

PD-ABQ-106

96330

EVALUATION OF PEACE CORPS REVOLVING LOAN FUND  
PROJECT IN GUINEA,  
September 24 - October 30, 1990

Consultants' Report

by

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*File*

Submitted to Peace Corps Washington  
November 2, 1990

ASAP PASA REFERENCE:  
Agency for International Development  
PASA No. AFR-0438-PP-AP-9051-00

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EVALUATION OF PEACE CORPS REVOLVING FUND PROJECT  
IN GUINEA, September 24 - October 30, 1990

Executive Summary

The Peace Corps Revolving Fund Project in Guinea was established in 1989 to provide technical support to four revolving loan funds set up in Labe, Kindia, Kamsar and Kassa with financing from Arthur J. Kobacker of Columbus, Ohio. Each project site was allocated the local currency equivalent of \$15,000 as its initial capital endowment. The first loans were made between June and August 1989. Two additional revolving fund project sites were established in 1990 in Fria and Kankan but they have not yet received funding. Recently Arthur Kobacker proposed doubling his contribution to one of the sites to test its absorptive capacity, but the site has not yet been selected. The consultants visited the four active sites in September and October 1990 after preliminary discussions in Conakry with Peace Corps personnel, the Deputy Minister of Finance of the Government of Guinea, and one of the managers of the BICIGUI, the bank with which the project is working.

The consultants were favorably impressed by the accomplishments of the project since June 1989 when the individual revolving funds started making loans. Three of the four funds had extended a second round of loans and the fourth (Kindia) was about to do so. Our rough estimate is that the funds have a repayment rate of between 85 and 90 per cent. There have been few defaults but some of the borrowers are behind in their monthly payments. One of the principal reasons for their falling behind is the seasonality of their operations. For many of the borrowers, the summer rainy season is a good period for production but a slack period for sales. The loans extended by the revolving funds have in many cases provided working capital that made it possible for artisans to produce in advance of specific orders but their cash flow is not replenished until the following dry season.

Peace Corps Volunteers (PCVs) and the management committees in all four sites have done a remarkable job of making their revolving funds operative, of sensitizing their local communities to their seriousness of purpose, and of extending and following up the first batch of loans. The officers of the management committees struck the consultants as competent, dynamic and devoted individuals. The PCVs and the management committees have worked well together in all four sites.

The PCVs have been essential catalysts in getting the programs started and in keeping pressure on the management committees to keep the project moving. The officers and other members of the management committees are unpaid. It appeared to the consultants that a good part of the motivation for continued and active participation of the management committees in the work of the revolving funds has been the example set by the PCVs. A key question for the future of the revolving funds will be how to replace the enthusiasm and dynamism now imparted by the PCVs once the PCVs are gone at the end of the 6-year life of the Peace Corps project.

The current Volunteer Assignment Description accurately (see Annexes) describes the project and the necessary qualifications for effective job performance. The next generation of PCVs will need to focus more on training and skills transfer to the borrowers and less on the administration of the revolving loan funds.

The revolving funds in the four sites had extended a total of 158 loans by the end of September 1990. Of the borrowers, 83 were men and 75 were women. Average loan size for the four sites combined was FG 431,000 (\$653 at FG 660 per dollar). Most of the loans are being repaid, if need be by co-signers, even when the business for which the money was borrowed has not been particularly successful.

Most of the smaller loans were used as working capital to purchase current inputs, which accounts for the large number of indigo tie-dyers and carpenters in the portfolios of Labe and Kindia. The availability of working capital made possible production on a full-time basis, thus raising incomes and keeping the artisans and their apprentices more fully employed. There has been no apparent increase in the numbers employed except among the fishermen in Kassa and Kamsar.

Many of the larger loans were used to purchase capital equipment (such as refrigerators, motors, or transport vehicles) to start new activities or to expand existing ones. Some of those loans have increased employment, but they have also turned out to be the riskiest loans.

There is some possibility of "graduating" revolving fund clients to the formal banking system. The BICIGUI would probably consider a loan application from one or another of its good customers in Labe or Kamsar where the banking habit has taken hold. In the case of Kamsar or Fria, the BICIGUI would probably be willing to finance local artisans who were producing in the framework of a bauxite company procurement contract.

The consultants' recommendations concerning the future operations of the Guinea Revolving Loan Fund include the following:

1. Interest Rate: The interest rate on loans made by the revolving fund should remain at its present level of 30 per cent on the initial amount of the loan.
2. Additional Financing: Arthur Kobacker has offered to add \$15,000 to one or another of the active sites. We propose that

Kobacker's \$15,000 be split two ways: \$7,500 to Kamsar and \$7,500 to Kassa or Labe.

3. Compensation Fund: A compensation fund should be set up at each site to cover administrative or related expenses to a maximum of FG 500,000 per year.

4. Quarterly Reports: A two page form should be created in which only necessary information is gathered.

5. Impact Form: A simple form should be created with which the Committee can begin to gather economic impact data.

6. Application Form: The seven-page application form currently being used should be replaced with the one-page form used in Kassa.

7. Evolution of Committees: The management committees should be looking toward becoming independent NGOs in the future.

8. Identity of the Committees: The committees need to develop more fully their identity independent of the Peace Corps.

9. Submission of Reports to Committees: The committees should receive copies (or at least condensed translations) of reports and evaluations done on the project.

10. Placement of PCVs: A full-time PCV should be placed at each of the sites.

11. Resource Center: Peace Corps Guinea should begin to collect resource materials for ASAP volunteers.

## I. Introduction and Background

The Peace Corps Revolving Fund Project in Guinea had its origin in a proposal by Arthur J. Kobacker of Columbus, Ohio in February 1987 to contribute his own funds to promote small and micro-enterprise in Guinea. Peace Corps/Conakry agreed to assist in setting up and managing a revolving loan fund to be established with the Kobacker donation. Peace Corps Volunteers (PCVs) with small business advisory skills were subsequently recruited and assigned to Guinea.

The project was designed in February 1988 by Galen Hull as Small Business Development Consultant and William Slocum as Coordinator of the Africa Small-business Assistance Program (ASAP) [HULL and SLOCUM, 1988]. The Ministry of Decentralization was assigned as the responsible government authority (Ministere de tutelle) working closely with the Ministry of Industry, Commerce and Handicrafts (Artisanat). Initially, four project sites were chosen: Kamsar, Labe, Kassa, and Kindia. The first project PCVs were in place by November 1988 and the first loans were made between June and August 1989. More recently, revolving loan projects were established in two additional sites, Fria and Kankan, but they have not yet received their funding.

Each project site was allocated the local currency equivalent of \$15,000 to set up its revolving loan fund. It was proposed by Hull and Slocum that each project site should disburse 60 loans averaging \$250 each during the first two year phase ending in November 1990, or 240 loans for the four sites. In fact, as noted in Section III below, a total of 158 loans had been made as of September 30, 1990 with average loan size around \$650 (FG 430,000). The normal repayment period for the loans is 12 months.

Recently, Arthur Kobacker proposed that the amount allocated to one of the sites be doubled to test the absorptive capacity of the local small business community. That site has not yet been selected.

The Guinean economy is passing through a difficult phase, with a rapid price inflation due to external events and continuing devaluation of the Guinean franc (FG). Physical infrastructure is in bad shape, the political situation is uncertain, and the transition to economic liberalism is still tentative. Fortunately, the spirit of entrepreneurship, especially among the Peuls, is irrepressible.

## II. Methodology

After initial discussions with Peace Corps personnel and a BICIGUI manager in Conakry, the consultants visited the four active sites of the Peace Corps revolving loan fund project in Guinea during the period September 24 - October 18, 1990: Labe, Kindia, Kamsar and Kassa (Isles de Loos). At each site, the consultants met the PCV assigned to the project, the management committee of the revolving loan fund, the manager of the local BICIGUI branch if there was one, and the prefet or his representative. Then, accompanied by the PCV and one or another of the management committee members, the consultants proceeded to interview a number (about a dozen at each site) of the borrowers at their places of business.

In the discussions with the PCV and the active members of the management committees, the consultants tried to elucidate the management problems involved and the views of those on the spot on how to ensure continuity after the eventual departure of the current PCV (or his or her successor) four years down the line (at the end of the 6-year life-of-project).

In the interviews with borrowers, the consultants got the borrowers' views on the loans they have received. The consultants also attempted to get a quantitative notion of the implicit operating account of each micro-enterprise in order to assess the impact of the loan on purchases of productive inputs, sales of outputs, and the resulting margins. Where the loans were used to purchase current inputs, the consultants tried to determine the frequency with which working capital was turned over, in order to evaluate the net cash flow of the enterprise during the normal 12-month period of debt servicing. Several typical examples are presented in Section III below. No attempt was made to derive statistical aggregates for the borrowers as a group since the consultants did not intend to carry out a formal micro-enterprise survey in their brief stay at each site.

### III. Findings and Conclusions

The discussion below follows the sequence of the consultants' field visits. The activities of the borrowers are similar from one site to another. Our description of the activities at Labe, the first site visited, is more complete than for similar activities at the other sites. The range of the major activities at Kassa (fishing, fishing drying, and livestock raising) is more limited than at the other sites, but they happen to be the most lucrative.

#### A. Labe (September 27 - October 2, 1990)

##### 1. The Site

The city of Labe, with a population of around 40,000, is the commercial and trading center of the Fouta-Djallon plateau. Situated about 1,000 meters above sea level, it is located 440 km by road (seven and a half hours) to the east and north of Conakry. Labe gets its electricity supply from a hydro-electric plant at Kinkon which stops functioning when the streams run low during the dry season. There is no piped water supply. Water is obtained from wells (which are reliable only during the rainy season) and from a near-by river. Rain water is collected in cisterns. The dominant ethnic group is Peul.

##### a. The Local Economy

The productive base of the regional economy of Labe prefecture is agriculture and livestock raising. Major agricultural products are rice, potatoes and fruits (oranges, mangoes and bananas). Labe is the center of artisanal production of indigo tie-dye "Guinea cloth" which is sold throughout West Africa. The basin (damask) cloth used as the basic raw material is normally brought in from Liberia.

A 1986 survey of small and medium enterprises carried out by the prefectural Office des Petites et Moyennes Entreprises (PME), cited by Hull and Slocum [1988], identified 13 establishments, among them five that were already registered: a women's indigo cloth-dyeing cooperative with 225 members, a plastic products manufacturer producing shoes and kitchenware, a woodworking

shop, an auto repair shop, and a chicken feed production and blending operation.

An ILO survey of the urban informal sector in Guinea carried out in 1987 [GOZO, 1987] included Labe among the cities covered. The ILO survey identified close to 4,300 micro-enterprises in Labe, some 48 per cent of them in transportation, 33 per cent in commerce, 11 per cent in services, and 8 per cent in goods production. The number working in the enumerated enterprises came to 13,500 including heads of enterprises (32 per cent), partners (6 per cent), hired workers (11 per cent), and apprentices, probably including family workers (51 per cent). Of the enterprise heads, 92 per cent were males and 8 per cent females. Of a sub-sample of enterprise heads, 84 per cent stated that they paid taxes.

b. The BICIGUI in Labe

The banking system is not a source of credit to micro-enterprises in Labe. The BICIGUI branch, which is the only bank in town, made a number of loans in 1987 but quickly ran into problems of non-payment. All loans are now administered, conservatively, by the head office of the BICIGUI in Conakry. A formal sector salaried worker who wants a housing loan is considered to be a bankable risk; most local independent operators are not. One local production unit which was being considered for a loan in September 1990 was a semi-automatic bakery, which will be in competition with the 50-odd artisanal bakers now in operation in Labe but which will also be in a position to expand sales outside of town.

The liquid funds of the Peace Corps revolving loan fund are held in a savings account at the BICIGUI branch, earning 16 percent interest. Loans made to clients of the revolving loan fund are issued as checks on the BICIGUI account signed by two members of the fund's management committee. The monthly payments on the loans are deposited by the borrowers at the bank. The direct interest of the BICIGUI in handling the revolving loan fund's account, aside from using the balance in the account for its own lending operations in Conakry or elsewhere, is to get the local entrepreneurs into the habit of visiting the bank.

## 2. The PCV and the Management Committee

The PCV in Labe completes her two-year tour in November 1990. She has worked closely with the management committee of the revolving loan fund and with the loan recipients, doing the record keeping for the committee, preparing reports for the Peace Corps, and visiting loan recipients all over town on a regular basis. The affection and respect with which the management committee and the project clients regard her is touching. She has handled her loan fund tasks with efficiency and tact and she has also succeeded in getting additional grant funding for two of the loan fund project's clients from USAID's Special Activities Project and from the American Embassy's Self-Help Project. The management committee expressed its awareness that the PCV is carrying out probably 75 per cent of the administrative tasks of the loan project. Originally there were two PCVs in Labe, one of whom has since been transferred to Fria to open up a revolving loan fund project there.

The management committee in Labe has three officers (President, Treasurer, and Secretary) and six other members, only two or three of whom attend meetings regularly. There is one female member. The three officers are impressive individuals. The President, a retired school teacher and now a chef de quartier, is a highly respected man known for his independent views and strong character (which got him thrown into prison three times for a total of eight years under the previous regime). The Treasurer is a well-to-do merchant who is the representative of the Union des Commerçants. The Secretary is a geographer who, during the Sekou Toure period, studied and taught in Abidjan and worked as a bookstore manager in Dakar; he returned home from the Guinean diaspora after the installation of the new regime to open a bookstore in Labe. The absolute integrity of that set of management committee officers is self-evident.

The management committee of the revolving loan fund decides which applications to approve, judging both the viability of the enterprise for which a loan is requested and the reliability of the borrower. Artisanal bakeries are considered too risky because there are now plenty of them in Labe. (The artisanal bakeries will be even riskier if the BICIGUI finances the semi-automatic bakery mentioned above.) Merchants are not eligible. Reliability has several aspects, among them long-term residence and family connections in Labe. One of the borrowers is a Senegalese artisan who settled in Labe in

1959 and who opened the first account at the Labe branch of the BICIGUI when it opened in 1986.

3. The Loan Program in Labe and its Effects

a. Status of the Revolving Loan Fund

The Labe project was initiated in November 1988 and its first loans were extended in May and June 1989. As of September 15, 1990, the Labe revolving loan fund had issued 53 loans of which 9 had been paid off and 44 were outstanding. Of the 44, three are second loans. The breakdown by activity is shown in Table 1 below.

Table 1. Labe: Status of Revolving Loan Fund  
as of September 15, 1990

Activity	No. of paid-off loans	No. of outstanding loans	Total no. of loans
Tie-dyeing	2	32	34
Carpentry	1	5	6
Hair salon	1	-	1
Tailoring, dressmaking	2	1	3
Embroidery	1	-	1
Weaving	1	1	2
Upholstery	-	1	1
Knitting	1	2	3
Cinema	-	1	1
Baking	-	1	1
Total	9	44	53

Of the 44 outstanding loans, the borrowers of two are somewhat behind in their payments and a third is two months late because some FG 220,000 of her goods were stolen. The PCV and the management committee have insisted that some payment be made each month even if the borrower is unable to make the full monthly payment. There have been no defaults.

Maximum loan size in Labe is FG 650,000 (\$985 at the September 1990 exchange rate of FG 660 per dollar). Average loan size has been FG 378,000 with most of the loans between FG 300,000 and FG 500,000 as indicated below:

Size of loan (in '000 FG)	No. of loans	Total value of loans (in '000 FG)
200	2	400
300	29	8,700
400	2	800
500	19	9,500
650	1	650
All	53	20,050

b. Effects on the Borrowers

For most of the borrowing enterprises in Labe, the loan made it possible to increase turnover to a level sufficient to generate additional earnings at least equal to the monthly debt service charge, and in many cases higher. Earnings continue at the new level if profits are not reinvested; earnings increase further if profits are plowed back into the enterprise. All the borrowers complain that 30 per cent is too high a rate of interest, but the queue of applicants is much longer than the number of loans that are available from the revolving fund and most of the borrowers would like to take out a second loan after finishing payments on their current loan. None of the borrowers reported an increase in the number of persons working in the borrowing enterprise; the effect is to keep the existing labor force more fully employed.

