

PN-ARBH-231

70226

**CURRENT CONSTRAINTS TO AND POTENTIAL FOR
DEVELOPMENT OF THE AGRIBUSINESS SECTOR IN GUINEA**

**Prepared under A.I.D. Contract
PDC-5315-I-35-8100-00
Delivery Order No.35**

**International Resources Group
1400 I Street, N.W.
Washington, D.C. 20005**

January 31, 1991

ACKNOWLEDGEMENTS

This survey was carried out in Conakry during the period 28 November 1990 through 14 December 1991. The author wishes to thank those USAID employees who provided an insight into the current conditions and potential for Guinea's agricultural and agribusiness sector and who assisted through introductions to knowledgeable persons in the Guinean public and private sectors.

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CURRENT CONSTRAINTS TO AND POTENTIAL FOR DEVELOPMENT OF THE AGRIBUSINESS SECTOR IN GUINEA

I. The Agribusiness Sector in Guinea

A. At Time of Independence

On 28 September 1958, Guinea rejected membership in the proposed French Community. There followed an abrupt and almost complete withdrawal of all French technical and administrative personnel and also left a major entrepreneurial void.

At the time of independence, Guinea had a substantial volume of agricultural exports. Four major crops (coffee, palm kernals, bananas, and pineapples) accounted for about 97,000 MT of exports. Table 1 provides a history of ag exports from Guinea from 1956 through the 1988 era.

B. The Current Situation

During 1988, Guinea exported approximately 25,000 MT of ag commodities (Table 1) if one can believe the imposition of the figure of 10,000 MT of oilseed cake, when no figures had been recorded in prior years for this commodity. If this is an aberration, then real sustainable exports are more likely in the range of 15,000 to 16,000 MT per annum.

The World Bank, in its 1984 Guinea Agricultural Sector Review, placed this in perspective in stating "The cash crop sub-sector has been the most seriously affected: banana exports have fallen from about 100,000 tons in 1955 to negligible amounts today. Official exports of coffee have declined by over 80 percent as a result of a decline in yields, a halving of the area planted, and unrecorded exports. Pineapple exports are at about one tenth of their peak in 1971-72."

C. Agribusiness Development Potentials in Guinea for Domestic and Export Markets.

In spite of the many constraints that hinder business development in Guinea, progress has been made in improving the investment climate - at least on paper, since the beginning of the Second Republic. A number of new ventures have been established with foreign investors. One of these is Guinea Fleur which had, as its name implies, an initial intent to grow and export flowers to Europe. After various attempts, Guinea Fleur learned that it could not grow flowers of a quality that would be acceptable in the European Market. It then focussed on the potential for the production and export of fruits and vegetables for the European market. It currently grows and exports about 1,000 tons of cantaloupes

and cherry tomatoes to France annually. It also grows table tomatoes, green beans, cucumbers, and zucchini squash for the domestic market. Guinea Fleur indicated that it was operating profitably.

A second company, *Companie des Eaux Minerales de Guinea*, is the major domestic bottler of mineral water. It has also begun bottling apple and orange juices using concentrates imported from France. The company would like to bottle other fruit juices, possibly including mango, papaya, and passion fruit, but has been frustrated in its attempts to find locally available concentrates of these juices. CEG implied that it had not yet begun to make a profit.

There are numerous proposals to revive old and develop new agribusinesses in Guinea. A number of these are described in some detail in Chemonics report "Etude de Faisibilite du Project National de Promotion des Exportations Agricoles", dated 10 Fevrier 1990. One of these, *La SAIG* or the *Societe agro-industrielle de Guinee*, was inaugurated in March of 1990 with the intent to rehabilitate a former facility at Mamou to make fruit juice concentrates and conserves. This facility would be ideally situated to provide CEG with most all its requirements for tropical fruit juice concentrates, especially as it is about two hours drive away on a paved road. Unfortunately, the bankruptcy of the French partner has prevented this facility from becoming operational.

