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REPORT ON SEMINAR ON GUINEA'S ECONOMIC DEVELOPMENT;

KEY ISSUES FOR FUTURE USAID ASSISTANCE

Christopher Shugart

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The Employment and Enterprise Policy Analysis Project is composed of a Consortium of the Harvard Institute for International Development (Prime Contractor), Development Alternatives, Inc., and Michigan State University (Subcontractors). E.E.P.A. provides technical assistance to USAID missions around the world on problems related to employment and small-and medium- scale enterprise development, and performs research on these issues for AID's Bureau of Science and Technology in Washington. For further information on E.E.P.A. contact:

Robert C. Young
Senior Employment Policy Advisor
Agency for International Development
S&T/RD/EED
Room 622, SA 18
Washington, DC 20523

Donald R. Snodgrass
EEPA Project Coordinator
Harvard Institute for
International Development
One Eliot Street
Cambridge, MA 02138

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N.B. The opinions expressed in this report do not necessarily represent those of the Harvard Institute for International Development.

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1 -- INTRODUCTION

The new AID Representative in Guinea, Byron Bahl, asked the Harvard Institute for International Development (HIID) to organize this seminar with two aims in mind. First, he wanted an informative briefing on recent developments in Guinea; second, he wished to begin the process of narrowing down and further developing the various components that will make up AID's program in Guinea for the next three to five years.

AID's Country Development Strategy Statement (CDSS) for Guinea, prepared by AID/Conakry in March 1987 and approved by AID/Washington in April, provides a general framework focusing on (1) assistance in the consolidation and implementation of Guinea's economic policy reform program and (2) assistance in stimulating the creation or expansion of private enterprise -- both with a special emphasis on the revitalization of the agricultural sector. In the context of the CDSS, the important task for AID is now to define the policy questions that should be addressed and to specify the next steps to be taken in designing the programs and projects that AID will undertake in Guinea.

The goal of the seminar was not to develop fully -- nor even simply to sketch -- a program for AID in Guinea. The aim instead was to explore the major constraints holding back Guinea's economic growth and to identify the critical areas where policy change or assistance by donors -- any donors -- would have the greatest beneficial impact. The next step for AID would be to reflect upon the results in the light of its own particular capacities and concerns to fashion an appropriate detailed strategy.

The present report is not meant to be a complete narrative of the seminar It is a highly condensed and selective presentation of themes and ideas that may be helpful in guiding further action. In writing the report, it has been assumed that the reader is familiar with general developments in Guinea over the last few years.

The agendas for the seminar (morning and afternoon sessions) and lists of participants may be found in the appendix.

2 -- GUINEA'S ECONOMIC REFORM PROGRAM

2.1 -- Recent Developments

Several of the more important recent events in the realization of Guinea's economic reform program, as presented by the World Bank team during the seminar -- developments that may be too recent to be found in existing reports -- are as follows:

o Foreign exchange management. The weekly auction system appears to be working well. The official exchange rate is at present 440 FG/US$ and the parallel rate 460-470 -- representing a premium of only 5%-7%. The Central Bank was applying informal quantitative restrictions on demand in late 1986, which increased the spread between the two rates; but this has now stopped. It should be noted that the auction is open to all current account transactions and that there is no official import licensing.

o Prices. Virtually all prices have now been decontrolled.

Prices for rice and petroleum products were not liberalized at the beginning of the reform because they were considered to be strategic goods. Prices for petroleum products are set administratively, but the margin is great enough that government subsidies are no longer needed. Rice prices are discussed below.

o Inflation. The annual inflation rate for the first seven months of 1986 was 130%-140%; for the rest of the year the annual rate was about 10%, suggesting that the initial effects of the devaluation had worked themselves through the economy. Reports for the first four months of 1987 cause some concern. They show an annual inflation rate of 36%.

o Banking system and interest rates. (1) The BICI-GUI bank now has branches open in four provincial centers. (2) So far, most banking activity has been confined to trade financing. Very few medium- to long-term loans have been extended owing to strong risk aversion on the part of the banks. (3) Because of high inflation, real interest rates (i.e., after adjustment for inflation) are negative at present. It should be noted, in contrast, that the ultimate policy goal is to maintain positive real interest rates to encourage savings.

o Initial response to reform program. The agricultural sector has responded positively to the economic reform program: there appears to have been an increase in the area cultivated in rice. Also, official coffee exports were 6000-7000 MT in 1986, compared with a negligible amount in the years before, though this represents primarily a marketing rather than a supply response, i.e., the coffee is now being marketed through official instead of informal channels.

o Civil service reform. About 12,000 civil servants had been removed from the government rolls by May 1987. The process has been complicated by the lack of appropriate procedures. Some of the civil servants, placed in the category of "disponibilité spéciale," were still being paid even after being laid off.

o Legal environment. A new Commercial Code, prepared with World Bank assistance, has recently been promulgated, complementing the new Investment Code enacted in January 1987.

