private sector, and therefore not promotional in nature, recent events have tended to bear out Mr. Rhatigan's observations. In any event, the report had considerable value and many copies were requested and supplied both in Guinea and the United States.

(2) Investment Climate Assessment: Update

In lieu of establishing an investment climate monitoring system, CNPIP and Chemonics arranged for Mr. Nyirjesy to prepare an updated version of his assessment of the investment climate, one year later, in March of 1987. Since the process of liberalization had been moving along rapidly in the intervening year, Mr. Nyirjesy was able to note many changes and improvements. The document was published in both English and French.

(3) Investment Code Analysis

In 1986, a new version of the investment code was prepared with World Bank assistance and subsequently promulgated. At the specific request of the USAID representative, Chemonics engaged the services of Mr. Hunt Talmadge, an American lawyer in Abidjan who has been following West African investment codes for a number of years, to prepare an analysis of the new Guinean code. This request was prompted by memoranda from Chemonics' director and many other comments to the effect that the new code was distinctly unfavorable to investors. Mr. Talmadge provided an exhaustive study including detailed comparison with many other West African codes. He also concluded that the investment code was unnecessarily vague, restrictive and written in hostile rather than promotional language. Chemonics published the report in both English and French and made it available to government officials and others in an effort to encourage yet another re-evaluation and revision of the code. To date, no such revision has begun, although the legal department of the World Bank and other central World Bank offices have evinced considerable interest in the report.

b. Investment Promotion Visit to the U.S.

The major investment promotion effort in the United States in the later stages of the project was a high-level investment promotion mission to the United States by Guinean officials and businessmen in March 1987. During an earlier visit to the U.S. in mid-1986, Minister Benjamin met with Ms. Helen Kitchen of Georgetown University's Center for Strategic and International Studies (CSIS) and discussed the possibility of holding a conference on Guinea. In early 1987, Chemonics was asked by USAID to follow up on this possibility, which led to the design and implementation of an elaborate promotional visit to the U.S. by a delegation of 10 Guinean government and private sector representatives, including two ministers, the minister of Human Resources, Industries and Small- and Medium-sized Enterprises, H.E. Kemoko Keita, and the minister of Natural Resources, Energy and the Environment, H.E. Dr. Ousmane Sylla. The program was aimed at promoting Guinea's investment climate and opportunities to American businessmen. This rather large effort was coordinated primarily by Chemonics and CNPIP, but with considerable assistance from the Guinean embassy, John Shepherd Associates, CSIS, Brady Mines, and Halco. The program was financed by USAID, primarily through Chemonics' contract, with in-kind and financial assistance from Coca Cola and Halco. The visit consisted of the following events:

- o Introductory and promotional visits to the Department of State, AID, the World Bank, and representatives on Capitol Hill.
- o The conference at Georgetown CSIS on March 25, 1987, which began with impressive speeches by a number of knowledgeable individuals including Minister Keita and Minister Sylla. These and other presentations led to stimulating discussions and questions and answers on Guinea's efforts towards privatization, the progress and status of recent economic and monetary reforms, features of the new Investment Code, realities of doing business in Guinea, and specific opportunities for investment.
- o Subsequent meetings between individual members of the Guinean delegation and private U.S. businessmen to discuss specific projects.
- o Travel to Pittsburgh by the entire delegation for a much smaller but more concentrated luncheon seminar sponsored by Halco Mining. Contacts were made with a number of large U.S. corporations including U.S. Steel, Westinghouse, U.S. banking institutions, and Halco.

- o Travel to Los Angeles, for a similar luncheon seminar, attended by 85 businessmen, journalists, officials and academics from the area, and featuring speeches by the mayor of Los Angeles, Minister Sylla, Minister Keita, and Jerome Donovan.

Feedback from the program has been considerable and very favorable. The delegation members themselves were very happy with the turnout, level of interest, and hospitality extended by all participants. The program was successful in solidifying relationships with many parties who previously had shown an interest in Guinea, and it spurred interest on the part of persons and organizations who attended to learn something about the country. The program also provided a large amount of press coverage and exposure for the USAID program in Guinea and for CNPIP operations and assistance to foreign investors. Although no specific new investments by American firms can be attributed to the program, one tangible result has been the formation of the U.S.-Guinea Business Alliance (see below).

c. Day-by-Day Promotion in Guinea and the U.S.

The promotional visit mentioned above occupied almost all CNPIP and Chemonics' home-office staff time in the first quarter of 1987. Subsequent promotional work in the U.S. included answering questions and responding to requests for documentation from seminar attendees, coordinating messages between CNPIP and potential Guinean partners and/or investors and interested U.S. businessmen on specific projects, and assisting a few U.S. businessmen in travel arrangements to go to Guinea to investigate projects for which Chemonics had prepared pre-feasibility studies.

