

**THE WORLD BANK GROUP ARCHIVES**

**PUBLIC DISCLOSURE AUTHORIZED**

Folder Title: Travel briefs. Guinea (01/11/1977-01/12/1977)

Folder ID: 1772842

ISAD(G) Reference Code: WB IBRD/IDA 03 EXC-10-4540S

Series: Travel briefings

Sub-Fonds: Records of President Robert S. McNamara

Fonds: Records of the Office of the President

Digitized: July 16, 2013

To cite materials from this archival folder, please follow the following format:  
[Descriptive name of item], [Folder Title], Folder ID [Folder ID], ISAD(G) Reference Code [Reference Code], [Each Level Label as applicable], World Bank Group Archives, Washington, D.C., United States.

The records in this folder were created or received by The World Bank in the course of its business.

The records that were created by the staff of The World Bank are subject to the Bank's copyright.

Please refer to <http://www.worldbank.org/terms-of-use-earchives> for full copyright terms of use and disclaimers.



THE WORLD BANK  
Washington, D.C.

© 2012 International Bank for Reconstruction and Development / International Development Association or  
The World Bank  
1818 H Street NW  
Washington DC 20433  
Telephone: 202-473-1000  
Internet: [www.worldbank.org](http://www.worldbank.org)

**PUBLIC DISCLOSURE AUTHORIZED**

McNamara Papers

Travel  
Notes

The World Bank Group  
**Archives**  
1772J42  
A1995-259 Other #: 20 309701B  
Travel briefs. Guinea

Folder 50/7

**DECLASSIFIED  
WITH RESTRICTIONS  
WBG Archives**

GUINEA

P R E S I D E N C E

DE LA

R E P U B L I Q U E

SERVICE DU PROTOCOLE

REPUBLIQUE DE GUINEE  
TRAVAIL - JUSTICE - SOLIDARITE

P R O G R A M M E

DE LA

VISITE DE SON EXCELLENCE Mr. McNAMARA,  
PRESIDENT DE LA BANQUE MONDIALE EN  
REPUBLIQUE DE GUINEE

DU 8 AU 11 NOVEMBRE 1977

DELEGATION DE LA BANQUE MONDIALE

---

1. S.E. Mr ROBERT Mc NAMARA - PRESIDENT
2. " Madame Mc NAMARA
3. Mr ROGER CHAUFOURNIER - V.P. Région Afrique de l'Ouest
4. Mr WILLIAM CLARK - V.P. Relations Publiques et Information
5. Mr KOCH WESER - Assistant Personnel de Mr Mc NAMARA
6. Mr RAYMOND RABEMARISOA - Chargé de Prêts pour la Guinée

MARDI 8 NOVEMBRE 1977

- 13 h 00 - Arrivée à Conakry par Vol Spécial Air-Guinée
- 14 h 00 - Déjeuner intime
- 15 h 00 - Réunion avec les Membres de la Délégation
- 16 h 00 Rencontre avec le Représentant des Nations-Unies
- 17 h à 19 h 00 - Entretiens avec le PRG
- 19 h à 20 h 00 - Dîner avec le Camarade PRESIDENT DE LA REPUBLIQUE
- 21 h 00 - Soirée Artistique et Culturelle au Palais du Peuple

MERCREDI 9 NOVEMBRE 1977

- 08 h 30 - Départ pour Kamsar par hélicoptère
- 09 h 30 - Arrivée à Kamsar
- Accueil
- Visites
- Usines (Concasseur)
- Cité de Kamsar
- Port (Chargeur)
- 12 h 30 - Départ de Kamsar pour Fria
- 13 h 00 - Arrivée à Fria (Programme de Fria)
- Déjeuner à Fria
- 16 h 00 - Retour à Conakry par hélicoptère
- 16 h 30 - Arrivée à Conakry
- 19 h 30 - Cocktail diplomatique

21 h 00 - Soirée Artistique et Culturelle au Palais du Peuple

JEUDI 10 NOVEMBRE 1977

08 h 30 - Départ pour Daboya (Région Administrative de Kindia)

10 h 00 - Arrivée à Daboya

- Visites des Domaines

- Plantations

11 h 30 - Visites à Foulaya

- Mme Mc NAMARA rencontrera le Comité Régional des Femmes de KINDIA

12 h 30 - Accueil à Kindia

13 h 00 - Visite Institut de Recherches

13 h 50 - Déjeuner "Le Voile de la Mariée"

15 h 50 - Départ pour Dalaba par hélicoptère

16 h 30 - Arrivée à la Villa de Dalaba (Nuit à Dalaba)

18 h 30 - Réunion de la délégation de la Banque Mondiale (Programme Dalaba)

VENDREDI 11 NOVEMBRE 1977

09 h 00 - Départ pour Labé par route

10 h 00 - Arrivée à Pita

- Accueil

11 h 00 - Départ pour Labé

- Visite Barrage Kinkon

12 h 00 - Arrivée à Labé

13 h 00 - Accueil

- 13 h 30 - Déjeuner - Visite par Mme Mc NAMARA  
du Centre Artisanal
- 15 h 00 - Départ de Labé par Avion pour Conakry
- 16 h 00 - Arrivée à Conakry
- 18 h 30 à 19 h 30 - Entretiens avec la délégation guinéenne
- 21 h 00 - Soirée Artistique et Culturelle au  
Palais du Peuple

SAMEDI 12 NOVEMBRE 1977

- 09 h 00 - Entretiens avec le P.R.G.
- 09 h 30 - Départ de la Délégation pour Banjul  
par Vol Spécial Air Guinée

PRET POUR LA REVOLUTION.



DELEGATION GUINEENNE

1. Cde MOUSSA DIAKITE - MEMBRE DU BUREAU POLITIQUE - DU  
COMITE CENTRAL - MINISTRE DU DOMAINE  
INTERIEUR-SECURITE-JUSTICE
2. Cde MAMADI KABA - MINISTRE DE L'INDUSTRIE ET ENERGIE
3. Cde BOUBACAR DIALLO - MINISTRE DU CONTROLE D'ETAT
4. Cde KABASSAN KEITA - MINISTRE DES MINES & GEOLOGIE
5. Cde MOHAMED LAMINE TOURE - MINISTRE DES T.P.-URBANISME-HABITAT
6. Cde MOMORY CAMARA - GOUVERNEUR DE LA BANQUE CENTRALE
7. Cde ALY BANGOURA - AMBASSADEUR-CHEF DU PROTOCOLE
8. Cde NENE FOUTA BARRY - INTERPRETE

PROGRAMME DES SPECTACLES

MARDI 8 NOVEMBRE :

- 1ère Soirée : Ballets Africains : MALI SADIO
- Animation : : Orchestre Féminin

MERCREDI 9 NOVEMBRE :

- 2ème Soirée : Ballet Djoliba : SOURCE
- Animation : Orchestre Kèlètigui

VENDREDI 11 NOVEMBRE :

- Ensemble Instrumental - Départ des Noirs pour l'Amérique
- Epopée Africaine - Festival LAGOS
- Animation : Bembeya

## GUINEA BRIEFING BOOK

### Table of Contents

- A. Itinerary
- B. Airport Statement
- C. Map and State Department Notes
- D. List of State Officials and Biographical Data
- E. Topics for Discussion
- F. Reference Material
  - 1. Lending Strategy
  - 2. Political Situation
  - 3. Economic Situation
  - 4. Foreign Assistance and Debt
- G. Bank Group Operations
  - 1. Statement of Loans and Credits
  - 2. Existing Projects
  - 3. Prospective Operations
  - 4. Special Brief on Boke Mining Project
  - 5. Special Brief on Daboya Pineapple Project
  - 6. Memorandum of Conversation
- H. UNDP Activities
- I. Information Media

DELEGATION DE LA  
BANQUE MONDIALE

---

Mr le Président et Madame Robert S, McNAMARA

Mr Thimoty THAHANE, Administrateur pour la Guinée

Mr Roger CHAUFURNIER,  
Vice-Président pour la Région  
Afrique de l'Ouest

Mr William CLARK,  
Vice-Président, chargé des  
Relations Publiques et Information