Other potentials discussed in the Chemonics report include: a) *La SOGUIPAH* or the *Societe Guineenne du Palmier a Huile et de l'Hevea*; b) *La SOPAG* or the *Societe des Plantes Aromatiques de Guinee*; and c) *La SALGUIDIA* a current non-operating cannery that formerly canned pineapple and fruit juices. Recent ideas or potentials discussed with the U.S. Guinea Business Alliance through Andrew Baird include: the growing of green beans for the European market; the raising of chickens for egg production; the development of a bonded warehouse; and the potential of a new fishing enterprise.

A major deficiency of most recent studies done to date on Guinea's potential for exports of tropical fruits has been the desktop nature of these studies. No apparent visits were made to European produce importers and brokers to determine variables as: market preference of varieties; market windows; competition from other suppliers; prices; and general interest of firms in considering buying produce from Guinea. The EEC is funding a current study of the potential for tropical fruit and vegetable market opportunities for Guinea in Europe. The findings of this study should present a much more realistic assessment of Guinea's potential in this market.

Another eleven potentials in various stages of development (evaluation, seeking partners, etc.) are presented in Exhibit 1. These proposals cover a wide range of potentials and vary greatly in the amounts of investment and operating capital their proponents estimate will be required to start-up and operate these businesses. What they do indicate is that there are a substantial number of investors, both foreign and local, who are willing to pursue the possibility of developing potential investments in the agribusiness sector in Guinea. There are two other potentials that have not been mentioned in any background reports reviewed for this paper's preparation. The first is the installation of a flour mill in Conakry. Guinea's imports of flour have increased from 50,736 metric tons equivalent in 1983 to 92,654 metric tons equivalent in 1988. This volume is expected to increase and is large enough to warrant an investment. The Islamic Bank of Guinea has recently approved a loan for such a project. The second potential relates to development of limestone deposits found in Guinea at Kindia, Siquiri and Mali. Again, feasibility studies will need to be prepared to determine the composition, mineable quantities, and the economics of developing these deposits. With the large acreage of acidic soils in Guinea, lime, in association with other soil amendments, could materially improve soils and lead to significant yields. Tests in the Chapare Region of Bolivia of liming soils planted to beans indicated that yield increases of between zero to 150% were possible. The cement industry also is a user of limestone. Another potential is the export of lime to neighboring countries.

II. Current Constraints to Agribusiness Development in Guinea

A. Overview

There are a host of constraints to agribusiness development in Guinea. These vary in intensity from minor to those that can kill an investor's interest, whether foreign or local. The first thing that impresses a foreign entrepreneur visiting Guinea for the first time is being hassled at the airport by Customs Officials. The Government of Guinea must understand that there are many underdeveloped countries in Africa, Asia and Central and South America which are actively seeking the participation of foreign investors in the development of their agricultural and agribusiness sectors. Those countries which have been successful and those that will draw foreign investors in the future will be those that make their investment climate attractive and make prospective investors feel welcome in their country.

In a recent interview, a local entrepreneur provided a list of transaction costs related to the exportation of coffee from Guinea. As told, these include:

1. Verification of quality tax
2. Transport costs from plantation to Conakry
3. Bribes paid to police or gendarmes at traffic checkpoints
4. Storage costs
5. Labor to load and unload sacks at warehouses
6. Jute sacks
7. Sorting for grade and quality
8. Fumigation
9. Transit of containers to port
10. Export tax (often accompanied by requirement for a bribe)
11. Port tax (often requires a bribe)
12. Certificate d'usage (often requires a bribe)

Given Guinea's current limited comparative advantage in the agricultural crops in which it formerly exported substantial tonnage, and given the current low world prices for most of these crops, local producers can ill-afford all the extra unofficial costs of doing business in Guinea. These same unofficial costs also limit the potential to develop new (to Guinea) agribusiness export potentials. The longer the Government of Guinea delays in transforming Guinea into a country that welcomes and supports agribusiness, the less chance Guinea will have to attract foreign investors - as once they have developed ties and investments in other countries, it is unlikely that they will invest in Guinea or other secondary (to them) countries.