A report on the investment seminars and other activities of the Guinean delegation was prepared in Washington and distributed to all attendees. The home office also worked closely with the Guinean embassy on a number of follow-up promotional activities. In Guinea, CNPIP, assisted by the resident advisor, continued to meet with and assist a variety of visitors who were gathering information about investment possibilities in Guinea.

d. U.S.-Guinea Business Alliance

A primary focal point of home-office promotional activities during the latter part of the contract was the conceptualization and organization of the U.S.-Guinea Business Alliance, a private, non-profit organization incorporated in the District of Columbia, charged with fostering beneficial relations between private U.S. and Guinean businessmen. It should be noted that although the establishment of such an organization is not called for in Chemonics' contractual scope of work, and although the Guinean ambassador

and several other individuals in Washington also played significant roles in the effort, we consider it an important part of Chemonics' promotional work for Guinea, and it is therefore discussed in this report.

The concept for the alliance grew out of the enthusiasm and interest generated by the investment mission in the U.S. in March of 1987. In December of 1987, several members of the U.S. private sector met at the embassy of Guinea in Washington, D.C., for an organizational meeting of the alliance. Alliance goals and activities were discussed as were staffing, budgetary, and membership requirements. Since that meeting, articles of incorporation have been drawn up, and a steering committee has been started to carry out the alliance's initial functions.

The alliance's basic goal is to maintain a central contact point for American businessmen seeking information on Guinea, and for Guinean businessmen communicating with the American business community. Initial activities are under way, carried out by the steering committee. They include collecting documents and other relevant information for distribution to members, preparing and distributing a newsletter on events in Guinea, and developing a directory of Guinean private businesses.

As membership dues will not sustain the level of work required to develop an effective operation, a proposal has been prepared and submitted for a small operations grant from USAID/Conakry to help maintain the alliance and, in this way, continue to help promote private sector development in Guinea.

e. Round Table

In February of 1988, CNPIP undertook a major promotional step in Guinea when it hosted a roundtable on the investment climate in Guinea. The roundtable ("table ronde") was inspired in part by a Chemonics recommendation that CNPIP play a stronger role in bringing together local businessmen and government officials to permit the private sector to discuss its problems and requirements, and to permit public officials to respond. The February conference was attended by many of the key Guinean businessmen and a small representation from the foreign business community. The government side was led by Minister Benjamin, who opened and closed the three-day event, and who made a strong statement of government support for private sector development, insisting that all ministries and other agencies of government help implement the policy. Most concerned ministries were also well represented and made presentations. Discussion was spirited, with the private sector not hesitating to point out its problems to the government.

7. Institution Building: Post Interregnum

a. Assistance to the New Director General

In October, 1986, the minister of Plan replaced the director general of CNPIP, first with M. Cisse, an interim appointment, and then with M. Himi Yansane. A great deal of the last quarter of 1986 was dedicated to briefing M. Himi Yansane on the operations of CNPIP, project goals, progress to date and planned future activities. Subsequently, the resident advisor continued to provide day-to-day advice and assistance to the director general in all aspects of the operation of CNPIP. M. Yansane participated in the March 1987 promotional visit to the United States and follow-up activities in Guinea.

b. Appointment of Staff

In the fall of 1987, the minister was finally able to appoint a significant number of professional staff to CNPIP (five). Although the appointments followed fairly closely on the heels of the approval by the minister of Chemonics' report on the proper "mandate" for CNPIP, prepared by Dr. Gene Grasberg in the summer of 1987 (see below), Chemonics had no specific role in these appointments. Chemonics feels it would have been better had it had a role, given the importance placed on previous attempts at hiring professional staff, the need to define organizational structure and specific job descriptions before interviewing candidates, the appointment of a formal "selection committee," etc. In any event, Chemonics is pleased that CNPIP now has a good foundation of well-qualified professional staff on board, consisting of a director general, deputy director general, projects director, promotion director, research and documentation director, and director of administration.

c. Staff Development Plan and Training Program

The appointment of a professional staff for CNPIP, just as the Chemonics contract was coming to an end, offered a "target of opportunity" for institutional development. Chemonics seized this opportunity to propose to USAID that it address the project's training objectives that had been virtually shelved in 1985 given the lack of staff at that time. We proposed to reprogram the short-term resources remaining in the contract, originally planned for two final investment profiles, cut back to one profile and use the rest to prepare a staff development plan and training program. Although the contract was, at that time, scheduled to end on December 31, 1987, and we had recruited an advisor to carry out the last study, we felt (and still do) that staff training is a higher priority and is essential to the future success of CNPIP.

USAID was quick to support the idea. As a result, Mr. James Brown traveled to Guinea in November to (1) complete the coffee profile as scheduled and (2) carry out a training needs assessment for CNPIP staff, prepare a staff development plan, and a proposal for a brief two-month extension to the TA contract to allow him to prepare a detailed training manual in areas identified: computer applications, basic principles of investment promotion, project identification and financial analysis. In the process, Mr. Brown identified appropriate executive development programs in Guinea and Europe and identified key speakers and trainers to carry out individual components for the program. All information is contained in his staff development plan. He then prepared a "Trainers Manual" containing excellent detailed training modules for each session. Training modules included introductory sessions for word processing and computer spread sheet (Lotus 1-2-3) training; case studies of specific investment applications; and fieldwork in preparing a feasibility study.