One of the successful borrowers is a woman tie-dyer who works with three unpaid apprentices whose families made the traditional gift of 10 cola nuts to seal the arrangement; in this instance, the apprentices are given their meals during the day but they live at home with their families. The borrower works (independently) with her two co-wives, one of whom has four apprentices and the other has two. The borrower did not increase the number of her apprentices after receiving the loan. She produces indigo pagnes in premises attached to her home. (A pagne is a 2 meter by 4 meter piece of decorated cloth worn as a wrap-around dress.) Two pagnes are used to produce a suit (complet). The borrower used her FG 300,000 loan from the revolving fund to purchase nine 32-meter pieces of white basin cloth from Monrovia, the basic input for her tie-dye operation. Out of the 288 meters, she made 72 complets which were being sold at the time at FG 6,000 per complet for a total of FG 932,000. Other inputs (caustic soda, indigo dye, sodium sulphate, and piece-rate labor for sewing - instead of tying - the cloth) cost about FG 90,000, leaving a margin of FG 42,000 for the lot. The receipts from the sale of each batch of complets makes it possible to replenish the supply of cloth and other raw materials, and to repeat the process. Normally, two batches can be produced in a month (i.e. the initial working capital is turned over twice a month). At 1989 prices that would have left a margin of FG 84,000 per month. With the debt service at FG 32,000, net cash flow would have been FG 51,500 per month.

Unfortunately, input prices have increased sharply as a result of the civil war in Liberia, the petroleum price rise following the recent events in the Persian Gulf, and the continuing devaluation of the Guinean franc. A 32-meter piece of white basin cloth that cost FG 32,000 a year ago now costs FG 50,000, an increase of 56 per cent; but the prices of the pagnes or complets made from it have been increased by only between 25 and 33 per cent. Margins have been reduced accordingly, and cash requirements for purchasing inputs are considerably higher than a year ago.

The unit cost and mark-up for a typical tie-dye transaction at September 1990 costs was as follows:

FG

1 piece of basin cloth	50,000
1/2 kg of caustic soda	1,000
4 grams of indigo	6,000
1 gram of sodium sulphate	500
Piece rate labor cost for sewing cloth to make the patterns before dyeing	4,000
Total input cost	61,500

One piece of cloth makes 8 complets whose price is now FG 8,000 for a total sales value of FG 64,000, leaving a margin of FG 2,500 on an outlay of FG 61,500 (4.06 per cent).

The tie-dyer usually sells at wholesale to traveling merchants who pay around 60 per cent in cash; the other 40 per cent represents supplier's credit extended at a zero rate of interest by the tie-dyer who is paid when the merchant returns after selling his merchandise in Conakry or elsewhere. There is a further, seasonal, lag between production and sale: the tie-dyers produce more in the rainy season, when both water and sunshine are plentiful, than in the dry season when water has to be purchased or the women have to go to work in the creek bottoms where there is still some water to be found. The tie-dyers sell more in the dry season when the merchants, many of whom are farmers during the rainy season and through the harvest, start off on their travels.

The merchants supplying die-stuffs or other inputs to the tie-dyers often advance materials to good customers (at a zero rate of interest) but they start coming around after two weeks or so to collect the amount due. One of the attractions of the Peace Corps revolving loan fund to the Labe borrowers is that the transactions are handled discreetly and cast no unfavorable reflections on the honor of the borrower.

Another successful borrower is a carpenter who produces mostly beds but also buffets and coiffeuses. He is unable to estimate the value of his sales because his production is seasonal and his orders come in erratically. Until recently he worked with 10 apprentices but one left to set up his own business. He pays his apprentices only a small sum for meals. When he has some cash and has run through his stock of wood, he takes off to the forest to buy more wood. At one point he did not make his loan payment for three

months because, he claims, he was in the forest buying wood. He estimates that he takes FG 72,000 a month out of the business (of which FG 60,000 for his living expenses) after the FG 43,333 monthly payment on his loan, for a cash flow of FG 864,000 a year. He is using part of his profits to build a chicken farm outside of town.

Our rough calculation of the effect of the FG 400,000 loan on his operation is the following. With the loan he purchased wood, varnish and a plane. Assuming that he spent FG 350,000 on wood, he could have purchased 70 planks at FG 5,000 each, enough for 23 beds which he could have sold for FG 25,000 each for a total of FG 575,000 or a margin of FG 225,000. Since he can produce 3 beds a day, 23 beds implies two months' work so that he can turn over his working capital six times during the year for a total margin of FG 1,350,000 out of which the loan repayment is FG 520,000 leaving a cash flow of FG 830,000. After repayment of the loan, he continues operating with the higher level of working capital without incurring a debt service charge.

The Senegalese artisan mentioned above took out a FG 500,000 loan for the upholstery part of his business, and paid off his loan without difficulty. Illiterate, but a master of several trades (woodworking, upholstery, and tailoring), he is proud of the fact that he arrived in Guinea in the 1950s with 450 francs in his pocket and is now a relatively successful businessman. His was the first account opened at the Labe branch of the BICIGUI. He deposits his receipts in his account and withdraws funds for his current operations; his deposits for the first eight months of 1990 came to over FG 8 million. He works with one of his sons, two regular workers and eight apprentices in his upholstery business and with two regular workers (one is whom is a son) in his woodworking business; he also set up another of his sons as an independent welder and sheet-metal worker. All of the other upholsterers in town are former apprentices of his. His current need is for a woodworking machine that he could buy in Guinea Bissau for FG 2 or 3 million. He is not interested in a second loan from the revolving fund unless he can get one for FG 2 million. It was not clear to the consultants why the BICIGUI does not consider him a bankable risk,

Several of the borrowers were not so successful. A woman operating a hair-dressing salon in her living room miscalculated the seasonality of her hairdressing activity and she also was caught by a rise in the prices of her inputs without being able to raise the price

of her own service activity. She repaid the loan, but partly out of her salary as a schoolteacher. One of the women tie-dyers, who normally has a flourishing business, suffered a major loss of FG 220,000 worth of cloth that she had given out to another woman to work. The second woman died unexpectedly and the cloth disappeared, leaving the borrower from the revolving fund in temporary but severe financial difficulty.

Two of the Labe borrowers are training institutions that also market the output of their instructors and trainees. The first is the Centre de Formation Feminine Professionnelle (Women's Vocational Training Center), which is technically under the Ministry of Social Affairs. The Ministry pays a salary to the directrice of the Center and to three instructors but provides no other budget support. The Center is expected to get along on its own, which it does by obtaining grants from outside and by selling the output of the Center. It works on orders from the Prefecture (which provides cloth and pays the Center for its labor input), from individuals, and occasionally from merchants. The Center was paralysed in 1987 when bandits broke in and stole much of its equipment and stocks. The revolving fund loan helped them to get back into production. The Center used its first loan of FG 500,000 to buy cloth and other inputs; it met all its loan payments on time even if the staff had to advance the amounts out of their own salaries. The Center employs five tailors on a piece rate basis and seven trainers who are paid out of the proceeds of their own production. In September 1990, the Center had 70 girls and young women as trainees who are enrolled upon payment of a fee of FG 5,000 which goes into a fund for eventual repair and maintenance of the Centre's sewing machines. The trainees also receive compensation from the proceeds of their production. When they graduate as recognized artisans, they can stay on by paying rent on the machines they use. So far, five have done so. The intake of the Center is limited by the number of machines, each of which is already worked by four or five women. The Center is about to receive 10 sewing machines as a grant from the American Embassy's self-help fund.

The other training institution is the Association Feminine de Dossari or Dow-Sare (a quartier of Labe) which was started by an experienced woman who began teaching younger women to knit and was then overwhelmed by the demand for her services. The Association's first FG 500,000 loan from the revolving fund was used to buy yarn. Their second loan, for FG 650,000, was used to buy

furniture and such materials as knitting needles, crochet needles and yarn. The trainees use the Association's yarn and receive part of the proceeds for their labor input. When a trainee has accumulated enough money to buy her own yarn, she gets the entire amount of the proceeds. In 1989 there were 30 trainees; in September 1990, there were 65, of whom 20 were working in indigo dyeing. The Association also does some cake-baking. The Association's present building was built with funding for construction materials and the labor of 35 workers from the community out of USAID/Guinea's Special Activities Project. The Association's rule of thumb for pricing is a mark-up of two thirds on the cost of materials, one third going to the person who worked on the raw material and the other third going to the Association. The trainees pay FG 5,000 for membership; the fee goes into a kitty to cover sickness expenses and to pay for wedding presents. The treasurer has a proposal in his file for a FG 2.8 million purchase of cloth that would produce FG 6.0 million of products for sale.

c. Effects on the Community

To set the magnitude of the revolving loan fund in Labe in perspective, the total value of the loans made to date is only twice the size of the annual deposits into his account at the BICIGUI of the successful artisan mentioned above. The financial impact of the project on the community is obviously limited despite any multiplier effects of the increases in income generated. What is significant is the psychological impact of the fact that borrowers are actually repaying their loans to a financial institution. Everyone in the city knows that the revolving loan fund exists, that others are borrowing and repaying loans for business purposes, and that eventually they may have a chance to do the same.

In the case of Labe, the fund's loans to the two training institutions are likely to have a significant long run impact. The loans were essential to the resurrection of the Centre de Formation Feminine Professionnelle and to the successful initiation of the Association Feminine de Dossari, both of which are bringing a generation of young women into cash income producing self-employment. They also serve as social centers that can catalyze other women's activities in the future.

4. Institutional Aspects: Labe

a. Procedure for Disbursing Loans

The system by which applicants receive loans is a relatively simple and efficient process. In Labe, it is as indicated below. The procedures at the other sites will be discussed as they differ from those in Labe.

1. The applicant writes a letter of request to the President of the Loan Committee in which he or she briefly describes the activity for which the loan is being requested and the amount of the loan desired. The PCV then goes to the person's house and helps the applicant fill out a seven-page application form (see Annexes). The Committee then places the applicant's name on a list to be discussed at the next Committee meeting.

2. At the next Committee meeting (in Labe these occur approximately every two months, depending on the number of requests and the amount of money in the fund) the members discuss each request. According to the Committee and the PCV, someone on the Committee knows the applicant and can offer an opinion as to the character of the person.

3. The Committee then creates a list of applicants who have been approved to receive the loan. Copies of the lists are made and distributed in the neighborhoods throughout the town. The lists also name a place and time when the applicants are to meet with the Committee to discuss the terms of the loans, and to fill out the contracts. The applicants are also informed that they will need to come to the meeting with no less than two (preferably three) people who are witnesses as to the worthiness of the borrower's character, and who will be responsible for the loan should the borrower default.

4. The day of the meeting, in Labe these are held at the Sous-Prefecture, the terms of the loans are explained to the applicants and the contracts are filled out. The contract (see Annexes) clearly explains the terms of the loan; however since many of the borrowers do not read French, the terms are also explained in the languages of the borrowers. If the applicant decides that he or she still wants to take out the loan, the applicant and the witnesses sign the contract. According to the committee, some applicants decline the loan upon

hearing that they will be charged 30 percent for their loan, and learning what their monthly payments will be.

5. The Committee then informs the applicants when they are to go to the Bank, the BICIGUI, to get their money. This usually occurs the following day.

6. The PCV goes to the BICIGUI that afternoon and writes out the checks and the "attestations" which authorize the withdrawal of funds. The checks will be signed the next day by two Committee members (not the PCV) and the funds are thereby transferred to the borrower.

7. Approximately one week before the first payment is due, a letter is sent to each borrower reminding him or her to go to the bank and make the payment the following week.

8. Upon making the payment, the borrower is given a receipt from BICIGUI which he or she gives to the Treasurer of the Committee as proof of payment.

9. The Treasurer records the payment in the revolving fund's notebook.

10. If a borrower misses a payment, a member of the Committee visits the borrower to determine the reason and help correct any problems.

b. Assessment of Current Structure

When the consultants asked both the borrowers and the Committee members their opinion about the process by which loans are disbursed, there was virtually no criticism. The borrowers expressed their satisfaction with the relative ease and speed with which they received their loans. One woman remarked that it is an honor to have the loan and know that the Committee will not ruin the applicant's reputation because he or she has borrowed money. She received her loan about three weeks from the time she requested the money, and has encouraged her husband's two other wives to get loans, which they have done.

There is a problem with the system as it currently works, however, and that is that the PCV is doing most of the administrative work which includes maintaining folders, filling out all contracts, writing quarterly reports and helping with follow-up inquiries of the loan beneficiaries. We asked the PCV to describe all the tasks which had to be done for the project to run efficiently and then to tell us who is currently doing the tasks. According to her assessment, later confirmed by the Committee, the PCV is carrying out about 75 percent of the tasks. The reasons for this are the following:

1. Labe, unlike the other sites, had two volunteers for the first 18 months of the project. The two PCVs were apparently content to take over a majority of the responsibilities so they could keep busy.

2. The members of the Committee are among the most respected individuals in the town and all have significant community and business responsibilities that keep them very busy outside of the project.

3. The PCV contends that the treasurer is not trained to keep books, and when she has tried to train him he has not been receptive. She eventually gave up and decided to keep the books herself.

4. Labe is a fairly large town so that making visits to the borrowers is a time-consuming process, especially without a car. The other members of the Committee, again, all have other responsibilities which do not leave them much time for these necessary visits.

c. Evolution of the Committee

During the first meeting we had with the Committee we mentioned, at the encouragement of the PCV as well as at the request of Peace Corps Guinea staff, that the role and responsibilities of the next volunteer would be somewhat different from those of the current PCV. We explained that the ultimate goal of the project is to turn over all responsibilities to the Committee. We informed the Committee that when we asked the borrowers what they needed, besides more money, to make their businesses run more profitably, they responded that they needed business training, bookkeeping, etc. Therefore, we suggested that this was a good time to begin thinking about how the management of the committee will be affected by a change in the major role of the PCV, which will be organizing seminars and meeting with borrowers at their workplaces to offer technical assistance.

The reaction of the Committee was to tell us that they would have to meet among themselves and decide what they should do about this new development. We agreed to meet again in two days. At that meeting the Committee proposed that they hire someone to act as secretary and take over most of the administrative tasks currently done by the PCV. The Committee suggested paying a salary of FG 40,000 per month for a total of FG 480,000 per year, which is approximately 5 percent of the fund's total. The Committee also said that they knew of a well-respected former civil servant whom they trusted, and they would like to approach him about the position.

When we mentioned that the project will be considered successful only when it is able to continue on its own, the Committee was in full agreement that that is what should happen. We discussed the possibility that the Revolving Loan Fund (Fonds de Credit Rotatif) itself eventually become an NGO, a suggestion that seemed both possible and desirable to the Committee members, and one that they agreed to work toward achieving.

5. Recommendations: Labe

The Committee and the community in Labe are ready for both some minor adjustments in the system as well as a substantial

change in the role of the PCV. As we have already mentioned, the Committee is very committed and is doing a good job. It is extremely well-respected in the community, and it has demonstrated its ability to assess wisely the character of the applicants and the feasibility of the projects. It has not, however, assumed many of the responsibilities for the day-to-day workings of the project. The borrowers have benefited as much as possible from the project as it currently operates; both parties are ready for the scope of the project to expand. The following are our recommendations for changes in the institutional and organizational structure of Revolving Loan Fund in Labe:

1. Application form: The PCV informed us that the current application form is seldom if ever being used by the Committee. They contend, and the PCV agrees, that the form is too long and offers little interesting or relevant information. The complaint of the PCVs is that when it is filled out the information given does not necessarily reflect reality but rather the perception of what the borrower "thinks the Committee want to hear". We propose using a simpler form.