2.2 -- Privatization

Since the recent wave of privatization of state enterprises has generated controversy, this topic was discussed at some length during the seminar. So far, 16 industrial public enterprises and one commercial have been privatized; more than 50 parastatals (notably the state commercial enterprises) are in the process of being liquidated. Information on the ownership of 13 of the 16 industrial firms privatized indicates the following: three are 100% private Guinean; one is 51% Guinean government with the remainder foreign investors; and nine are 51% or more foreign-owned.

Dissatisfaction with privatization to date centers mainly on the fact that a number of cases have involved the granting of monopoly rights (e.g., the tobacco company, which has been granted a ten-year monopoly) and high rates of tariff protection inconsistent with the liberal economy envisioned for Guinea. It seems clear that a number of the firms in question (e.g., the textile factory and probably the cement factory) could not possibly survive as viable enterprises without special protection going beyond the uniform 10% tariff rate now in effect. For some of the companies, it appears that the purchaser in effect paid for the right to sell in a protected market rather than for the physical assets of the company, which were often hopelessly run down.

On the positive side, it can be said that privatization so far has been a visible and dramatic way for the government to demonstrate to the public that the economy was being put back on its feet with a different philosophy. Moreover, a well-run profit-seeking private monopoly is to be preferred to an inefficient, subsidized public monopoly -- especially if the private firm is taxed appropriately. The hope is now that backward linkages will develop, the new firms stimulating other Guinean businesses through demand for their output.

Looking to the future, there are 11 additional industrial enterprises scheduled to be privatized (pharmaceuticals, tire retreading, tanning, and plastic footwear, among others) and about 14 in the process of liquidation. Since the most valuable enterprises have already been sold off, it is far from certain that all those remaining will find takers.

The recent experience with privatization in Guinea should serve, perhaps, as a reminder of the complexity of policy dialogue. Ideal economic policy advice inevitably comes face-to-face with the real capacities and constraints of the government apparatus charged with carrying out the reform process.

2.3 -- Future Directions

The policy reform framework approved by the World Bank and the IMF in July 1987 envisages a continuation for the next three years of the efforts already begun: improving the performance of the public administration; reducing the scope and improving the efficiency of public enterprises; further liberalizing of prices, marketing, and foreign trade; consolidating the institutional and legal environment for private sector development; rationalizing tax policy and administration; improving expenditure control; expanding the banking network and increasing its efficiency; and strengthening the government's capacity for external debt management. Special attention will be given in the immediate future to improving budget preparation and expenditure control, with stringent restrictions to be placed on current expenditures no related to the three-year rolling public investment program.

Some skepticism about the World Bank/IMF structural adjustment program was expressed during the seminar, most articulately by Dr. West. The program in Guinea, it was contended, is of a piece with those being carried out in numerous other countries. Yet conditions in Guinea are not at all typical. With its particularly limited and fragile economy, there is no guarantee that the present program is the most appropriate. (This discussion took place during the afternoon session, and the World Bank team was not present to respond.)

After the World Bank team's review of the economic reform program, Mr. Cadario listed a number of other areas, apart from policy reform, where intervention could play a critical role in developing the Guinean economy. One key area is that of physical infrastructure (road network, electricity, water supply). It would be fair to say that, along with the administrative and institutional environment, the backward and dilapidated state of the physical infrastructure constitutes the major impediment to the country's development. What is needed is a very expensive, long-run program, in which sound strategies for operation and maintenance must be given special attention.

In another area, Guinea has some of the worst health and education indicators in Africa. Clearly, attending to these needs and extending social services throughout the country -- with a careful view to cost -- will improve human capital and is therefore complementary to other efforts to promote economic development.

2.4 -- Agricultural Price and Marketing Policy

Since AID's objectives for the next few years place special emphasis on liberalizing the agricultural sector, this topic was discussed in some detail during the seminar. Quite different views emerged over a critical point on which AID might wish to take a position, i.e., the degree to which the government should allow domestic import and export prices to be freely determined by current world prices.

