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TIPS - A USAID Project
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ECONOMIC LEGISLATIVE REFORM
PHASES 1 AND 2

Cabinet for Investment Support
(Round Table)

Carlos Ataíde Garcia

March 1995
Guinea-Bissau

Lisbon, March 25, 1995

Acronyms

AEP	- Activity, Event or Product
AGUIPEC	- Guinean Small Trade Association
AID	- Agency for International Development
AMAE	- Business Women's A. Association
BPRE/I	- Temporary Import/Export Registration Newsletter
CACC	- Center for Consumer Conflicts Arbitration, Lisbon
CCIA	- Chamber of Commerce, Industry and Agriculture
DECO	- Portuguese Association for the Protection of Consumers
DGC	- General Department of Commerce
DGCP	- General Department of Competition and Pricing
DSR	- Department of Regional Services
GAI	- Cabinet for Investment Support
GEP	- Cabinet for Studies and Planning
IGAE	- General Inspection of Economic Activities
IPC	- Implementing Policy Change
IPPA	- Agro-Food Production Protection Institute
MC	- Ministry of Commerce
MCI	- Ministry of Commerce and Industry
PNB	- Gross National Product
TC1	- Technical Component 1
TC2	- Technical Component 2
TIPS	- Trade and Investment Project Support
T&I	- Trade and Investment

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Executive Summary:

The first phase of economic reform in the aftermath of the March 1994 National Conference already resulted in six legislative provisions which repeal previous legislation, four of which are in the form of decrees, and two in the form of legislative proposals. These provisions cover the areas of economic licencing, economic inspection and free pricing.

At the same time that the first phase of economic reform was regulated, in agreement with Decree no. 27-A/93, the Ministry of Commerce defined its internal reorganization as priority, having already placed its personnel and elaborated the respective description of functions in agreement with the same decree.

A short-term training program -- consisting in two classes for 40 students taught by Ministry of Commerce supervisors, themselves trained by a TIPS consultant -- has been prepared and launched to put the new legislation in practice as well as to be used for the Ministry of Commerce's operations. This short-term training will be followed by another long-term refresher course for the Ministry of Commerce team.

There is much political desire to put in practice the Ministry of Commerce's plans to decentralize and regionalize, and such a wish coincides with National Conference recommendations. There are, however, many difficulties in finding the material means to put this in practice.

Of the three regional delegations planned, TIPS will provide material support to the Eastern Regional Delegation, in Gabú, which is hoped to be operational in the third trimester of 1995. With the same objective, TIPS will supply computer systems equipment already identified at Ministry of Commerce Regional Services.

Economical inspection is in the process of being implemented and of three legislative proposals elaborated, the Fundamental Law of Economic Inspection Services has been approved. Training has begun for the Economic Inspection Services Director and his Assistant, including a study trip to Portugal, where visits took place with a number of official and private individuals overseeing activities related to economic inspection and the protection of consumers' rights. A list was made of materials needed to furnish the Economic Inspection Direction if TIPS support is provided.

TIPS support has begun for the Ministry of Commerce Cabinet of Studies and Planning, its candidacy having adhered to the External Commerce statistical training program financed by the European Union, which will begin in April, in Portugal.

In the second phase of economic reform, one of the priorities will be the revision of legislation regarding external commerce.

A Second National Conference to discuss economic reform is foreseen in the second trimester of 1996.

Compiling an Economic Guide was found useful, with such a guide containing basic information for the foundation of business enterprises, as well as tips on external and domestic trade in Guinea-Bissau.

In the context of TIPS investment support, a round table conference took place, to discuss the encouragement of investment in Guinea-Bissau, with 40 TIPS-supported participants representing the Private, Public and Financial Sectors. Its outcome determined that there are opportunities for investment in Guinea-Bissau, domestic and foreign, and developing the legal, fiscal, labor, and financial infrastructure will help to stimulate such investments.

This Report presents a summary of the main round table recommendations, making the following needs appear relevant: to reduce bureaucracy, to review investment and export incentives, to review labor legislation, to create an environment favorable for investment financing, to widen the recognition of the informal sector in such a way as to discourage disloyal competition, to develop public investment policies favorable to private investment, centralize at the GAI administrative organ the responsibility to review the inhibiting bureaucratic system regarding investments, and give it the power and means to take action.

Project's Identification File

1: Country: Guinea-Bissau

2. Project Title: TIPS, Guinea-Bissau

Component: Trade and Investment Policies, TC1

Output: Develop and Implement Policies

Sub-output: Ministry of Commerce- MC

AEP: Evaluate impact and status of MC policies change

Identify next steps in MC Policy Reform, including training in MC reform

Produce evaluation report and plan next steps

Conduct round table on findings.

Sub-output: Improve Investment Policy Support

AEP: Evaluate GAI's progress and post-election role

Identify policy / legal constraints on private T&I

Conduct round table on results of work

Produce report on results of work

3. Project number: 3016-003

4. Project dates: February 16 to March 25, 1995

5. Project funding: USAID

6. Implementation: AID direct contractor: TIPS/Management System International

7. Project designers:

8. Responsible Mission Officials:

- a. Emb. John Blacken, national project coordinator
- b. Carlos Ataíde Garcia, consultant

9. Previous report: Pilot Plan for Regional Decentralization, Ministry of Commerce (June 4, 1994), Garcia

TABLE OF CONTENTS

1. Introduction

2. Economic legislation reform

- 2.1 Impact and "status" of the economic legislation reform in process
- 2.2 Obstacles to implementing the economic legislation reform
- 2.3 New activity in support of implementing the economic legislation reform
- 2.4 Round table on the economic reform in process
- 2.5 Updating the Plan of Action to implement MC economic reform.
- 2.6 Conclusion and recommendations

3. Investment Support Cabinet

- 3.1 Current "Status" of the Investment Support Cabinet, as official entity associating private investor and Government.
- 3.2 Round table on "Private investment in Guinea-Bissau"
- 3.3 Conclusion and recommendations

ANNEXES

- I - Entities contacted
- II - Bibliography consulted
- IIIa - Identified needs for material resources faced by the Inspection Services Commerce Management.
- IIIb - Needs for material resources experienced by the Regional Delegation of Gabú, and by the Regional Services Commerce Management.
- IV - Short-term training program
- V - Training plan
- VI - Training needs identification file
- VII - Training courses for Trainers of mid-level statistics officers.
- VIII - Project for Economic and Investment Support and Promotion.
- IX - Round Table on Private Investment - Listing of Coordinators and Speakers for each group.

1. INTRODUCTION

The 1991 revision of the constitution recognized the notions of market economy and private property as the foundations for the organization of society in Guinea-Bissau.

The TIPS project, with its 1998 deadline to be fulfilled, has as its objectives the proposal of reforms and measures designed to eliminate economic and investment constraints, focusing on areas of sectoral politics, legislative and regulatory areas, and on the backing of the use of Law Reinforcement to resolve trade conflicts.

The TIPS project has the objective to contribute to a rising GNP, and especially the growth of eight sectors that are crucial to the economy of Guinea-Bissau, namely: rice, cashew nuts, fruit, vegetables, forestry, fishing, trade and services in general.

The "Implementing Policy Change" (IPC) project, predecessor to TIPS, began its operations with the Ministry of Commerce and Industry (MCI) in 1993. At that point, the Ministry of Commerce and Industry invited IPC to work with the Ministry to strive towards improving its actions to stimulate the private sector in the areas of trade and investment. A workgroup was formed and an MCI plan of action was developed. One of the first proposed steps was to analyze the Ministry's points of contact/relationship with private businesses. This entailed the need to examine laws, regulations and procedures, and to interview private sector officers (of both formal and informal sectors) and civil employees in key areas of the country's economy and market zones. This analysis identified the existence of constraints and potential incentives for expansion for trade and investments.