As the staff development plan and training manual were being completed, Chemonics entered into discussions with USAID in Conakry (February 1988) regarding approaches to implementing this much needed training program. At USAID's request, Chemonics prepared a budget and made an informal proposal to USAID that its contract be extended for six months to implement the proposed programs. Again, USAID was agreeable. However, the project PACD had come and gone, and the project lacked funds to cover the whole program. It was decided to try to fund the training program under a new, small contract with Chemonics financed under a different project for manpower development. At this writing, USAID and the RCO in Abidjan are working to determine the exact contracting mechanism to be used.

B. Follow-Up on the Agribusiness Task Force: Project Profiles

The second major task under Chemonics' technical assistance contract was to prepare between seven and nine project profiles.

1. Concept of the Program

As defined in the project documents and in Chemonics' technical proposal, a project profile in this context is much the same as a detailed prefeasibility study. It is neither a full-scale feasibility study, nor a brief project description, but something between the two. It includes basic information on the project including description, proposed design, organization, structure, technical assistance, staffing and raw material requirements and basic financial analysis charts. This definition is significant since it has been (1) the basis of much of Chemonics' work under the contract and (2) a point of confusion among some of those involved, especially the

mid-term evaluation team (see above) who felt that project profiles should be brief project descriptions of 3-4 pages. The preparation of profiles was a large component of the project and a large amount of short-term level of effort and contract financial resources were dedicated to it.

The above concept of profiles was a direct result of the recommendations of the Agribusiness Task Force (ATF) in 1983. The ATF report suggested specific sectors for which profiles should be prepared. However, by the time profiles work began under the project, some three years later, circumstances had changed, additional information had been acquired and other specific opportunities had arisen, so that not all of the areas listed in the ATF were still appropriate and approved for profile work. The resident advisor, CNPIP director general, and USAID staff studied the ATF recommendations, and, as the project went on, approved specific projects for implementation.

As requests for profiles were received and approved by USAID and CNPIP, Chemonics' home office recruited short-term advisors to carry out each study, briefed them in Washington and fielded them to Guinea to prepare their reports.

## 2. Profile Preparation

### a. Standard Outline and Scopes of Work

Given that different technical experts would be preparing the reports, and in an attempt to standardize the information that would be contained therein, Chemonics engaged Mr. William Kedrock, early in the life of the project, to prepare a standard detailed outline for all profiles. The outline developed was overly ambitious in the amount of information called for but turned out to be a very useful tool in standardizing the documents, and was given to each advisor to follow in developing his study.

Mr. Kedrock also developed detailed scopes of work for each technical expert, as well as standard annexes for each study on different aspects of the investment climate and process in Guinea. The idea was to have the annexes prepared in advance (in French and English) in order to have them ready for attachment to each profile, thereby saving the short-term advisors valuable time in preparing individual profiles. Unfortunately, the economy and investment climate were still in relatively poor shape when the annexes were prepared, so that (1) the resulting annexes were fairly negative and could not really be used in a promotional report and (2) the circumstances began to change rapidly with the vast economic and monetary reforms adopted by the government, so the information was quickly outdated. It was ultimately decided, therefore, not to use the standardized annexes to the profiles.

b. Quality Control, Publication, Translation and Distribution in Washington, D.C.

Although we had hoped to have at least some of the initial research as well as editing and production of the reports done in Guinea with the assistance of CNPIP staff, this was not possible given the hiring freeze, and subsequent lack of trained personnel assigned to CNPIP. This was unfortunate since the research and publication process would have been a valuable training experience for CNPIP staff. However, since the profiles had to be brought back to Washington to be finalized, it did give us the opportunity to exert control over the quality of the final product. This proved invaluable in certain cases where the advisor, although extremely qualified in his technical area, was neither adept in project conceptualization nor a particularly good writer. A few of the reports received a great deal of attention from home-office staff in order to establish a clear business plan and project design.

After the profiles were produced, they were translated in French and widely distributed in the U.S. and Guinea, in order to spark the interest of potential foreign investors and/or Guinean partners, who ideally would then pursue further studies.

A listing of individual profiles prepared, their authors, and the publishing dates, is provided in exhibit II.

c. Participation by Potential Investors

The first profile approved for work was "Profitable Export Potential for Guinea Fresh Pineapple to Western Europe." The project was, in fact, one recommended by the ATF, and was approved for study by USAID and CNPIP primarily because a French firm, La Fruitiere, had expressed interest in it. During discussions with them, it was proposed that one of their technical advisors participate in the study in order to extract specific information related to their own operations, whereas Chemonics would formulate a profile directed to an outside audience. The working agreement was based on a cost-sharing arrangement whereby La Fruitiere at its own expense provided an expert to work along with Chemonics' advisor, with USAID financing his travel, per diem, and overall management of the effort under Chemonics technical assistance contract. The arrangement worked extremely well, even though La Fruitiere ultimately decided not to pursue the project. The approach allowed Chemonics to be able to draw on the knowledge and experience of an additional expert in the field, and to be able to address specific concerns of real businessmen while assisting potential investors with their preliminary studies.