B. Principal Constraints to Agribusiness Development

The constraints to agribusiness development in Guinea are currently extensive. For the purpose of this report and to try to place this problem in perspective, constraints have been listed in four categories: Economic/Financial; Human/institutional; Productive; and Infrastructural. The ordering does not imply that any category is more or less important - all are important and will require substantial effort to eliminate or reduce. Where certain constraints have been placed can also be argued as some can easily be seen as fitting more than one category. The important thing is to list these constraints as a basis for discussion. A multitude of constraints has been presented in Exhibit 2. In the following section, the discussion will be limited to two or three major constraints in each of the four categories.

1. Economic/Financial

- a. The combination of higher than necessary costs of producing and marketing agricultural commodities and products. This includes import taxes, export taxes, unofficial taxes, transport, energy, and ag inputs, when available.
- b. Current low world market prices for major crops including coffee, cacao, palm oil and rubber.
- c. Lack of farmer credit and lack of loan funds for commercial agribusiness development or expansion.

2. Human/Institutional

- a. Lack of GOG ability and willingness to establish conditions deemed necessary for attracting successful private sector activity and investment.
- b. Lack of clear procedures, including which Ministry has approval authority, for establishing new private enterprises; this results in lengthy and often difficult dealings with multiple ministries.
- c. Lack of a comprehensive National Agricultural Development Strategy with a long-range plan to implement it.

3. Productive

- a. Exhausted, often acidic, soils with low organic matter and few soil amendments or fertilizers available regardless of their cost and potential economic return. There are reportedly three deposits of limestone in Guinea, but no apparent effort has been made to develop these deposits for agricultural use.
- b. Lack of high quality seeds (vitality and % of germination) and nursery stock and an effective ag extension service to extend valid production information to farmers.
- c. Lack of viable commercial enterprises to create demand for farmers to produce cash crops.

4. Infrastructural

- a. Poor physical condition of a formerly good road network which limits the ability to collect and market ag commodities and supply ag inputs to farmers.
- b. High cost and unreliable provision of electric power and petroleum products.
- c. Lack of facilities for ag commodities and severely reduced loading and unloading capacity at the Port of Conakry.

The sum total of all the constraints to agribusiness development in Guinea is that Guinea is not currently an attractive place for foreign investors and leaves much to be desired for local investors.

III. Strategy to Overcome Constraints to Agribusiness Development in Guinea

A. Overview

In spite of the numerous constraints presented above, the World Bank and other donors believe much progress has been made in a number of areas. Some of the main accomplishments include: a) a substantial reduction in the number of civil service employees; b) major currency and banking reforms; c) trade liberalization; d) removal of price controls; and e) privatization - although much yet remains to be done.

B. Donor Efforts to Reduce Constraints

Various international donors, in coordination with the World Bank/IMF, have identified most of the constraints noted above and have played a major role in assisting the GOG in implementing the reforms carried out to-date. Many major constraints remain to be eliminated or minimized, e.g., infrastructural, and many shortcomings, e.g., lack of ag research and extension need to be addressed and provided for.

In its proposed Project for the Promotion of Agricultural exports, the World Bank has identified a number of sectors or areas for development with a concomitant goal of eliminating and/or greatly reducing the constraints to a major increase in agricultural exports from Guinea, as well as addressing the reduction of constraints to increased production of ag commodities for the domestic market. Some of the main aspects of the World Bank's proposal include: a) ag research; b) ag extension; c) quality control and conditioning of products

destined for export; d) additional funding for the Project Relance de la Culture du Cafe; e) funds to improve the cold storage facilities and management at the Port and Airport in Conakry; f) physical improvements at both the Port and the Airport; g) assistance to the Chamber of Commerce, Industry and Agriculture of Guinea (or some similar group) to develop capability and the means to assist potential agribusiness investors with market information, feasibility study help, training in bookkeeping, financial analysis, and management, sponsoring investment seminars, etc.; h) rural credit through the Credit Mutuel concept; i) privatization of SOUGUIPAH; and j) assistance to develop cooperatives.

The Bank's Project Appraisal for the Export Promotion Project is still in process, with the next appraisal mission due in Conakry in February 1991 and project approval estimated for September 1991. The Bank has, however, tentative commitments from donors including FED, Caisse Central and ICOD to undertake various studies related to port improvements, the further development and the privatization of Guinea's fishing industry, etc. In addition, USAID has indicated a willingness to make a major financial input into the rehabilitation of Guinea's road network, subject to the preparation of a Project Paper and subsequent AID/W approval of the PP.