In th area of coffee exports, the only cash crop of importance at present, the government in 1986 set the official price at which the state marketing agency, PROSECO, would purchase coffee in Conakry. The marketing chain between the farm gate and Conakry would be completely out of state hands. In fact, several private traders, acting quite legally, found that by exporting the coffee themselves they could offer better prices to the farmers and so were able to purchase and export most of the crop completely through private channels.

There has been discussion in Guinea, however, over the desirability of establishing a stabilization fund for coffee exports to protect the farmer from year-to-year fluctuations in the world price, a result said to be necessary to induce optimal investments by farmers. In addition, the French have been studying the feasibility of setting up a filière-type organization for the production and marketing of coffee.

The World Bank's position is that Guinea has started off in the right direction by letting the private sector deal with the pricing of coffee to producers, and it would be best to continue along this path. The problem with stabilization schemes is that the funds accumulated are often used for other purposes and come to constitute, in effect, a tax on farmers. Perhaps, as was noted in the discussion, it will be possible to develop private mechanisms for price stabilization as Guinean farmers become more organized -- for example, through cooperatives.

Taking a different position, Dr. Stryker offered the view that a variable export tax that cushions price fluctuations without providing complete stabilization may not be such a bad idea.

In regard to rice, the government appears in principle to retain a fixed price (a "reference price", presently set at 100 FG/kg.) on sales of imported rice at the wholesale level. The reference price, however, is said to be irrelevant since no effort is made to enforce it. All commercial importing of rice is now unrestricted and is carried out by the private sector with prices freely set. The reference price comes into play only when the government sells rice at the wholesale level that it receives through food aid, but this can have no effect on retail prices since these are competitively determined by the residual supply price, i.e., the world price. (If the reference price is lower than the competitive wholesale price, however, a windfall will result to the fortunate traders able to purchase food-aid rice from the government.)

The question of just how free prices should be was raised again by Dr. Stryker in the context of rice imports. Dr. Stryker noted that with existing world prices for rice as historically low as they are and are expected to remain, it will be virtually impossible for most countries in Africa to produce rice competitively, except for consumption on the farm or in nearby markets. The Conakry market will therefore continue to be supplied by imported rice if a free-market regime is followed. A major long-term issue -- political as much as economic -- for the Guinean government is thus whether or not to protect domestic producers. According to Dr Stryker, a variable import levy is a policy option that should not be rejected out of hand by advisors and donors.

In reply, the World Bank team maintained that Guinea is a special case in West Africa, having a strong comparative advantage in rice production. The critical problem in attaining competitiveness with imports involves transport costs and marketing inefficiencies. The implication was that the market price should not be supported by an import levy. It is certain that this issue -- and associated ones -- will figure prominently in food policy debates in Guinea in the coming years.

On a related topic, the fact that rice imports are now unrestricted and that the retail price is uncontrolled lays to rest the principal question posed in the recent report by Abt Associates <u>Food Aid and Policy Reform in Guinea</u> (prepared by Charles Hanrahan and Steven Block [no date]); namely, does bringing rice into Guinea under food aid programs impose a disincentive on domestic rice production? Since the retail price is now freely determined by the residual source of supply -- i.e., commercially imported rice -- food aid will not alter that price and so cannot have a disincentive effect. (The fact, however, that food aid reduces the demand for foreign exchange in the Guinean economy will tend to lower the exchange rate and thus lower producer prices in domestic-currency terms. But one would not expect this effect to be important.)

The discussion in this area shows that much applied research remains to be done relating to food policy in Guinea. This is especially relevant given that AID's long-term objective in Guinea, according to the CDSS, is the revitalization and diversification of the agricultural sector. Guinea should develop a coherent research strategy that envisages studies on producer prices and costs of production, food consumption (important for determining the consequences of policy changes on the incidence of hunger), and the marketing system. A system for monitoring and reporting market price information throughout Guinea needs to be set up. (Planning is already underway in a number of these areas.)

2.5 -- The Role of AID

Although it was not intended that the seminar enter too deeply into the question of what activities and programs AID should support in Guinea, one aspect that received attention was just how AID should determine the conditions that will inevitably be attached to disbursements under its program assistance, food aid, and commodity import program. More specifically, to what extent should AID simply lend its support to the policy conditions developed by the World Bank and the IMF rather than attempt to fashion its own requirements based on independent analysis? It was noted, in this connection, that AID/Conakry has not had and will not have the in-house capacity to carry out a thorough policy analysis of its own.