Mr C. KOCK ~~WEISER~~, **WESER**,  
Assistant de Mr McNAMARA

Mr Raymond RABEHARISOA  
Chargé de Prêts

---

Mardi 8 Novembre 1977

13.00 Arrivée à Conakry par Vol Spécial  
Air Guinée  
Accueil  
→ **Lunch & Briefing**

16.30 Rencontre avec le Représentant des  
Nations Unies

17.00 - 19.00 Entretiens avec le Président  
de la République

19.00 - 20.00 Dîner avec le Chef de l'Etat  
*(résidence)*

21.00 Soirée Artistique et Culturelle  
Palais du Peuple

Mercredi 9 Novembre 1977

08.30 Départ pour Kamsar par Hélicoptère  
09.30 Arrivée à Kamsar  
Accueil  
Exposé sur Secteur Minier  
Visites:  
(1) Concasseur  
(2) Chargeur  
(3) Cité Kamsar

12.00 Départ pour Fria

12.30 Arrivée à Fria  
Accueil  
Exposé  
Visites  
Déjeuner

*Mont. leon, liste  
+ understand of law  
+ assent part  
in its part  
also the part  
some well part  
all the people  
3/4 emphasis on  
age -*

16.00 Retour à Conakry par Hélicoptère

16.30 Arrivée à Conakry

➡ 17.00

Meeting en MINING SECTOR

20.00 Cocktail offert par le Gouvernement  
au Corps Diplomatique

21.00 Soirée Artistique et Culturelle  
au Palais du Peuple

Jeudi 10 Novembre 1977

08.30 Départ pour Daboya par route

10.00 Arrivée à Daboya  
Présentation du projet  
Visites des Domaines et plantations

11.30 Arrivée à Foulayah (1) Rural Dev Sector  
Mr.. Exposé sur (2) Recherche et  
(3) Formation Agricole

12.30 Arrivée à Kindia  
Accueil

13.00 Arrivée à l'Institut Nenekaly Condetto  
Visites du Centre de production  
de vaccins.

14.00 Déjeuner "La Voile de la Mariée"

## Dalaba

15.30 Départ pour ~~Mamou~~ par Hélicoptère

16.00	Arrivée à Mamou Accueil Visite Atelier TP Inspection chantiers	OFF
-------	---	-----

~~16.00~~ ~~Départ pour~~ <sup>Arsenal</sup> Dalaba

~~17.30~~ ~~Arrivée Dalaba~~



Power Sector - Régional  
Dvt.

20.00 Diner -Travail

21.00 Programme de la région

### Vendredi 11 Novembre 1977

09.00 Départ pour Labe par la Route

10.00 Arrivée à Pita  
Accueil  
~~Visite Barrage de Kinkon~~

12.30 Arrivée à Labe  
Accueil  
Visite du Centre de Promotion Féminine  
Déjeuner

15.30 Départ de Labé par avion pour Conakry

16.30 Arrivée à Conakry

18.30 -20.00 Entretiens avec le Comité d'Etat de  
Coopération



*roune Diabité'*

20.30 Dîner intime

~~24.30 Soirée Artistique et Culturelle  
au Palais du Peuple~~

Samedi 12 Novembre 1977

09.00 Rencontre avec le Président  
de la République

10.30 Départ de la Délégation pour Banjul  
par Vol Spécial Ari-Guinée



MR. MCNAMARA'S VISIT TO GUINEA

Tuesday, November 8

- 13:30 arrival in Conakry of Mr. and Mrs. McNamara  
(from Monrovia by Guinean government plane)
- Accommodation: The Peoples' Palace (Government residence)
- 15:00 (optional): briefing with staff
- 17:00 meeting with UN Resident Representative (at Peoples' palace)
- 17:30 meeting with State Committee in charge of relations with the Bank (a group of Ministers and other government officials which coordinates relations with the Bank and with a number of other bilateral and international agencies)
- 19:30 official dinner.

Wednesday, November 9

- 8:30 departure for Kamsar by helicopter
- 10:00 arrival Kamsar; briefing on Guinean mineral sector and Boke project
- 11:00 visit to plant site (crusher), city of Kamsar and bauxite port
- 13:00 lunch
- 15:00 departure by helicopter, with, if possible, the following stopovers:

- Plaine de Monchon (Russian financed small-scale rice irrigation project)
- Koba (FAO/UNDP paddy seed multiplication center and China financed rice and suggr cane project)
- 20:00 private dinner.

Thursday, November 10

- 8:30 departure for Daboya by road
- 9:30 arrival Daboya
  - visit of Daboya pineapple project (plantation and headquarters)
  - visit of PRL farm brigade
- 12:30 lunch "le voile de la mariée"
- 14:30 return to Conakry by road, with perhaps, a brief visit to Foulaya research station
- 18:30 cocktail with government officials and diplomatic community (could perhaps be dropped but would provide only opportunity for discussions with outsiders)
- 20:00 private dinner.

Friday, November 11

Visits to:

- Forecaria (rice cultivation by smallholders and PRL brigades - possible site of a future Bank project)
- SIFRA (pineapple canning plant rehabilitated with Libyan assistance)
- Kabak island (medium-scale rice cultivation project financed by China)

- An alternative for Friday November 11 would be to fly to Macenta to visit a tea plantation project and processing facilities in Macenta, as well as a plywood factory and a quinquina plantation and processing factory in Seradou. These visits could be combined with a short trip on the road to Nzerekore (recently rehabilitated by the Guinean public works department)
- In both cases, return to Conakry end afternoon for a meeting with President Sekou Toure around 18:00 or 18:30
- 20:00 private dinner.

Saturday, November 12

- 9:00 departure for Banjul by Guinean government plane.

Comments

1. On the plane from Monrovia, Mr. and Mrs. McNamara will be with Mr. Thahane, Mr. W. Clark, Mr. R. Chaufournier and Mr. C. Koch-Weser.

2. While Mrs. McNamara will participate in all field trips, a special program will be organized for her on Tuesday afternoon. She could be accompanied by Mrs. J. Martin-Cisse, former representative of Guinea in New York, who is now Minister of Social Affairs. The program could include the visit to some of the following facilities:

- centre national de promotion féminine in Conakry (center for the promotion of women)
- a school complex (primary and secondary)
- service national d'alphabétisme (headquarters of adult literacy program)
- functional literacy training facilities at Dixinn (accompanied by staff of above-mentioned adult literacy center).