2. Budget: A budget should be attached to all applications or letters of request. These budgets would be useful in that they would inform the Committee on how the money is to be spent, they would force the borrower to figure out just how much the inputs will cost before the loan is given, and they would provide a useful tool in future evaluations for determining the economic impact of the project, the rate of inflation and profit margins.

3. Training: The treasurer (or another member of the Executive Committee) needs to be trained in reconciling the accounts so that he may take over that responsibility. The new PCV will have to be sensitive to the treasurer's reluctance to take over the task and try to facilitate it as much as possible.

4. Job description - PCV: The new PCV should go to the site with a written (in French) job description outlining her/his responsibilities. The job description can be used as a tool to confirm the changes in the PCV's role. The PCV will need to be flexible in the first few months, and be willing to help with some of the tasks that may not yet have been taken over by the new secretary; however it will be important from the beginning to make it clear to the

Committee that technical assistance to the borrowers will be the major task of the PCV.

5. Quarterly reports: Quarterly reports should be done by the members of the Committee other than the PCV. A standardized form should be created to serve as the quarterly report. The form should attempt to capture not only the current status of the fund, but also some other economic indicators to help the project assess impact in future studies. PCVs all agree that it is very difficult to persuade the Committee members to write the reports and the burden either falls on the PCV or the reports are not written. The form would facilitate the process by focusing on the information on which to report. On the form there should be space for any narrative observations the Committee cares to make.

6. Hire a part-time secretary: Since it is obvious that the current members of the Committee are not able to take over all of the administrative tasks now being done by the PCV, we suggest that a secretary be hired for FG 40,000 per month as soon as possible. Timing is important to insure a smooth transition and to give enough time for adequate training of the new secretary before the current PCV's departure in November 1990. The funding for this position will come from the compensation fund (see Annexes for details).

7. Attendance at seminars: The Labe Committee was the only Committee which did not have a representative at the project seminar. Perhaps for this reason there is less of an understanding of the project's objectives and the committees's role in achieving the objectives. In the future, it would be important to persuade at least one member to attend.

## B. Kindia (October 2-5, 1990)

### 1. The Site

#### a. The Local Economy

The population of Kindia city was last estimated at 55,000. The town is located at an altitude of 300 meters in a fertile agricultural area that markets much of its produce in Conakry. The prefectural Office des Petites et Moyennes Entreprises estimates the number of artisans at close to 6,000 as shown in Table 2 below. There is a Soviet-Guinean bauxite mine near Kindia whose output is

transported by rail to Conakry. The ethnic population of Kindia is mixed Peul, Malinke and Soussou. Most of the businessmen are Peul.

Table 2. Kindia: Summary of Census of Artisans, 1990

Activity	Qualified persons	Assistants	Total
Artistic handicrafts	48	65	113
Metal workers and mechanics	257	388	645
Woodworkers	280	239	519
Brickmakers and masons	265	378	643
Shoemakers, upholsterers	64	45	109
Weavers and dyers	974	992	1,966
Food processing	104	153	257
Tailors	468	419	887
Hotels, restaurants, food preparers	98	65	63
Planters, farmers, oil extractors	448	88	636
Other	117	32	149
Total	3,133	2,864	5,987

Source: Souleymane Balde, Rapport trimestriel de la Direction Prefectural des Petites et Moyennes Entreprises (PME): Kindia, No. 001/PME/K/90.

#### b. The Banking Situation in Kindia

There is still no branch of the BICIGUI in Kindia although a building is now ready for occupation. The people in Kindia expect a BICIGUI branch to be opened before the end of 1990. The Kindia revolving loan fund now keeps its account at the Medina branch of the BICIGUI in Conakry.

There is a branch of the Credit Mutuel in Kindia that would like to obtain the account of the revolving loan fund. According to the management committee of the revolving fund, the Credit Mutuel would pay between 17 and 25 per cent interest on the deposit, which sounds too high since the Credit Mutuel has been making loans at 15 per cent and the central bank discount rate is 22 per cent.

## 2. The PCV and the Management Committee

The project's PCV in Kindia has been on site since November 1988. The officers of the management committee are the President, a Secretary, and a Treasurer. The President's regular job is that of Chief Accountant for the Public Works Department in Kindia. The others on the committee include three technical members and six chefs de quartier. The three technical members are the Directeur Prefectural des Petites et Moyennes Entreprises (PME), the local Director for Micro-Projects of the Ministere de Decentralisation, and the PCV; they do most of the work together with one of the chefs de quartier who is a retired employee of the defunct Kindia branch of the Banque Centrale de Guinee and who owns an automobile that the committee occasionally uses. The President, a professional accountant, does all the record-keeping. The PME office is having its name changed to the Centre pour la Creation et le Developpement des Entreprises.

The active members of the management committee take their job seriously but the administration of the fund suffers from the lack of a BICIGUI branch in Kindia. The borrowers have to locate either the President or the Treasurer of the management committee to make payments on their loans. If the two of them are out of town, there is nobody to whom payments can be made. Another major inconvenience is that one or another of the management committee has to carry the cumulated funds down to Conakry for deposit in the Conakry branch of the BICIGUI. Deposits are therefore made sporadically.

## 3. The Loan Program in Kindia and its Effects

### a. Status of the Revolving Loan Fund

Since the summer of 1989, the Kindia revolving loan fund has made 28 loans averaging FG 316,000. Quite a few of the borrowers are behind in their payments for one reason or another. Three of the borrowers used their loans to buy refrigerators but only one also bought a power surge adjuster. The other two suffered a major blow when their refrigerator motors were burnt out by Kindia's erratic electric power system. One of the transporters borrowed FG 800,000 to repair his truck; when it broke down again, he fell two months behind in his loan payments. The situation of several of the

borrowers suffered from the seasonality of their activities. Another borrower opened a video-projection activity which was closed down by the police on a zoning violation charge; the owner is now selling off his equipment and furniture and is investing in a transport business.

The breakdown by activity of the Kindia revolving loan fund's portfolio is shown in Table 3 below:

Table 3. Kindia: Status of Revolving Loan Fund  
as of September 15, 1990

Activity	No. of loans extended	No. of loans outstanding
Tie-dyeing	12	10
Carpentry	2	2
Brickmaking	2	1
Transport	2	2
Artistic handicrafts	2	2
Artisanal baking	1	1
Restaurants, food and drink preparation	7	7
Total	28	25

Of the 28 Kindia borrowers, 17 are women and 11 are men. Maximum loan size in Kindia was FG 800,000. The distribution of loans by size is shown below:

Size of loan (in '000 FG)	No. of loans	Total value (in '000 FG)
100	1	100
200	13	2,600
300	6	1,800
350	1	350
400	1	400
500	4	2,000
800	2	1,600
Total	28	8,850

The Kindia revolving loan fund had about FG 3 million in the bank at the time of consultants' visit. The management committee intended holding a meeting the following week to issue about FG 2.5 million of new loans, keeping FG 0.5 million in the bank as a reserve.

b. Effects on the Borrowers

The loans in Kindia were used either to purchase current inputs (such as wood for carpenters or cloth for tie-dyers) or equipment (such as refrigerators for the artisanal food and beverage producers). The availability of additional working capital used to purchase inputs made it possible for the enterprises concerned to reach a higher level of output, which will be sustainable unless blocked by a faster rate of inflation of input prices than of output prices. The availability of a loan to purchase a piece of equipment made possible a new or expanded activity such as the production of candied ice. The new production generates enough income to pay off the loan and provides a sustainable level of income thereafter. None of the borrowers reported an increase in employment since the borrowers were all on-going enterprises that could increase their output with the labor already employed (in most cases the proprietor's own).

One of the borrowers made a telling remark during the consultants' visit: "For you the amount of the loan looks insignificant; for us it is a big thing." The unanimous view was that the enterprises in Kindia would like to see an increase in the capital of the revolving loan fund so that it could extend more and larger loans.

The revolving fund makes a large number of loans to tie-dyers, who can make effective use of relatively small amounts of working capital to buy cloth and dyes, although all the tie-dyers of Kindia complained about the rise in prices of cloth imported from Liberia. The additional working capital makes it possible to increase output and to keep the enterprise's existing labor force more fully employed. One of the successful borrowers works with her own four daughters and with six apprentices, all six of whom are young mothers. The mark-up on purchased inputs is similar to that in Labe as discussed above. One of the daughters sells at a stall in the Kindia market where the annual patente is now FG 50,000 per table (as compared with FG 30,000 a year earlier) and the daily market fee is FG 50. Another of the tie-dye women works with two partners, one of whom travels to Sierra Leone and elsewhere to sell their goods.

Asked whether she wanted to take out a second loan, the borrower said that she first wanted to see how much profit the enterprise will have made once the season's production is sold: if the partners have made enough after repayment of the loan to buy the inputs they need to continue working, she will not ask for another loan; if they have insufficient cash for the inputs they need, she may ask for a second loan.

Another successful borrower is a carpenter who uses electric power, when the system works, to saw planks down to size and to turn wood for furniture parts. He figures that he turns over his working capital six times a year. His FG 500,000 loan bought two months' supply of wood, varnish and other inputs. The loan made it possible to produce furniture for sale off the floor without having to wait for individual orders. As he put it, he "can now work every day."

The borrowers who are behind in their payments will catch up by tapping other sources of income (e.g. the salary of a relative who is a government employee) or by borrowing (at a zero rate of interest) from friends.

c. Effects on the Community

The positive economic impact of the revolving loan fund's activity has probably been smaller in Kindia than in Labe because of several factors, among them the absence of a BICIGUI branch in Kindia, the vagaries of the electric power system, the dependence of loan disbursement and collection on the physical presence of the President of the management committee, and the fact that the Kindia management committee has been less prompt in pushing out a second round of loans than in Labe. Nevertheless, the artisans, transporters and small service entrepreneurs of Kindia all know of the existence of the revolving loan fund, many of them have already submitted loan requests, and many more would like to do so as soon as new applications are accepted. The existence of the project is a source of optimism for many would-be borrowers who are aware of the difference that a small amount of working capital can make to their businesses and to their livelihoods.

#### 4. Institutional Aspects: Kindia

##### a. Procedure for Disbursing Loans

The system in Kindia is the same as that of other sites except for the following variations:

1. There is no a branch of the BICIGUI in Kindia, therefore borrowers are required to take their monthly payments to the Committee President's office at the Public Works Department. The President then takes the money to Conakry and deposits it in the Medina branch of the BICIGUI there.

2. Loans in Kindia have been given out only once since the monies became available. The entire Committee therefore has met on only a few occasions, although the President, the PME officer and the PCV say that the three of them meet fairly regularly by themselves.

3. The President and Treasurer get receipts directly from the BICIGUI rather than from the borrowers since the Committee officers carry the funds to Conakry.

##### b. Assessment of the Current Structure

The most obvious problem with the current system in Kindia is the lack of a BICIGUI branch. Because the project is dependent on someone to take the trip to Conakry to deposit payments, the fund is not working as efficiently as possible. In fact, the fund is probably foregoing interest on its bank balance owing to late deposits or unforeseen circumstances that make travel to Conakry irregular (as was the case when the President was absent from Kindia for almost three months because of a death in the family: some borrowers did not make payments during those months)

The PCV in Kindia appears to have a good working relationship with the members of the Committee. His philosophy is that the Committee is ultimately responsible for carrying out the necessary administrative tasks and, while he encourages and reminds the Committee to do these tasks, he does not take them over if the Committee falls behind. While it is important for the Committees to take responsibility for the administration of the grant, the Kindia Committee may need some more guidance than they are currently

receiving. The PCV might consider organizing full committee meetings on a bi-monthly basis, even if requests are not evaluated, to identify problem cases, to divide responsibilities for follow-ups and to gather data for the quarterly report.

Kindia was the only site at which the consultants were unable to meet with the entire Committee; in fact we met with only the President, the PME officer, the PCV and one of the non-executive members. However, in the opinion of the consultants, there are some problems with the structure as it currently operates. They are as follows:

1. Inconsistent repayment: While this does not seem to be a huge problem, it is more evident here than in the other sites. One of the reasons is that: there is no a BICIGUI branch in Kindia so that clients cannot go directly to the bank themselves. Another is that electrical power is erratic in Kindia and some of the loans were given to entrepreneurs dependent on electricity; three who were given loans to buy freezers had the motors burned out by power surges, making repayment difficult.

2. Administrative efficiency: The fact that the PCV wants the Committee to be less dependent on him, not a bad thing in itself, has made the Kindia Committee run less efficiently than those at the other sites.

### c. Evolution of the Committee

The members of the Committee with whom we met work diligently and are committed to the project's success. They are very much in favor of the fund's growing and the project's eventually becoming an independent NGO. However, without the presence of a BICIGUI branch in Kindia, it is difficult to envision the project being able to meet all its objectives. The Committee assured us that a BICIGUI branch will be opening up soon in Kindia but other sources contend that the BICIGUI branch in Conakry does not want to lose the accounts of Kindia merchants and residents it now holds and therefore the prospect of a branch in Kindia is far from a certainty.

Further, the fund in Kindia will need to increase its repayment level before the Committee broadens its scope.

We did mention to the Committee that the next PCV will take an active role in organizing training seminars and offering technical assistance to borrowers. The members thought this was good idea and one that they did not think would change the current administration of the loan in a negative way.

The Committee asked that a system be instituted for reimbursing them for expenses incurred while doing project tasks. We asked them to propose a solution and they stated that they would like to be able to withdraw FG 10,000 - 15,000 a month to cover gasoline and travel to Conakry. We agreed that the request was a reasonable one, and that we would suggest that a system be implemented by which they could be reimbursed. The members also asked if it was not possible to pay some of the members, especially those who have no source of regular income. We told them that any remuneration for services would have to come from the revolving fund and that there was no outside source of money to pay members. We explained that any money taken to pay members would take away from the amount the project could lend. They agreed to meet and explain the constraints to all members and see if they couldn't come up with a modest proposal.

##### 5. Recommendations: Kindia

Recommendations for the Committee in Kindia are as follows:

1. Varying the size of loan repayments: The Committee has given out loans to many borrowers whose ability to repay is contingent upon the presence of electricity (which is seasonal and, even then, sporadic) and/or the presence of students who buy cakes or flavored ice. Many people have difficulty making the monthly payments during their "off" season, but could probably pay more when business is good. Such a system of variable payments could be proposed to those borrowers who have cyclical businesses.

2. Surge protectors: Borrowers who want to buy freezers should be required also to buy a surge protector. Three borrowers with whom we spoke had either stopped paying their loan or had to get money from another source to pay because the motors of their freezers had burned out during a power surge. One client who made flavored ice bought a surge protector and her freezer continued working.

3. Consistent payments: All borrowers should be strongly encouraged to pay something each month, even if they are unable to make their full payment. Kindia seems to have the highest number of borrowers who go one, two or three months without paying anything.

4. Follow-up visits: Follow-up visits should be divided among the members of the Committee and made more often.

5. Repayment system: A reliable system must be devised to ensure that monthly payments can be made and the money taken to Conakry without fail.

6. Administration fund: A system by which the Committee President and Treasurer can draw necessary administrative expenses from the revolving loan fund should be created. The amount of the administration fund should not exceed FG 180,000.

7. Compensation fund: A system for compensating some Committee members should be devised once a proposal is submitted and agreed upon. The annual amount should not exceed FG 320,000.