Though it would not be accurate to say that a consensus was reached on this issue, the discussion seemed to take the following drift. First, it is unlikely that there will be fundamental differences between the Bank/IMF point of view and AID's over the general direction of policy reform in Guinea. Dr. Berg felt that AID should therefore leave hard conditionality to others. Quibbling over small points will only confuse matters and, in any case, hard conditionality detracts from a donor's capacity to have a frank and productive dialogue with the government.

One way that AID could assure that its policy dialogue with the government remains cogent as well as current would be through a continuing series of visits (say, every six months or so) by high-level specialists in areas of concern to AID. Past performance would be reviewed, future strategy would be refined and adjusted, and the government would have the salutary opportunity to engage in a constructive debate with another set of top-notch experts -- in addition to those that now give them policy advice.

As to whether AID should consider proposing to place a high-level advisor within the government on a full-time basis (for instance, in the Strategy and Development Office of the Ministry of Rural Development), Dr. Berg noted that he has never seen such an arrangement work successfully in a francophone country because of the dominating influence of the network of advisors already in place. Taking the opposite position, one could argue that the peculiarities of Guinea's history and the ambivalent attitude of the population toward the former colonial power may make the government more receptive to the idea of diversifying its corps of advisors -- for internal political as well as economic policy reasons. In any case, this possibility could be tactfully explored with the government and with other donors by AID/Conakry and during the periodic visits by high-level specialists mentioned above.

2.6 -- Macroeconomic Impact of Local Currency Fund Disbursements

One of AID's special concerns in the execution of its program in Guinea is the possible inflationary or deflationary effects of using its substantial local currency funds. In response to a question on this point, Dr. West noted that methods have been developed to ensure that no negative consequences result. The essential step is to reach an agreement by which the government adjusts its fiscal and monetary interventions to take into account the scheduled release of domestic funds by AID.

2.7 -- Comments and Reflections

Several thoughts, related to the process of future program design, emerge from the first phase of the economic reform program in Guinea over the past two years.

As noted by Mr. Cadario, the rapidity with which the government has been able to enact wholesale policy reforms with virtually no resistance is due in large measure to the enthusiasm all elements of the population felt upon the ending of an unpopular and repressive dictatorship in 1984. What the government will be able to accomplish over the next three to four years will be based to a great extent on the continuing glow of a new-found freedom.

Given this window of opportunity and the fact that the reforms are interlinked and rely for their effectiveness on simultaneous movement along many fronts, there is an understandable tendency to push rapidly ahead in making policy changes. The reforms undertaken in the last two years are enormous. Some would say the process is unprecedented, given the state of the Guinean economy and public administration.

Nevertheless, it must be understood that many of the changes made so far exist to a large extent only on paper. Now comes the difficult process of implementation, monitoring, and readjustment. Institutionalizing the policy changes is a complex task that will take years and will require a sustained commitment on the part of aid donors.

A number of consequences flow from this. First, needs for technical assistance and training will be substantial. Technical assistance projects running for as long as ten years should be considered. The classic problem of how to design technical assistance that gets the job done and trains local personnel at the same time will be especially acute in Guinea. Second, the process of implementing policy reform will depend intimately on the capacity and competence of the government bureaucracy and on the establishment of a culture of public service. This process is made difficult by the extremely low point from which we are starting and will be complicated by the Guinean public's extreme distrust of the state and its interventions.

We should note that even reforms that aim simply at providing a conducive environment for the private sector depend on the performance of the government bureaucracy. The process of developing the private sector involves both a withdrawal of the state from some spheres and a strengthening of the state in others -- for example, in ensuring consistent and non-arbitrary treatment and in enforcing rules of the game.

3 -- DEVELOPMENT OF THE PRIVATE SECTOR: SUPPORT PROGRAMS

3.1 -- Present Condition and Mood of the Private Sector

There was a difference of opinion as to the present mood of private business in Guinea and to the opportunities available, but much of the difference can be explained by distinguishing between the different groups of businessmen. Mr. Nyirgesy described in glowing terms the enthusiasm that prevails among the upper echelon of private Guinean traders. Since their interest is in quick returns on commercial activities, the present lack of a detailed and tested legal framework does not particularly concern them, given the supportive laissez-faire attitude of the government. The sudden plunge into commercial freedom has engendered some confusion. Lack of experience and market information has led to poorly planned purchases and periods of glut or scarcity in certain commodities. But it seems agreed that the traders will learn to manage well enough for themselves, given time and the conducive policy environment.