In July 1993, the report "The Impact of Laws and Regulations in the Private Sector of Trade and Investments" was elaborated. The report identified a series of policies, laws, regulations and practices - some of them dating from colonial days, others more recent from the historical period of the centralized economy of Guinea-Bissau - which, in terms of private sector and market economy, constituted a hindrance to Trade and Investment (T&I) growth, or which, in the best cases, were no longer relevant. Among the recommendations that followed were MCI's decentralization and the regionalization of some of its functions.

The Ministry of Commerce and Industry and the MCI, IPC/TIPS teams developed a plan to widen others' understanding and support for the proposed reforms. Collaboration and support from the Management and members of the Chamber of Commerce, Industry and Agriculture (CCIA) and from representatives of the informal sector, was obtained. The plan was based on informal meetings with the public and private sectors, followed by regional workshops sponsored by IPC/TIPS, with the same sectors in its regional delegations as the ones that took place in January and beginning of February 1994. In the initial plan these regional meetings were to be followed by a workshop at a national level cosponsored by the MCI Minister, the CCIA and IPC/TIPS. The regional workshops were received with enthusiasm by private sector officers; this in turn brought the CCIA itself to create followup meetings for CCIA regional delegations, at which its list of priorities to be presented at workshops of national level would be prepared by each delegation. With the widespread interest that it brought forth, the national workshop was raised to the level of "National Conference" which took place on March 1-3, 1994, with more than 200 participants from the public and private sectors and from contributing agencies.

At the National Conference, four workgroups produced a series of recommendations specifically for the modification of policies, laws, regulations and for the MCI organization.

In the aftermath of the same Conference, work continued with the support of two technical components: TIPS's TC2 "Status and Regulations", and TC1, "Trade and Investment Policies". In the TC2 component, a workgroup composed of MCI and TIPS officials and legal consultants, guided by the Conference's recommendations, developed law proposals which were approved and promulgated, in the areas of Trade licencing, Economic Inspection, and in the creation of a general regime of price freedom.

In the TC1 component, a workgroup composed of MCI and TIPS officials gave priority to the recommendation to decentralize and regionalize MC services, and to the implementation of new legislation over trade licencing and economic inspection.

Such a fact will contribute to the increasing functional efficiency of MC services at a central and regional level, thus offering a large number of benefits to the private sector. In this way, among other benefits, private sector executives in regional and boundary areas will cease to spend time and money traveling to Bissau to resolve certain issues, such as how to obtain import/export licencing, registry, and authorization from the trade forum (the new legislation eliminates many requirements to obtain authorization and registry).

Another benefit will be the possibility for the MC, through Regional Delegations, to follow and obtain statistics on regional trade and on existing trade in neighboring countries with Guinea-Bissau. These statistics will constitute a foundation for a database on trade in general.

However, for decentralization to happen, it becomes necessary that MCI Regional Delegations be installed and functioning.

In this spirit, a study was carried out in May/June 1994 by a team combining TIPS and MCI members, to propose concrete measures of support for decentralization, including logistics and training support, and aimed at the installation of one or two regional MC delegations, to serve as pilot delegations. The study defined as highest priority the Eastern Region Delegation (Gabú) and in second place, the Southern Region Delegation (Buba). An inventory was made of the human and material resources needed.

This study developed proposals, which for the MC are of structural and organizational nature, described in the report "Pilot plan for MC Regional Decentralization, Garcia, June 4, 1994".

Its final approval by the Ministry of Commerce/TIPS is only taking effect now, in the aftermath of the recent November 18, 1994 electoral process, which elected the President of the Republic and made room for a new Government, which nominated a new Ministry of Commerce and new MC-level directors.

TIPS's current involvement in the area of economic reform has been to continue to help to put National Conference recommendations in practice, whether at legislative level, or at implementation level, in collaboration with the MC and the private sector. In this activity, two TIPS components, TC1 and TC2, continue to intervene and work in parallel. TC2 operates on additional legislative changes recommended by the National Conference. TC1 offers assistance to additional issues concerning policies and the implemented decentralization of MCI operations, contributing in this way to eliminate constraints to the development of the private sector T&I.

In support of economic legislation reform, for 1995, TIPS work aims at continuing to assist the MC and other Public Administration and Private Sector entities in the analysis and implementation of solutions that eliminate constraints to trade and private investment (these constraints having been for the most part identified in the "Garcia" report and in the conclusions of the 1st National Conference on Economic Legislation.

In conformity to this, during the mission, an assessment was made of the level of advancement or "Status" of the reform in effect, with constraints and future actions identified. A larger meeting was held with the private sector to allow the MC and TIPS to exchange information with this sector on the stage of the National Conference recommendations.

Inside the TC1 component, Trade and Investment Policies, an analysis was done on the conditions in which private investment is developing, and on the importance of the Cabinet of Investment support (GAI) in supporting and promoting it.

In this direction, a round table on Private Investment was organized and held, with more than 40 participants in Public Administration, the Banking sector, domestic and foreign private sector, and International Organizations including the World Bank and TIPS.

At this round table, the participants recognized having met in an open and constructive environment to identify problems and find solutions for the development of Private Investment.

2. ECONOMIC LEGISLATION REFORM

2.1 IMPACT OF THE "STATUS" OF THE ECONOMIC LEGISLATION REFORM IN EFFECT

The national conference on economic legislation, in March 1994, recommended putting in practice a combination of actions that are a priority for the development of trade. On these recommendations, an analysis is done for each respective entry as follows:

- (i) status of advancement in their execution
- (ii) impact

note: the actual impact, in other words, the practical results attained, is still limited, as this is still in the phase of the emerging new legislation and new administrative practice; to the extent that the what is understood as impact in this analysis is an expected short-term impact (less than two years).

1. Simplified and accelerated registration process for tradesmen and redefined tradesmen's activities.

- (i) state of advancement in execution.

Registration in the National Trade Registry is a necessary condition to do business.

This was regulated by Decree no.29/88, September 12, revoked by Decree no.30/94, August 8, the latter having as a main guideline to simplify the registration system, and clarify activities comprised in this process, including those of import, export, wholesale, retail, sales representatives, public market and mobile salesmen.

- (ii) impact

Increment of activity of the formal sector and greater competition in the sector, foundation for establishing a market economy, more open but with operating rules common to all actors.

Better infrastructure for trade in the formal sector of the economy, now making it easier for the informal sector to legalize its commercial activity.

2. Simplified and accelerated process of granting licences to set up businesses

(i) state of advancement in execution.

In the stage of new legislation's approval.

(ii) impact

Greater ease for establishment, turning mobile trade into established trade.

3. Revision and application of the laws of incompatibility of functions or positions, with private practice of trade activities.

(i) state of advancement in execution.

It was included in the Decree no.30/94 concerning the registration of tradesmen, article 9, paragraph D, transcribed as follows:

"In cases concerning Public Function management personnel, show accomplishment to disposed in no.3, article 11, decree no.30-A/92, June 30."

(ii) impact

Competition in trade is more transparent and market is more attractive to other actors.

4. Revision of the legislation on prices, eliminating price indexation on food items.

(i) state of advancement in execution.

Revocation of the decree no.23/86, August 13, which regulated the regime of goods and services exchanged in an internal market, with decree no.29/94, August 8, that took into account the evolution of the economic system, reinforcing the principle of the regime of free pricing, following the rules of a market economy.

(ii) impact

Offer better adapted to demand, which in turn stimulates production or imports during periods of shortage or of price increases, in order to better satisfy demand.

5. Creation of an Economic Inspection service

(i) state of advancement in execution.