C. Kamsar (October 9 - 12, 1990)

1. The Site

a. The Local Economy

Kamsar is a "company town" whose local economy has grown up around the enclave of the bauxite processing plant of the multinational Compagnie des Bauxites de Guinee (CBG). The business community of Kamsar prospers because of sales generated by the salaries of the CBG's over 3,000 employees. The city is growing rapidly and has a population close to 40,000. Kamsar is also a major artisanal fishing port selling dried and smoked fish throughout the country. Local agriculture is based on rice and tuber production in the coastal lowlands. The local economy is relatively active and attracts migrants from all parts of Guinea.

b. The BICIGUI in Kamsar

The Kamsar branch of the BICIGUI does most of its business with the employees of the bauxite company (CBG). It also holds deposits for some of the small business enterprises in Kamsar, including most of the clients of the revolving loan fund. The only

local loans the BICIGUI is now willing to extend are to CBG employees for construction of housing.

The President of the Kamsar management committee remarked that the French manager of the Kamsar and Boke branches of the BICIGUI wanted to know how it came about that the revolving loan fund succeeded in getting borrowers to reimburse their loans where the BICIGUI had failed completely. The answer was, of course, the close follow-up activity of the management committee and the PCV.

During an interview with the BICIGUI's assistant manager for Kamsar, the consultants suggested that the BICIGUI might consider taking over the better clients of the revolving loan fund once they have been identified as having a proven record of profitable use of borrowed money and a proven record of loan reimbursement. Dara replied that the BICIGUI would be willing to consider loans to its regular depositors whose deposits and withdrawals could be traced over a reasonable period of time. The BICIGUI is reluctant to lend to local businessmen partly because the businessmen are unwilling to reveal details of their operations. The BICIGUI assistant manager claims that the bank can make a rough estimate of the value of a merchant's stock and turnover. His own rule of thumb would be to consider as reliable a merchant or an artisan who cycled more than a third of his receipts through the BICIGUI.

c. The Compagnie des Bauxites de Guinee (CBG)

The President of the bauxite company told the consultants that he was intensely concerned with turning Kamsar into a proper regional development pole instead of leaving it only a pole of attraction for migrants from other parts of Guinea and a source of funding for the Government of Guinea's budget for current and development expenditures in other parts of the country. Regional development requires electricity and other infrastructure beyond that provided by (or pirated from) the CBG. It also requires the creation of a business community of small and medium enterprises to absorb the labor force that will pour into Kamsar once the highway from Conakry is built. The CBG President sees the Peace Corps revolving loan fund as the only activity in Kamsar that is now fostering small scale enterprise and he would like to see it expand. He offered to match any increase in external contributions to the capital of the revolving loan fund allocated to Kamsar.

He is also intent on increasing the CBG's local procurement as a method of accelerating local economic activity outside of the CBG enclave. In that context, the management committee of the revolving loan fund could be useful in identifying capable local producers of, for example, standard quality furniture and work clothes. (See Annex E below.)

## 2. The PCV and the Management Committee

The PCV in Kamsar has been extremely effective in animating the revolving loan fund program. She is scheduled to leave in January 1991 although she is willing to extend her tour for one year to ensure that she has a successor in place before her departure.

The President and the other two officers of the management committee of the revolving loan fund appear to be efficient and competent. Their approach is to take on about 15 new loans at a time and then to make sure that the borrowing enterprises are functioning properly before adding the next 15 loans. The President is a technician (Ingenieur de Ressources Animales) with the Government and is also a chef de quartier. The Treasurer is a teacher and Censeur de Lycee. The Secretary is the director of a primary school. Two of the other members of the management committee are imams; two are women active in Condition Feminine affairs at the quartier level. The others are elders of the community.

The management committee, and particularly the President, is aggressive about keeping in close touch with the clients of the revolving fund to make sure that payments are made. In the two cases where there have been serious delays in payment, the President of the Committee has called in the police to add moral suasion and has insisted that co-signing witnesses to the loan contracts continue making payments in lieu of the borrower. The Kamsar committee's approach to loan size is somewhat different from that of the committees in Labe and Kindia. The average size of loan in Kamsar (FG 600,000) is twice that in Labe and Kindia (FG 300,000). One result is that the Kamsar project has identified several entrepreneurs who have outgrown the lending capacity of the revolving loan fund and should probably be operating with formal bank credit. The Kamsar revolving fund has made loans to retail merchants (unlike the project in Labe) as well as to employees of the

bauxite company who started businesses on the side out of the savings from their salaries.

In a meeting with the full management committee, the spokesman stated that the seven community representatives who are members of the committee would like some compensation for the time they put into the revolving fund's affairs. The consultants replied that any compensation would have to come out of the capital of the revolving fund. The three officers of the committee will examine the capacity of the fund to pay a small amount to the community representatives out of interest receipts.

3. The Loan Program in Kamsar and its Effects

a. Status of the Revolving Loan Fund

As of the end of September 1990, the Kamsar revolving loan fund had issued 43 loans, 16 of which had been paid off and 27 of which were outstanding. The range of loans by activity, as shown in Table 4 below, is much wider than in Labe and Kindia.

Table 4. Kamsar: Status of Revolving Loan Fund  
as of end-September 1990

Activity	No. of loans extended
Maritime transport	2
Woodworking and upholstery	4
Cloth dyeing	4
Retail merchants	5
Video clubs	2
Jewelers	4
Book store	1
Candy selling	1
Fishing	4
Bar-restaurants	5
Tailors	3
Nursery school	1
Bakery-patisserie	1
Pharmacy	1
Welding	1
Taxis, transport	2

Photo laboratory	1
Auto repair	1
Total	43

The average size of loan in Kamsar was FG 616,000. The distribution of loans by size was as follows:

Size of loan (‘000 FG)	No. of loans	Value (‘000 FG)
200	1	200
300	1	300
330	1	330
350	1	350
500	5	2,500
575	4	2,300
600	22	14,200
700	2	1,400
750	1	750
800	2	1,600
860	3	2,580
Total	43	26,510

b. Effects on the Borrowers

The successful borrowers in Kamsar all claimed that the loans received from the revolving fund resulted in significant increases in their production and sales. A furniture-maker's access to enough working capital to buy two months' supply of inputs makes the difference between his being able to produce on a continuing basis for sale off the shop floor and his sitting around waiting for a customer to provide an advance before starting production on a single order. Getting access to a loan to buy a motor put the owner of a sea-going pirogue into business as a profit-making maritime transporter employing a five-man crew. (The system of payment to

the pirogue's crew is the following. The receipts from three trips are pooled and divided into three parts: one part to cover the cost of motor-fuel and oil, one part to the crew - which is divided unequally among them according to rank - and one part to the owner.)

The most profitable use of the revolving fund's loans has probably been made by the fishermen, who needed working capital to buy nylon fishing nets (imported from Korea). Without nets, they are out of business; with nets, they haul in fish and make a good living. One of the fishermen used his profits to outfit a second three-man pirogue that will almost double his income.

One of the local retail merchants used his loan to enlarge his shop and to increase his stock of goods, which led to an increase in sales. The patente for a shop or a workshop in the Kamsar market is FG 150,000 per year.

The local photographer, who had purchased a color enlarger out of his past earnings, obtained a loan from the revolving fund for working capital to buy current inputs needed to make his capital investment productive. Once he has paid off his current loan, he intends to apply for another loan to expand his premises.

Several of the loans are in difficulty. One of the borrowers, who used his loan to stock a bookstore, disappeared after two or three months, leaving his co-signers to liquidate the shop as best they could and to pay off the loan (which they are doing bit by bit). One of the jewellers is behind in his payments because he put his earnings from the loan into a family emergency instead of replenishing his working capital. One of the transporters used his loan from the revolving fund to make a down-payment on a Soviet chaland that he bought from the Guinean navy on what he thought was a long-term loan. His version of what happened next is that the navy confiscated the check for his first lucrative voyage as full payment for his purchase of the ship, leaving him financially high and dry. The navy finally paid off his loan to the revolving fund, but he is now "on the beach". There is undoubtedly more to the story than that but the outcome is the same.

### c. Effects on the Community

Kamsar's population is expanding rapidly, but the revolving loan fund is the first institution to provide credit to the micro-

enterprises that must participate in the town's economic growth needed to absorb that population. The revolving fund is being integrated into the social fabric of the port and the marketplace in two ways: through the example of the loans extended (and repaid) and through the participation of the community elders of the management committee. The revolving fund itself is playing a further catalytic role since the managers of the bauxite company and the local branch of the BICIGUI are aware of its potential and are willing to cooperate with it and, in the case of the CBG, to contribute to its financing.

4. Institutional Aspects: Kamsar

a. Procedure for Disbursing Loans

The procedure in Kamsar works much like the other sites. Among the differences are the following:

1. The Committee does not give out any new loans unless all the loans currently out are going well. If there are problems, the Committee prefers to focus its energy on rectifying any problems before giving out other loans.

2. The average size of loans in Kamsar (FG 614,000) is larger than in the other sites.

3. The Committee often offers less than the applicant requests based on their studies of the submitted budget and of the prices of inputs, and on their experience with comparable businesses that have already taken out loans.

b. Assessment of Current Structure

The Committee in Kamsar is extremely well-organized and effective. This is due largely to the fact that the President of the Committee is a civil servant and a chef de quartier who is able to devote a considerable amount of his work time to the revolving loan fund project. The responsibilities of the fund's administration appear to be divided evenly among the Committee members, and there do not seem to be any major problems with the project. The Committee has shown good judgment in assessing proposals and granting loans. The few loans that have had problems have been closely followed

and are being repaid, even if the repayment has had to come from the co-signers and in small amounts.

c. Evolution of the Committee

The project in Kamsar is ready to expand its scope and begin small-business training for its borrowers. It is also probably ready to administer more money.

The Committee members raised the issue of remuneration for their community representatives members, as did the Committee in Kindia. Again, we explained that any money for members could only come from the fund and would have to be consistent with the objective of a sustainable project. We asked the Committee to tell us what they would consider a fair form of remuneration. They agreed to prepare a proposal and submit it for consideration.

5. Recommendations: Kamsar

The recommendations for Kamsar are as follows:

1. Remuneration: If the Committee comes up with a proposal for remuneration, it should be considered but with a ceiling of FG 500,000. .

2. Identity of the Fonds du Credit Rotatif du Kamsar: There seems to be a stronger desire for the Committee in Kamsar to associate with the name of the Peace Corps than in the other sites. This is evident from some quarterly reports that are titled "Fonds du Credit Rotatif du Corps de la Paix" instead of "Fonds du Credit Rotatif de Kamsar" and a box in the Sous-Prefecture organization chart which has "Corps de la Paix" as its label and the Committee members listed as Peace Corps staff. The PCV needs to be aware of this and to keep reinforcing the notion of the eventual independence of the revolving loan fund and the diminished role of the Peace Corps.

3. Training: The PCV should begin to focus most of his/her energies on identifying training needs and on planning seminars.

D. Kassa (October 15-17, 1990)

1. The Site

Kassa and the other Loos islands lie immediately offshore from the port of Conakry. The main occupations of the islanders are sea fishing (by the men), fish-smoking (by the women), animal husbandry (by both men and women raising pigs, goats and sheep), a bit of farming, and some basic artisanal activities. Many of the "fishermen" are pirogue owners who do not go to sea themselves. The market for the pork and mutton produced on the islands is Conakry including some of the hotels and restaurants in town with which livestock raisers have contracts. Fishing and animal husbandry are relatively highly remunerative.

The Kassa revolving loan fund keeps its deposits at the main branch of the BICIGUI on the Avenue de la Republique in Conakry.

2. The PCV and the Management Committee

The PCV in Kassa is a well-trained business adviser who interrupted a lucrative career as a young Wall Street securities analyst two years ago for a stint in the Peace Corps. The President of the management committee is a chef de quartier. The Treasurer lives on Fotoba island (where he owns three or four fishing pirogues) and has a job in Conakry, The Secretary is the director of a middle school on Kassa. The community representatives on the committee include a government official, one haji, several fishermen, and one woman active in Condition Feminine affairs on Kassa.

3. The Loan Program in Kassa and its Effects

a. Status of the Revolving Fund

As of the end of September 1990, the Kassa revolving fund had extended 34 loans, 6 of which had been paid off and 28 of which were outstanding. The range of activities was narrow, as shown in Table 5 below.

Table 5. Kassa: Status of Revolving Loan Fund  
as of end-September 1990

Activity	No. of paid-up loans	No. of outstanding loans	Total no. of loans extended
Fishing	3	21	24
Fish smoking	1	3	4
Animal husbandry	2	2	4
Restaurant	-	1	1
Welding	-	1	1
Total	6	28	34

Of the Kassa borrowers, 8 were women (all the fish-smokers, three fishing boat owners and one pig raiser) and 26 were men (most of the fishermen, the other livestock raisers and the other two entrepreneurs). The average loan size was FG 375,000. The distribution of loans by size is shown below:

Size of loan (in '000 FG)	No. of loans	Total value of loans (in '000 FG)
50	1	50
100	2	200
150	1	150
200	7	1,400
250	3	750
300	2	600
400	6	2,400
500	4	2,000
600	1	600
650	6	3,900
700	1	700
Total	34	12,750

b. Effects on the Borrowers

The most successful Kassa borrower is a fisherman who used his loan to motorize his pirogue and thereby doubled or tripled his catch of fish. He paid off his loan in 6 months (saving half the interest on his original loan) and used his profits to build a second pirogue which he sends to sea with a separate crew. The other fishermen borrow to build boats, to buy accessories (such as nets, weights, buoys, and rope), and to repair motors.

Most of the fishermen make payments on their loans regularly but vary the amounts with the season. Many of them now pay more frequently than once a month since they bring in cash daily.

The livestock raisers are all prompt in making their loan payments. One of the pig raisers started with three sows, borrowed a boar, and now has a herd of over 50 in addition to the animals he sold. The payback schedule for the livestock raisers was adjusted to include an initial grace period to take account of the incubation period of the first litter, but the total loan period stayed 12 months.

One of the bad loans was extended to a fisherman who bought a motor that was both too big for his pirogue and second-hand instead of new. His family co-signers paid back part of the loan but most of it will stay in default. Another bad loan was extended to the restaurant owner who tried to up-grade his establishment beyond his means and went under. One of the fishermen was two months behind on his first payments, but close follow-up is bringing him more or less up to date.

c. Effects on the Community

The main impact of the revolving loan fund on the community, aside from increasing its income by providing a bit of working capital to some of its members, has been to introduce some sense of how to handle money. The fishermen now make their loan payments at the BICIGUI (except for those on Fodoba island who give their cash to the Treasurer to take to town for them) as soon as they have cash in hand, often on a weekly basis, before they have time to spend it elsewhere. However, none of the Kassa borrowers has opened an individual account at the BICIGUI.

#### 4. Institutional Aspects: Kassa

##### a. Procedure for Disbursing Loans

The procedure for loan disbursal in Kassa and Foutoubua differs from the other sites only in that:

1. The application form used is a one-page form which was adapted by the PCV at the site. A copy of this form is in the Annex.
2. Borrowers take their payments to the BICIGUI branch in Conakry, since there is no a bank on Kassa.
3. Follow-ups are more costly to committee members if they have to take a boat to Foutoubua, and consequently visits are sporadic.

##### b. Assessment of Current Structure

The consultants met with only the PCV and the Secretary during the visit. They explained that other members of the Committee are not able to give an entire day to the project to receive visitors because they have to fish for their livelihood. The only salaried member of the Committee is the Secretary, who is the Director of the secondary school on the island.

The project appears to be very well run: borrowers' folders and the financial books are well organized. Most of the administrative work is done by the PCV and Secretary.

##### c. Evolution of the Committee

The PCV and the Secretary told the consultants that the Committee in Kassa is losing its motivation. The members have recently complained that they see their neighbours prospering with the help of the loans they received and yet they, the members, often must suffer financially because of work they do for the project. The Secretary explained that time spent working on project-related tasks often takes away from the members' time needed for their own income generating activities. Consequently, the work load falls on the PCV and the only employed member.