C. A Role for USAID to Reduce Constraints

Given the World Bank/IMF clout, supplemented by that of the major European donors, USAID might best leave the major institutional constraints and policy issues to those donors with a "comparative advantage". There are a number of major activities that USAID can assist with that will be vital to the development of Guinea's agribusiness sector to serve domestic and export markets. These activities have been discussed with the World Bank's Resident Representative in Conakry. They are mutually considered as activities wherein the U.S. Government can access the necessary professional skills and resources that will be required to successfully implement them.

IV. **Potential Components of a USAID Program to Assist Guinea's Agribusiness Development**

A. Introduction

Under the World Bank Export Promotion Project, there are certain activities the Bank is willing to fund, there are others the Bank will be pleased to have other donors handle, and there are certain activities the Bank will not fund. Given USAID's interest in providing vital support to the

development of Guinea's agribusiness sector, and given that horticultural crops appear to hold the greatest foreseeable potential to fuel this development, the following support activities are suggested as an integrated package: 1) technical assistance to local entrepreneurs; 2) loans to local entrepreneurs; 3) support to fruit and vegetable research; and 4) participant training. Each of these activities is discussed below.

B. Technical Assistance to Local Entrepreneurs

1. Feasibility Studies

There is a dearth of local firms and individuals in Guinea with sufficient expertise to assist local entrepreneurs prepare sound economic and technical feasibility studies for agribusiness ventures. The net result is that potentially viable opportunities fail to be developed because the entrepreneur could not provide the banker with a sufficient dossier. For local entrepreneurs, there are apparently some limited grant funds for feasibility studies available from IFC's regional office in Abidjan. However, it appears that these are limited and may require the local entrepreneur to provide matching funds.

In cases wherein a foreign partner may be desirable (e.g., a flour mill), there is usually a need to prepare at least a preliminary feasibility study or prospectus with which to solicit potential interest on the part of a foreign investor. Should an American investor be such a prospective partner, AFR/MDI can assist in contacting suitable firms, and encourage them to visit Guinea for preliminary discussions and assessment of the project's potential and their interest in returning to participate in a detailed economic and technical feasibility assessment.

In the early years of an agribusiness support program, the majority of the investment potentials will be for local production and local markets. Many of these will have the potential for expansion and for eventual entry into external markets, some to include neighboring countries and some to serve mainly the European market. Those with export potential are the ones that will attract foreign partners. The term "partner" should be considered in the broad sense in that there are many forms of business arrangements that can be entered into that can benefit both the local and the foreign partner. Most foreign partners will be attracted to Guinea because (or if) Guinea can produce products at a competitive

advantage and because these products are those which the firm is sourcing for its current and future marketing requirements. In essence, the firm is seeking a reliable source of a product meeting its quality and price range. The extent of the foreign partner's involvement will depend on the firm's way of doing business and opportunities it may have to develop similar arrangements in countries it may consider comparable to Guinea. The form of arrangement can range from a simple arrangement to buy a predetermined quantity of product at a predetermined price, to forming a legal joint-venture wherein the foreign firm is a significant equity partner. Many arrangements will likely fall somewhere in between the two. A number of U.S. firms, who work with foreign firms which produce product for them under contract, usually at least provide technical assistance to the producer in the early stages.

As Guinea's Investment Climate improves, a local capability to prepare sound investment feasibility studies will be a critical element in the successful development of Guinea's agribusiness potential and its ability to attract foreign partners. USAID must address the issue of who will be the best provider of the types of assistance discussed above. Options include, but are not limited to the Chamber of Commerce, Industry and Agriculture of Guinea, the U.S. Guinea Business Alliance - both of which have pluses and minuses. Another possibility is to support the creation of a Guinean Agribusiness Association and assist it develop such a support office in Conakry. This would effectively take its direction and management out of the control of the GOG. Another possibility which might be very attractive would be to place the technical assistance unit in whichever local bank agrees to work with USAID to become the manager of the USAID provided agribusiness loan fund.