Following this experience, the decision was made to attempt to carry out as many of the studies as possible in conjunction with potential investors, and Chemonics was, in fact, successful in doing so with quite a few of the other profiles. The Integrated Poultry Venture was completed with the assistance of POULINA, a well-known Tunisian poultry production company and two representatives from Shepherd and Associates; "Investment Opportunities in the Guinean Coffee Industry" was prepared with SOGUICAF, a company already established and growing coffee in Guinea; and "Investment Opportunities in the Guinean Rice Industry" was prepared in conjunction with the U.S. Rice Council.

### 3. Follow-Up to Profile Completion

#### a. General

As standard practice, upon completion of each profile, Chemonics distributed it to any parties, in the United States, Guinea or elsewhere, who expressed a general interest in agribusiness projects in Guinea, as well as to anyone requesting information in a particular project. All profiles were made available to attendees of the Georgetown seminar, as well as to the general public upon request. Many copies were also delivered to the Guinean embassy in Washington to be made available to U.S. businessmen seeking information about investment possibilities in Guinea or applying for visas to Guinea. Requests for additional information were complied and messages and information coordinated via telex communication with CNPIP between interested parties, Guinean government officials, and potential Guinean partners.

#### b. U.S. Promotion Effort for "Investment Opportunities in the Guinean Rice Industry"

The rice profile presented an interesting concept. Mr. Patrick Henfrey prepared this report, along with a representative of the U.S. Rice Council, Mr. J.P. Gaines. The Rice Council participated in this effort under a cost-sharing agreement and, therefore, sought to protect the interests of its members. The project was designed to begin primarily as a rice milling project, with the U.S. investors, primarily rice milling firms, providing parboiled brown rice to Guinea for final milling and distribution, while at the same time, promoting smallholder rice production. As local rice production increased and more local rough rice ("paddy") was procured by the mill in Guinea, less U.S. rice would be imported.

Following completion of the report, Chemonics retained the services of Mr. Gaines and Mr. Henfrey to visit the major U.S. rice milling companies to promote the project and to follow up on individual expressions of interest. They were successful in soliciting serious interest on the part of two of the country's

major rice companies, American Rice Industries, and Comet Rice. Mr. George Prchal of the former and Mr. Pete Vegas of the latter both traveled to Guinea to investigate further possibilities for the project.

### c. Results

Chemonics considers project profile preparation to have been successful. Seven profiles were completed, in compliance with the terms of the contract (a target of between seven and nine). Eight profiles were actually planned, until the last few months of the project when, following the hiring of five CNPIP professional staff members, USAID agreed to eliminate the final profile on vegetable truck gardening in favor of designing a comprehensive staff development plan and training program. The profiles gave CNPIP an opportunity to look into several different sectors and the investment possibilities therein, and the resulting documents have been widely accepted as very good promotional tools.

### C. Private Investment Promotion Policy

The third primary task required by the scope of work in the contract was to prepare an agribusiness strategy/policy paper for use by the GOG and USAID as a basis for determining appropriate follow-on programs, and if the strategy were accepted, to assist USAID in preparing project documentation to secure further financial assistance for the program.

#### 1. Delays

The preparation of this paper was delayed substantially for several reasons. The original target date in Chemonics' proposal was month 15 of the contract, which would have been March 1986 in the original contract schedule. Various amendments extended the estimated completion date of the contract, and other events in the project caused CNPIP, USAID, and Chemonics to delay the work, ultimately until the spring and summer of 1987. The final delay was caused by the length of time it took to process Amendment No. 5, which extended the contract for six months from June 30, 1987 to December 31, 1987 and was finally signed on August 13. In giving the go-ahead for this work, USAID requested that a PID for a proposed follow-on project be prepared in addition to the policy paper.

#### 2. Development of the Strategy Paper

Because of personnel and other considerations, and a desire to maximize GOG and USAID input in the process, Chemonics decided to follow a two-step approach to the policy work. Chemonics first assigned William Kedrock to carry out preliminary research and compile necessary information and

documentation. His findings were printed, translated and sent to USAID/Guinea and CNPIP for comments and additional input. This report, entitled "Review of Constraints on the Growth of the Private Sector in Guinea and Implications for USAID assistance," was used as the basis of the actual policy paper.