The Secretary suggested that a system be put in place to compensate members for their work, and thereby motivate them to do more. He suggested that each member be given FG 100,000 per year, paid quarterly, and that FG 150,000 be put aside for administrative expenses. Administrative expenses would include the cost of trips between the islands for follow-up visits, occasional meals prepared for the bi-annual all-Committee meetings and office supplies.

5. Recommendation: Kassa

The following are recommendation specific to Kassa:

1. The Committee should be encouraged to set up a formal system for administering the FG 450,000 for administrative costs and remuneration. The money will come from the interest on the account and it should be made clear to the members that the payments are possible only as long as the borrowers' repayment rate is high and the fund is managed well.

2. The remuneration of the three Executive Committee members should be paid on a quarterly basis.

3. The Executive Committee members should have a job description that outlines their responsibilities once remuneration begins. It is expected that the President and Treasurer will begin to take a more active role.

4. Follow-up visits should be formally assigned among the Committee members. This will help ensure that the visits are made and also give the borrowers one person who will be his or her main point of contact.

E. Summary and Conclusions

The consultants were very favorably impressed by the status and accomplishments of the Guinea revolving loan fund project. The Peace Corps has succeeded in fielding volunteers to six sites, four of which have been active since 1989. The communities have generated management committees that are respected, serious, and devoted. An initial batch of loans has been extended to borrowers in the four active sites with relatively good results in terms of repayment rates and of financial return to the enterprises of the

borrowers. For the individual borrowers, the availability of credit has made it possible for them to increase their scale of operation and to increase their incomes. For the communities, the psychological impact of seeing micro-entrepreneurs borrow and actually repay their loans has been significant.

The revolving loan fund project has established a prototype that can be replicated in other urban centers of Guinea if and when additional funding becomes available from the international donor community.

One aspect of the project, the voluntary participation of a number of respected individuals from the local communities, is both a strength and a weakness. It is a strength in that it has assured repayment by borrowers to an extent well beyond the capability of the formal banking system. It is a weakness in that expanding much beyond the present level of activity will probably require greater formalization of the administrative structure of the loan funds and some remuneration of the members of the management committees who have so far been motivated to contribute their time and effort by the public esteem that accrues to them as a result.

Operational staff support by Peace Corps Guinea's Director and the concerned APCD has been effective, particularly in dealing with the Government of Guinea at the Ministerial and prefectural levels.

### 1. The Sites

Of the first four sites where the Peace Corps revolving loan fund was established in Guinea, three - Labe, Kindia and Kamsar - are dynamic regional centers of commercial and artisanal activity. The fourth, Kassa and the other Loos islands, is unique in its location just offshore from the port of Conakry. Except for Kamsar where the CBG enclave has created some of the essential infrastructure for a functioning modern economy, producers in the interior of the country suffer from bad roads (now being improved), an erratic supply of electricity and water in the rainy season, and shortages of both power and water in the dry season.

Two more sites, Kankan and Fria, are to open before the end of 1990. Of the four sites, only Kindia is somewhat questionable. The fact that there is no branch of the BICIGUI in town makes transactions inefficient and one of the goals of the program, to help

some entrepreneurs "graduate" to formal banking, more difficult to achieve. Also, the perception that the Committee is the keeper of the money, instead of the bank, may help add to the problem of repayment.

## 2. The PCVs and the Management Committees

The PCVs and the management committees in all four sites have done a remarkable job of making their revolving funds operative, of sensitizing their local communities to their seriousness of purpose, and of extending and following up the first batch of loans. The officers of the management committees appear to be competent, dynamic and devoted individuals. The PCVs and the management committees appear to have worked well together in all four sites.

The PCVs have been essential catalysts in getting the programs started and in keeping pressure on the management committees to keep the project moving. The officers and other members of the management committees are unpaid. It appeared to the consultants that a good part of the motivation for continued and active participation of the management committees in the work of the revolving funds has been the example set by the PCVs. A key question for the future of the revolving funds will be how to replace the enthusiasm and dynamism now imparted by the PCVs once the PCVs are gone at the end of the 6-year life of the Peace Corps project.

The members of the Committees have worked hard over the past two years and deserve to be commended. Their knowledge of the community and their inhabitants is invaluable for the success of this project. Without exception all Committee members with whom we spoke wanted to remain in their positions.

The Committees need to keep hearing that within the foreseeable future they will be functioning independently of the Peace Corps. The next generation of PCVs will need continually to reinforce this notion, and encourage the Committees to make more and more of the decisions without a lot of PCV input.

Peace Corps should seek the input of the Committees on all levels such as the content of seminars, methods for devising new administrative systems and general programmatic decisions.

The current Volunteer Assignment Description (see Annexes) accurately describes the project and the necessary qualifications to effectively perform the job. The next generation of PCVs will need to focus on training and skills transfer to the borrowers. The seminars should focus both on business training and on production technology and procedures, such as more efficient ways to dry fish or make bricks. The PCV should also be aware of, and sensitive to, the environmental impact of the projects and, when possible, explain the longer-term effects of bad environmental practices. An example is a group of tye-dyers in Labe who dump their old indigo water into the river that is also used for drinking, bathing and irrigation. While not the ideal solution, the women should be encouraged to dump the indigo away from the river.

### 3. The Loan Program and its Effects

The revolving funds in the four sites had extended a total of 158 loans by the end of September 1990 as shown in Table 6 below. Average loan size for the four sites combined was FG 431,000.

Table 6. Guinea Peace Corps Revolving Loan Fund:  
Loans Extended and Loans Outstanding  
as of end-September 1990

Site	<u>Loans extended</u>			No. of loans outstanding
	No. of loans	Total value (mill. FG)	Average size (‘000 FG)	
Labe	53	20.0	377	44
Kindia	28	8.8	316	25
Kamsar	43	26.6	614	27
Kassa	34	12.8	375	28
Total	158	68.2	431	124

Total assets of the four active revolving funds increased from FG 34.8 million in May 1989 to FG 45.6 million in September 1990 as shown in Table 7 below.

Table 7. Assets of the Four Active Revolving Loan Funds,  
5/31/89 and 9/30/90  
(in millions of FG)

Site	<u>5/31/89</u>	<u>9/30/90</u>		
	Balance in BICIGUI	Balance in BICIGUI	Loans out- standing	Total assets
Labe	8.7	1.2	10.6	11.8
Kindia	8.7	3.0	7.8	10.8
Kamsar	8.7	2.4	9.9	12.3
Kassa	8.7	1.3	9.4	10.7
Total	34.8	7.9	37.7	45.6

The distribution of borrowers by sex was as follows:

Site	Males	Females	Total
Labe	9	44	53
Kindia	11	17	28
Kamsar	37	6	43
Kassa	26	8	34
Total	83	75	158

Most of the loans are being repaid, if need be by co-signers, even when the business for which the money was borrowed has not been particularly successful.

Most of the smaller loans were used as working capital to purchase current inputs, which accounts for the large number of indigo tie-dyers and carpenters in the portfolios of Labe and Kindia. The availability of working capital made it possible to produce on a full-time basis, thus raising incomes and keeping the artisans and their apprentices more fully employed. There has been no apparent increase in the numbers employed.

Many of the larger loans were used to purchase capital equipment (such as refrigerators, motors, or transport vehicles) to start new activities or to expand existing ones. Some of those loans have increased employment, but they have also turned out to be the riskiest loans. Among other problems, difficulties have arisen from the breakdown of second-hand equipment that some of the borrowers purchased.

The loans with the greatest secondary impact were those to the fishermen, who supply the essential input for further downstream processing by the women who dry and smoke fish for consumption throughout the country.

The consultants ran across no evidence of regulatory constraints on the micro-enterprises visited other than the one incident of a supposed zoning violation by a would be video-club promoter. On the contrary, the permeability of Guinea's frontiers to generalized smuggling reflects a certain lack of regulatory constraint. The patente (business license tax) does not appear exorbitant although it has been increased with the general price inflation.

The banking situation, although not particularly optimistic, is not hermetically closed. At the second of two meetings in Conakry, the BICIGUI's Director for Private Sector Clients, Jean Bernard Viaud, told the consultants that the bank is still studying the question of opening a branch in Kindia but that he does not think it likely to happen any time soon. On a more optimistic note, he admitted, after some discussion, that the BICIGUI's ban on loans to small entrepreneurs was not absolute, despite the bank's bad experience with loans to local merchants, 75 per cent of which cannot be collected. The BICIGUI would consider a loan application from one or another of its good customers in Labe or Kamsar where the banking habit has taken hold. He also stated that in the case of Kamsar or Fria, the BICIGUI would probably be willing to finance local artisans who were producing in the framework of a CBG procurement contract.

#### 4. Institutional Aspects

There are three implementing institutions for the Revolving Loan Fund Project.

The first is the Secretariat d'Etat a la Decentralisation of the Government of Guinea. The responsibilities of the Ministry of Decentralization for this project are: to identify new sites; provide host country government input on proposed project developments to ensure continuity with overall host country development plans; arrange with local government to provide PCV's with housing; and act as a point of contact with host country government for project support needs. The "Protocole d'Accord" fully describes these responsibilities. While there have been minor problems with Volunteer housing, overall compliance with the agreement has been very good. Contact with Ministry representatives varies from site to site and contact in Conakry is good. The consultants see no reason to alter the Ministry's role in any way. The possibility of the Ministry's contributing financial resources to the project seems unlikely and not necessarily desirable.

The second institution is the set of Comites de Gestion des Fonds de Credit Rotatif, the Management Committees of the Revolving Loan Funds. The responsibilities of the Comites de Gestion are: to manage funds; to consider and evaluate loan requests; and to train entrepreneurs in credit management techniques. Each Committee has the power to make necessary changes in the administration of the grant that it deems necessary. The division of the administrative tasks among the members varies with each Committee. Currently no Committee is doing any formal training of entrepreneurs. In all sites the relationship between the Committee members and the PCV is excellent.

The third institution is Peace Corps/Guinea. The responsibilities of the Peace Corps in Guinea are: to supply Guinea with adequately trained small-business development volunteer advisors; to provide support to the volunteers during their two-year assignment; and facilitate transfer of funds from the United States to the Committees. Peace Corps/Guinea is fulfilling its responsibilities to the project.

#### IV. Recommendations

The consultants' general recommendations concerning the future operations of the Guinea Revolving Loan Fund are presented below.

1. Interest Rate: The interest rate on loans made by the revolving fund should not be reduced from its present level of 30 per cent on the initial amount of the loan (which comes to about 42 per cent on a declining balance basis). The rate is high, but the rate of Guinea's price inflation over the near term is likely to catch up with it. Since the interest rate is now accepted (with complaints), our recommendation is to stick with it in order to protect the real capital position of the revolving fund. Although most of the clients of the revolving fund complain about the high rate of interest, the demand for loans from the revolving fund is still far in excess of its capacity to extend loans.

2. Additional Financing: For the time being, the only firm potential sources of additional financing for the revolving loan fund are Arthur Kobacker's proposal to add \$15,000 to one or another of the active sites and the offer by the President of the Compagnie des Bauxites de Guinee (CBG) to match any contributions made specifically to the Kamsar revolving fund. We recommend that Kobacker's \$15,000 be split two ways, with \$7,500 to Kamsar and \$7,500 to Kassa or Labe. The Kamsar site would then get an additional \$7,500 from the CBG and more or less double its present capitalization.

Further support for the program as a whole maybe forthcoming from an eventual USAID small enterprise credit project but that is still only a long-shot possibility.

3. Compensation Fund: Sooner or later, it will be necessary to provide some compensation, out of the revolving funds' own resources, to the members of the management committees for the time and effort they devote to the work of the revolving funds, particularly if their capital is increased and their volume of business expands. For the immediate future, in the case of Labe, the consultants suggested that the management committee hire a half-time secretary-bookkeeper to take on some of the tasks now carried out by the PCV. In Kamsar, the consultants suggested that the officers of the management committee examine their revolving fund's capacity to pay a small amount to compensate the community representative members of the committee. A compensation fund could be set up at each site to cover administrative or related expenses to a maximum of FG 500,000 per year out of the revolving fund.

4. Quarterly Reports: It has been difficult at every site to get the Committee members to take full responsibility for writing the quarterly reports. The consultants believe there are two reasons for this: first, the Committee members view it as an administrative task without much value for them except that it fulfills their part of the agreement and second, the reports are time consuming and without a lot of focus. We suggest that a two page form be created in which only necessary information is gathered. The form should include: account balance, number of outstanding loans, number of paid-up loans, number of loans in arrears, number of loans to each sector, number of loans to women, balance of the remuneration fund, and list of quarterly activities (seminars, meetings and follow-up visits). These data would be fairly easy to gather and record. A second page should be attached for recording observations, problems, or issues.

5. Impact Form: A simple form should be created with which the Committee can begin to gather economic impact data. The form could include number of employees, cost of inputs, total sales, profit, changes in level of fixed assets and inventories (if possible), and household spending patterns of the borrowers. These data should be collected quarterly and put in each borrower's file. The Committee should understand that if they will be able to show positive economic impact, they will have a strong case for funding from donors when they become independent. Of course, the consultants are assuming that training will begin in the near future and that more borrowers will begin to keep records so that these data will be easy to gather. In the beginning, this task should probably be the responsibility of the PCV and a member of the Committee. Later, the task should be the sole responsibility of a Committee member.

6. Application Form: The seven-page application form currently being used should be replaced with the one-page form used in Kassa. A copy of this form is in the annex.

7. Evolution of Committees: The management committees should be looking to the future and to becoming independent NGOs. If the fund is to continue and to grow this change is necessary. We envision the executive offices eventually becoming staff positions and the large committee functioning as the Board of Directors. There are two ways in which this could be done: (1) establish the Revolving Loan Fund of Guinea as an NGO with six offices; or (2) encourage each site to become its own NGO. This should be studied further in future evaluations.

8. Identity of the Committees: The committees need to develop more fully their identity independent of Peace Corps. To help them do that all documents generated by the committees should have the indication Revolving Loan Fund of ("Fonds du Credit Rotatif de") the town. It is important for the Peace Corps to begin to lessen its presence in the project and this is a first step.

9. Submission of Reports to Committees: The committees should receive copies (or at least condensed translations) of reports and evaluations done on the project. This will not only be beneficial because the recommendations will be reinforced once they are seen in print, but also because it is another step in having the Committees "own" the project more fully.

10. Placement of PCVs: A full-time PCV should be placed at each of the sites. Since there are currently only four ASAP trainees, Peace Corps/Guinea will have to consider not opening the two new sites, or letting two ASAP PCVs extend, or transferring extending PCVs from other countries. We do not suggest that Peace Corps leave any of the current sites without a PCV. While some committees are stronger than others, they still need some direction and the training needs in the communities are great.

11. Resource Center: Peace Corps Guinea should begin to collect resource materials for ASAP volunteers. The consultants suggest that Peace Corps acquire the recently completed series of ARIES (Assistance to Resource Institutions for Enterprise Support) manuals prepared by Nathan Associates for the U.S. Agency for International Development.

V. Glossary

BICIGUI: Banque Internationale pour le Commerce et  
l'Industrie de Guinee

BCG: Compagnie des Bauxites de Guinee

chef de quartier: neighborhood representative

comite de gestion: management committee

haji: Moslem who has made the haj (pilgrimage) to Mecca

patente: business license tax

PCV: Peace Corps Volunteer

pagne: piece of cloth used as a wrap-around dress

pirogue: wooden boat

PME: Petites et Moyennes Entreprises (Small and  
Medium Enterprises)

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VII. LIST OF PERSONS INTERVIEWED

Washington, D.C.