2. Market Information

One of the most critical needs for investment decisions is the availability and access to local and/or foreign market information. This is currently limited in Guinea and its development will be a key element of a successful investment assistance program. Elements of a market information service would include, at a minimum, statistics on production and consumption, historical pricing, product specifications, grades or standards, quota and tariff restrictions, market seasonality, competition, sources of information on manufacturers of equipment and supplies, foreign firms in the agribusiness field, etc.

3. Technical Assistance

Most local investors have or will have a need for access to a wide variety of technical assistance as they expand or develop new businesses. There will be needs for: crop production technology; harvesting, handling, storage and transportation technology; processing technology; packaging and labeling; advertising; etc. Most of this assistance is not currently available in Guinea and its continued absence will be a definite constraint to successful agribusiness development by Guinean entrepreneurs.

4. Market Familiarization

You can tell a local exporter in Conakry what an importer in France requires in the way of quality, packaging, etc. However, being able to visit the importer at his/her place of business to observe how he/she manages the operation, and seeing how the industry (e.g., the wholesale produce market at Les Halles in Paris) operates, and being told and shown by the importer what his customers demand in the way of product quality and packaging - is the most effective learning process and also will enable the local produce grower/exporter to personally develop direct contacts with potential buyers of his/her production. The organization of such trips on a cost sharing basis could be an invaluable component of an agribusiness development assistance program.

5. Business Management Training

Few local entrepreneurs have had training in accounting, and economic and financial analysis. Training should be offered in aspects such as bookkeeping, determination of costs of production, profit and loss calculation, marketing and human relations, etc. Periodic seminars might also be presented in how to prepare economic and technical feasibility studies and subsequently, how to prepare a dossier for submittal to a lending institution and/or a potential investor.

Under the AID/W funded Sahel Regional Financial Management Project in Senegal, a very similar training program was developed and presented to members of the Senegalese Bakers' Association. The effort included assisting the bakers develop a standardized bookkeeping system and training in how to keep a set of books. This was followed by a workshop in which participants were trained to calculate costs of production and to set

prices to ensure that their costs and a reason profit could be realized based upon projected sales volume.

6. Investment Seminars

Once the Agribusiness Development Assistance Program has been underway for about one year and as evidence emerges that some of the major constraints to agribusiness investment in Guinea are being eliminated and/or reduced, consideration should be given to hosting periodic investment seminars in Conakry. Initial annual seminars could be held mainly for local investors. This would provide an opportunity for entrepreneurs to meet and discuss potentials for collaboration in a multitude of forms (joint investment, serving as subcontractors to provide services or raw materials, etc.). It could serve as a vehicle to discuss common problems, share information concerning domestic and foreign market opportunities, discuss the interest in establishing an agribusiness association, etc.

Subsequent seminars would be developed to attract foreign agribusiness investors, processors, marketers, suppliers of agribusiness services and technical assistance. It is envisaged that these seminars would allow for three days of activities. Day One would consist of presentations by GOG officials concerning investment laws, labor laws, taxation including tax holidays, import duties, etc. In addition, officials of the local Chamber of Commerce, the Agribusiness Association or a similar group established to provide advice and services to the agribusiness community would discuss the different agricultural regions, what they can best produce, what information and services the service group has provided to-date and what services it is prepared to provide to both local and foreign investors, etc. During an evening dinner session, local and foreign entrepreneurs would have the opportunity to become acquainted and initiate preliminary discussions to determine wherein areas of mutual interest may lie.

Day Two would consist of field visits, within the Fouta Djallon region, to ag production areas and enterprises like Guinea Fleur and hopefully to an agribusiness processing enterprise like the juice facility at Mamou.

Day Three would be a free day for individual investor activities which might include further discussions between the local and the foreign entrepreneur and follow-up visits by the foreign

participants to various ministries and/or the Chamber of Commerce to obtain clarifications or additional information on GOG policy, legal requirements, etc.

Properly planned, promoted and executed, these seminars can be an excellent means to bring local and foreign investors together. They can also be an excellent means to gauge the local investment climate as viewed by the foreign investor.