As planned, Chemonics engaged a senior-level policy expert, Dr. Eugene Grasberg, to prepare the policy paper and PID document for a private sector support program. After a review of Mr. Kedrock's paper and other documents, and discussions with Chemonics/Washington, AID/Washington, the World Bank and other entities, he travelled to Conakry in June of 1987 and worked closely with the resident advisor, USAID, the CNPIP director general, as well as with other donors in preparing his recommendations. In addition, he conferred at length with Minister Benjamin, who requested that the policy paper also include detailed recommendations on a proper "mandate" for CNPIP. Mr. Teele, Chemonics director, travelled to Guinea at the end of Dr. Grasberg's visit to assist in finalizing the two documents.

The final policy document, "Policy for Private Sector Promotion and the Role of CNPIP" was published in July and provided the following policy recommendations:

- o concentrate on infrastructure development to support private sector growth
- o concentrate this growth in the Conakry-Kindia strip
- o improve the labor codes
- o concentrate on manpower development to support the needs of a growing private sector
- o identify appropriate financing sources
- o provide the private sector with managerial training
- o further clarify and simplify the regulatory framework and procedures governing establishment of business operations by foreigners in Guinea
- o evaluate the effectiveness of the current Investment Code, criticized as too strict and written in a hostile tone
- o address the important need for support services for foreign investors.

In the final recommendation, Dr. Grasberg gave a list of support entities, of which one is, of course, CNPIP. He then provided the requested detailed discussion of and mandate for

CNPIP, as well as guidelines for the programmatic growth of the organization.

The PID-like-document was also completed in draft in July and submitted to USAID for comments. USAID's comments were incorporated and the document was finalized at the end of July. It provided a preliminary design for a follow-on to the agribusiness preparation project using the guidelines and recommendations presented in the policy paper, in compliance with GOG goals and USAID interests. The PID-like-document, "Support for the Nascent Private Sector in the Republic of Guinea," states as the project goal the emergence of a healthy private sector in Guinea, consisting of both foreign and local entrepreneurs. Its purpose is to create facilities to support and encourage would-be entrepreneurs, by providing general support and advice to the private sector and by lending direct support to specific ventures.

Although, as noted, the PID-like-document was prepared by Dr. Grasberg, with assistance from Mr. Teele, in very close collaboration with USAID/Conakry, it was ultimately not used following consultations with REDSO/Abidjan, new leadership at USAID, and a rethinking of the future of the USAID program in Guinea. As of this writing in the spring of 1988, USAID is still working out the direction of its future program. It will certainly include assistance to private sector development.

#### IV. RESULTS, CONCLUSIONS, LESSONS LEARNED, AND RECOMMENDATIONS

In general, it can be said that the overall results of this project were seriously affected by continually changing circumstances in Guinea. The fundamental problem faced by project participants was that the project was designed for one set of circumstances in Guinea, and was implemented under entirely different circumstances. Designed during a period when there was virtually no private sector in Guinea and only the barest suggestion of potential change, the project was implemented in the early days of a revolution in Guinea where economic liberalism and the private sector were expected to solve all problems. The project's minimal resources, including one resident advisor and an embryonic CNPIP, might have been adequate for a "preparatory" project under the original conditions, but were woefully inadequate in the period of change following the death of Sekou Toure. The massive changes, including the process of selling off or liquidating more than 40 large state enterprises, and the general expectations of the Guinean people, would have required an investment promotion entity several times more endowed with resources, including a much larger advisory team, than could be provided under this small project.

Under the circumstances, it is commendable that the project and CNPIP survived at all, and the value of USAID and contractor flexibility on this project cannot be understated. Everchanging circumstances required an in-depth knowledge of the project history, development and goals, coupled with a willingness to be flexible in implementing project activities and amending project objectives as the need arose.

We provide the results and lessons learned under the same three activity areas as used above.

A. CNPIP - Institution Building

1. Results

As discussed in the various sections above, institution building efforts for CNPIP were severely hampered by a two-year delay in hiring staff. At this writing, nine professional staff members are on board and a plan has been designed to further their professional development. Current plans call for Chemonics to work under a separate training project to carry out an intensive training program. When this is completed, the staff should possess a strong capability to assist with private sector promotion and growth in Guinea.

The significant resources that were allotted to building reconstruction and the resulting CNPIP offices and temporary apartments proved to be a great asset to project activities. CNPIP is housed in a modern building by Conakry standards, with a large conference room, an extensive documentation center, and transient apartments for visiting businessmen's use. These were complemented by a highly-efficient support staff and state-of-the-art office equipment including a Wang computer and peripherals that allowed interfacing with the AID word processing system. Completion of project deliverables would have been very difficult without these facilities.

Although not the "one-stop shop" initially planned, CNPIP has become a central point of Guinean investor interest and support for foreign investors (except the French), when visiting Conakry. Following the publicity it received following the OPIC mission, the Georgetown seminar and perhaps the "notoriety" created by the SODI report, CNPIP has become well known for developing and supporting the goals of the project.

2. Lessons Learned

Under the current USAID priorities, institution building plays a much lower role than it previously did. The mid-term evaluation recommended, as have others, dropping this component of the contract and having Chemonics provide assistance directly to the private sector. Chemonics resisted this change,

as we believe that investment promotion is a legitimate government function, and a program of direct support by a foreign contractor would leave nothing behind at the end of the contract. We were nevertheless subject to the many problems that arose in trying to advise, develop and work through a government institution.