Peace Corps/Africa Region

Carol Herrera  
Ralph Hertwig  
Jack Hogan  
Michael Grimmett

Guinea

Peace Corps/Guinea

Jean Demarteau, Country Director  
Stewart King, Assistant Director/Generalist  
Tafsir Thiam, Assistant Director/Public Administration and  
Education

Government

Ishmael Camara, Ministry of Decentralization  
Pascal Conde, Secretary General, Ministry of Finance  
Bertrand Viaud, BICIGUI Conakry

Labe

Deanna Madvin, PCV Labe  
Beth Ann McConnaughy, PCV Fria  
Mr. Amadou Sow, President of the Management Committee  
Mr. Lemmi Diallo, Secretary of the Management Committee  
El Haj Amadou Oury, Treasurer of the Management Committee  
Mme. Sirabhoye Diallo, Tie-dyer  
Mme. Tigidonke Balde, Director, Centre de la Formation  
Professionnelle Feminine  
Mme. Falla Diallo, Teacher, Centre de la Formation Professionnelle  
Feminine  
Mr. Moutard Balde, Furniture Maker  
Mr. Abdoulaye Ndjae, Carpenter

Kindia

John Dowashinsky, PCV Kindia  
Mr. Mamadou Samba Bah, President of the Management Committee  
Mr. Souleyman Balde, Petites and Moyennes Entreprises technical  
advisor to the Management Committee  
Mr. Amadou Simbe, Brickmaker  
Mr. Mohamed VI Diallo

Mme. Salio Sadio Diallo, Tie-Dyer  
Mme. Lamarna Barry, Pastry Maker  
Mme. Fodi Amara Traore, Popscicle Maker  
El Haj Kaba, Carpenter  
Mme. Binta Barry, Tie-dyer  
Mme. Taion Diallo, Tie-dyer  
Mme. Traore, Popscicle Maker  
Mr. Abdoulaye Bah, Restaurant Owner

Kamsar

Robin Clark, PCV Kamsar  
Mr. Ousman Dia, President of the Management Committee  
Mr. Abdoulaye Barry, Treasurer of the Management Committee  
Mr. Amadou Bofa Camara, Secretary of the Management Committee  
Mr. Terence Glavin, President, Compagnie des Bauxites de Guinee  
Mr. Barry Saidou Dary, Assistant Manager, BICIGUI/Kamsar Branch  
Mr. Djbil Ndinge, Fisherman  
Mr. Sekouna Conte, Carpenter  
Mr. Mamadou Diaby, Store Owner  
Mr. Amadou Oury Diallo, Carpenter  
Mr. Mamady Kaba, Store Owner  
Mme. Kadiatou Diallo, Popscicle Maker  
Mr. Oumar Sidime, Jeweler  
Mr. Lamarana Bah, Photographer  
Mr. Dian Boye Traore, Jeweler  
Mr. Dian Oury Barry, Tailor  
Mr. Aloussa Tele Sylla, Fisherman  
Mr. Paul Rosal Kalie, Bar Owner  
Mr. Tawel Camara, Ferry Owner

Kassa

Harris Bostic, PCV Kassa Island  
Mr. Fode Mansare, Secretary of the Management Committee  
Mr. Kolile, Sous-Prefet Adjoint, Kassa Island  
Mr. Elthadj Fode Toure, Police Commissioner of Kassa  
Mr. Mohamed Salfiou Sylla, Pig Farmer  
Mme. Fatou Diallo Camara, Pig Farmer  
Mr. Moutar Bah, Restaurant Owner  
Mme. Catherine Wright Camara, Fisherman  
Mrs. Bintya Sylla, Fish Dryer

ANNEXES

- Annex A. Deanna Madvin, Volunteer Quarterly Report through September 15, 1990
- Annex B. Fonds de Credit Rotatif de Kindia, Rapport trimestriel d'aout a octobre 1989
- Annex C. Robin Clark and Ousmane Dia, The Management Committee of Kamsar's Semester Report of Activities, August 1990
- Annex D. Fonds de Credit Rotatif de Kassa, Rapport d'Activite du Comite de Gestion, octobre 1989 - janvier 1990
- Annex E. Consultants' letter to Terence M. Glavin, President. Compagnie des Bauxites de Guinea
- Annex F. Le Comite de Gestion de Fonds de Credit Rotatif: Formulaire de demande de Pret
- Annex G. Contrat de Pret
- Annex H. Attestation de Deblocage
- Annex I. Sommaire de Dossier, CGFCR de Kassa
- Annex J. Protocole d'Accord
- Annex K. Compensation/Administrative Fund Guidelines

**VOLUNTEER QUARTERLY REPORT**  
**Deanna Madvin**

**Through September 15, 1990**  
**LABE**

**I. Credit Program Management Meetings**

a. CGE: Number of meetings held June 1 - Sept. 15: 2  
The CGE holds meetings to discuss the current loan demands. At this point, only letters and an occasional budget are required (no applications). Firstly, loan candidates are considered eligible based on their personal reputations and the reputations of their temoins. Secondly, the committee looks at how long the candidate has been a Labe citizen, whether he has an established business, and if the temoins have the means to make the monthly payments in the case of default by the loan beneficiary.

b. CGX: Number of meetings held June 1 - Sept. 15: 3  
Th CGX holds meetings at 9:00 a.m. at the sous-prefecture. The meetings are held with / for the loan candidates and their temoins. The chefs de quartiers are required to attend as well. At this meeting, the program rules are discussed in detail, including repayment policies, the terms of the loan, and the role of the temoins. The meeting usually encompasses 30 minutes including a question and answer period. At the end of the meeting, contracts are completed and signed by the candidates and their temoins (two is the minimum number of temoins required), and a rendezvous is set-up for all to meet at the bank, usually for the next morning.

If the loan candidates are late for the meeting they are lectured, by the committee president, on the importance of keeping to a specified program, thus establishing the first objective of the program; that is, make a commitment and stick to it.

**II. Committee Member Participation**

There are six members of the CGE who participate regularly; these include the president, the secretary, and the treasurer. Participation includes doing their job as outlined in the committee job description (in the case of the officers), and participating in the meetings. Also, speaking to friends about the program (marketing) is involved.

### **III. Marketing**

Marketing is primarily done by word of mouth. There have been two occasions when the program has been mentioned on the local radio.

### **IV. Management Committee Performance**

What the committee does well: candidate evaluation, acting with speed and efficiency when dealing with late payments, knowing the difference between relevant and nonrelevant issues, taking care of any problems the PCV may have.

There is room for improvement with: taking initiative, writing reports, paperwork in general, doing follow-ups.

### **V. General Activities**

The overall response to the project, via the community, has been very favorable. However, the overall consensus is that the 30% interest rate is high, and that we should increase the maximum loan to 1.000.000 FG.

Currently, all loan beneficiaries are on a year-long monthly payment plan. Tie-dye projects only receive 300.000 however, if this is paid off sans problem, they may request a larger loan amount. The maximum loan is 650.000. The majority of loans are 300.000 or 500.000.

Working with the local Bicigui is becoming trickier. Now, I must go to the bank well-before loans are to be distributed and make out the checks myself. This saves some time and confusion. The contract must be completed and signed and in my hands before any money is distributed.

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## VI. Outstanding Loans

Number of outstanding Loans: 44

Carpenters:	5	11.3%
Tie-dyers:	32	72.7%
Weavers:	1	2.2%
Upholstery:	1	2.2%
Cinema:	1	2.2%
Knitting:	2	4.5%
Bakery:	1	2.2%
Tailors:	1	2.2%

## VII. Paid-off Loans

Number of paid-off loans: 9

Tie-dyers:	2
Hair Salon:	1
Tailors:	2
Embroidery:	1
Weaver:	1
Carpenter:	1
Knitter:	1

Three of the nine have taken out another loan. Two were of the same size (500.000). One increased the amount to 650.000.

## VIII. Financials

a. Tableau II

Fund increase since installation:	35%
Fund Increase since one year:	32%
Fund Increase since the last trimester:	4%

b. Table III - Current Late Payments

30 days -	3
60 days -	3
+ 60 days -	2

c. For the trimester August, Sept., Oct, 1990, expected revenues are as follows:

Capital: 3.724.192  
Interest: 1.117.258  
Total: 4.841.450

This does not include interest earned from the bank.

IX. A market survey completed Sept. 1990 indicates that prices for basin material has increased 25% - 56% (depending on the quality) since the beginning of the year. This is significant, as 73% of Labe's loan beneficiaries are tie-dyers. Profits are severely decreased on an already low-profit activity.

# TABLE 2

	May, June, July 1989	Aug, Sept, Oct. 1989
Fonds en Banque	8.700.000	3.882.100
Solde au Debut		
Revenues		
Capital Remboursé	83.000	1.123.616
Intérêt Reçu	25.000	337.500
Revenue Diverse	74.100	149.727
<u>Total Revenues</u>	182.100	1.610.843
Fonds Deboursé	5.000.000	3.000.000
Solde à la Fin	3.882.100	2.492.943
Fonds en Circulation	4.892.000	6.430.884
<u>Total Fonds</u>	8.774.100	8.923.827

	May, June, July 1990	Aug - Sept 15 1990
Fonds en Banque	2.452.208	4.590.681
Solde au Debut		
Revenues		
Capital Remboursé	2.869.976	1.257.792
Intérêt Reçu	899.933	460.000
Revenue Diverse	168.564	—
<u>Total Revenues</u>	3.938.473	1.718.099
Fonds Deboursé	1.800.000	5.050.000
Solde à la Fin	4.590.681	1.258.780
Fonds en Circulation	6.768.346	10.560.247
<u>Total Fonds</u>	11.359.027	11.819.027

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TABLE 3

Trimestre:	Dec.	Jan. Feb.	March, Apr. May	June - Sept 15	1990
No. Prets Actifs	26	34	44		
Montant Total Prets Actifs	7.900.000	10.500.000	15.550.000		
Montant Moyen Prets	500.000	500.000/300.000	300.000		
Duree moyenne Prets	un an	un an	un an		

DE - KINDIA -

-  APPORT TRIMESTRIEL -  
- D'AOUT A OCTOBRE 1989 -

MONSIEUR LE DIRECTEUR DES FONDS DE  
CREDITS ROTATIFS DU CORPS DE LA  
PAIX EN GUINEE - CONAKRY -

Le Comité de gestion des fonds communautaire du crédit rotatif de Kindia à l'honneur de vous présenter son rapport trimestriel de la 2ème session allant du 1er Août au 31 Octobre 1989 qui s'articule sur les points suivants -

Pendant cette période le comité de gestion, en exécution des recommandations du premier séminaire tenu au courant du mois d'avril 1989 à Tassana et les remarques faites par le Directeur lors de sa visite de travail et de contrôle à Kindia en Août 1989 a procédé tour à tour à des prises de contact et de contrôles des différentes activités des promoteurs. Ils ont reçu les encouragements de la Mission -

Nous continuons toujours à recevoir de nouvelles demandes de crédits -

Nous procédons en outre au recouvrement des premières échéances qui sont honorés à notre satisfaction, soit 85 % contre 15 % seulement dues aux difficultés d'écoulement des produits de vente de certains promoteurs. Ces difficultés nous ont été signalées et constatées, car certains promoteurs sont obligés de sortir hors du pays pour pouvoir vendre leur production avant terme -

Du 15 au 16 Octobre 1989, s'est tenu à Conakry le 2ème Séminaire au CNPIP, sur les procédures des dettes, du remboursement et le processus de suivi organisé par le Directeur Général des Fonds de Crédits Rotatifs et dirigé par Mr <sup>KROULAH</sup> Directeur Général du CNPIP à Conakry -

- SITUATION GENERALE -

Elle est très bonne dans l'ensemble. En effet nous ne cesserons de parler de la satisfaction populaire des citoyens et Citoyennes de la commune de KINDIA -

Ce projet pilote, premier du genre en Guinée est d'une portée grande pour les petits promoteurs du milieu, leur permettant de développer et d'améliorer des petites activités commerciales et artisanales à partir des fonds mis à leur disposition par le Comité .

Le Comité de gestion adresse ses vifs remerciements aux Autorités Préfectorales pour leur soutien moral et matériel qu'elles ont toujours apporté pour lui faciliter la tâche. Tous les problèmes concernant son fonctionnement et posé à Monsieur le PREFET sont résolus à la grande satisfaction du Comité -

Non loin de négliger cette partie, les Autorités préfectorales, le Comité de gestion et l'ensemble des promoteurs agréés rendent un hommage Mérité au volontaire AMERICAINS Monsieur JHON, qui depuis son arrivée à Kindia en Décembre 1988, s'est mis à notre disposition et nous à entouré de ses connaissances techniques pour rendre très opérationnel le Projet

A travers le corps de la paix, nous lui adressons nos très sincères remerciements -

- D I F F I C U L T E S -

Comme l'indique le précédent rapport, les difficultés majeurs se situent au niveau de l'insuffisance des fonds face au nombre sans cesse de demandeurs, A ce jours 250 Demandes sont enregistrées et ne sont pas satisfaites -

Nous signalons en outre que malgré l'apport fait par la préfecture compte tenu de ses faibles moyens, le fonctionnement du Comité de Gestion demeure difficile eu égard au faible pourcentage perçu des promoteurs, ne pouvant couvrir tous les besoins du bureau tant en déplacement de retrait et de versement à la BI.CI.GUI. à Conakry qu'en achat de matériels et fourniture, sachant que Kindia ne dispose pas encore d'une succursale de Banque -

Retenons aussi les difficultés d'écoulement de produits finis signalées par certains promoteurs -

- S U G G E S T I O N -

Nous réitérons toujours l'augmentation de fonds de crédits en vue de nous permettre de satisfaire au moins les 70 % de demandes en Instance aujourd'hui à notre niveau -

Nous saluons l'heureuse initiative de la tenue chaque 3 Mois des Séminaires qui nous aident à mieux maîtriser la méthode de gestion, de connaître le monde de vie des collectivités et d'assimuler le sens d'analyse économique des projets -

Nous sollicitons l'envoi des brochures sur la Méthodologie de gestion des projets, des entreprises privées pour une meilleure qualification des gestionnaires et des petits promoteurs en Monde rural -

- TABLEAU N° 1 DEMANDE DE CREDITS -

DEMANDE DE PRETS TRIMESTRE	1	2	3	4
Nombre de Visite Prospective				
Nombre de demande distribuée	220	250		
Nombre de demande Reçues	179	207		

- TABLEAU N° 2 EVOLUTION DE LA VALEUR DU FONDS -

TRIMESTRE	1	2	3	4
FONDS EN BANQUE				
SOLDE DEBUT	8.700.000	175.000		
REVENUS		9.889		
CAPITAL REMBOURSES		1.541.050		
INTERETS RECUES		660.450		
REVEUS DIVERS		-		
TOTAL REVENUS		2.211.389		
FONDS DEBOURSES	8.525.000	8.525.000		
SOLDE A LA FIN	175.000	2.386.389		
FONDS EN CIRCULATION	8.525.000	8.525.000		
TOTAL DES FONDS	8.700.000	10.911.389		

- TABLEAU N° 3 ACTIVITES DES PRETS -

TRIMESTRE	1	2	3	4
Nombre de Prets	30	30		
Montant Total des prets	8.525.000	8.525.000		
Montant des Moyens de Prets	284.167	284.167		
Durée Moyenne des Prets	12 Mois	12 Mois		
Montant Remboursement à Temp		85 %		
30 Jours en retard		15 %		
90 -"- en retard		-		
120 -"- en retard		-		

- TABLEAU N° 4 PREVISION POUR LES TRIMESTRES -

TRIMESTRE	1	2	3	4
Nombre des Prêts		30		
Montant des Prêts		8.525.000		
Revenus Interests		2.557.500		

- C O N C L U S I O N -

Le Nouveau formulaire de demande que nous venons de mettre en pratique est <sup>maintenant</sup> pour le mieux adapté pour les promoteurs qui le comprennent et leur facilite le reponse aux questionnaires -

Veillez agréer Monsieur le Directeur Général l'assurance de notre haute considération ./.-

KINDIA LE 31 OCTOBRE 1989

P; LE COMITE DE GESTION DES F.C.R./ P.O

- LE PRESIDENT -

-- M BAH MALADOU SAMBA --

Boké Préfecture  
S/P of Kamsar

REPUBLIC OF GUINEA

THE MANAGEMENT COMMITTEE OF KAMSAR'S  
SEMESTER REPORT OF ACTIVITIES

I.