Within the framework of the MC's restructuring, according to the Decree no.27-A/93, the creation of an Inspection service was foreseen for economic activities. The Decree no.35/94 concerning the organization of MC services of economic inspection has already been approved. Beyond this legislation, the following two draft legislative projects, considered by the Government, regulate Economic Inspection activities:

- a) general regime of the illicit and counter-ordinance;
- b) infractions against the economic order.

(ii) impact

The new organization of the Economic Inspection Services consigned by Decree no.35/94 gives you more than what is described in the MC's fundamental law and puts it directly depending on the General Trade Director, with the Direction category. This decree, together with draft projects that regulate Economic Inspection activity, will make private initiative more dynamic, constituting support to competition itself - the fundamental element of the market economy system -, and dedicating rules and principles to protect consumers.

6. Training

(i) state of advancement in execution.

A training program for MC personnel was elaborated in a joint MC/TIPS effort in June 1994, aimed at training MC personnel in applying new laws, helping their integration into the Ministry's new structure and train agents from the private sector and other entities.

An element of this program was reached in November and December 1994, with a study visit in Lisbon for the future Economic Inspection Services officials, Abdu Mane, lawyer, and Joãozinho Incuca, Economist, under the supervision of Jorge Sobral, a visit for which a detailed and conclusive report was presented, and resulted at a high level.

(ii) impact

The study visit allowed the future officials to have direct contact at the highest level with the following entities:

- General Inspection for Economic Activities, (IGAE)
- General Trade Department, (DGC)
- Institute for the Protection of Agro-Food Production (IPPA)
- General Department for Competition and Pricing, (DGCP)
- Portuguese Association for Consumer Protection, (DECO)
- Center for the Arbitration of Consumer Conflicts, Lisbon, (CACC)

As a result of this visit, the beneficiaries presented a report and important recommendations.

7. Material resources for the Department of Regional Services, DSR, and for the Regional Delegations of Gabú and Buba.

(i) state of advancement in execution

As a result of a joint TIPS/MC effort, to help with the process of ongoing economic reform, a study on the needs for providing material support to DSR and to the Regional Delegations of Gabú and Buba was elaborated in June 1994.

However, the elections and changes verified at the MC level are factors that caused the process not to have progressed any further than its analysis phase. In April 1995, the MC granted its full approval to this study, TIPS having indicated that it could guarantee in 1995 the material resources to support the Regional Delegation in Gabú and eventually, in 1996, guarantee resources for a second Regional Delegation.

TIPS also guaranteed the necessary material resources for DSR, excepting transportation.

The MC offered to assist the TIPS project with internal procurement, once it knows the internal market better.

(ii) impact

While easing legalization of trade, the decentralization and regionalization of the MC's operations will have a great impact on regions, where, more than in Bissau, the economy's informal sector is the dominant one with 70-80% of the economic activity.

8. Material resources for the Department of Economic Inspection Services

(i) state of advancement in execution

During the June 1994 mission, it was not possible to determine a list of needed material resources to implement the Department of Economic Inspection Services, which was still needing to be defined, although it was foreseen in the framework of MC's organization. However, now that the diploma project of the Economic Inspection Services's organization is already developed and approved, it is possible to proceed to identify the material resources needed and calculate an estimate of the costs involved.

The list presented in Annex III was elaborated in cooperation with the Economic Inspection Services Director Abdu Mane.

Note: The list shown includes furniture and office equipment for the Director, Assistant to the Director, and one Secretary. A facsimile machine is included, due to the confidential nature of Inspection Services operations that needs to be guaranteed. Three vehicles are included for Inspection Services officers operating in Bissau. There has also been noted the need to give this Department transportation to travel to the different regions; however, since a viatura is already considered in the budget for the Department of Regional Services, there has been an agreement between both Departments that a viatura satisfied the needs of both.

The costs for other needed furniture and equipment for inspectors and agents will be covered by resorting to the State General Budget.

9. Study and Planning Cabinet (GEP)

(i) state of advancement in execution

Providing assistance to the GEP has only now been included in TIPS support for economic reform.

It was included due to this Cabinet's importance in researching and processing information, contributing to planned and controlled management of the various MC Departments. Assistance to the GEP has begun, with its participation in TIPS/MC meetings made possible, and its enrollment in different statistics training programs encouraged - including foreign trade statistics, programs financed by the European Union.

(ii) impact

Provides the GEP with personnel capable of managing and processing information, which will not only serve the MC, but also the public, able to find economic data it needs there, as recommended at the National Conference.

2.2. CONSTRAINTS TO THE IMPLEMENTATION OF ECONOMIC LEGISLATION REFORM.

The current phase of economic legislation reform depends exclusively on what is done at the MC level. In this phase, we mainly see the convergence of the MC's will and means with TIPS's support. The private sector does not play an active role in this phase, although its interests are at stake and it is the immediate beneficiary of the reform which it helped to define through CCIA's participation at the National Conference on Economic Legislation.

At the MC level, the priority now, for the new General Department of Commerce named after the October 1994 elections, is to conclude its internal reorganization.

The personnel corresponding to the MC's new fundamental law approved in 1994 is defined and practically fulfilled, with the definition of each position's description and profile in the process of being concluded.

The MC's structure already includes the reinforcement of the Department of Economic Regional Services and its 3 Regional Delegations (North, East and South) as well as the new Department of Economic Inspection Services, which corresponds to National Congress recommendations on Economic Legislation with which TIPS has come to work.

The Ministry of Commerce has a new Minister and new officers in all of its Departments, including the General Department of Commerce, the Department of Regional Economic Services, the Department of Economic Inspection Services, the Department of Internal Economic Services and the Department of External Economic Services. Also, the Cabinet of Studies and Planning, depending directly on the Minister, has a new Director.

All of these directors are still in the phase of functional integration and a few are in the installation phase, as in the case of the Department of Regional Economic Services, the Department of Economic Inspection Services, and the Cabinet of Studies and Planning.

The General Director of Commerce confirmed that the MC is determined to implement economic reform, by using its own resources, to the extent possible, and by waiting for support from TIPS and other International Organizations can be mobilized shortly so that all parties in coordination, can implement it.

The General Director of Commerce repeated MC's effort in accelerating the implementation of MC's fundamental law and of the new trade legislation, which can be considered as the components of the first phase of economic reform and let the second phase begin.

In this perspective, the entire MC team stressed the need to urgently put in practice these elements:

- (i) training,
- (ii) material resources support

as a result of the need to fulfill political promises made by the Government to the Country, by publishing the new trade laws (first phase of economic reform), and the MC's reorganization including the regionalization of services, which it finds itself incapable of implementing due to insufficient material resources and training.

Thus, at the MC Central Services level, services in general still fall under revoked laws, as long as they haven't yet undergone training in utilizing the laws that were recently passed.

For the new functions at MC's Department of Regional Services, the personnel has already been hired since January 1995, with General State Budget expiration secured, most waiting for training and material resources to start executing their functions. The same situation applies to the Department of Economic Inspection Services, whose personnel has also been hired by the MC since January 1995.

TIPS immediately prepared, in collaboration with the MC, a short-term training program, beginning right away, and agreed with the MC on creating

a more extended training program in the future. A first program will be destined to 30 persons to be selected until March 13 by the MC, with a second program foreseen for 20 to 30 persons among the MC's personnel to be placed at the borders.

The program will be lectured by MC personnel, after Jorge Sobral, lawyer and TIPS consultant, is prepared for this position.

The first short-term training program is foreseen to begin on April 3rd and end April 22nd.

Also at a central level, it is necessary to provide supplies to the Department of Regional Services and the new Department of Economic Inspection.

TIPS informed the MC immediately of its availabilities to provide material support to both Departments, on the basis of the needs assessment made, with the exception of transportation.