October 21, 1977

## Airport Arrival Statement

### GUINEA

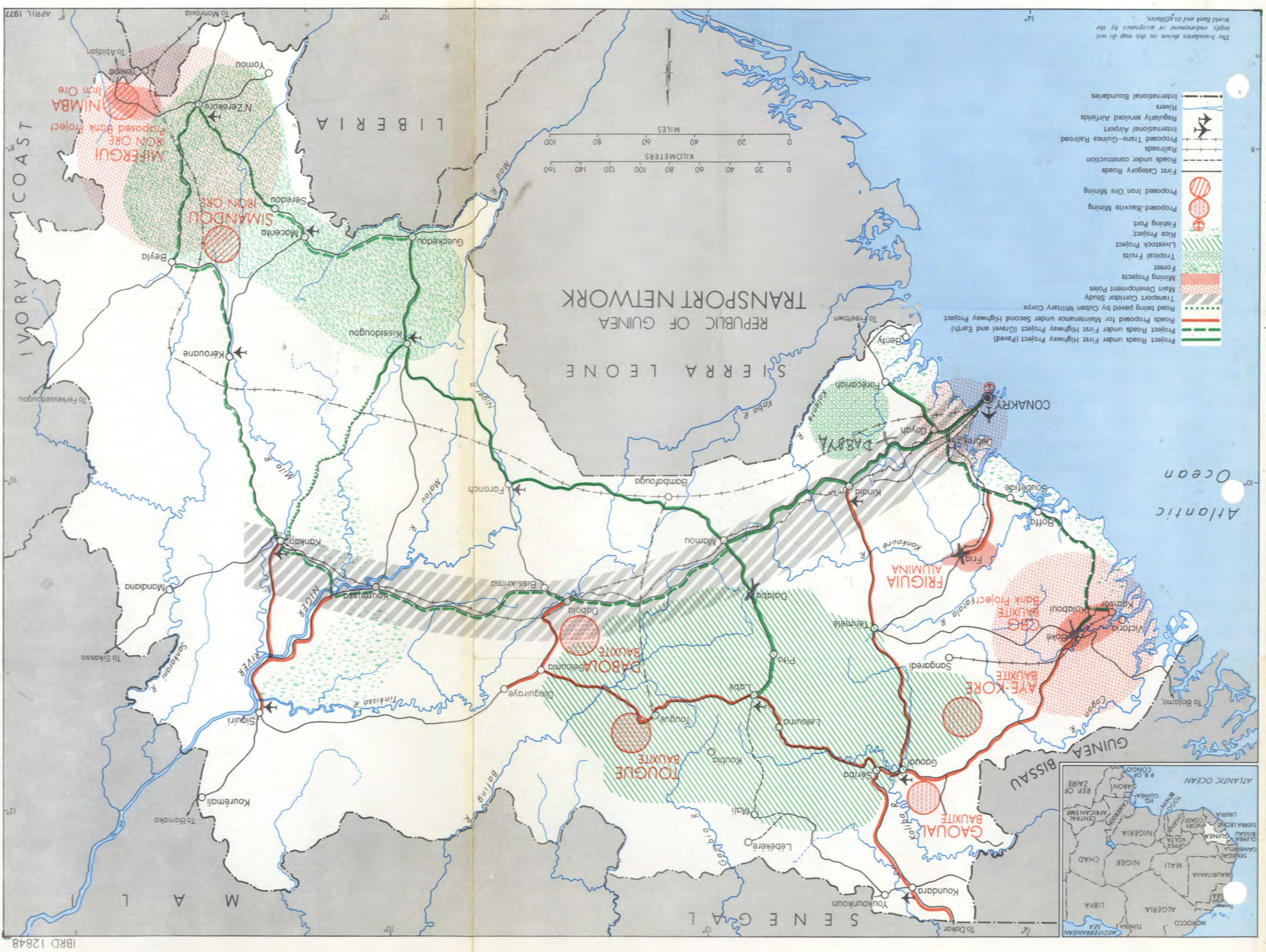
This is my first visit to Guinea which I have long wanted to see for myself. I am delighted to be here and look forward very much to meeting President Sekou Toure and his associates. I am grateful for this opportunity to learn at first hand more about the development objectives of the Guinean people and to see how the Bank can help them in meeting their goals. While here, I hope to gain a better insight into the great economic potential of your country, with its rich endowment of both human and natural resources. In this way, I hope to understand better the ways in which the World Bank can best contribute to the social and economic progress of the Guinean people.

The World Bank has made a greatly expanded contribution to Africa's economic development. Over the five years 1974-78, it expects to provide almost \$7,500 million for this purpose, compared with a total of \$800 million provided in 1964-68. As Africa is a continent of predominantly small farmers and rural workers, much of the success of development will depend on what is done for people in the rural areas, without neglecting the increasingly important economic and social role of the cities. Over a third of the Bank's lending at present is directed to agriculture and rural development, and a good deal of the assistance for transport, power and other infrastructure is designed to support rural development.

In Guinea, the Bank initially contributed to the development of the mining sector by supporting the Boke bauxite project. However, the Government has indicated the high priority it attaches to rural development and supporting infrastructure. Accordingly, in the recent past, we have also assisted projects for agricultural development and highway maintenance. This is, however, a

beginning. We hope not only to continue our activities in support of rural development and rural infrastructure; we intend also to explore opportunities to assist urban development, education and training programs.

We are thus anxious to help more fully your plans to promote economic growth and spread the fruits of development more widely in the many regions of your large and diverse country.



IBRD 12848

Inches 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19  
 Centimetres 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19  
**TIPPEN** Color Control Patches © The Tiffen Company, 2007  
 Blue Cyan Green Yellow Red Magenta White 3/Color Black

The boundaries shown on this map do not imply endorsement or acceptance by the World Bank and its affiliates.

IMPORTANT DATES

28 September 1958

Guinea votes "NO" in rejecting the new Constitution of the French Commonwelath proposed by De Gaulle

2 October 1958

The Republic of Guinea is proclaimed an independent and sovereign State

8 November 1964

Promulgation of the loi-cadre which became the Revolution Charter

22 November 1970

Imperialist Potugese agression

16 February 1975

Proclamation of the Revolution Charter



A      PRESIDENCY

1.    President:                    A.S TOURE
2.    Minister for International Technical Cooperation:  
   Abdoulaye DIALLO
3.    General Secretary of the Presidency:  
   Yattara SEYDOUBA
4.    Chief of Protocol:    Aly BANGOURA

B      POLITICAL BUREAU OF THE CENTRAL COMMITTEE

5.    Prime Minister:    Lasana BEAVOGUI
6.    Senior Minister of Interior:    Moussa DIAKITE
7.    Senior Minister of Economy and Finance:  
   Ismael TOURE
8.    Senior Minister of Education:    Mamady KEITA
9.    Senior Minister for Rural Development:  
   N'famara KEITA

C.      OTHER SENIOR MINISTERS

10.    Senior Minister for Social Affairs:  
   El Hadj Saifoumaye DIALLO
11.    Senior Minister of Trade:    Abdoulaye TOURE

D.      TECHNICAL MINISTERS CONCERNED WITH BANK GROUP PROJECTS

12.    Minister of Mining and Geology:    Abraham Kabassan  
   KEITA
13.    Minister of Public Works and Urbanism:  
   Mohamed LAMINE TOURE
14.    Minister of Irrigation, Livestock and Fisheries:  
   Louis HOLIE
15.    Minister of Industry and Energy:    Mamady KABA

....//..

E. OTHER MINISTERS

16. Minister of Information and Ideology: Senainon BEHANZIN
17. Minister of Foreign Affairs: Fily CISSOKO
18. Minister of Planning and Cooperation: N'Faly SANGARE
19. Minister of Social Affairs: Mme Jeanne MARTIN CISSE
20. Minister of Health: Kekoura CAMARA

F. CENTRAL BANK

21. Governor of the Central Bank: Momory CAMARA

G. MINISTERS OF RURAL DEVELOPMENT:

22. Boké: Mamadouba BANGOURA
23. Labé: Sékou CHERIF
24. Kindia: Kouramadou DOUMBOUYA

H. GOVERNORS

regions of

25. Boké: Ibrahima FOFANA
26. Fria: Alexandre Alecaut BANGOURA
27. Kindia: Ansoümane KONDE
28. Labé: Mamadou BARRY
29. Mamou: Ousmane El Hadj SOUARE
30. Pita: Diara TRAORE
31. Dalaba:

I PUBLIC ENTREPRISES OFFICIALS

- ENTTA ( National Match and Cigarette Factory)
36. General Manager: Seny KEITA

1. Ahmed Sékou TOURE

President of the Republic  
Secretary General of the PDG (Guinea Democratic Party)

Born: 1922, Faranah (upper Guinea)  
Grandson of Almany Samory Touré, famous freedom fighter during the French colonial penetration at the turn of the century.

Married to Andrée Touré

Training: excluded from High school for political reasons, continued his education as an autodidact. He became a middle level civil servant in the postal service and rose to the rank of accountant in the French colonial service.

Political activities:

- 1945: founded the first indigenous Trade Union in Guinea.
- 1946: co-founder of the RDA (African Democratic Union), the first French West-Africa wide political party.
- 1947: Co-director of the Guinean section of the RDA.
- 1951: Secretary General of the coordinating committee of the French West Africa Trade Unions.
- 1952: Secretary General of the PDG, Guinean section of the RDA
- 1953: elected member of the advisory council of the Beyla district
- 1956: elected member of the French National Assembly, representing Guinea;  
Elected major of Conakry;  
Founded the C.G.T.A. (General Association of Workers, Africa Section) affiliated to the Communist CGT in France.
- 1957: Vice President of the Guinea local Government under French colonial rule;  
Elected to represent Guinea in the regional Parliament in Dakar.
- Oct. 1958: Elected Prime Minister at the time of Independence  
President of the Trade Unions of French West Africa
- 1961: Elected President of the Republic  
Reelected in 1968 and 1974.