A. Activities as of 1/2/90

The management committee (MC) has held 5 general meetings exclusively for the distribution of loan money. The dates are as follows: 3/16/90, 5/15/90, 8/16/90, 9/4/90, 8/13/90.

Daily activities of the executive committee include; the study of dossiers of potential clients, follow-ups on current loan recipients, coordination of monthly payments, and troubleshooting problems concerning late and missed payments.

Due to the fact that we have 27 loans outstanding, these daily activities take at least 4 to 5 hours a day to complete. As the number of clients increases the committee continues to gain experience and becomes more and more effective in treating each new case.

The committee members are highly motivated and confident in their work, which is proven by the large number of clients and the ever increasing public interest in the project.

- B. The credit program in Kamsar is unique in that it serves a wide variety of activities including: Hospitality and leisure activities (bars, restaurants, video clubs) Transportation (land and maritime), Artistic activities ( jewelers, tye-dye, tailors), Construction activities (furniture making and welding and metal work). Commerce, Baked goods, fishing, and a photographic lab are also some of the actions benefitting from the fund.

The MC is quite satisfied with it's current clientel. The majority of our clients respect monthly payments and follow restrictions related to the loans. It is to be noted that all loans given are given based on the confidence that the MC has in the loanees and their guarantors.

TABLE 1 - LOAN REQUESTS

	1ST SEMESTER from 5/29/ 90 to 1/2/90	2ND SEMESTER from 2/2/90 to 8/20/90	TOTAL
N° of prospec- tion visits	58	103	161
N° of requests made	63	162	225
N° of requests registered	57	15	72
N° of requests honored	23	14	37

II.

A. As stated in our last report the application form for the project is too complex for the clients who have quite a bit of difficulty in filling it out. To rectify this problem the MC has simplified and reduced the number of questions to make it more comprehensible to our clients.

B. Seventeen out of our Thirty-seven clients work for CBG or OFAB. All of our clients activities are located within the boundries of the district of Kamsar.

The size of all loans is within the limits of 200.000FG and 800.00FG.

C. Of the 72 registered requests the MC has evaluated 41 in depth and 37 have been given loans. The MC informs and explains all procedures to potential clients before proceeding with it's feasibility studies. As a whole the results of the studies have been satisfactory. All decisions are made by majority vote by the general committee. The committee members, especially those on the executive committee, are quite animated and very good at holding informative and effective meetings; They also show quite a bit of tact and diplomacy in situations where it is clear that the final decision will not be in favor of the clients request. They are highly respected in the community, this is proven by the numerous requests made and the compliments given by past and present clients.

III. FINANCIAL SITUATION OF THE FUND

TABLE 2 -

SEMESTER ACTIVITIES	1ST SEMESTER From 5/29/89 to 1/29/90	2ND SEMESTER From 2/1/90 to 8/28/90
<b>FUNDS IN BANK</b>		
Beginning Balance	8,700,000FG	94,689FG
<b>REVENUES</b>		
Capital reimbursed	5,330,597FG	7,882,876FG
Interest	<u>1,441,186FG</u>	<u>2,230,249FG</u>
Total reimbursed	6,771,783FG	10,113,125FG
BICIGUI interest	138,381FG	90,789FG
Loans paid-out	15,337,500FG	7,800,000FG
Over payments reimbursed	177,975FG	-
Administrative exp.	-	52,500FG
Ending Balance	94,689FG	2,446,103FG
Funds in Circulation	10,046,497FG	9,925,332FG

A. We have found the service provided by the BICIGUI to be very useful and professional.

IV. LOAN ACTIVITY

TABLE 3

	1ST SEMESTER From 5/29/89 To 1/29/90	2ND SEMESTER From 2/1/90 To 8/20/90
N° of loans active	23	27
Total value of loans	15,337,500FG	16,000,000FG
Average value of loan	570,435FG	608,882FG
Average length	9 months	9 months
% of payments on time	95%	85%
30 days late		
More than 30 days		

TABLE 4

Client	Amount	Length	Total Reimbursed	Interest
Sylla	575,000FG	7 months	676,875FG	101,875FG
Conté	575,000FG	5 months	646,875FG	71,875FG
N° Diaye	500,000FG	10 months	625,000FG	125,000FG
Dramou	200,000FG	7 months	236,958FG	36,958FG
Camara	700,000FG	8 months	840,000FG	140,000FG
Cisse	800,000FG	10 months	1,000,200FG	200,200FG
Sampil	862,500FG	10 months	1,078,600FG	216,100FG
Sidibé	862,500FG	10 months	1,077,125FG	214,625FG
Diallo	600,000FG	6 months	690,000FG	90,000FG
Sanu Diallo	600,000FG	6 months	690,000FG	90,000FG
Camara Tawel	862,500FG	4 months	1,079,800FG	217,300FG
<b>TOTAL</b>	<b>7,137,500FG</b>		<b>8,641,433FG</b>	<b>1,503,933FG</b>

TABLE 5 - Summary of Semesters

	1ST SEMESTER	2ND SEMESTER	TOTAL
N° of Loans given	23	15	38
Total value of loans	9,037,500FG	14,100,000FG	23,137,500FG
Revenues (interest)	1,441,186FG	2,230,249FG	3,671,435FG

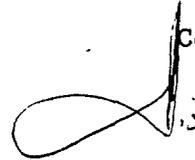
Kamsar, August 20, 1990

Peace Corps Consultant



ROBIN CLARK

Committee President



OUSMAN DIA

FONDS CREDIT ROTATIF  
PREFECTURE DE CONAKRY  
S. P. L'ILE DE KASSA  
PERIODE: OCTOBRE-JANVIER 90

REPUBLIQUE DE GUINEE  
TRAVAIL - JUSTICE - SOLIDARITE

1989

RAPPORT D'ACTIVITE DU COMITE DE GESTION

Durant le trimestre le Comité de Gestion s'est réuni 4 fois. Les motifs principaux sont en général le suivi des différents promoteurs dans leurs activités, le compte rendu mensuel et même par semaine des versements effectués par les emprunteurs. Au cours de ces réunions les membres du comité exécutif étaient présents en totalité pour les 3 premières réunions et la 4<sup>ème</sup> était élargie pour la présence des autres membres du comité (comité élargi). Nous pouvons signaler que dans l'ensemble tout fonctionne bien en ce que concerne la marche du comité face à ses attributions. Une bonne compréhension règne dans l'exécution des rôles attribués à chaque membre. La langue Sousou et le Français sont parlés mutuellement au cours des réunions sans problème majeur.

La difficulté fondamentale reste le problème de liaison entre les différentes îles composant la 4<sup>ème</sup> Sous Préfecture. Il est difficile de joindre les autres membres du comité élargi et les promoteurs résident à Fotoba, Boom, et Room. Cela demande beaucoup de frais pour les déplacements (une moyenne de 25 000FG par déplacement).

La 1<sup>ère</sup> semaine du mois de janvier a été consacrée à l'examen de la situation des sollicitant un prêt et M. Yaya Diallo qui beaucoup attendu depuis la 1<sup>ère</sup> tranche. Aussi tous les membres ont été informés de la visite prochaine de Monsieur Kobacker en Guinée et précisément à Kassa. Les dispositions de remboursement pour les retardataires ont été envisagées à l'occasion des préparatifs de cette visite. Ensuite, le président du comité devait souligner l'importance de la réception que la communauté du Kassa doit réserver à Monsieur Kobacker le 31/1/90.

En ce qui concerne la communauté face à ce projet nous dirons que nous enregistrons un grand intérêt de l'ensemble des collectivités. Nous continuons à enregistrer des nouvelles demandes de prêt au nombre de 15 pour les hommes et 7 pour les femmes dont 4 ont été approuvées par le comité après vote. Une demande se trouve en instance car sujet à un examen plus approfondi.

En conclusion compte tenu du nombre croissant de demande en instance et du taux de recouvrement nous pouvons énoncer que ce projet de Fonds de Crédit Rotatif est une bonne action, car le niveau de vie des premiers promoteurs ne fait qu'augmenter à la satisfaction de toute la communauté.

ANNEX E

Peace Corps  
Corps de la Paix en Guinee  
B.P. 1927 Conakry  
October 18, 1990

Mr. Terence M. Glavin  
President  
Compagnie des Bauxites de Guinee  
Kamsar  
B.P. 523 Conakry

Dear Mr. Glavin:

Barbara Durr and I would like to thank you for the stimulating discussion we had with you on October 11, 1990. We have been mulling over the suggestions you made and we would like to make the following comments.

We have taken note of your offer to match any contribution to the Revolving Loan Fund that Arthur Kobacker or any other donor might make, with an equivalent CGB contribution, and your agreement in principle to Barbara Durr's suggestion that the CBG's contribution might be made either simultaneously or might be lagged by a year or two to give the project the prospect of a comfortably gradual rate of growth.

We have also noted your statement that the CBG has hired someone to identify and encourage local sources of supplies the CBG now purchases from abroad. In that connection, there are two types of supplies, namely furniture and work clothing, whose production could be developed locally. We were impressed by the capacity and energy of two of the furniture makers we met who have made good use of the loans they took from the revolving fund. It might be worth considering using them as initial intermediaries for developing a local production base for supplying at least part of the CBG's requirements. They have the skills to produce good quality furniture in larger quantities than they are currently producing, but they still lack funding for machinery such as electric saws (and for diesel fueled electricity generators if the CBG is unable to sell them power on a retail basis).

Organizing clothing production, in our opinion, would require finding an intermediary (the classic merchant capitalist) to organize the artisan tailors to produce the standard uniforms that the CGB now imports in bulk. We talked to one of the revolving fund's tailors who claimed that he could produce 6 suits a day, working with one regular employee and two apprentices. With a 5-day work week, he could produce 120 suits a month with the three foot-treadle sewing machines and one electric sewing machine (working off CBG current) that he now has in his shop. Five or ten such shops could probably meet your needs. The intermediary could be a local merchant whose task it would be to obtain cloth from Conakry; to sell it to the tailors and to buy back the finished clothing for re-sale to the CBG. What would have worked out is the credit chain to get the system moving. Jean-Bernard Viaud of the BICIGUI in Conakry tells us that the BICIGUI would probably be willing to advance funds to local producers in Kamsar if there were a CBG procurement contract involved.

Thanks again for your time. We will send you a copy of our report for the Peace Corps toward the end of November 1990.

Sincerely yours,



Harold Lubell  
Consultant

cc. Peace Corps Guinea: Jean Demarteau, Stewart King  
Peace Corps Washington: Ray Panczyk  
Robin Clark, PCV Kamsar



LE COMITE DE GESTION DE FONDS DE CREDIT ROTATIF  
FORMULAIRE DE DEMANDE DE PRET

I. LE DEMANDEUR

-----  
 Nom \_\_\_\_\_ Nom de Famille \_\_\_\_\_  
 Ville \_\_\_\_\_ Domicile \_\_\_\_\_  
 Lieu d'activite \_\_\_\_\_ No. Carte d'Identite \_\_\_\_\_  
 Cout total du projet \_\_\_\_\_ Montant du pret demande \_\_\_\_\_  
 Pour quel objectif: \_\_\_\_\_

II. SITUATION FINANCIERE DU DEMANDEUR

A. L'ACTIVITE

Description de l'activite: \_\_\_\_\_

Etat actuel de l'activite:

Augmentation \_\_\_\_\_ Pourquoi? \_\_\_\_\_  
 Diminution \_\_\_\_\_  
 Pas de changement notable \_\_\_\_\_  
 Periodicite: toute l'annee \_\_\_\_\_  
 Saisonniere \_\_\_\_\_ decrire \_\_\_\_\_

Nombre de salaries \_\_\_\_\_ Apprentis \_\_\_\_\_  
 Occasionnels \_\_\_\_\_ Membres de la famille \_\_\_\_\_

B. LA FAMILLE: Nombre de personnes a charge dont:

\_\_\_\_\_ hommes  
 \_\_\_\_\_ femmes  
 \_\_\_\_\_ enfants

C. VENTES:

Quels sont les produits/services que vous vendez?

Dites-nous vos meilleures periodes de vente

Dites-nous vos mauvaises periodes de vente.

Ou vendez-vous vos produits/services?

D. LA DEMANDE:

Quels sont les produits/services les plus souvent demandes?

Est-ce que la demande pour vos produits/services est plus grande que votre capacite d'offrir? (Expliquez en citant des produits ou services demandes mais qui ne sont pas offerts.)

E. LA CONCURRENCE:

Combien d'autres vendeurs fournissent les memes produits/services a la meme clientele?

F. LIQUIDITE:

Endettement:

Prets d'une banque ou agence gouvernementale \_\_\_\_\_  
 Prets d'un parent \_\_\_\_\_  
 Prets des commercant \_\_\_\_\_  
 Usuriers \_\_\_\_\_  
 Autre endettment \_\_\_\_\_  
 TOTAL endettement \_\_\_\_\_

Epargne:

Caisse d'epargne/banque \_\_\_\_\_  
 Tontine \_\_\_\_\_  
 Argent cache ou confie a quelqu'un \_\_\_\_\_  
 TOTAL argent epargne \_\_\_\_\_

Autre revenu disponible: combien comptez-vous recevoir des sources suivantes durant l'annee?

Remise de fonds \_\_\_\_\_  
 Prets remboursés \_\_\_\_\_  
 Cadeaux \_\_\_\_\_  
 Pension \_\_\_\_\_  
 Salaire \_\_\_\_\_  
 TOTAL \_\_\_\_\_

### III. RENSEIGNEMENTS SUR L'ACTIVITE

=====

#### A. CONNAISSANCE DU METIER:

Decrire votre experience ou competences techniques dans l'activite.

#### B. RESEAU TECHNIQUE:

Si a votre avis il y a des connaissances qui vous manquent, avez-vous recours a quelqu'un d'autre qui peut vous aider? Expliquer.

#### C. GESTION:

##### 1. L'Approvisionnement

Sources d'approvisionnement en matieres premieres ou biens:

Eprouvez-vous des difficultes d'approvisionnement?

##### 2. La production

Comment planifiez-vous la production?

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Comment contrôlez-vous la qualité de votre production?

Difficultés de production:

Equipements \_\_\_\_\_  
 Machines \_\_\_\_\_  
 Manque d'outils \_\_\_\_\_  
 Pièces détachées \_\_\_\_\_  
 Carburant \_\_\_\_\_  
 Entretien des machines/equipements \_\_\_\_\_  
 Stockage des matières premières \_\_\_\_\_  
 Manque de lieu de travail convenable \_\_\_\_\_  
 Qualité des produits finis \_\_\_\_\_

Préciser les difficultés notes

Comment pensez-vous surmonter ces difficultés?

### 3. Le marketing

Comment décidez-vous de quels produits/services vous allez vendre?

Comment décidez-vous à quel prix vous allez vendre vos produits?

Avez-vous jamais comparé le prix de votre produit/service à celui ou celle des autres producteurs? non \_\_\_ oui \_\_\_  
 Quel était le résultat?

Le prix de votre produit/service, est-il supérieur, inférieur ou le même prix que demandent les autres producteurs? Pourquoi?

Comment procédez-vous pour communiquer aux publique les biens/services offerts par votre activité?

Que faites-vous pour attirer plus de clients?

Quelles sont vos difficultés principales de vente?

Transport \_\_\_\_\_  
 Fournisseurs \_\_\_\_\_  
 Lieu de vente \_\_\_\_\_  
 Concurrence \_\_\_\_\_  
 Qualité du produit \_\_\_\_\_  
 Autre raison(specifier) \_\_\_\_\_

Preciser les difficultés notées.