At the level of Regional Delegations, and especially of the two considered "pilot" by the TIPS project (East and South), reinstallation, supplying, and training has still not begun. They are all in a precarious situation, and without the minimum conditions to guarantee the ongoing reform.

TIPS will immediately start the process of providing support to the East Regional Delegation (Gabú).

TIPS and the MC included the Regional Delegations personnel in the short-term training program which they organized for the MC personnel .

See Annex IIIb for the material needs of the Gabú Delegation and of the Department of Economic Regional Services.

With the MC's new functions, such as the activity developed at land boundaries, the granting of licences to establish businesses, and the new Economic Inspection Service, functions which may create conflicts with the work performed at other Ministries' departments, the MC is identifying, at the level of each Department, areas of overlapping or potential conflict with other Ministries' activities, to arrive at a common analysis, with prevention and the avoidance of disrupted land operations as objectives to achieve. The General Department of Contributions and Taxes, General Customs Department, Internal Administration, General Department of Fishing, General Direction of Health, and others, will thus be contacted.

Beyond the most important measures taken by the MC to implement the reform of economic legislation it promises to deliver, its actions depend considerably on the limited material resources that its budget can offer. The success of economic reform depends on the financial support of International Organizations, especially on TIPS.

The MC team declared that it is senseless to resort to the approval, promulgation and publication of more economic legislation, some already prepared in the scope of the TIPS/MC project, if the laws from the first phase of economic legislation reform, which are already approved, do not have the full means to be put in practice in Bissau and regionally.

If this situation is prolonged, it could compromise the Economic Reform's ongoing dynamics, which started with IPC/TIPS support, and received a boost from the March 1994 National Conference on economic legislation reform, and could allow the manifestation of counter-reform events, that is to say, the continued application of laws, regulations and practices which have been revoked in the meantime.

Coordination

It has been verified, in the course of this work, that it is necessary to be able to rely on a coordinator on behalf of the MC for the TIPS/MC project "Economic Legislation Reform", given the need to guarantee contact and participation of various MC Departments involved in the project.

Similarly, and for the same reasons, it has been noted and is recommended that TIPS also name a coordinator for this project; in other words, both parties should have their respective coordinator.

Note

Both coordinators will see their main function being to lead and take responsibility vis-à-vis the other side for maintaining the project's dynamics, the execution of activities and actions relevant to their side, and promote the coordination of both sides as well as the coordination with third parties.

2.3 NEW ACTIVITIES OF SUPPORT TO THE IMPLEMENTATION OF ECONOMIC LEGISLATION REFORM

2.3.1. General

In compliance with National Conference recommendations, beyond the areas already included in the first phase of economic reform (Economic Licencing, Economic Inspection, Regionalization of Services, and free pricing regime), the following areas are yet to be reviewed or implemented:

- Reviewing of legislation on foreign trade (decree 22/88)
- Policies promoting exports including exemptions and tax benefits, and customs incentives.
- Trade registration log
- Legislation over food products

- Legislation over non-food products
- Consumer Policies in the internal market (environment, safety and health)
- Competition policies
- Promotion of trade and definition of the main markets for exports
- Compilation of technical norms and contacts with large international operators, in relation to strategic products
- Establishment of electronic mail to obtain foreign trade information
- Formal trade incentives
- Public trade information service for the GEP to guarantee, including the creation of markets and ways of participating.
- Technical trade training for the MC personnel and for the trade operators, including training in strategic sectors: wood, fruit, cashew nuts, etc..

2.3.2 Priorities

The MC defined as priority the conclusion of the first phase of reform which includes:

1) Training

The MC, with support from TIPS, gave priority to starting immediately with training MC personnel, to allow high and middle-ranked officials to function in a capable way in their new positions, as well as to allow legislation and its practice to be understood.

- a) To achieve this, a short-term training plan (Annex IV) was elaborated to include the training of MC trainers and two courses for the MC personnel. These training operations will be financed by TIPS, and will occur during the second trimester of 1995.
- b) Complimentary to this training, the MC and TIPS consider it necessary to create a longer term training program, previously defined, and indicated in the June 1994 report (Annex V).

To elaborate the final content of this program, and since the process of recruiting officials to be trained is practically finished, the MC started an internal assessment of its training needs, to be coordinated by Dr. Mamadu Embalo, Director of Economic Regional Services, and TIPS collaborated in the preparation of the survey form (Annex VI).

This training is scheduled for the end of the third trimester of 1995.

2) Reorganization of the DGC

The internal reorganization, with the recent fundamental law as its foundation, is already to be implemented by the MC. Jointly with the MC, TIPS identified the material resources necessary for two of the DGC services departments, and conformingly, defined the material support that it could provide to:

- a) The Department of Regional Economic Services, the amount of US\$4500 for computer equipment (described in the June 1994 report)
- b) The Department of Economic Inspection Services, the amount of US\$15,500, to be materialized, foreseeably, during the third trimester of 1995.
(See budget in annexes III-A and III-B.)

3) Making MC Regional Delegations operational (x3)

The MC considers that it is urgent for the Gabú, Buba and Cachungo delegations to be operational. At this point, the MC operates in the North and South regions, in rented spaces and insufficient conditions whether to operate satisfactorily or to lodge its personnel, - conditions already described in a preceding TIPS report "pilot plan for regional decentralization, June 1994, C.A.Garcia".

The MC will build or find its own space for its Regional Delegations; TIPS offers partial support for one delegation in 1995, and for another delegation in 1996. IPS support, for 1995, will be made operational immediately, with MC support with internal procurement.

- a) In its budget to support the Gabú Northern Regional Delegation, the amount is a total of US\$16,100, including line items for the Delegation's installation and its lodging, furniture and office equipment purchases, an electric generator and reestablished all-terrain transportation.
This Delegation should be operational in the third trimester 1995.

b) Support for a second Regional Delegation, in 1996, for the amount of US\$13,300, needs to be confirmed by TIPS.
(See Budgets on Annex III-B).

4) Implemented decentralization, with installation of the Department of Regional Economic Services and Delegations' Services

The MC services' decentralization forces to coordinate considerable amounts of the Regional Delegates' activities and technical support provided to them, to guarantee their functionality and the improvement of services rendered locally to the population, in the scope of MC's competence.

Decentralization is to be implemented conformingly with what is described in paragraphs 2 and 3.

5) Obtaining information on trade across boundaries.

A large portion of foreign trade is done across boundaries, sometimes through Guinean agents, other times through agents of neighboring countries.

This market has helped to economically develop the regions near borders, and has the potential to develop even more, if Guinean agents' trade activities are supported, and conditions for economic activities tied to foreign trade are regulated in a way that neighboring countries' agents are not privileged to the detriment of national agents or residents in this country.

a) The MC, through regional delegations, will place personnel next to the borders, to operate as described and gather information on trade activities there.
No support from TIPS is foreseen for this activity developed by the MC next to the borders.

This activity is foreseen to begin in the 4th trimester of 1995.

6) Principles of the Economic Inspection Services, decree 35/94

The decree 35/94 is awaiting publication in the official legislative bulletin, during the 2nd trimester 1995.

There is no foreseen need for TIPS support.

7) Dissemination of the new economic legislation through the press, radio and TV.

Through the TC2 component, TIPS supports the MC in the dissemination of the new trade laws.

a) A campaign of press dissemination has already been recently initiated with support from TIPS, focusing on training programs to which MC technicians, responsible for putting the new trade laws in practice, would be exposed.

To be carried out throughout 1995.

8) Interministerial coordination, necessary for the application of the new trade laws

Since there are activities at other Ministries that may overlap with new MC activities, such as Economic Inspection, trade activity regulation at the borders, licencing commercial establishments and others, the MC must proceed internally to assess the situation, and then continue to analyze it with the other Ministries.