On the other hand, the obstacles for the foreign investor remain formidable, beginning with the most obvious of constraints, such as the absence of reliable telephone or telex contact with the outside world. In addition to the severe lack of supporting infrastructure and local suppliers, the legal framework for investment has just been put into place and is as yet untested. One opinion held that the new investment code itself was quite unattractive to foreign investors. As noted in the seminar, however, large foreign investors will probably manage to carve their own deals irrespective of the provisions of the investment code.

3.2 -- Critical Areas for Future Assistance

For the moment, it would not appear that AID should place much emphasis on the promotion of foreign investment activities in Guinea; the country simply does not offer much attraction for foreign investors as yet (see also Chemonics, Policy for Private Sector Promotion and the Role of CNPIP [draft, July 3, 1987] and Survey of the Private Sector in Guinea and Recommendations for Future Development [prepared by Donald Rhatigan, Sept. 1986]).

The focus of assistance should be on the actual or potential Guinean investor. A number of surveys have been carried out in Guinea cataloguing the constraints that seem to be holding back the development of investment activities. Many of the same factors were cited during the seminar. Apart from the policy environment, the major categories are the following:

o <u>Legal and administrative environment</u>. There is a gap between enunciated policy and actual implementation. An activity may be permitted in principle, but if 60 signatures are required in fact to carry it out (cited by one recent report as necessary for an import transaction), the entrepreneur will not be encouraged. This is especially true where civil servants incorrectly apply the new codes or abuse the discretion accorded them and when reliable mechanisms for appealing administrative decisions have not yet been developed. Perhaps policy dialogue with the government should begin to focus more on the need for these mechanisms. In any event, problems in this area will be inevitable in Guinea for some years to come.

o <u>Infrastructure</u>. As already noted, this is one of the major constraints.

o <u>Credit</u>. Lack of access to credit -- often simply for working capital -- is cited as a key constraint in Rhatigan's survey of 66 businesses, despite his opinion that many promoters have access to surprisingly large stocks of personal funds for capital investment (see reference above, this section). Based on his recent trip to Guinea, Mr. Garvey noted during the seminar that the recently established donor-financed credit lines do not seem to be reaching the rural sector and that the banks (except for BICI-GUI) do not feel comfortable with rural investments.

o Information and technical assistance. (Market information; information about sources of supply; information about and assistance in complying with government regulations and procedures; technical advice about specific production processes; feasibility studies.)

o Managerial assistance and training. (Business planning, strategy and marketing; accounting.) Mr. Nyirgesy asserted that the larger traders are ready for management consulting assistance and would be willing to pay for it -- e.g., assistance to informal groups of export-crop producers in rural areas. Even though most Guinean traders may themselves be uneducated, some are hiring educated former civil servants as financial managers, according to Mr. Nyirgesy, and these people could benefit from training seminars and programs.

o Vocational skills for artisans and laborers. Mr. Wisman, noting that about 80% of the workers on construction jobs in Guinea come from neighboring countries, expressed his belief that the shortage of low- and medium-skilled laborers was a major constraint to the development of private sector activities.

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While the seminar revealed a consensus that the factors outlined above are certainly important, it proved impossible to single out those that deserve priority attention. Moreover, with regard to technical and managerial assistance and training, the seminar did not provide a suitable forum for exploring the different needs of different types of entrepreneurs. For instance, larger-scale firms may be in need of highly specialized information relating to production technologies and may be interested also in formal feasibility studies.

On the other hand, small businessmen generally do not think in terms of a well-delineated "project" with specified inputs and outputs that can easily be entered on a standard form (in French, the classic "project _fiche_"); if credit is to be extended, it will likely have to be based on reputation and intuitive judgment and on the relationship developed between the businessman and the credit extension officer.

One question -- among many -- that must be faced for each target group is whether assistance should focus more on the interface between the enterprise and the external environment or on questions of internal management. Another question is whether it is realistic to think that civil servants -- no matter how well they are trained -- can provide the particular service in a way that will be useful to businessmen.