C. A Loan Program for Local Entrepreneurs

It is common knowledge that it is almost impossible for a local entrepreneur to obtain a loan from a local bank for either capital equipment or working capital. One of the key reasons banks refuse to make these loans is that no one owns land nor has valid long-term leases on land. Also, most of the equipment that an investor purchases has no value to anyone else in Guinea and therefore is worth little, if anything, if the bank forecloses on the enterprise and tries to sell the equipment to recoup its loan funds. A second key reason is the almost consistent failure of the courts to uphold the rights of the banks in their attempts to legally regain what is rightfully theirs.

Enactment of land tenure or usufruct rights and reform of the judiciary system are matters that will apparently take years to accomplish in Guinea. If any meaningful development is to take place in Guinea's agribusiness sector, a solution will need to be found to ensure that there is a pool of loan funds available for lending to agribusinesses when their loan applications, supported by well documented dossiers, so warrant. The World Bank has stated its intent, as part of its proposed agricultural exports project, to provide funds for on-lending to small rural enterprises through the Credit Mutuel program. It has also stated it does not intend to provide money for on-lending to large agribusiness enterprises. Given the foreseen long-term impasse before banks are willing to provide loans to commercial agribusinesses owned or proposed for establishment by Guinean entrepreneurs, USAID/Conakry should evaluate ways in which it might work closely with one or more responsive commercial banks to put in place a viable agribusiness loan window.

There are numerous, local agribusiness proposals which appear to have merit. They could benefit from various types of technical assistance to local entrepreneurs (as discussed in Section IV. A. above) to assist them develop the professional quality of dossier so rightfully required by a potential lender. Some of the more promising areas include:

- Fruit and vegetable growers
- Food processors
- Fruit and vegetable seed growers
- Nurseries for tree and bush seedling production
- Manufacturers of ag based products like candles, soap
- Manufacturers of botanically-based products like quinine, essential oils, etc.
- Forest product companies
- Fishing companies
- Operators of refrigerated transport, warehouses, etc.
- Firms providing support services, packaging, etc.

The Islamic Bank of Guinea in Conakry is a private, commercial bank with 51% of its stock owned by the Al-Islam Trust with its headquarters in Zurich. The General Manager of the bank (Mr. Mohamed Y. Koroma) lived in New York for 18 years and was a U.S. Government Bank Auditor. He has stated he would be very interested in serving as the local bank to handle a USAID agribusiness loan fund. In response to a statement that USAID will expect a sharing of the loan risk by the borrower, the Bank, and USAID, e.g., 20%, 20% and 60%, Mr. Koroma stated that his bank would be willing to accept between 5% to 20%, depending on their assessment of the risk involved in the project. Mr. Koroma also stated his interest in the possibility of USAID grant-funding a long-term agribusiness loan officer to assist him in assessing dossiers similar to the one for the flour mill. He has in mind obtaining a retiree through the Executive Service Corps, as he is familiar with the services they provide and the caliber of the professionals they provide. As they usually work for little or no stipend, but get airfares, housing and a living allowance, obtaining assistance through this type of organization would result in a cost of about 2/3's of the costs one would incur if the consultant were engaged through a profit-making firm. It is recommended that further discussions be held by USAID with Mr. Koroma.

D. Support to Fruit and Vegetable Research

The World Bank is financing a program to improve the quality of seeds being produced and sold to local farmers. The project is focusing on rice, maize, groundnuts, and tubers. Some research on fruits is also being reinstated at Foulayah to cover mangoes, papaya, citrus and melons. The World Bank views the ag research in Guinea as being of poor quality and believes there is a need for new blood if research of any import is to be accomplished. There is a need to assess the capacity of the Foulayah station to support horticultural

research and the capability of the station's staff to do horticultural research. Given the capability of U.S. landgrant universities in the conduct and extension of horticultural research on tropical fruits and vegetables, this is clearly a sector where USAID could provide significant expertise to assess the needs for and potential of improving horticultural research in Guinea. The assessment team would develop, if warranted, a proposed medium-term program for upgrading the capability and capacity for horticultural research in Guinea. In addition to upgrading facilities and equipment, recommendations would also probably be made for long-term participant training at both the M.S. and the Ph.D levels. Training is foreseen in the areas of tropical horticultural research, production, protection and physiology, and farm management.