No TIPS involvement whatsoever is foreseen in this question.

9) Elaboration of a Trade Guide

It is part of the MC's responsibility to carry out an important economic and social function, motor of the country's economic activities and productivity for a large portion of the population involved with trade.

Trade depends on investments that generate wealth, imports and exports that fuel trade activities, a tributary system, and labor legislation incentives for trade activities.

a) It will be useful to elaborate a trade guide that contains these and other legal or technical aspects (existence of public services and support infrastructure) which are tied to trade activities, describes internal and external trade in Guinea-Bissau and its opportunities, and includes a trade directory.

To be carried out in the 4th trimester 1995.

10) Support to the Cabinet of Studies and Planning

The MC relies on the Cabinet of Studies and Planning, the Ministry's organ of support and analysis in the conception and monitoring the training domain of economic policies. These are fundamental, once there exists a great correlation between institutional operations and economic performance. Within this function, the Cabinet elaborates indicators of the Ministry's statistics services in collaboration with respective sectors.

These indicators will also serve to detect market tendencies and project future scenarios.

In addition, the DGC will need support from the GEP, to elaborate its project indicative of the Economy, an important tool that defines DGC activities, and to assess the impact of economic reform.

GEP activity will still be tied to the national statistics system, inputting into and retrieving information from the system.

In the support it provides to trade, TIPS considered important to provide support to the GEP, through training and computer support to statistics services.

It exerted all of its efforts jointly with the Director of the project for mid-level officers in statistics, Dr. Francisco Costa, Guinean, and with the coordinator on behalf of the European Union, Dr. J. Graça Costa, for the MC personnel to be included in the training program for mid-level officers in statistics, financed by the European Union. Consequently, the following is foreseen:

- a) Participation of the GEP Director, Dr. Saliu Bá, in the course on foreign trade statistics, which will take place in Lisbon from April 26th to May 26th 1995, obliged later to lecture a course on foreign trade statistics in Bissau (see Annex VII for program contents);
- b) Participation of three GEP elements, selected by the current GEP Director, in the course on descriptive statistics foreseen to take place in Bissau in the 2nd Trimester 1995 for a total of 90 hours;
- c) Two courses are foreseen to be offered for computer trainers in statistics to be carried out in GB, the first in the 4th trimester 1995 (for Guineans, each course has two spaces available) but after the course, the new trainers will be able to give the course in Guinea, eventually in the 1st trimester 95, from which the MC personnel will be able to benefit.
- d) In the scope of this European Union project, a seminar at the end of September on FAMILY SURVEYS, which puts into perspective its utilization in analyzing the economy's informal sector, the MC may be interested in presenting itself as a participant.

2.3.3 Future areas for economic legislation revisions

Note: In the sequence of the 1st phase of economic reform, areas to include for analysis in a 2nd phase are:

i) areas where MC intervenes:

FOREIGN TRADE REGIME, which looks at:

- impact assessment of policies promoting exports including tax incentives.
- the non-concession of exclusivity for import/export operations.
- the fastest possible speed in issuing BPRE/I and its substitution in some cases, with a simple export/import declaration.
- Same administrative handling for import/export operations, whether done by air, by sea or by land, with special procedures for perishable or easily deteriorated products, such as fruit, fish, etc...
- National legislation's conformity regarding foreign trade operations with internal and external market requirements, with functions of each intervening party well defined: Operators, depachantes, Foreign Trade Department, Customs, Ministry of Finances, Central Bank and Commercial Banks.
- Generalization of the original certificate for imported and exported merchandise (action begun in April 1995).
- Trade permits granted to foreigners remain subject to undergo effective know-how transfer.
(To study, bearing in mind to include foreigners originating from CEDEAO and from other neighboring countries.)
- Prohibited use transportation with foreign licence plates in retail trade.
(review the legislation in effect).

- creation of legislation on importing pharmaceutical and petroleum products.
- the need to establish the principle of free circulation of merchandise within the National territory, as authorized devidamente by the MC.
- Reviewed minimum export contingency
- possibility for national trade officers, a par dos foreigners, to have a bank account in divisas

CREATION OF A CABINET FOR FOREIGN TRADE PROMOTION AND CONSULTING, at the MC, which would consolidate the maintenance of a database on international and domestic prices for products traded at a higher volume, would promote exportable products and conduct surveys in target markets and other activities to develop internal and foreign trade.

(ii) areas without direct intervention but needing direct MC support:

- Banking operations for foreign trade can be performed between trade officers and banks of their choice.
- Reduction of port tariffs for competing sub-region levels.
- Greater Judiciary rigor regarding conflicts of economic nature, for example, unmet financial commitments, fraud, etc.
- Consumer protection institutions in operating condition.
- Reduction of Customs fees on exports.

(iii) Also in the domain of economic reform, achieving the following will prove very useful:

2nd National Conference on Economic Legislation

This 2nd National Conference, scheduled for April 1996, two years after the first Conference, will allow to balance the ongoing economic reform and readapt it to the private sector's aspirations and needs. It could include issues such as:

- Methods of export incentives and support to exports
- Converging of businesses for exports
- Line of credit for exports
- Project for promoting exports of critical products

Eventually, there could be an interest in including in the conference a balance on investment in Guinea-Bissau.

2.4 ROUND TABLE ON THE ONGOING ECONOMIC REFORM

With the objective of assessing work completed, including its limitations and future action to develop to continue economic reform, an open meeting with the private sector was organized, with different corporate associations invited, and the CCIA's presence highlighted.

The objective of this initiative was to take over the collaboration effort that the private sector and the CCIA in particular have made to achieve the National Conference on economic legislation and support the MC in elaborating its activity plans for 1995/96, and in analyzing strategies to put these plans in practice.

As a guest, the private sector, led by the CCIA, did not have a representing body, with a few exceptions (AGUIPEC and AMAE), because the CCIA claimed that it did not have free time to prepare its participation at the meeting effectively.

note: Although implementing this first phase doesn't require the private sector's broad participation, yet the latter is the direct beneficiary, private sector involvement and opportunities to intervene in this phase are essential, even though it is up to the MC to take the lead and make the ultimate decision on the economic reform to be undertaken.

There were 14 participants present, five from the MC, two from corporate associations, and seven from TIPS.

At this meeting, the General Director of Commerce restated the MC's dedication to the ongoing economic reform and stressed the importance of TIPS support. The General Director considered important the steps towards economic reform already achieved, such as the abolition of circumspections for foreign trade officers, the MC's fundamental restructuring, and the legislation which has already been approved. It is hoped that in little time, the attribution of commercial permits and BPRE/Is can be decentralized. In addition, the General Director considered priority the materialization of the current phase of the economic legislation reform's implementation.

A balance was done of the first phase of ongoing economic reform and outlook for the second phase, described in this report.

The TIPS National Coordinator restated TIPS's total support for economic reform, and informed that for budgeting reasons, TIPS would have to limit its support in material resources.