4. Le personnel

Decrire votre systeme de remuneration:

Avez-vous de problemes avec le personnel? Lesquels?

5. Les ventes a credit

Avez-vous l'habitude d'accorder du credit aux clients?  
Non \_\_\_ Oui \_\_\_ Comment determinez-vous les beneficiaires?

Quel pourcentage de vos ventes sont des ventes a credit?

Quelles sont vos conditions et delais de paiement?

Montant minimum accorde \_\_\_\_\_  
Montant maximum accorde \_\_\_\_\_

Eprouvez-vous des difficultes de remboursement?  
Non \_\_\_ Oui \_\_\_

Que faites vous pour la recuperation ce credit?

6. Gestion finaciere de l'activite

Qui s'occupe de l'argent?

Si ce n'est pas le demandeur lui-meme, pourquoi?

Quel systeme employez-vous pour garder votre argent  
(especes) en securite?

Qui va tenir la comptabilite? Specifier si c'est autre que le demandeur:

Tenez-vous une comptabilite ecrite? oui \_\_\_ non \_\_\_  
Si oui, citer les differents livres et leur tenue.

Si non, comment procedez-vous? (decrire le systeme)

Comment est-ce que vos livres-comptable vous aident dans la gestion de votre entreprise?

Comment est-ce que vous planifiez vos besoins habituels de fonds?

Y a-t-il quelq'un qui utilise les fonds ou les biens de votre entreprise pour les activites personnelles? Expliquer.

#### 7. Planification financiere

L'activite, est-elle rentable? (Opinion du candidat)  
Oui \_\_\_ Non \_\_\_ Expliquer.

Avez-vous un programme d'améliorer la rentabilité?

Quel usage faites-vous des bénéfices?

Dites-nous vos objectifs pour l'année prochaine.

=====  
J'affirme que les informations y figurant sont conformes à la  
situation réelle de mon entreprise / projet.

a \_\_\_\_\_, le \_\_\_\_\_

\_\_\_\_\_  
Signature du demandeur

\_\_\_\_\_  
Signature du témoin

Contrat de Pret No. \_\_\_\_\_

T  
CONTRAT DE PRET  
^

Le Comite de Gestion pour le Fonds de Credit Rotatif (CGFCR) dument representee aux finds de ce contrat par l'autorite dont le nom et la signature se trouvent ci-dessous,

Nom: \_\_\_\_\_

Nom de Famille: \_\_\_\_\_

Nom de Pere: \_\_\_\_\_

Nom de Mere: \_\_\_\_\_

Date / Lieu de Naissance: \_\_\_\_\_

No. de Cart d'Identite: \_\_\_\_\_

Domicile: \_\_\_\_\_

Profession: \_\_\_\_\_

Lieu d'Activite: \_\_\_\_\_

I. MONTANT DU PRET ET CHARGES

Article 1er: Un pret d'un montant de \_\_\_\_\_ FG  
(chiffres)

\_\_\_\_\_ (lettres) est accorde a  
M/Mme \_\_\_\_\_, du  
\_\_\_\_\_, a un taux d'interet de \_\_\_\_% par an.

Article 2: Chaque echeance de \_\_\_\_\_ FG est payable le  
\_\_\_\_\_ du mois. Le premier paiement de \_\_\_\_\_ FG est  
fixe pour \_\_\_\_\_. Ceci represent un differe d'un mois,  
uniquement pour le premier paiement.

Article 3: Le montant total de pret a rembourser a l'CGFCR  
comprendra:

- le capital	_____
- le interets	_____
- frais administratifs	_____
- TOTAL	_____

## II. CONDITIONS ET PROCEDURES DE DEBLOCAGE DU PRET

Article 4: L'emprunteur est tenu de faire un apport personnel, en especes et/ou en nature, jusqu'a concurrence de 10 % du cout du projet presente.

Article 5: CGFCR deboursera integralement le montant du pret a l'emprunteur, en une seule fois, en especes, sous reserve de la realisation de l'Article 4.

## III. UTILISATION DU PRET

Article 6: Le pret sera utilise pour les activites suivantes:

Il est expressement stipule que les fonds, objet du present contrat de pret, ne peuvent etre detournes, meme partiellement, au profit d'activites qui ne sont pas mentionnees dans le present contrat de pret, sans que l'emprunteur discute, au prealable, avec un membre du CGFCR de son intention de modifier son projet et qu'il recoive un accord ecrit de l'autorite representant le CGFCR.

Article 7: CGFCR se reserve le droit d'annuler le pret au cas ou l'Article 6 n'est pas respecte par l'emprunteur.

## IV. REMBOURSEMENT DU PRET ET PENALITES DE RETARD

Article 8: L'emprunteur s'engage a honorer regulierement les echeances conformement a l'Article 2 du present contrat.

Article 9: L'emprunteur s'engage a verser dans le compte Bancaire de CGFCR (No. de compte \_\_\_\_\_) a la BICIGUI de \_\_\_\_\_ la somme de \_\_\_\_\_ au date ci-haut. Le recu bancaire de versement retenu par l'emprunteur sera soumis au tresorier de CGFCR qui lui delivra un recu de CGFCR pour sa preuve de remboursement.

Article 10: L'emprunteur peut, par anticipation, se liberer totalement ou en partie de sa dette. Ces remboursements anticipes s'imputeront sur les dernieres echeances dues.

Article 11: Tout retard dans le calendrier de remboursement établi entraine des amendes si l'emprunteur ne s'est pas presente a un membre du CGFCR pour discuter de l'impossibilite de respecter ce calendrier avant la date de l'echeance en cours. Un avertissement lui sera servi si ce cas se produit. Le montant de l'amende est fixe a 5% par echeance non honoree a temps, et sera applique apres 30 jours de retard.

V. SYSTEME DE GARANTIE MORALE

Article 12: Au lieu d'une garantie materielle le fond exige une garantie morale, qui sera assuree par au moins trois temoins judicieusement choisis par le promoteur. La verification de la moralite des temoins par le comite de gestion se fera avant la signature du contrat. Les temoins ont pour role d'etre des conseillers moraux au promoteur et pour obligation le remboursement integrale du pret consenti en cas de difficulte de payment des echeances. Aucun temoin ne peut pretendre a une demission pendant la duree du contrat.

Article 13: L'emprunteur s'engage a:

- a) Denoncer au CGFCR dans un delai de \_\_\_\_\_ jours a l'avance toute difficulte ou tous les faits de nature soit a troubler sa propriete, soit a empecher d'honorer le paiement d'une echeance.
- b) Gerer, en bon pere de famille, les biens immobiliers et mobiliers acquis par le pret, et a ne pas les laisser deperir par faute d'entretien.

Article 14: Le CGFCR se reserve le droit de superviser les activites de remboursement du pret. Si l'emprunteur n'arrive pas a honorer les engagements souscrites, le CGFCR se reserve le droit de convoquer les autorites de prendre les mesures necessaires de retrouver le montant.

VI. OBLIGATIONS DES PARTIES CONTRACTANTES:

A. Les Obligations du CGFCR

Article 15: Le CGFCR s'engage à respecter tous ses engagements vis-a-vis de l'emprunteur, à l'aider et à l'assister pleinement dans la réalisation de son projet, c'est-à-dire:

- parfaire ensemble la demande du candidat pour le financement,
- déboursier intégralement les fonds, objet du présent contrat, sauf en cas d'opposition, lorsque toutes les conditions préalables ne sont pas réunies,
- donner tous les conseils requis pour augmenter le rendement et améliorer la productivité de l'activité par un suivi régulier,
- assister le client dans la gestion de son activité par la tenue régulière d'une comptabilité appropriée,
- fournir un état clair et détaillé des comptes à chaque demande du client et l'aider à le comprendre,
- se rendre sur le lieu de l'activité à intervalles réguliers et lorsque le client en fait la demande.

#### B. Les Obligations du Client CGFCR

Article 16: L'emprunteur s'engage pour sa part à accepter l'approche CGFCR, c'est-à-dire:

- répondre honnêtement et complètement aux questions relatives à sa situation financière, économique et personnelle,
- planifier le projet avec CGFCR et signaler toutes modifications éventuelles à l'avance,
- se soumettre au système de suivi et d'évaluation de CGFCR,
- faire preuve d'une certaine compétence technique, d'une bonne moralité et de beaucoup de sérieux.

Article 17: Le client autorise CGFCR à visiter son activité chaque fois qu'il le juge utile et nécessaire, même en compagnie d'autres observateurs pour voir ce qui se fait et donner des conseils.

Il l'autorise également à faire toute évaluation du projet en vue de mesurer l'impact de son approche dans la région.

Article 18: L'emprunteur \_\_\_\_\_  
d DECLARE AVOIR pris connaissance des termes de remboursement  
des conditions et clauses dans ce contrat de prêt  
et s'engageant à les respecter.

Article 19: Les Temoins \_\_\_\_\_  
\_\_\_\_\_   
d DECLARENT avoir pris connaissance des termes de  
remboursement, des conditions et clauses dans ce contrat de prêt  
et s'engageant à les respecter.

Fait a \_\_\_\_\_, le \_\_\_\_\_

\_\_\_\_\_  
Signature l'Emprunteur

\_\_\_\_\_  
Signature CGFCR President

\_\_\_\_\_  
Signature Temoin

\_\_\_\_\_  
Signature Temoin

\_\_\_\_\_  
Signature Temoin

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ANNEX H

FONDS de CREDIT ROTATIF de \_\_\_\_\_

ATTESTATION de DEBLOCAGE

Nous, soussignés \_\_\_\_\_ et \_\_\_\_\_

du Comité de Gestion du Fonds de Crédit Rotatif de \_\_\_\_\_

ATTESTONS que le dossier de projet de Mr / Mme \_\_\_\_\_

a suivi le processus normal du règlement intérieur.

En conséquence le Président et le Trésorier peuvent effectuer le retrait du

montant de (chiffres) \_\_\_\_\_ FG (lettres) \_\_\_\_\_

Francs Guinéens au bénéfice du projet de Mr / Mme \_\_\_\_\_

En foi de quoi nous délivrons la présente Attestation pour servir et valoir  
ce que de droit.

Fait à \_\_\_\_\_, le \_\_\_\_\_ 19\_\_\_\_

Le Conseiller Technique

Membre du Comité

**LE COMITE DE GESTION DU FONDS CREDIT ROTATIF DE KASSA**

**SOMMAIRE DE DOSSIER**

NAME: \_\_\_\_\_  
ACTIVITE \_\_\_\_\_ LOCALITE \_\_\_\_\_  
MONTANT RECU \_\_\_\_\_ DATE RECU \_\_\_\_\_  
DUREE DU PRET \_\_\_\_\_

1. COMBIEN D'ARGENT IL A DEJA REMBOURSE: \_\_\_\_\_ FG  
COMBIEN IL VERSE PAR MOIS (AU MOYENNE): \_\_\_\_\_ FG  
EST-CE QU'IL Y A UN NOUVEAU PLAN DE REPAIEMENT?

2. EST-CE QUE L'ARGENT RECU A ETE UTILISER POUR L'OBJECTIF ORIGINAL? DECRIVEZ L'OJECTIF ORIGINAL?

3. ESTIMEZ L'AUGMENTATION DE SON REVENU (VENTE DE PRODUITS) DEPUIS L'OCTROI DU PRET.

4. QUEL POURCENTAGE DE CETTE AUGMENTATION DE SON REVENU PAIE LE REMBOURSEMENT MENSUEL?

5. EST-CE QUE LE PROMOTEUR A ENGAGE DES NOUVEAUX EMPLOYES OU APPRENTIS DEPUIS L'OCTROI DE PRET?

6. S'INTERESSE-T-IL A UN NOUVEAU PRET, SOIT DU PROJET, SOIT DES BANQUES COMMERCIALES?

COMMENTAIRE: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

P R O T O C O L E      D ' A C C O R D

E N T R E

LE SECRETARIAT D'ETAT A LA DECENTRALISATION

ET

LE COMITE DE GESTION DE FONDS DE CREDIT ROTATIF DE

## PROTOCOLE D'ACCORD

### PREAMBULE

En ce jour \_\_\_\_\_, 1989, le Secrétariat d'Etat à la Décentralisation de la République de Guinée et le Comité de Gestion de Fonds de Crédit Rotatif de \_\_\_\_\_ conviennent de définir mutuellement des termes et conditions de l'utilisation du Fonds de Crédit Rotatif ainsi que des mécanismes d'exécution pour assurer une utilisation appropriée de ces dits Fonds.

Cet accord exécute les responsabilités du Secrétariat d'Etat à la Décentralisation convenues dans l'Article II.D. du Protocole d'Accord daté du 4 Novembre, 1988, entre le Secrétariat d'Etat à la Décentralisation et le Corps de la Paix des Etats-Unis d'Amérique.

### ARTICLE I

- A. Le Comité de Gestion reconnaît la primauté des termes et conditions du Protocole d'Accord ci-joint, daté du 4 Novembre 1988.
- B. Le Comité de Gestion de Fonds de Crédit Rotatif de \_\_\_\_\_ convient de gérer les fonds en suivant les procédures détaillées dans le Manuel de Politiques et de Procédures ci-joint.

### ARTICLE II.

Les fonds seront déposés sur un compte d'épargne. Le déblocage des fonds se fera avec une Attestation de Déblocage portant la signature du Conseiller Technique/Volontaire Corps de la Paix, ainsi que les signatures des deux mandataires figurant sur la fiche de retrait.

./...

ARTICLE III

Les parties concernées acceptent d'amender le présent Protocole d'Accord si nécessaire. Les amendements seront convenus mutuellement et par écrit.

En foi de quoi les soussignés dûment autorisés à cet effet, ont signé le présent Protocole d'Accord.

\_\_\_\_\_  
Le Préfet de  
en qualité de Représentant du Secrétaire d'Etat à la Décentralisatio

Les Membres du Comité de Gestion de Fonds  
du Crédit Rotatif de

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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Monsieur le Directeur  
BICIGUI

Objet : Contrôle et suivi du compte n°  
"Comité de Gestion de Fonds de Crédit Rotatif de

Monsieur le Directeur,

Nous avons l'honneur de vous informer que le compte ci-dessous a pour mandataire le Président et le Trésorier du Comité de Gestion. En outre, nous vous informons que

Conseiller du Compte de Gestion a pour charge la supervision et le contrôle de ce compte. C'est pour cette raison que nous vous demandons de bien vouloir vous assurer que toute fiche de retrait présentée pour paiement soit nécessairement accompagnée d'une attestation signée par le Conseiller.

En résumé, chaque fiche de retrait doit obligatoirement être signée par les deux mandataires, et l'attestation signée par le Conseiller.

Nous vous remercions par avance de ce service,

et vous prions d'agréer, Monsieur le Directeur, l'expression de nos sentiments distingués.

ANNEX K

Compensation/Administrative Fund

The consultants suggest that the following be considered while instituting the Compensation/Administration Fund:

1. The sum of FG 500,000 should be made available to each Committee to use in its administration and/or compensation of its members;
2. Each Committee should be given the responsibility of deciding how the money should be spent. The Committee should meet to propose a budget and rationale for the use of the money; the proposal should be voted upon by the entire Committee;
3. A formal agreement should be devised outlining how the money will be used. The agreement should be signed by the Committee President and Treasurer, and the APCD for the ASAP Program;
4. It should be made clear that the FG 500,000 comes from the interest of the fund and its continuation depends on the efficient management of the fund and its accounts;
5. A separate account should be created from which administrative/compensation expenses are deducted; expenses should not be drawn from the Fonds de Credit Rotatif (FCR) account directly;
6. A system by which expenses are requested and paid should be created by each Committee; and
7. The sum of FG 500,000 should represent no more than 4 - 5 percent of the total yearly balance of the fund.

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