In 1960 and 1962, President Sekou Toure attended the UN General Assembly and met with President Kennedy.

2. Abdoulaye DIALLO  
Minister for International Technical Cooperation at the Presidency

Born 1917, Dabola (Middle Guinea)

Married

Training: Middle civil servant

Experience:

- Ambassador
- Minister of Telecommunications
- Minister of Development
- Trade Union leader
- Minister of Labour

3. Yattara SEYDOUBA  
General Secretary, Presidency of the Republic
- Born 1929, Conakry (costal Guinea)
- Training Middle level civil servant
- Experience:  
1946-52 Trade Union leader  
1957-61 Youth leader  
1964-71 Administrative director, Ministries of Education and Information  
1971-75 Director of Cultural Affairs, Presidency
4. Aly BANGOURA  
Chief of Protocol and Ambassador
5. Lansana BEAVOGUI  
Prime Minister  
Member of the Political Bureau of the Central Committee
- Born 1923, Macenta (Forest Region)
- Married
- Training Medical doctor
- Experience:  
1952: Secretary General of RDA, Kissidougou section;  
1957: Member of local Parliament, under colonial rule.  
Since 1957  
Minister (Commerce, Industry, Economy, Foreign Affairs)
6. Moussa DIAKITE  
Senior Minister, Interior, Security and Justice  
Member of the Political Bureau of the Central Committee since 1958  
President of State Committee in charge of relations with Americas and International organizations (including IBRD)
- Born 1927, Kankan (Upper Guinea)
- Married Brother in law of President Sekou Touré
- Training Middle level civil servant
- Experience  
1946 Co-founder of RDA  
Since 1958  
Minister (Civil Service, Central Bank, Finance, Justice, Foreign Trade)
7. Ismael TOURE  
Senior Minister for Economic Affairs and Finance  
Member of the Political Bureau since 1957

Born 1925, Faranah (Upper Guinea)

Widower Brother of President Sekou Touré

Training  
Electrical and Mechanical engineer  
Meteorologist (France)

Experience  
Minister of Public Works  
Minister of Development  
Minister of Finance

8. Mamady KEITA  
Senior Minister for Education and Cultural Affairs  
Member of the Political Bureau of the Central Committee

Born 1936, Kouroussa (Upper Guinea)

Married Brother in law of President Sekou Touré

Training  
Professor of philosophy (France and Switzerland)

Experience  
Director of the Party Training Centre  
Director of the Kankan Polytechnical Institute  
Junior Minister of Education  
Junior Minister of the Army

9. N'Famara KEITA  
Senior Minister for Rural Development  
Member of the Political Bureau since 1957

Born 1924, Molata (Coastal Region)

Married Brother in law of President Sekou Touré

Training Middle level civil servant

Experience  
Since 1948 leading party official  
1956 Mayor of Kindia  
1958 Junior Minister of the Army  
1960-1968 Minister (Planning, Commerce, Economic Affairs, Local Governments, Transport).

Since 1960  
Senior Minister (Social Affairs, Commerce)

10. El Hadj Saifoulaye DIALLO  
Senior Minister for Social Affairs

Born 1923 (Middle Guinea)

Married

Training Accountant

Experience  
1946 Co-founder of RDA  
1956 Mayor of Mamou  
Elected member of the French National Assembly, representing Guinea  
1958-62 Minister (Justice, Finance, Foreign Affairs)

Mr. Diallo has been very sick recently and spent several months at the Bethesda Naval Hospital.

11. Abdoulaye TOURE  
Senior Minister of Trade since early 1977  
Member of the Central Committee

Born 1923, Kankan (Upper Guinea)

Married

Training Medical doctor (France)

Experience

Mayor

Ambassador

Permanent Representative at the UN

Regional Governor

Minister of Foreign Trade

12. Abraham Kabassan KEITA  
Minister of Mining and Geology

Born 1935

Married

Training Civil engineer (France); naval engineer (USSR)

Experience

Deputy director, Port of Conakry

Commander-in-chief and chief of staff, Guinean Navy

Deputy director general, OFAB (Boké Project)

Director general for construction, Boké project

Regional Governor

Minister of Rural Development, Boké region

13. Mohamed Lamine TOURE  
Minister of Public Works and Urbanisation  
Member of State Committee in charge of relations with America  
and International Organizations (including IBRD)

Born 1923, Kankan (Upper Guinea)

Married 2 children, cousin of President Sekou Touré

Training Civil engineer (Paris)

Experience

Chief, Public Works Sub-division, Kankan

Director, Port of Conakry

Director general, National Electricity Company

Minister of Public Works, Mining and Geology

14. Louis HOLIE  
Minister of Irrigation, Livestock and Fisheries  
Born 1935, near N'Zérékoré (Forest region)

Married

Training Professor of Geography

Experience

1962-65 High School Teacher

1965-71 High School Inspector

1971-72 Minister of Education

Minister of Higher Education

15. Mamady KABA  
Minister of Industry and Energy

Born 1925, Conakry (Coastal Region)

Married

Training Low level civil servant

Experience

Trade Union official  
Labour inspector  
Junior Minister of Telecommunication and Commerce  
Minister of Transport

16.

Senainon BEHANZIN

Minister of Information and Ideology  
Member of Central Committee

Born

1917 Abomey (Benin)

Married

Member of the royal family of Abomey, Benin

Training

Professor of mathematics

Experience

Professor  
Administrative director, Ministry of Education  
Junior Minister of Ideology

17.

Fily CISSOKO

Minister of Foreign Affairs  
Member of the Central Committee  
Member of the State Committee in charge of relations with  
Americas and International organizations (including IBRD)

Born

1926, Kindia (Coastal region)

Training

High school teacher

Experience

School inspector  
High school principal  
Ambassador to Tanzania, Congo, Egypt  
Chief of Protocol, Presidency  
Secretary General of the Presidency

18.

N'Faly SANGARE

Minister of Planning and Cooperation  
Vice President of the State committee in charge of relations  
with Americas and international institutions (including IBRD)

Born

1933, Kankan (Upper Guinea)

Married

Training

High civil servant

Experience

Minister of Banks  
Governor of the Central Bank and Governor of IBRD (until  
early 1977)  
Director of the Central Bank

19.

Mme Jeanne MARTIN CISSE

Minister of Social Affairs  
Member of the Central Committee

Born

1926, Knakan (Upper Guinea)

Training

High School Teacher

Experience

Ambassador  
Permanent Representative at the UN  
Secretary General of the National Women's Committee and of  
the African Women Conference  
First Vice President of the National Assembly

20. Kekoura CAMARA  
Minister of Health  
Member of the State Committee in charge of relations with  
Americas and International Organizations including IBRD  
Born 1928 Kankan (Upper Guinea)  
Married  
Training Veterinary doctor (France)  
Experience Director of the Nenekaly Condetto biological Institute (ex  
Institut Pasteur) at Kindia  
Minister of Livestock and Fisheries
- 21 Momory CAMARA  
Governor of the Central Bank  
Governor of IBRD  
Born 1936, Kissidougou (Forest Region)  
Married 4 children  
Training Lawyer (Dakar)  
Experience Director of Insurances  
Director of Banking  
Deputy Governor of the Central Bank
22. Mamadouba BANGOURA  
Minister of Rural Development: Boké region  
Member of the Central Committee  
Born 1933 Dubréka (Coastal region)  
Married  
Training Low level civil servant  
Experience Party official  
Regional Governor  
Minister of Youth  
Chief Commander of the militia
23. Sekou CHERIF  
Minister of Rural Development: Labé region  
Member of the Central Committee  
Born 1921, Dabola (Middle Guinea)  
Training Middle level civil servant  
Experience Mayor, regional Governor
24. Kouramoudou DOUMBOUYA  
Minister of Rural Development: Kindia region  
Member of the Central Committee  
Born 1922, Siguiri (Upper Guinea)  
Married  
Training Primary school teacher  
Experience Inspector of primary education  
President of regional parliament  
Regional Governor