Our ignorance in these areas shows how little we know about the private sector and its needs in Guinea. It is worth reemphasizing the utter lack of comprehensive studies -- since those done during the colonial era -- in almost every area of research in Guinea. Rather than being a cause for despair, however, an awareness of this lack can lead to a particular strategy of intervention, one based on flexible pilot projects as a first step linked with careful monitoring and applied research.

Since we appear to be more certain of the desire of many businessmen for credit than we are of the kind of technical assistance or training that would be useful to them, one way to begin would be with a small pilot credit project -- perhaps in an area outside Conakry. Contact made with businessmen and artisans through dispensing credit would enable a better understanding of their needs. New project components providing training or technical assistance could evolve as a clearer picture emerges.

Fashioning a workable credit program in rural areas would not be easy, as Dr. Stryker pointed out. It would necessitate AID's sustained involvement in policy areas (interest rate policy, savings mobilization, rural land law, etc.) as well as in the mechanics of the project. And it should be accompanied by thorough monitoring and on-going evaluation at the field level.

Several suggestions were made during the seminar concerning credit. Mr. Delia proposed that OPIC be used as an avenue to administer project loans from local currency funds. Mr. Nyirgesy suggested that AID handle long-term project loans on an in-house basis, outside the banking system.

3.3 -- The Capacity of the Guinean Civil Service

In conceiving and designing support services for the private sector in Guinea, it is critical to consider the kind of government structure and capacity necessary to carry out the functions envisaged. The question of what can be realistically expected of the Guinean civil service in the medium term, given its present state, was explored by several participants, notably by Dr. Berg. In the light of the experience of other countries, there are reasons to believe that the process of creating a smaller, more effective civil service will take a great deal of time. If we assume, as many would, that the Guinean civil service will remain relatively ineffective for the next ten to fifteen years, the range and complexity of the services it can offer will be limited. It therefore becomes imperative to search for ways to shift certain responsibilities outside the public sector.

3.4 -- Agricultural Extension Services

Promoting the development of the agricultural sector through extension services to farmers constitutes a special case of how to develop the private sector by providing support services to business. Various points of view were expressed during the seminar as to the most effective approach. Given the weakness of the civil service (see Section 3.3), a number of participants argued that more innovation and experimentation are needed in privatizing agricultural extension through, for instance, contracting out services. It was felt that AID could play a constructive role in the process. Dr. Berg suggested that we might begin to think about a "radical privatization" of the

Ministry of Rural Development in Guinea, though the shape this might take is not yet clear. Dr. Stryker spoke of the huge potential to be explored by forging a more active link between research findings and the activities of input suppliers (e.g., fertilizer distributors), who could serve as a conduit for information about improved techniques. A pilot project might be worthwhile.

3.5 -- Comments

In giving precise content to the broad objectives that AID has set before it in Guinea for the next few years, AID could, on the one hand, decide to engage in policy dialogue and support a wide range of discrete activities that point toward the same broad objectives, without, however, their being closely linked one with another. One reading of the CDSS would appear to suggest this approach.

On the other hand, AID could select several critical areas -- the agricultural sector for one -- aim to understand them in depth, and then, in collaboration with other donors, fashion a coherent package of interventions including policy advice, program assistance, studies, and pilot activities -- all interrelated and reinforcing one another.

The present author would argue strongly in favor of the latter approach. Given the poor state of our present knowledge about Guinea and the undeveloped nature of sectoral and sub-sectoral strategies, the risk that unconnected and limited interventions will prove ineffectual is very great. Moreover, now that the focus is shifting from policy making to policy implementation and readjustment, the process of policy dialogue could become fixated on stereotyped advice unless it is animated by feedback from focused studies and from concrete attempts at implementation.

HIID

HARVARD INSTITUTE FOR INTERNATIONAL DEVELOPMENT
One Eliot Street Cambridge Massachusetts 02138

Cable Address HIID
Telex 275276
TWX No. 7103200315

SEMINAR

GUINEA'S ECONOMIC DEVELOPMENT: KEY ISSUES FOR FUTURE USAID ASSISTANCE

PART I: OVERVIEW OF GUINEA'S ECONOMIC REFORM PROGRAM

Washington, D.C.
August 27, 1987
10:00 a.m. - 1:00 p.m.