We would also like to stress again the value of the infrastructure (facilities and support staff) described above for CNPIP. As noted, the quality of the infrastructure enabled Chemonics and CNPIP to carry out virtually all of the required work under the contract, and, more important, to keep CNPIP alive in spite of the criticism it received during the life of the project. The lesson is that the time, resources and effort it takes to develop good infrastructure do pay off.

Although the support staff was a great asset, the lack of a professional staff until October 1987 and the small size of the advisory team made it impossible to build up CNPIP capability, and capacity, fast enough to meet institution-building requirements. Further, the original organizational planning, recruiting, hiring, and training effort was quite ambitious given the status of ONPAI when the contractor came on board (with a building not finished and no staff hired). Even had a professional staff been hired early on, as planned, two years would not be enough time to develop adequate capability for the professional staff and organization as a whole. However, once again, it should be noted that this project was intended as a preparatory "mini-project," and therefore, presumably, further development of the institution was anticipated over the long-term.

Another important lesson is the value of home-office time. It allowed the project administrator to travel to Conakry to help with project start-up activities and the initial organization of CNPIP, and later to return to develop procedures manuals, personnel policies, and to train support staff in the rudiments of computer applications, word processing and Lotus 1-2-3. These efforts were vital in creating CNPIP infrastructure.

### 3. Recommendations

Although the level of staff development did not advance at the speed we would have liked, we believe it can do so in the future. We therefore recommend continued assistance to CNPIP, by USAID and/or other donors. With organized training for the professional staff recently hired and future hires, and their participation in upgraded activities, and with investor assistance, the staff and facilities at CNPIP can evolve into the one-stop center envisioned and can be an invaluable resource for foreign and local businessmen in Guinea. CNPIP is already widely recognized as an important player in the international investment

and donor community. It would seem to be a waste of well-spent resources to discontinue assistance at this point in its development. We state again that although Chemonics is a private company and a firm believer in private enterprise, we also believe that investment promotion is a legitimate government function and that in spite of the AID objective of delivering assistance through private entities, there remains a place for government organizations such as CNPIP.

## B. Investment Promotion

### 1. Results

The contract called for the preparation of between seven and nine investment profiles. Seven were completed. We would have liked to have prepared more, and to have done so with the assistance of CNPIP professional staff, but this was not possible without such a staff.

A significant awareness and interest in Guinea on the part of U.S. businessmen was stimulated by the OPIC mission and the Georgetown seminar, and continues to be pursued by the efforts of the U.S.-Guinea Business Alliance.

Translation, interpretation, and analysis of the Investment Code provided potential investors with guidance on incentives and the overall investment process in Guinea.

No specific ventures and enterprises have been created to date as a direct result of the efforts of this project. The changing circumstances, the slow development of CNPIP, the small size of project resources, the relative weakness of the Investment Code and the overall investment climate have made it difficult for an investment agreement to be thoroughly researched and processed in this short period of time. Further, the very rapid return of French interests operating outside of the formal Investment Code and, for the most part, bypassing CNPIP and most other regular government institutions, has proved to be serious competition for the same sorts of projects CNPIP was promoting. But important groundwork has been done. We feel confident that fruitful discussions are under way among a number of organizations, the GOG and local partners as a result of the efforts of this project.

### 2. Lessons Learned

Perhaps the most important lesson learned, or re-learned, from this effort is that a formalized system of investment promotion must either have the capacity and authority to meet the needs of the economy or it will be bypassed by the major players. A small CNPIP, supported by a very few project resources, might have been sufficient to lay the groundwork for a

larger investment promotion program had things moved slowly and gradually toward liberalization in Guinea, as originally expected, but the effort was far too small under the actual circumstances. And of course, it would have been too small to cope with a fully operational private economy, such as that handled by the Board of Investment in Thailand.

On the other hand, it has often been argued that, given the deficiencies in the investment climate, any investment promotion was premature, especially that aimed at potential American investors. It is true that Guinea has been a "hard sell" for non-French investors, but the fact remains that there has been a great deal of investment activity, in banking, in the take-over of state enterprises and elsewhere, which has been done outside any formal investment promotion system and with little participation by Guinean investors.

Chemonics believes the basic lesson is valid: a government entity such as CNPIP can provide valuable investment promotion services but the entity requires adequate resources to make it work, especially when events move much more rapidly than expected.

Chemonics did, of course, assist CNPIP in carrying out investment promotion through the preparation of the project profiles. We have learned some lessons in the process. As discussed, one idea for the profiles was the use of standard annexes in the name of efficiency. Although standard annexes were completed, they were not used because of constant changes in the economic arena. Further, we had proposed that a database be established to track changes and continually update the annexes, but staff capabilities and time constraints did not allow updating on a regular basis.