25. Ibrahim FOFANA  
Governor: Boké region  
Born 1927, Tougué (Middle Guinea)  
Training Lawyer  
Experience  
Prosecutor  
Director general of ENTA (cigarette factory)  
President of Apallate Court  
Dean of the School of Administration
- 26 Alexandre Alécaut BANGOURA  
Governor Fria region  
Born 1922 Boké (costal region)  
Married 10 children  
Training Medical doctor (France)  
Experience  
Government physician in charge of the Epidemic prevention  
division, Ministry of Public Health  
Director of Technical Cooperation, Office of the President
27. Ansoumane KONDE  
Governor Kindia region  
Born 1929, Faranah (Upper Guinea)  
Training Middle level civil servant  
Experience  
Director of Ballay hospital  
Administrative secretary, Ministry of Education  
Governor since 1968
- 28 Mamadou BARRY  
Governor Labé region  
Born 1931, Faranah (Upper Guinea)  
Training Accountant  
Experience  
Administrative Secretary, Ministry of Interior
- 29 El Hadj Ousmane SOUARE  
Governor Mamou region  
Born 1932, Mali (Middle Guinea)  
Training Low level civil servant  
Experience  
Party official  
Trade Union official  
Ambassador (Nigeria, Benin, Cameroon, Togo)  
Permanent Secretary, Ministry of Economy
30. Diarra TRAORE  
Governor Pita region  
Born 1934, Knakan (Upper Guinea)  
Training Military Officer  
Experience  
Military Attaché  
Chief of staff, Guinea Air Force
31. Governor Dalaba region

LIST OF PERSONALITIES LIKELY TO BE ENCOUNTERED  
BY MRS MCNAMARA

1. Mrs Andrée Touré  
Wife of President Sékou Touré  
Born 1927  
One son, Mohamed, 18 year old, recently admitted at the Polytechnical Institute of Conakry  
Training Administrative secretary  
Educated at the Catholic Nuns school of Bellevue (Conakry)  
Active in charitable societies and leader of local Women's organizations.
  
2. Mrs Jeannø MARTIN CISSE  
Minister of Social Affairs  
Member of the Central Committee  
Born 1926, Kankan (Upper Guinea)  
Training High school teacher  
Experience Ambassador  
Permanent Representative at the UN  
Secretary General of the National Women's Committee of the African Women Conference  
First Vice President of the National Assembly
  
3. Lieutenant Binta DIALLO  
Helicopter pilote  
Born 1940 (Labe)  
Training Military pilote, trained in USSR  
Married to a senior pilote of Air Guinea , three children
  
4. Mrs Néné FOUTA  
Interpreter, Presidency Office  
Born 1938  
Training Conakry Polytechnical College  
Language training in the UK
  
5. Miss Marianne MAKÀ  
Journalist  
Born 1942 , daughter of Minister MAKÀ  
Training Journalism department of the Conakry Polytechnical College  
Bachelor
  
6. Mrs Fatoumata DIARRA  
Ambassador to the Republic of Congo  
Member of Parliament  
Born 1938 , Mamou (Middle Guinea)  
Married Children  
Training Accountant  
Experience Deputy General Manager of a public enterprise  
Trade Union Official
  
7. Mrs Fatoumata Diaraye DIALLO  
Reponsible for the problems of women in the steering committee of the National Youth Organization

Born 1938, Bamako (Republic of Mali)  
Training Secretary  
Experience Government secretary

8. Mrs Sophie MAKA  
Secretary General, National Women's Committee  
Vice President of the National Assembly  
Born 1927 Conakry (Coastal region)  
Training Teacher

9. Mrs Soba KEYRA  
Deputy Secretary General of the National Women's Ligue  
Member of Parliament  
Born 1926, near Dalaba (Middle Guinea)  
Training Teacher  
Experience and present activity  
High School Principal

10. Mrs Hadja Fatou KEITA  
High official of the National Women's Ligue  
Member of Parliament  
Born 1920 Conakry (Coastal region)  
Training Teinturière

11. Mrs. Mariama SOW  
High official of the National Women's Ligue  
Member of Parliament  
Born 1942, near Labé  
Training Teacher

12. Mrs N'Gamet TOURE  
Deputy general manager of a hardware store  
President of the Women's Committee, Conakry I section  
Born 1930, Forecariah (Coastal region)  
Training Low level civil servant

GUINEA - LENDING PROGRAM FY 77-81  
(IDA US\$ millions)

PROJECT	<u>FY 77</u>	<u>FY 78</u>	<u>FY 79</u>	<u>FY 80</u>	<u>FY 81</u>	<u>Total FY 77-81</u>
HIGHWAYS						
EDUCATION			8.0			
WATER SUPPLY AND SEWERAGE			10.0			
HIGHWAYS				15.0		
ENERGY				5.0		
RICE				7.0		
LIVESTOCK/RICE				10.0		
<i>Nimba</i>						
<i>Fria</i>						
TOTAL	-	-	<u>18.0</u>	<u>27.0</u>	<u>10.0</u>	<u>55.0</u>

Extract from RLP

10/18/77

*Nimba*  
*Power Plan*

3

157-132

*Nimba*

INTRODUCTION

This is the first education project in Guinea, and addresses itself to the issue of manpower development for the modern industrial sector. The project was prepared with PPF financing (\$70,000) during 1977 and appraised in October 1977. An IDA credit of \$7.5 million is proposed.

OBJECTIVES:

The project is designed to improve the quality of technical education of the skilled worker and lower technical level. It proposes to assist the existing network of polytechnic institutes (12 in 1977) through (i) training and upgrading technical instructors, (ii) improving the training methods and upgrading the curriculum, and (iii) constructing additional training capacity. The trained manpower produced by this project will largely be absorbed by the public works sector, where the Ministry of Public Works is the largest employer. Ongoing or planned Bank-assisted projects, such as highway maintenance, electrification, water and sewage, would in part depend on the project institutions for their trained manpower.

PROJECT DESCRIPTION:

The project contains 5 elements:

1.) Construction and equipment for an instructor training institute, with a capacity of about 100 students and an annual output of about 50 trained instructors. This institute includes a library and documentation center capable of producing and distributing simple instructional aids.

2.) A 120-capacity polytechnic institute, attached to the instructor training unit, with a dual purpose (a) providing workshop training for student-instructors, and (b) training skilled workers for industry. The institute would have an annual output of 50 to 60 trained workers in 4 trades (general mechanics and auto repairs).

3.) A 280-capacity polytechnic institute, designed to train skilled workers for the public works sector. Its annual output would be about 120 skilled workers in 5 trades including road construction equipment.

4.) Housing for 15 instructors to be located adjacent to the training institutes, and providing accommodation for both Guinean staff and technical assistance personnel.

5.) A project unit that in the short term provides the Ministry of Education with the capacity to administer this project, and in the medium term establishes an in-house capacity for planning, designing and implementing other education projects.

PROJECT COST

Summary:

Total cost	\$ 9.0	Million
Foreign exchange	\$ 7.5	Million
Local cost (including \$0.5 m in taxes)	\$ 1.5	Million

Breakdown by categories:

Construction	\$ 4.0	Million
Equipment and furniture	\$ 1.6	Million
Technical assistance	\$ 2.4	Million
Bursaries	\$ 0.2	Million
Preparation of future project	\$ 0.3	Million
	<hr/>	
	\$ 8.5	Million
Taxes	\$ 0.5	Million
	<hr/>	
Total	\$ 9.0	Million

IMPLEMENTATION TIMETABLE

<u>Appraisal mission completed</u>	Oct. 27, 1977
Negotiations	June 19-24, 1978
Board presentation	Aug. 15, 1978
Start of the construction phase	Nov. 15, 1978
Shools operational	Sept. 1980
First output - instructors	Sept. 1981
- skilled workers	Sept. 1982

The project presents no unusual implementation difficulties, due in large part to the full cooperation of the various Government ministries and agencies that took part in the detailed project preparation.

....//..

ITS FUTURE

(1) The project includes \$300,000 for preinvestment studies in the education/training sector for detailed design of a follow-up project.

(2) The Government has indicated an interest in Bank assistance for educational planning that includes the training needs in the agricultural and industrial sectors. If the Government decides to pursue this matter, we propose to add a planning component to the project (possible cost: \$300,000).