2.7 UPDATING THE ACTION PLAN TO IMPLEMENT THE MC'S ECONOMIC REFORM BASED ON WORK PERFORMED DURING THE MISSION

It is possible to draw in general lines the following proposed plan of action to continue implementing economic reform:

IMPLEMENTATION OF ECONOMIC REFORM

<u>Plan of Action</u>		
	1st PHASE	2nd PHASE
2nd Trimester 95	<ul style="list-style-type: none"> - short-term training for MC - statistics training for GEP 	
3rd Trimester 95	<ul style="list-style-type: none"> - complimentary MC training - DGC reorganization: equip regional D.S. and Economic Inspection D.S. - Gabú Regional Delegation functional - GEP statistics training 	<ul style="list-style-type: none"> - Revise Decree 22/88 on foreign trade - Assess impact of policy promoting export, including tax incentives
4th Trimester 95	<ul style="list-style-type: none"> - Campaign of dissemination on economic legislation - Produce trade guide 	
1st Trimester 96	Supply GEP with computer means	
2nd Trimester 96	<ul style="list-style-type: none"> - 2nd National Conference - Buba Regional Delegation functional 	

2.8 CONCLUSIONS AND RECOMMENDATIONS

The economic reform process following the National Conference has undergone considerable developments, mainly at the level where new economic legislation is formed and receives approval. Now, it is important to guarantee its implementation, and trained, motivated and well installed personnel is necessary to achieve this. This is the reason why it is important to give the Ministry of Commerce with human resources and necessary materials, whether at the level of the headquarters, or of regional delegations -- and that must be done before additional legislation is introduced for review, even foreign trade legislation. The proposed plan of action included in this report can be the contribution of TIPS to materialize the first phase of economic reform.

3. CABINET OF INVESTMENT SUPPORT

3.1 CURRENT STATUS OF THE CABINET OF INVESTMENT SUPPORT AS AN INVESTMENT ENTITY BINDING PRIVATE ENTERPRISE AND GOVERNMENT

3.1.1. Introduction

The current Government, emerging from the first free elections in this Country, which took place in October 1994, states as one of its concerns the consolidation of the market economy and finding incentives to develop the private sector.

Since 1991, the Government has implemented a number of measures, economic in nature, aiming at relaunching the economic activity, namely by means of the following: Provisional Government program (1981), economic and financial stabilization program (1983/1984), four-year economic and financial development program (1983/1986), and structural adjustment program, signed with the World Bank and the International Monetary Fund.

Subsequently, in 1987, Guinea-Bissau adopted a set of economic and institutional reform measures, inserted within the framework of the Structural Adjustment Program (PAE).

Among the set of measures in the PAE program, the elements to be highlighted are: economic reorientation and liberalization and the efforts to fortify the market mechanism. In this framework, the Government's priorities are: promoting and revitalizing the private sector, and achieve more Domestic and Foreign Investments. While the years up to the end of the seventies were considered to have been essentially typified by direct State intervention in the Country's economic activity, marked by the State's centralizing role in relation to economic activities, on the other hand, today, the Government's concern is to rely on private initiative to establish and sustain the economy in the market. Its efforts are focused on creating conditions favorable for the private sector to prosper.

Consequently, while continually looking for opportunities where private investment could expand into productive sectors, the Government created a legal infrastructure favorable to private initiative.

The highlights of this legal infrastructure are:

1. *Creation of the Cabinet for Investment Support (GAI);*
2. *Specification of an Investment Code.*

The Cabinet for Investment Support is an administrative agency created by the Decree 19/91 of July 31st with its main objective being to support private sector initiatives, both domestic and foreign, in terms of productive investments. The new Investment Code was prepared and approved on August 16, 1991. Its purpose is to endorse and to nurture private initiative. In it, one can find subtler mechanisms to penetrate a market economy.

The Investment Code was conceived to globally satisfy Government objectives. Its characteristics and the skills required to put it in practice were centralized by the GAI, allowing greater swiftness in project assessments, and maintaining a transparent approach in outlining incentives.

With its privileged role of investors' advocate, the GAI - a Public Agency dependent on the Ministry of Finances but which also enjoys a degree of administrative and financial freedom - has the function of supporting, guiding, leading, supervising and promoting domestic and foreign investment, as well as ensuring execution of government policies in terms of foreign investment and technology transfer.

The Cabinet for Investment Support recognizes that the motivating force for economic activity lies in the behavior of private agents, who need to operate as much as possible in competing markets oriented by free pricing systems.

The GAI is the agency qualified to grant necessary authorizations for domestic and national investments or technology transfers, according to regulations stated in the Code, so that they can benefit from incentives and exemptions. The current General Regulations on Exemptions was approved at the beginning of 1995.

In March 1994, a TIPS team analyzed GAI's request for cooperation which involved technical support, training and equipment, and concluded that GAI was in a phase of transition, trying to move from a mere philosophy of control to one of dynamic support to investors that provides the latter with services that have a real value.

Among the possible ways in which a TIPS/GAI collaboration can be conceived, the following were identified:

1. Organization of information on the Guinean economy, in particular on the key sectors for economic growth and on policies surrounding their development.
2. Services involving support and information delivery to investors.
3. Training of GAI technical personnel.

3.2 ROUND TABLE ON THE PROMOTION OF INVESTMENT IN GUINEA-BISSAU

With the objective to identify a set of recommendations that would improve conditions, which today continue to mar anybody's desire to invest in Guinea-Bissau, a round table was organized including entities that, directly or indirectly, play an active role in promoting investment.

Consequently, on March 16, 1995 in the TIPS auditorium in Bissau, a round table meeting took place on the theme "*Promoting private investment in Guinea-Bissau*". (see program, Annex VIII).

Active participants included more than 40 individuals representing Public Administration, Financial Institutions and the Private Sector.

The event, promoted by TIPS, was aimed at creating a platform conducive to open and frank dialog between the parties present, to reduce the main problems that investors face nowadays, problems which can only be solved through united efforts and participation.

The round table meeting was organized in such a way that representatives from the three aforementioned sectors could present their concerns; after an open and frank debate, recommendations could be introduced, to create a climate favorable to private investment in Guinea-Bissau. The intervention of each sector had a coordinator. For the Private Sector, the coordinator was Sr. Manuel Santos, President of the Counsel for the Administration of the People's Stores; for the Financial Sector, Sr. Aguinaldo Embaló, Central Bank Administrator; and for Public Administration, Sr. Paulo Gomes, Director of Economic Studies and Responsible for the Public Investment Program.

The list of speakers invited who presented announcements is listed in Annex IX.

To open the work session, Sr. Emb. John Blacken, TIPS National Coordinator, offered a hearty welcome to round table participants, suggesting the need for finding concrete measures that can serve to attract and institutionally support investment and export. After this, the round table's objectives were presented by a TIPS consultant, Carlos Garcia, who started with a list of obstructions to investment, which, by the way, were already identified in previous studies and meetings, but are issues that depend more on members' concerted efforts and good will, than on large amounts of supplies and financial resources.

3.3 CONCLUSIONS AND RECOMMENDATIONS

3.3.1 Beyond the round table's conclusions and recommendations that are summarized in paragraph 3.3.3, it is recommended that a team made up of representatives from one of the three sectors present, with TIPS's support, draw up an assessment of the round table's main arguments, and define priorities for taking action.

3.3.2 Without affecting other TIPS actions of support to investment that may come to be necessary, the proposition of a GAI collaboration in certain areas, presented in March 1994, is still current and was validated by this same round table; it reads as follows:

- a) Organization of information on the Guinean economy in general and on the critical sectors of development, including the corresponding policies for development.

b) Specification of an Investor's Guide, with CCIA participation, including a directory on support services and main information requested from promoters of investment.

c) Training of GAI technical personnel.

3.3.3 Summary of round table conclusions and recommendations.

1) The event of this round table was extremely useful, to the extent that it launched a dialog that was considerably open and frank between parties that intervene in the country's areas of investment and development, that is to say, the Private Sector, Finances, and Public Administration.

2) The round table could be defined as a new level in the search for solutions to develop the private sector. It is a new stage because the period from 1991 to the present was characterized as one that *outlined an inventory of questions* whereas the period that has begun with this round table is one that *finds and implements solutions*, and at this round table meeting, concrete and practical measures were introduced, to solve the major questions that have been raised until now.