Another important lesson that we learned from rather painful experience in writing the project profiles was that a good generalist with a solid background in business development and financial analysis was generally a better writer for these studies than a highly qualified technical specialist. In this instance, billable home-office time became very important in supporting this component of the project, since the technical backstopper was needed to provide a considerable amount of control over the quality of the profiles.

In addition, the home-office backstopper was able to support overall investment promotion efforts by spending a large amount of time meeting and greeting potential investors and other persons interested in Guinea's development, and following up on contacts made in Conakry by the resident advisor. This effort would have been more effective if it had been better coordinated by the director of CNPIP and the resident advisor. The effort

would have been improved if the home office had received, on a regular basis, a list of contacts made by CNPIP in Guinea.

### 3. Recommendations

If the project profiles are to be continued as a promotional tool for investors, we would recommend shorter, less detailed and therefore less costly profiles (although not as brief as the four-page project descriptions for each proposed project described above). In this manner, more studies could be prepared for the same cost. In addition, since an investor would be most likely to prepare his own detailed feasibility study when the time comes, most of the detailed information provided in the prefeasibility study would be outdated and/or replicated.

Contacts with foreign businessmen who have expressed a real interest in doing business in Guinea must be maintained, in part through the U.S.-Guinea Business Alliance. Otherwise interest will dwindle, and the progress attained to date will disappear.

#### C. Policy

As noted above, the third main element in Chemonics' contract was the preparation of an agribusiness promotion policy paper and related assistance in preparing documentation for a project to continue USAID assistance.

##### 1. Results

Although Chemonics prepared the required policy paper, including a requested proposal for a mandate for CNPIP, and a companion PID-like-document for a follow-on project, the impact of this work has been extremely limited, except with respect to the CNPIP mandate. For the latter, we believe it fair to say that the mandate work encouraged Minister Benjamin to continue to support CNPIP in spite of the recommendations of the SODI report and the minister's own doubts about the effectiveness of CNPIP. The minister formally approved the mandate document, and the appointment of CNPIP's professional staff followed soon after.

With respect to the overall policy recommendations, they were basically drowned out by the great variety of policy dialogue in Guinea since the events of 1984. The PID-like document, although prepared in close collaboration with USAID, was not used, and therefore had no impact, because of a change of leadership and direction in USAID shortly after the document was completed.

## 2. Lessons Learned

The main lesson learned from this experience is not a new one: it is easy to prepare policy papers, but much harder to prepare policy papers that have any impact. It is still harder if the entity preparing the policy paper is not a major actor in the policy dialogue. Neither CNPIP nor Chemonics is regarded as a significant actor in the ongoing policy dialogue in Guinea. USAID, of course, does have a role to play, but because of the changing of the guard at the time, and perhaps for other reasons, USAID chose not to use the policy paper as a basis for policy dialogue with the Guinean government. (The exception was that portion of the paper dealing with the CNPIP mandate, which was used effectively by USAID.)

Again, the changed circumstances in Guinea between the time the project was designed and implemented was a contributing factor. Had things moved more slowly in Guinea, it is possible that a policy initiative by CNPIP, Chemonics and USAID in the area of agribusiness promotion might have had more influence.

## 3. Recommendations

Chemonics recommends that USAID and CNPIP continue to try to influence GOG policy toward making the private investment climate more favorable to Guinean investors and investors from all foreign countries including the United States. USAID does have funds available for this purpose. One small step would be to support the U.S.-Guinea Business Alliance. Another would be to urge, and assist, a further improvement in the Investment Code. Further support to CNPIP and/or to other entities with a mandate to assist Guinean and foreign investors would also be important.

### D. Ad Hoc and Other Activities

A number of other activities and studies were undertaken throughout the project. A list of them is included in exhibit III. Most of the exercises were warranted and proved very useful, primarily the Investment Code analysis prepared by Hunt Talmadge. They replaced other work that could not effectively be accomplished given the evolution of the project. However, at the same time, Chemonics ran the risk of misplaced effort when trying to reprogram activities in the short term. An example, we feel, of such an endeavor was the elaborate business plan for CNPIP required by the first director general, which proved to be very impractical at the time.

E. Contract Resource Requirements and Results with Respect to the Level of Effort

Contract Amendment No. 6 brought the required level of effort to 86 work months. As of April 30, 1988, we have provided 85.4 total work months of effort to this project. The contract budget, as of Amendment No. 6, is \$1,383,073. The total amount has been expended. We have requested a small amount of additional funding to cover close-out costs and recent indirect cost rate adjustments.

V. CONCLUSION

Chemonics recommends that the Government of Guinea and USAID continue to support efforts to encourage and develop the private sector and to attract foreign investment in Guinea. It should be noted, once again, that the current project was designed as a preparatory project, with limited resources allocated to it given the volatile situation in Guinea. However, the efforts undertaken have proved fruitful in attracting a great deal of interest in Guinea's agricultural and economic potential on the part of foreign businessmen. Further, some progress has been made in bringing home to the GOG the interests of foreign investors via feedback on the Investment Code, and development of the policy and strategy paper. Important steps have been taken, and Chemonics' experience with similar projects and institutions in Thailand and Afghanistan suggests that persistence will reap even stronger rewards for the private sector in Guinea. It would be a mistake to discontinue this effort when things are just starting to happen.