## DISCUSSION OF DRAFT ECONOMIC REPORT

The following is a translation of a note drafted jointly by the Bank economic mission and a Guinean delegation, after the meeting of November 5, attended by :

- H.E. Moussa DIAKITE  
Senior Minister of Interior, Security and Justice  
President of the State Committee in charge of relations with Americas and International Institutions  
Chairman of the meeting
  
- H.E. Ismael TOURE  
Senior Minister of Economic Affairs and Finance
  
- H.E. N'Famara KEITA  
Senior Minister for Rural Development
  
- H.E. Abdoulaye TOURE  
Senior Minister of Trade
  
- H.E. N'Faly SANGARE, Minister of Planning
  
- H.E. Mamady KABA, Minister of Industry and Energy
  
- H.E. Abraham Kabassan KEITA, Minister of Mine and Geology
  
- H.E. Mamadou TOURE, Minister of Finance
  
- H.E. Aboubacar DIALLO, Minister of State Control
  
- Mr. Momory CAMARA, Governor of the Central Bank and Governor of IBRD



- Mr. Saikou BARRY, Vice Governor of the Central Bank
  
- Mr. Saidou DIALLO, Bureau of Economic Affairs, Presidency of the Republic.

The original French version of this document has been forwarded by the Chairman of the meeting to H.E. President Ahmed Sékou TOURE.

Memorandum on the discussion of the report entitled:

"GUINEA, MEDIUM TERM MACRO - ECONOMIC FRAMEWORK"

On Saturday November 5, 1977 a delegation of the World Bank and a delegation of the Republic of Guinea met at the People's Palace to discuss a study prepared by the World Bank, entitled "The Medium Term Macro - Economic Framework of Guinea", July 12, 1977.

The World Bank delegation was led by Mr. Heinz BACHMANN, Senior Economist and the Guinean delegation by the Camarade Moussa DIAKITE, Senior Minister of Interior, Security and Justice, President of the State Committee in charge of relations with Americas and International Organizations.

This report focuses primarily on the evolution of the main economic aggregates and attempts to project the Macro - Economic Framework necessary for economic development under various scenarios. It focuses particularly on :

- 1 - The Balance of Payments and Foreign Debt
- 2 - Monetary Policies.

The discussions reached a general consensus on these two points; based on this consensus, the conclusion emerged that the medium term balance of payment outlook requires urgently the implementation of the AYE-KOYE and MIFERGUI-NIMBA mining projects as the only means to generate sufficient foreign exchange resources for the development of the rural sector. It is the rural sector that is considered by the Government as the highest priority sector.

1- The Balance of Payments and the Foreign Debt :

Both delegations recognize that - even if both these mining projects are implemented - Guinea's foreign exchange resources will not be sufficient until 1983 to :

- a) service the foreign debt in its entirety;
- b) satisfy all legitimate needs for imports of raw materials, spare parts and consumer goods;
- c) finance an acceptable level of investments.

There can be little doubt that Guinea will not be able to meet entirely its foreign debt service obligations, exceeding already now US \$100 million per year. As a consequence, during this difficult period there is urgent need to implement the following policy measures :

- a) pursue debt rescheduling negotiations. These will continue to be carried out bilaterally so as to avoid the negative publicity inherent in any multilateral debt renegotiations;

- b) limit as much as possible the use of suppliers credits. During the year 1976, total commitments of such credits rose from US \$93 millions to US \$115 millions;
- c) continue expansion of agricultural production in order to further reduce imports of basic foodstuff and to increase rural exports;
- d) in negotiating with foreign sources of capital, make every possible effort to secure foreign financing not only to cover the foreign exchange costs of new projects, but also part of local costs on concessionary terms;
- e) request World Bank assistance in order to determine the best general approach for debt rescheduling.

## 2- Monetary Policy

The two delegations recognize their complete agreement concerning the basic objectives of monetary policy as expressed by President Ahmed Sékou TOURE in the following quote : "Money being the barometer of the economy, it is imperative to respect rigorously the equilibrium between money supply and the supply of goods and services."

Furthermore, both delegations appreciate the positive results achieved by the Government's anti-inflationary policies to date, which are as follows :

- a) repayment of the entire Government debt vis-à-vis the Central Bank;
- b) credit restrictions;
- c) reduction of money circulation.

However, the World Bank delegation drew the attention of the Guinean Government to the fact that "continuous application of such deflationary measures (particularly credit restriction and limited current budget allocations) may jeopardize satisfactory operation of Government services and adequate maintenance of public infrastructure." For these reasons the World Bank delegation has proposed to explore other policy alternatives that would permit to achieve the same objectives of monetary equilibrium while avoiding the long-term negative effects of present policies.

The Guinean delegation took note of the Bank's position; it also expressed its conviction that the monetary policies followed so far will result in further improvements before the end of the current year. The Guinean delegation requests the World Bank delegation to jointly assess the appropriateness of introducing new policy measures designed to achieve the same results at a lesser cost to the economy, once the economic results of the year 1977 have been compiled and discussed by the Government.

In conclusion, the two delegations recognize that the present and foreseeable lack of foreign exchange requires a rational, planned and coordinated use of this scarce resource.

07 November 1977.

## E. TOPICS FOR DISCUSSION

About two years ago, with approval of the Daboya Pineapple Project, we embarked on an experimental new phase in our relations with Guinea. Until that time we had limited our interventions in Guinea to two externally-guaranteed IBRD loans for the enclave Boké Bauxite Mining Project. We had concluded that the Government's economic management, itself partly a product of chronic instability within the administration because of periodic political purges, simply rendered the country ineligible for any Bank Group financing except through carefully constructed enclave arrangements. Obviously the conditions underlying this earlier judgment did not disappear overnight; there were, however, some positive signs which induced us to embark on the Daboya experiment:

(1) Government moved to deal with some of the most severe of its economic problems by sharply curtailing inflationary overdraft financing of public investment by the Central Bank;

(2) some of the excess in the money supply was removed through direct monetary reform;

(3) some improvements in the distribution of consumer goods to meet frustrated demand took place; and

(4) Guinea cooperated constructively with its foreign partners in three mining ventures: Friguia (Alumina production with European partners led by Pechiney of France), Compagnie de Bauxites de Guinée (bauxite production with European and North American partners grouped in HALCO and led by ALCAN and ALCOA), and Office de Bauxite de Kindia (bauxite production with Soviet assistance); this cooperation has assured the very rapid recent growth of the Guinean economy after years of stagnation and has provided the needed foreign exchange for the Government to address urgent debt service and import requirements.

Despite these encouraging signs, we remain in an experimental mode vis-à-vis Guinea because the fundamental instability of the Government has not been removed by the economic upturn. This is a Government which is still subject to periodic purges, where interministerial communication and cooperation are almost nonexistent, and where fragmentation of responsibility is carried to such extremes that no-one really feels responsible; this is also a Government which, because of its treatment of its own citizens (an estimated 20% of Guinean nationals have fled the country), has been labelled a violator of basic human rights by Amnesty International (the U.S. Congress did not include Guinea in its famous list of countries to be ineligible for US development assistance because of human rights violations).

Further compounding our difficulties in carrying out a normal program of lending is Guinea is the effective division of the economy in two: on one side there are the civil servants operating and living from the state-controlled system of production, distribution and marketing (state enterprises, import agencies, state transport companies, and state stores); on

the other side sit the vast bulk of the rural population and a fair proportion of the urban dwellers as well who, because prices paid them for their produce cannot buy goods which never are available through the official channels, either trade on the black market or produce for themselves only. We thus cannot reach the bulk of the population in this country through production-oriented projects; we have not yet successfully engaged the Government in a discussion of the dual economy and the required revisions in general prices, import and distribution policies, and other economic tools to eliminate it. In the rural areas, we are left with little choice but to finance state farms and ranches; although the Daboya pineapple plantation is a state farm, we would prefer in a next rural operation to concentrate on smallholders to reach the greatest number of potential beneficiaries.