3) The participants unanimously applauded the work accomplished by the round table, which they see as different from all the other discussion forums held up to now, because previous ones saw the State and the Private Sector almost in confrontation with each other, disputing over their interests. At this round table, on the contrary, the principle of dialog was led by the pursuit of solutions to problems that concern everybody.

4) Opportunities of investment exist, but creating more attractive conditions is still necessary for both national and foreign investors.

5) Participants consider Guinea-Bissau's current *Investment Code* adequate for the promotion of private investment.

6) There is the need to promote export in parallel with the promotion of investment, since the small size of the internal market could oblige the investor to export, in order to make his investment profitable. This promotion will have to go through reversing export taxes, since exports cannot be subsidized as they are in other countries, and through concerted taxes to be applied to imported products between sub-region countries.

7) There is the need to widen the base of taxation, in order to include the economy's informal sector; without this, distorted rules of the game of a market economy could put the private sector's development and the state treasury in danger, which in turn could ultimately damage the development of the country itself.

8) One of the problems that the participants recognized as preventing investments from materializing or even being considered, and which urgently needs to be reviewed, is the burdensome and gloomy bureaucracy spread out at different decision-making levels, often not even in touch with each other. The investor should have a unique representative providing necessary support; this role is attributed to GAI, although it hasn't been possible for lack of resources.

9) The current legal labor infrastructure does not fit in the new orientation towards a market economy, in which the private sector is increasingly called on to intervene in the economy and to create new jobs.

10) There is disproportion between the professional training being offered and the country's needs.

11) There is a need to combine fiscal and credit policies, and to correlate them with inflation, so that the investor is not penalized.

12) Concerning credit for investments, its inexistence has been verified, thus making it necessary to create development funds, and to channel donators' financial support more towards investment and less towards consumption.

13) The private sector and investment will only be able to develop if a legal environment is guaranteed to economic activity. Such a guarantee can only be obtained through courts that function, a judiciary system that works swiftly, and with these capable of resolving disputes of economic financial nature that can appear in society. And it is necessary that the country possess an appropriate legal system, which will be a stimulous to development.

14) In general it is necessary that policies of public investment, general or sectorial development, such as energy, take into account the importance of the formal productive private sector for the country's economic growth, and for its future contribution to the State's revenues.

15) Attracting foreign investment should be part of Guinea-Bissau's development strategy. First, because assistance to development coming from foreign countries seems to balance out, and can even come to diminish. Second, because internal savings, or the accumulation of capital available for investment in new businesses or for the expansion of existing businesses, are insufficient. Consequently, foreign

investors are the most promising potential source for the expansion of existing businesses or for the launching of new ones.

Out there, all in all, there is much competition in attracting capital for this part of the world. Many people with capital to invest hesitate to invest outside of their own countries, even though for domestic investments their percentage of profitability is not high. The reason is investors have the perception that investments overseas involve greater risks. On the other hand, many third world countries compete with each other to attract investments in capital. Capital tends to flow towards investment in countries where it is welcome, and where generating profit is possible.

16) The process for a country to attract foreign investments is to create a climate that is attractive for investment - foreign or domestic. This is a climate in which the potential investor feels reasonably secure in taking the risk of investing his savings. One of the first steps in creating a favorable environment for investments is to understand the realities that a potential investor takes into account.

What are the realities and the questions which a potential investor will take into account before investing in Guinea-Bissau?

1. The country's and the internal market's small sizes presuppose that the investor will look for the potential markets to export the products in which he is thinking of investing;

The potential investor will be thinking more in investing in companies that export products to foreign markets, including those of neighboring countries. This is why it is Guinea-Bissau's interest to develop to the maximum any potential that would lead it towards becoming a regional business center.

2. The fact that investments are aimed at exports means that potential investors will be hampered by export tariffs. Many countries that depend on export markets for their economic growth offer incentives to national and foreign investors dedicated to production aimed at being exported.

3. What is the complete tax structure? Is the quantity of different taxes exaggerated to support and still allow obtaining profit?

4. Is the manpower well trained? If that is not the case, the investor must plan in investing in training and/or bring in skilled workers from overseas.

5. Can capital wealth to create businesses be imported exempt from taxes or at least taxed low amounts?

6. What is the energy cost (electricity or fuel) necessary for businesses to function?

7. Another question is concerning the bureaucratic procedures necessary for the creation, registration and licencing of a business. If the procedures are complex and complicated, the potential investor may decide that it's not worth his while to worry.

17) Other questions and considerations could be added to this list. The important factor, all in all, is that decision-makers must keep in mind the aforementioned questions when they make decisions on such issues as fees, taxes, decentralization, procedures, control, etc. that have a direct impact on the climate for investment.

ANNEX I

ENTITIES CONTACTED

General Director of Commerce, Martinho Cabi

CCIA, S. Alves, General Secretary

GAI, Ernesto Dabó, Director

Banco Totta & Açores, César Neto, General Director

World Bank, Jennifer Edwards

Managers' Club of Portuguese Businessmen, José Granadeiro

General Director of Tourism, Wilson Barbosa

Commercial Bank of Guinea-Bissau, Aguinaldo Embaló, Administrator

Training project for mid-level officers of statistics

- Francisco Costa, Director

- Graça Costa, Principal consultant

ANNEX II**BIBLIOGRAPHY CONSULTED**

- a. Study of Guinea-Bissau's informal economy and its contribution to development - Dr. Eve Clowky, Sep. 1993
- b. Program framework for private sector promotion (UNDP mission led by Mr. Simon Latraverse), developed with TIPS support.
- c. GAI/Bissau "Initial Analyses and Planning", A.M.Cochat - LAI

ANNEX III-A

**IDENTIFICATION OF THE MATERIAL RESOURCES NEEDED BY THE
DEPARTMENT OF ECONOMIC INSPECTION SERVICES**

TIPS Project

MATERIAL RESOURCE NEEDS

	<u>US\$</u>
Installation of headquarters	0
Residences	0
Furniture:	
- 2 large desks	
- 1 medium size desk	
- 3 chairs for desks	
- 3 plain chairs	
- 2 file closets	
- 2 file cabinets	
- 1 typewriting table	
Total:	3200
Equipment:	
- 1 computer	
- Miscellaneous Software	
- Printer	
- Accumulator and regulator	
- 1 computer desk	
- 1 fax	
Total:	5500
Transportation (x1) (same as for DRSR)	
Motorized 50 cm3 (x3) + 10% parts	4800
Economat:	
Forms	2000
<hr/>	
Total:	15500

Note: Furniture and equipment for agents and inspectors will be supported by the MC's overall budget.

ANNEX III-B

**IDENTIFICATION OF THE MATERIAL RESOURCES NEEDED BY THE
DEPARTMENT OF ECONOMIC REGIONAL SERVICES**

**MINISTRY OF COMMERCE
Pilot Plan of Regional Decentralization**

TIPS Project

**MATERIAL RESOURCES FOR THE DEPARTMENT OF ECONOMIC
REGIONAL SERVICES**

	East Delegation- Gabú	South Delegation- Buba	Direction of Services
Installation of Headquarters	5000	4000	0
Residences	2000	2000	0
Furniture\$	1800	1000	0
Equipment	1300	1300	4500
Transportation (not financed by TIPS)	3000	5000	25000
Electricity Generator	3000	0	0
TOTAL	16100	13300	29500

ANNEX V

SHORT-TERM TRAINING PROGRAM

Proposition of the Ministry of Commerce
General Department of Commerce

TRAINING PLAN
1st phase - short-term training

TRAINING TRAINERS (in classroom)

Date:	Week of March 13
Place:	To be determined (Bissau)
Destined for:	A and B action trainers, and other MC officials
Trainer:	Dr. Jorge Sobral
Program:	To be determined with trainer

A - SEMINARY (in classroom)