After working in Guinea for two years during this transition period, promoting foreign investment in a climate that has been criticized as not necessarily inviting, with monetary reforms causing bank closures for extended periods of times, and with the whole realm of policy changes and their impact on day-to-day business endeavors, we must say it has been an interesting, enjoyable, and quite a learning experience. We believe the "serenity prayer" pretty fairly sums up the attitude one must maintain to be successful.

"God grant me the serenity to accept the things I cannot change, the courage to change the things I can, and the wisdom to know the difference".

If this philosophy is kept in mind, things may be accomplished.

## EXHIBIT I

## CONTRACT HISTORY

<u>CONTRACT ACTION AND DATE</u>	<u>DATES COVERED</u>	<u>EFFECT/AMOUNT (cum.)</u>
Contract Dec. 21, 1984	December 21, 1984- February 20, 1987	\$608,944
Amendment 1 April 19, 1985	April 19, 1985- May 15, 1987	\$753,653 Change key personnel, Revise reporting requirements, extend estimated completion date, add additional for equipment, local costs.
Amendment 2 February 25, 1986	Same Dates	Shift contracting responsibility from AID/W to REDSO
Amendment 3 Date unknown	To June 30, 1987	\$974,628 Increase LOE to allow more work on profiles and additional activities
Amendment 4 February 4, 1986	Same	Change resident advisor from Dulin to Stervinou
Amendment 5 August 13, 1987	June 30, 1987- December 30, 1987	\$1,333,526 Extend service for six months and increase LOE
Amendment 6 January 28, 1988	January 1, 1988- February 29, 1988	\$1,383,073 Extend period to provide for design of training program.
Amendment 7	March 31, 1988- April 30, 1988	Extend PACD to April April 30, 1988

## EXHIBIT II

## PROJECT PROFILES PREPARED

<u>TITLE</u>	<u>AUTHOR</u>	<u>DATE</u>
<u>Export of Guinean Fresh Pineapple to Western Europe</u>	Jack Larsen	December, 1985
<u>Production and Export of N'Dama Breeding Stock</u>	Joe K. Feffer	April, 1986
<u>Int grated Poultry Venture</u>	Louis Rolland	June, 1986
<u>Investment Opportunities in the Guinean Rice Industry</u>	Patrick Henfrey	October, 1986
<u>Investment Opportunities in the Guinean Construction Materials Industry</u>	Tamara Duggleby	March, 1987
<u>Investment Opportunities in the Guinean Coffee Industry</u>	James Brown	December, 1987
<u>Investment Opportunities in the Guinean Tropical Fruit Industry</u>	Jack Larsen	March, 1988

## OTHER INVESTMENT PROJECT REPORTS

<u>A Study of Cattle Production and Investment Potential</u>	Joe J. Feffer	January, 1986
<u>Private Sector Investment in a Rice Project</u>	Richard Holden	March, 1986

## EXHIBIT III

## OTHER REPORTS AND DOCUMENTS

<u>TITLE</u>	<u>AUTHOR</u>	<u>DATE</u>
<u>INVESTMENT CODE</u> (Translation and reproduction)	Sandra Miller (Translator)	February, 1985
<u>Investment Climate in Guinea</u>	Francis Nyirjesy EASL (subcontract)	January, 1986
<u>CNPIP Long-Range Business Plan</u>	Francis Nyirjesy EASL (subcontract)	March, 1986
<u>Investment Climate in Guinea</u> (Updated)	Francis Nyirjesy EASL (Subcontract)	March, 1987
<u>Invest in the Future of</u> <u>Guinea</u> (Brochure)	Mary Ellen Ressler	January, 1986
<u>Survey of the Private Sector</u> <u>in Guinea and Recmmendations</u> <u>for Future Development</u>	Donald Rhatigan	September, 1986
<u>Guinea Small and Medium</u> <u>Business Enterprise Credit</u> <u>Training Project</u> (PID-like Document)	Donald Rhatigan	September, 1986
<u>Report on the Investment</u> <u>Code</u>	Hunt Talmadge	March, 1987
<u>Review of Constraints on the</u> <u>Growth of the Private</u> <u>Sector in Guinea and Implications</u> <u>for USAID Assistance</u>	William Kedrock	March, 1987
<u>Policy for Private Sector</u> <u>Promotion and the Role</u> <u>of CNPIP</u>	Eugene Grasberg	July, 1987
<u>Support for the Nascent</u> <u>Private Sector in the Republic</u> <u>of Guinea</u> (PID-like document)	Eugene Grasberg	July, 1987
<u>Guide de Droit des Affaires</u> <u>en Guinee</u>	HSD-Arthur Young (Subcontract)	November 1986