The least complicated way for us to intervene, outside of enclave operations, is through rehabilitation of existing infrastructure. There is no shortage of infrastructure needing rehabilitation in Guinea and, in fact, our second IDA operation was for highway maintenance. This project was also approved in 1975, and, except for some early attempts to substantially modify the project to bring it more closely into line with short run political considerations, it is being executed reasonably well. In anticipation of building on the success of these first two IDA projects, we are helping the Guineans prepare a second highway maintenance and upgrading project as well as projects for rehabilitation of the power and water distribution systems in Conakry, now on the verge of total collapse. Linked to these operations is a first education project, now being appraised, which is designed to help train manpower for public works jobs.

All of this background is preamble for a probable expressed desire of Government to know why we are not moving faster with new lending. We would reply that a general lack of well-prepared projects is the fundamental reason; a further reason is the need for Government to develop a system of rational priorities -- it's not enough for them to offer us long shopping lists of prospective projects as they did once again at the most recent Annual Meeting. As we grope for effective ways to execute projects within the quixotic Guinean administration, we very much want to have a continuous economic dialogue with a client who has serious debt and other problems, a client whose planning and allocating mechanisms are either non-existent or horribly distorted, but a client who has (through mining exploitation) potentially the means to solve his problems. Unless we can induce the Guineans to come to grips with some of the basic distortions now impeding economic development, it is difficult to see how we can go much beyond the few infrastructure rehabilitation operations we are now preparing. An economic mission will have discussed its draft report with Government just before your arrival; we have modest objectives for the mission:

- (a) to reach agreement with the Government that our report can be distributed to our Executive Directors; if Government agrees, this will be the first report sent to the EDs since 1968; and
- (b) to reach agreement on a program of exchanges of views over the next year on a wide variety of economic issues, e.g., debt, monetary policy, credit and producer price policies, and exchange rate policies just to name a few.

## Technical Assistance

For its part the Government may ask for some help in dealing with these issues. Our economic work program calls for substantial analysis of many of these issues over the next year; we will of course share the results of that analysis with the Government. In addition, we have provided training to Guinean employees of the Central Bank in debt accounting and we will continue to provide statistical support and advice to the Central Bank on debt management. We have made it clear, however, that we will not provide direct assistance to Guinea in its efforts to reschedule some of its debt. The help we have provided already has been very useful in clarifying the situation and exposing to the Guineans their options; they have already succeeded in quietly rescheduling some of their debt.

The Minister of Planning recently approached the Bank for technical assistance to help him reorganize and staff his Ministry whose role is the establishment of investment priorities and project identification and preparation. The reorganization discussions have been accompanied by serious infighting within the top ranks of the Government, and the kind of organization that will emerge is still unclear -- the creation of the position of chief planner and foreign aid coordinator appears possible. The present arrangements for Guinean relations with foreign aid donors are quite peculiar: about four years ago, a number of State Committees were created, each of which was given exclusive responsibility to deal with sources of aid located in a particular geographical area (North America, Western Europe, Japan and the Far East, Eastern Europe) including soliciting financial and technical aid and carrying out all necessary discussions and negotiations. Each State Committee is presided over by a senior minister who jealously guards his monopoly of all communications with the aid sources in his area, and avoids coordination with other State Committees as much as possible. The World Bank Group is included with most other International Organizations in the North American Committee, presided over by the senior minister in charge of the interior, justice and police.

While we would welcome the creation of the position of foreign aid coordinator, we are reluctant to get involved too deeply at this stage and would prefer to limit our involvement to a series of periodic visits by Bank experts who could provide strictly technical advice about possible ways and means of organizing a planning ministry. Once the political infighting is over and the new organizational set-up is in place and top people have been appointed, technical assistance on a more permanent basis could be envisaged; it need not necessarily be provided by us.

The following topics are those which we suspect the Government might raise with you.

- (a) Concept of Rural Development - Will our proposed rice and livestock projects, preparation of which is being financed through the Daboya credit, support the rural development objectives of the country?

We have no objection to the collectivisation of production in principle. However, projects organized on these lines require substantial preparation and would operate more successfully if introduced more gradually than they have been in the past, taking into account the regional diversity of the country. The rural development objectives should also include the development of extension services and marketing to derive the maximum benefit from our projects. We feel that the problem of agricultural development is inseparable from the problem of the distribution of consumer goods to the hinterland as producer incentives, and we therefore look forward to an improvement in the distribution channels for goods to the rural areas. (See section F, para. 3:14).

- (b) Mt. Nimba - Proposed Iron Ore Mining Project - What aspects of the Nimba project would we be prepared to finance? What would be our likely financial commitment and what preconditions must be met before that commitment would materialize?

We would hope that Bank financing could be applied towards the entire Nimba venture, both infrastructure and mining. Our commitment could amount to about 10-15% of the total cost (i.e. \$100-150 million) depending on the volume of finance available from other sources. As for preconditions, we need the results of the feasibility study now being carried out by Kaiser Engineers and which should be available mid 1978. We would wish to be assured as well of the involvement in the venture of at least - one experienced major mining company.

As you probably know, US Steel Corporation renewed its interest in this project last Spring and asked us to help them get in touch with the Guinean authorities responsible for the project (the history of previous negotiations between Guinea and US Steel was not pleasant for the latter and prompted them to ask us for help). There have been several direct exchanges of views between Guinea and US Steel since, and these have culminated in US Steel's having been granted an option to purchase up to 15% of the shares of MIFERGUI-NIMBA, the company promoting the venture and in which the Government has a 50% share. US Steel will be obliged to make up its mind between now and September 1978; they will probably do so at least partly on the basis of the Kaiser study and, in the meantime, have agreed to furnish free technical, financial and administrative advice to the venture including guidance for completion of the study. The Bank will continue to do what it can to facilitate communications between the Government and US Steel, but we cannot assume the role of a promoter in the venture<sup>1/</sup>.

---

<sup>1/</sup> We are, by virtue of our successful intervention through the Boké project and our evident willingness to help Guinea further the development of its vast mineral resources, seen by Government and private investors alike as an important and objective facilitator and, occasionally, quasi-arbitrator. Thus the brief on the Boké project (Section G part 4) was prepared by Mr. P. P. Kuczynski, the new President of HALCO, as part of a continuous effort by both sides to keep us informed of developments in the evolution of that project.



One of the lessons garnered from the Boké experience is that more attention needs to be paid to the regional impact of large mining ventures in order to avoid some of the less agreeable "company town" aspects of them. We oppose the development of a "golden mining enclave" at Nimba just as the Guinean Government does and will gladly send a mission to Nimba, on completion of the feasibility studies, to determine what action could be taken to help balance and spread the benefits of the mining development beyond those immediately involved in the mine. However, we do not wish to find ourselves inadvertently subsidizing the mining venture.

- (c) Other Mining and Related Venture - Fria Bauxite/Alumina: would we help in expanding the alumina plant whose output is an important source of foreign exchange to the country? With an expansion from .65 to 1.3 million tons, an aluminum plant might also be viable whereas a smaller expansion would only justify the production of alumina for which the demand is weaker.

We understand that some expansion of Fria appears justified. However, the timing may be inappropriate in view of present low alumina prices. The viability of an aluminum plant is contingent upon the production of hydroelectric power at Konkouré, but we have not yet received the updated studies of this latter project proposal. These ventures may prove attractive to private investors at some future time and, were Guinea a member, IFC involvement would be conceivable.

The Aye-Koyé Bauxite Mine: would we review the study prepared by Alusuisse of this mine?

We would gladly review the study. (There has not yet been any suggestion that we should become involved in the financing of Aye-Koyé as Guinea has limited participation in the venture to interested Arab sources.)

Trans-Guinean railway: would we help to finance it?

For the moment, we see no economic justification for the proposed 1,000 km railway from the iron-rich southeast to the Port of Conakry. We feel that it would be more prudent to first concentrate on Nimba and other projects which are in more advanced stages of preparation (the Government has agreed to evacuate Nimba through Buchanan in Liberia). We know this is a "pet" project of some high officials in the Government. We have always been furnished with copies of studies and other documents pertaining to it and we have responded, informally, with conservative counsel to go slow with the project and not to frighten prospective investors with demands for commitments to it. This advice was recently followed in the discussions with US Steel over the Nimba project and proved to be an important factor in US Steel's maintaining its interest.