Place:	To be determined
Number of seminars:	2
Date:	Destined for:
First seminar A.1: 20-24/March	Delegations and Borders personnel
First seminar A.2: 03-07/April	MC Central Services personnel and recycling of some of the participants from the first seminar
Number of participants:	30 per seminary
Length of each seminary:	30 hours (5 days)
Time:	9-12 AM 3-6 PM

Program

- I - Structure of the Ministry's Organization and its functions.
Elementary notions of Economy.
Procedures for RNC and licencing of Commercial Units.
Monitoring of market supplies.
- II - Issuing of BRPIs and BRPEs
Authorization for merchandise to enter and exit at boundaries
(Frontier zone trade)
Information obtained on pricing for the consumer of staple goods and
of agricultural products and statistics on Domestic and Foreign Trade.
- III - Elementary notions of Economic Inspection

B - PRACTICAL TRAINING AT THE WORKPLACE

Length and place:

B.1 6 days (2 with each Regional Delegation)

B.2 5 days at Central Services

Date

B.1 3/27 to 4/1

B.2 4/10 to 4/14

Destined for:

Regional Delegations and borders

Central Services personnel

ASSESSMENT: UNTIL 4/15

Introduction of the assessment report draft for the training program of the first phase and recommendations for the second phase, in effect for all trainers.

2nd Phase - Longer-term training

The Ministry is doing an internal survey of its training needs which will be used as basis to define the training program's 2nd phase and will include the training program elaborated previously. Its intention is that training would begin in May 1995.

ANNEX V

TRAINING PLAN

Among the implementation objectives for new laws and the new organizational structure, a training plan is presented, aimed at the Central Services framework and at the Ministry of Commerce and Industry's Regional Delegations.

For each action are suggested the pragmatic content, the length, and the number of estimated participants is indicated.

The training actions can be fulfilled during work hours, and should not exceed 2 hours daily.

ACTION 1 - (15 participants)

Workshop on MCI's fundamental law, length - 30 hours (15 days)

Subjects:

- Principles of organization
- Principles of communication
- Principles of discipline
- Manager-subordinate rules
- Basics of attending the public
- Heritage conservation
- Presentation of fundamental law
 - general
 - specific to the participants' functions

ACTION 2 - (10 participants)

MCI training for new responsibilities - 30 days

Destined for adjunct delegates to be recruited, who depend on their practical knowledge to take on their function.

ACTION 3 - (10 participants)
Workshop on new laws, length - 20 hours (10 days)

Subjects:

- general principles of legislation
- presentation of laws and regulations
- analysis of its importance
- implementation process
- models and forms

ACTION 4 - (1 participant)
Training at economic inspection services at a foreign institution.
Length: 4 weeks

ACTION 5 - (15 participants)
Total length - 50 hours (25 days)
Economic order inspection

- 5.1 - Initiation workshop, length - 30 hours (15 days)
- 5.2 - Recycling workshop, length - 20 hours (10 days)

Subjects common to both workshops:

- Objective of inspection
- Methods of application
- Coordination of services
- Relationship with tradesmen
- Control and contention of fiscal abuse
- Consumers' rights
- Technical aspects of each legislation
- Infractions and penalties
- Models and forms
- Relationship with other authorities

ACTION 6 - (16 participants)
Workshop on International Commerce
Length - 20 hours (10 days)
Subjects: to be determined

Workshops can be given by TIPS and MCI technicians, and by consultants in Bissau for other reasons.

It is estimated that the global cost of the four workshops will not surpass US\$15,000.

The cost estimated for ACTION 2 can be supported almost entirely by MCI.

The cost estimated for ACTION 4 is US\$7,000.

In total, the budget foreseen for training is US\$22,000.

ANNEX VI

FORM TO IDENTIFY TRAINING NEEDS

[see next page]

FORM TO IDENTIFY TRAINING NEEDS
TIPS Project

Ministry of Commerce

Name _____

Age _____ Sex _____

Previous Training and Experience:

Education: Literary h. and/or Training level:

Professional Training (theory, hands-on, seminars, etc..)

Years of experience and responsibilities held:

Describe the most common type of problem that you have had to face:

Function to develop:

Designation:

Specification:

Theoretical knowledge required:

Practical knowledge required:

Decision-making capabilities required:

Types of problems (most common) to be encountered:

Note from MC Training Coordinator
(Confidential)

Capability to move up in career:

1. None _____
2. Only to superior level _____
3. To other superior levels _____

Date: ____/____/____

Trainer: _____

Coordinator: _____

**ANNEX VII
TRAINING FOR TRAINERS OF MID-LEVEL OFFICIALS IN
STATISTICS**

FOREIGN TRADE STATISTICS

**Training program content
(Foreign Trade statistics):**

- Concepts and definitions used in the realm of Foreign Trade statistic operations
- Gather and distribute statistics depending on the different merchandise being considered and on the trade system used.
- Quality control for fundamental variables (“country”, “merchandise”, “value”, and “quality”) to an efficient distribution of final results.
- Preliminary and final results made available; non-published information available.
- Demonstration sessions and training with the logic product EUROTRACE.

ANNEX VIII

**PROJECT FOR THE PROMOTION AND SUPPORT OF TRADE AND
INVESTMENT
(TIPS)**

Has the pleasure of inviting Your Excellency

to participate in a round table on

PRIVATE INVESTMENT IN GUINEA-BISSAU

Date: March 16, 1995 (Thursday); Time: 10 AM to 12:30 PM

Place: TIPS Project Auditorium - Bissau

PROGRAM

PUBLIC SECTOR INTERVENTION

Creation of conditions for investment

Institutional control for investment

Institutional investment support

Direct promotion of investment

INTERVENTION OF PRIVATE SECTOR

National Businesses

Cabinet or Support Associations of Support for the Investor

INTERVENTION OF FINANCIAL SECTOR

Short-term operations

Medium and Long-term operations

This round table has the objective to gather interested individuals and participants in the Country's economy, who, through their witnessing and recommendations, can contribute to the definition of a reference framework for reinforcement or necessary changes to a climate favorable for investment in Guinea-Bissau.

The TIPS project for the promotion and support of trade and investment, through this common initiative, and through the implementation of the resulting recommendations, hopes to contribute to increased private investment in Guinea-Bissau.

ANNEX IX

ROUND TABLE ON PRIVATE INVESTMENT

LIST OF COORDINATORS AND SPEAKERS IN EACH GROUP

PRIVATE SECTOR (45 minutes)

Coordinator:	Sr. Manuel dos Santos
1st Speaker	Sr. Manuel dos Santos (max. 10 minutes) President, Administrative Council for People's Stores
2nd Speaker	Sr. Vasco Mota Carmo (max 10 minutes) Globo-Mar Company
3rd Speaker	Sr. Wilson Cruz (max. 10 minutes) ESIC Company

Debate and recommendations: (15 minutes)

FINANCIAL SECTOR (45 minutes)

Coordinator:	Sr. Arginaldo Embaló
1st Speaker	Sr. Arginaldo Embaló (max. 10 minutes) Central Bank Administrator
2nd Speaker	Sr. César Neto (max 10 minutes) General Director, Totta & Açores Bank
3rd Speaker	Sr. Carlos Nhate (max. 10 minutes) FUNDEI contractor

Debate and recommendations: (15 minutes)

PUBLIC ADMINISTRATION (45 minutes)**Coordinator:** **Sr. Paulo Gomes**1st Speaker Sr. Paulo Gomes (max. 10 minutes)
Director of Economic Studies and responsible for PIP2nd Speaker Sr. Simão Mendes (max 10 minutes)
General Director of Labor3rd Speaker Sr. Ernesto Dabó (max. 10 minutes)
GAI Director

Debate and recommendations: (15 minutes)