Horticultural research will be essential if Guinea is to develop a viable, expanding role as a supplier of quality fresh and processed fruits and vegetables in Europe and other external markets.

E. Training in Production and Marketing of Fruits and Vegetables

Both long and short-term participant training will also be essential in the productive and handling aspects of fruits and vegetables. We would foresee long-term training in the areas of production, farm management, extension, on-farm water management, and entomology (IPM). Short-term training will be focused on; grades and standards; quality control and inspection; handling, storage and transportation; and production, grafting and nursery production. These capabilities will permit Guinea to upgrade the quality of its produce destined for export markets and should result in Guinean growers and marketers receiving higher returns from their inputs and labor. Now is a critical time to begin developing this base of fruit and vegetable industry expertise in Guinea. As the industry expands and becomes more profitable, consideration can be given to providing extension and related services through the GOG, at a fee to the recipient, and eventually shifting these services to the private sector.

TABLE 1

**GUINEA'S EXPORTS OF MAJOR AGRICULTURAL COMMODITIES
DURING THE YEARS FROM 1985 THRU 1988/87**

Year	Coffee	Palm Kernals	Oil Seed Cake	Bananas	Pineapple	Mangoes	Cacao Beans
1956	11,000	22,000	0	91,000	2,000	N.A.	0
1958	10,000	19,000	0	65,000	3,000	N.A.	0
1960	16,000	23,000	0	55,000	5,000	N.A.	0
1970	4,652	13,025	0	20,000 ³	8,207	700 ³	0
1980	2,980	15,010	0	0	932	500	4,000 E
Post 1980	5,720 ¹	4,200 ²	10,000 ²	N.A.	798 ¹	343 ¹	4,000 E
1988/89 ⁴					1,230	953	

Sources: "Republic of Guinea: Agricultural Sector Assessment", Technical Report No. 107, ABT Associates, May 1990.

"Etude de Faisabilite du Projet National de Promotion des Exportations Agricoles", Chemonics, 10 Fevrier 1990.

¹ = 1988

² = 1987

³ = 1971

⁴ = Chemonics Estimates.

EXHIBIT 1

**AGRIBUSINESS DEVELOPMENT POTENTIALS IN GUINEA
FOR DOMESTIC AND/OR EXPORT MARKETS**

Potential Projects	Investment	Domestic	Export
1. DIIIGUI Industrial Fishing Company Proposes to produce 2,400 tons of fish and 1,200 tons of shrimp per year.	\$65 ml	X	X
2. National Soap Factory Proposes to produce on a daily basis: 400 liter of bleach; 40 tons of household soap; 6.5 tons of toilet soap; and 3.5 tons of laundry soap. <u>Comment</u> - proposed daily production, with exception of bleach, appears more likely to be a realistic goal for annual production.	\$12.6 ml	X	X
3. Peanut Butter Manufacturing Proposes to produce 900,000 250 containers per year.	\$0.2 ml	X	X
4. Papain Production Proposes to produce 35 tons of papain per year, mostly for export to Europe and the U.S.	\$4.2 ml	X	X
5. Candle Factory Proposes to manufacture candles and wax objects, all of which are currently imported. <u>Comment</u> - proposed capacity appears excessive in relation to stated annual imports. However, capacity would equal about one candle per each Guinean citizen annually.	\$0.85	X	?
6. Expansion of Soap Factory at Macenta Proposes to increase current production to kg 2000/day following installation of an oil press. Manufacture of soap is from locally available palm and palmetto oil.	\$0.22 ml	X	
7. Poultry Production and Processing Proposes to produce and process 200 tons per year of broilers.	\$0.38 ml	X	
8. Reopen and Rehab of a vegetable oil mill at Dabola - Proposes to reactivate the Dabola groundnut oil mill and convert it into a combined peanut oil - cotton seed oil facility with an eventual capacity of 30 tons per day.	\$0.1 ml	X	

Potential Projects	Investment	Domestic	Export
9. Manufacture of Sacks from kenaf Proposes work with local farmers in the Prefecture of Kouroussa for the growing of 3,250 tons/year of kenaf. This will be used to produce 3 ml sacks and 5,000 tons/year of rope and string.	?		X
10. Sequina Quinine Production Proposes to expand the quinquina plantation to 250 ha. and rehab the current extraction/processing facility. Initial collection and rehab activities have begun.	?		X
11. Karite (shea) and Palm-oil Production	\$0.27 ml	X	

Source: Document shared by Andrew Baird of the U.S. - Guinea Business Alliance.