AGENDA

1. Opening Remarks
   Christopher Shugart, HIID (Moderator)

2. Overview of Guinea's Economic Reform Program (with Discussion)

   Tamar Atinç
   Country Economist for Guinea, World Bank

   Paul Cadario
   (Formerly) Senior Loan Officer for Guinea, World Bank

- Brief Survey of Pre-Reform Conditions
- Major Themes of the Economic Reform Program
  - Macroeconomic context and efforts to improve macroeconomic management (balance of payments, external debt, fiscal policy, public investment program, monetary policy, resource gap, aid flows)
  - Liberalization, prices, marketing, trade, tariffs, taxes
  - Banking system, interest rate policy, credit
  - Legal context (new codes and laws)
  - Civil service reform
  - Restructuring of the parastatal sector, privatization, promotion of private enterprise
  - Food policy and key issues in the agricultural sector
- Accomplishments: 1986-87
- Directions for the Future

HIID

HARVARD INSTITUTE FOR INTERNATIONAL DEVELOPMENT
One Eliot Street Cambridge Massachusetts 02138

Tel (617) 495-2161
Cable Address HIID
Telex 275276
TWX No 7103200315

S E M I N A R

GUINEA'S ECONOMIC DEVELOPMENT: KEY ISSUES FOR FUTURE USAID ASSISTANCE

PART II: DEVELOPMENT OF THE PRIVATE SECTOR

Washington, D.C.
August 27, 1987
2:00-5:00 p.m.

AGENDA

1. Opening Remarks
   Christopher Shugart, HIID (Moderator)

2. Brief Presentations of Studies and Ideas by USAID-Associated Consultants

   - "USAID's Involvement in Private-Sector Development in Guinea: Recent History and Future Opportunities"
     Thurston F. Teele
     Director, Chemonics International

   - "Introduction to the Trading Community in Guinea"
     Francis Nyirjesy
     Manager, Advisory Services, Equator Holdings Ltd.

   - "The Promotion of Private Investment in Guinea"
     Michael P. Delia
     Business Development Officer
     Overseas Private Investment Corporation

   - "Human Resources Development in Guinea"
     Steve Wisman
     Resource Development Officer
     Opportunities Industrialization Centers International

3. DISCUSSION -- Topics to be covered will include the following:

   - Policy and Institutional Environment
     - Legal and Procedural Reforms: Enactment and Implementation
     - Banking System; Interest Rate Policy; Credit Mechanisms
   - Direct Support Programs
     - Target Groups
     - Nature of Assistance
     - Delivery Mechanisms
   - Sectoral Issues
     - Special Problems of Small Businesses
     - Differing Problems and Approaches in Urban and Rural Areas

LIST OF NON-USAID PARTICIPANTS

MORNING SESSION

A. Moderator

Christopher Shugart
Harvard Institute for International Development (HIID)
Cambridge, Mass.

B. Panel of Economists

Dr. Elliot Berg
Elliot Berg Associates
Alexandria, Virginia

Dr. Dirck Stryker
Fletcher School
Tufts University
Medford, Mass.

Dr. Robert West
Fletcher School
Tufts University
Medford, Mass.

C. World Bank Staffmembers

Tamar Atinç
Country Economist for Guinea
World Bank
Washington, D.C.

Paul Cadario
Senior Country Programing Officer for China
(Formerly Senior Loan Officer for Guinea)
World Bank
Washington, D.C.

LIST OF NON-USAID PARTICIPANTS

AFTERNOON SESSION

A. Moderator

Christopher Shugart
Harvard Institute for International Development (HIID)
Cambridge, Mass.

B. Panel of Economists

Dr. Elliot Berg
Elliot Berg Associates
Alexandria, Virginia

Dr. Dirck Stryker
Fletcher School
Tufts University
Medford, Mass.

Dr. Robert West
Fletcher School
Tufts University
Medford, Mass.

C. Other Participants (associated with USAID activities in Guinea)

Michael P. Delia
Business Development Officer
Overseas Private Investment Corporation (OPIC)
Washington, D.C.

William Garvey
Consultant
National Cooperative Business Association
(Formerly: Cooperative League of the U.S.A.)
Washington, D.C.

Francis Nyirjesy
Manager, Advisory Services, Equator Holdings, Ltd.
Hartford, Conn.

Ellen Johnson Sirleaf
Washington Representative
Equator Holdings
Hartford, Conn.

[Cont'd]

Steve Steigleder
Africare
Washington, D.C.

Thurston Teele
Director, Chemonics International Consulting Division
Washington, D.C.

Steve Wisman
Resource Development Officer
Opportunities Industrialization Centers International (OICI)
Philadelphia, Pa.