EXHIBIT 2

CURRENT CONSTRAINTS TO AGRIBUSINESS DEVELOPMENT IN GUINEA

A. Economic/Financial	B. Human & Institutional	C. Productive	D. Infrastructural
Low world prices for major crops inc. coffee, cacao, oil palm and rubber.	Lack of GOG ability and willingness to establish conditions deemed necessary for successful private sector activity/investment	Limited land availability especially for additional plantation type crops including coffee, cacao.	Poor physical condition of formerly adequate road network which limits ability to collect and distribute ag commodities and supply inputs.
High cost of imported ag inputs and machinery coupled with 20% import tax.	Attitude of GOG officials toward private, foreign investment-appears mixed.	Related to above, old age and reduced productivity of current trees and long gestation period for new trees.	Port capacity to load and unload ships at Conakry has been reduced to under 50% of prior capacity.
High inflation rate.	Negotiated private investment agreements which frequently circumvent the National Investment Code and often include conflicting or biased incentives.	Lack of improved, high quality seeds and nursery stock.	Limited scheduled air freight capacity that can/may soon be reached.
Overvaluation of the Guinea Franc.	Lack of clear procedures including approval authority, for establishing private enterprises - results in lengthy, often difficult dealings with multiple ministries.	Lack of farm chemicals and soil amendments and their high cost when available.	Limited and unreliable internal and external communications - telephone, telex, fax, and mail.
Various taxes and fees related to ag exports.	Undefined guidelines for implementing the new labor code and the requirement to hire employees (esp. skilled persons) through the Ministry of Labor. Also, restrictive procedures which require Ministry approval to layoff workers. Also, restrictions on and approvals required by the Ministry for hiring expatriate personnel.	Large acreage of acidic soils.	Unreliable and high cost power with prolonged daily out-ages and voltages swings.
Lack of producer credits.	Lack of property ownership and/or land use legislation.	Limited or no current ag research including farming systems.	High cost and unavailability of petroleum products in major ag production areas.
Lack of rural savings.	Inability to enforce legal obligations thru the legal system.	Limited ag extension services to extend valid information on crop production and provide training to farmers.	Lack of, or limited availability of cold store, bonded and general merchandise warehousing at Port of Conakry.

A. Economic/Financial	B. Human & Institutional	C. Productive	D. Infrastructural
Lack of collateral	Low educational level of Guinea's people.	Lack of rural banking system and access to ag credit.	
Lack of comparative advantage.	Lack of a comprehensive National Agricultural Strategy and a long-range plan to implement it.	Lack of farmer knowledge of product demand and pricing information.	
High transport and handling costs.	Being hassled at the Conakry airport.	Pressure on cropping lands resulting in cultivation of steep lands and sever reduction of fallow periods.	
Illegal imports, thru bribing customs officials, which result in unfair competition with domestic manufactured goods.		Absence of uniform grades and standards for fruits and vegetables for export markets.	
"Unofficial Taxes".		Lack of viable commercial enterprises to process and conserve fruits and vegetables.	
Forced channeling of all exports thru Conakry		Limited crop protection knowledge and capability.	
Poor repayment record on loans.		Inadequate ag statistical data.	
Costs of necessary economic and technical feasibility studies to support loan applications.		Lack of knowledge regarding seasonal and comparative advantages regarding potential fruit vegetable exports.	
Undercutting local growers by importing and selling rice at prices lower than those received for local rice.			
Restrictions on repatriation of earnings and investment capital.			
Overall high cost of doing business in Guinea.			