- (d) Other Project Proposals - Rehabilitation of state manufacturing companies: how can the Bank help?

During the last economic mission, a report was prepared sketching the way for such rehabilitation. We are now assisting the Government in approaching UNIDO for two experts needed to assess the feasibility of various rehabilitation proposals. Furthermore, IFC would be ready to send a mission to Guinea to examine the situation if Guinea were to express interest in becoming a member of the Corporation.

Fishing Port Development: is the Bank interested?

The case for port development at Conakry is closely linked to the general development of Guinea and especially the growth in trade. A recent FAO report indicates that per capita fish consumption in Guinea is low at present and that the fish stock is good. However, the timing of port development must be studied more carefully and the most appropriate type of development (i.e., an extension to existing port facilities or a new fishing port) must be determined. If the Government would like such a study, we could consider including it in one of our lending operations. Alternatively, we could help to draw up terms of reference for a study if some other source of financing were to be identified.

## F. REFERENCE MATERIAL

### I - Bank Group Strategy

1.1 The Bank Group so far has financed three projects in Guinea: infrastructure for a large bauxite project near Boké in the form of an enclave project (three loans, totalling \$73.5 million, were granted between March 1966 and June 1971), pineapple development (\$7.0 million credit of June 1975) and road maintenance (\$14.0 million credit of December 1975). IDA credits under preparation include education and water supply for FY79, Highways II, energy and rice in FY 80 with total amounts varying between \$5 and 15 million per project; furthermore, a Bank loan for the enclave Nimba iron ore project is under consideration.

1.2 The first (and so far only) CPP on Guinea was discussed on February 24, 1971 in Mr. Knapp's office; it concluded that Guinea was not creditworthy considering its heavy foreign debt burden, and not IDA worthy considering its unsatisfactory economic performance. Furthermore, the meeting took note of the fact that for two of three projects on which preparatory work had been going on (rehabilitation of Conakry port and highways) it was impossible to reach agreement with Government on the detailed project components. On the third project (pineapple), substantial changes in the Government's original project submission were thought necessary. The 1975 IDA credit for Daboya pineapples eventually materialized from this submission.

1.3 The February 1974 economic mission reported some improvements in economic performance (particularly concerning monetary and fiscal policies, the management of public enterprises and resource allocation) that could justify the gradual build up of an IDA lending program. This was confirmed by the 1976 economic mission. Proposed lending was facilitated by the Government's more cooperative attitude which finally made it possible to reach agreement on the project content for the pineapple project and for a first road maintenance operation.

1.4 The Bank's main strategy has consistently been first to attack the export sector, particularly mining, as the fastest means for improving the country's foreign exchange bottleneck, the major constraint to more satisfactory economic growth; hence the past considerable involvement in the Boké project and now our interest in the Mt. Nimba iron ore mine. A mining sector mission concluded in late 1975 that the Mt. Nimba project was indeed the first priority in this sector. The pineapple as well as the road maintenance projects are also export-oriented, either providing export commodities directly or enabling the shipment of export goods to the ports. At the same time, however, these two projects represent a first and important step towards other considerations. The pineapple project was conceived as a test case for future Bank Group involvement in the high priority rural sector. It included two major studies on rice and livestock expected to lead into projects in these important subsectors. The road project marked a major breakthrough in Guinea's transport policy away from the past exclusive emphasis on construction of paved roads towards a more appropriate rehabilitation strategy, as advocated by the Bank for many years. Priority for the maintenance and improvement of existing assets over new construction is again the leitmotif in the proposed water supply and energy projects. Lack of maintenance has resulted in a serious - even dangerous degradation of the water and power network around Conakry, where a major dam used for both purposes is on the verge of collapse.

1.5 An important additional consideration is institution building. It is important in the Daboya pineapple project, as a starting point for future agricultural lending, but particularly so for the road maintenance project and the two public utilities projects under preparation. Government has recently given high priority to better management of public enterprises and has not hesitated to close down the most hopeless cases. It is now eager to receive assistance and advice in this endeavor.

1.6 Education and training might be the last but certainly not the least aspect of the Bank's strategy. There was a substantial training component in the Boké project, financed by UNDP but executed by the Bank; there is a training component in the Daboya pineapple project and a very important one in the road maintenance project. Technical training in a more formal sense is the subject of the FY79 education project.

## 2. Political Situation

2.1. Guinea became independent in October 1958 the first French speaking country in black Africa to do so, by voting "no" on Général de Gaulle's proposal for a French Community; it was the only French territory to reject the community. This triggered a sharp break with France, which at once stopped all financial and technical assistance, and withdrew preferential trade treatments. The break away from France was masterminded by Sekou Touré, then Vice-President of the colonial Government and leader of the Parti Démocratique de Guinée (PDG).

2.2. Soon after independence, the PDG became the sole political party and all opposition movements were severely repressed. It set about creating an African socialist society along communal lines. 1/ The PDG soon became all-pervasive in Guinean life, particularly in towns where inter alia it controls distribution of food rationing cards. Sekou Touré was elected President (he was the only candidate) in 1961 and has been re-elected ever since. He and his Party have survived a number of coup d'état attempts first from the extreme left, later from the right (teacher's union soon after independence, the army at least twice, exiled Guineans in 1970, Fulas in 1976). All these failed but gave rise to severe reprisals that spurred massive flights abroad, particularly by middle and high level cadres, so that today an estimated 20% of Guinea's population lives outside the country.

2.3. On the 22nd of November 1970, Portuguese colonial troops together with a number of Guinean exiles, attacked Conakry in a successful attempt to liberate some Portuguese prisoners held in Guinean jails. During the following months a large number of cadres were arrested, including nearly half the cabinet. In mid-1976 an assassination attempt on President Touré failed; apparently, it had been instigated by leaders of the Fula (Peul) tribe, the most numerous in Guinea but also the most anti-PDG. In the aftermath many Fulas were arrested, including Diallo Telli, a well known personality in Africa, having been the first and long time secretary-general of the Organization of African States (OAS); at the time he was Minister of Justice. The latest unrest occurred in mid-September 1977, when general discontent with the recent suppression of all private trade and the unsatisfactory supply situation in the larger towns caused a major uproar in Conakry and N'Zérékoré, led primarily by women; several police stations were burned in Conakry, and the President promised to review the situation.

1/ The economic implications of this strategy are discussed in Section 3.

2.4. As a result of all this, the regime often acts primarily like a beleaguered fortress using the bulk of the resources at its disposal (human and other) to fight for its own survival, giving secondary priority to all other considerations, including economic development. As a logical consequence, the Party has become more important than the regular Government administration to the point that the two were formally and fully merged about 1 1/2 years ago into what is now called the Parti-Etat. The failings and executions of Government oponents have formed the basis for accusations by Amnesty International that Guinea has been in violation of human rights. Petitions to this effect were signed by the three most recent U.S. ambassadors to Guinea and the internal security of Guinea was discussed with Vice President Mondale in a recent visit to the U.S. of the Guinean Prime Minister. The U.S. Congress has not included Guinea in its list of human rights violators.

2.5. In contrast to this tendency towards preoccupation with internal security, however, the last decade has seen the mergence of a large number of middle and higher level technocrats who are becoming increasingly efficient and who have managed to carve out for themselves an expanding field of action where they can make decisions on the basis of objective and rational criteria. As long as their activities and decisions do not interfere with basic policy concerns, they are quite free to operate and in some cases have successfully challenged and reversed decisions at the highest levels based on political considerations. These cadres can be found up to the level of junior ministers and are as well qualified as any in West Africa today.

2.6. In its foreign policy, Guinea has always tried to strike a balance between East and West and has avoided being fully incorporated into the Eastern Block. On the one hand, there are Russian naval and air facilities in and near Conakry and the President is protected by a contingent of Cuban soldiers. On the other hand, diplomatic relations were re-established with France and Germany some two years ago, and French technical and financial aid has become quite substantial. Relations with the US are quite good at this time. Private steel companies from the US and France, as well as very conservative arab countries are Guinea's main partners in the development of two large mining projects under discussion. Furthermore, Guinea became an associate member of the European Community for the first time last year by signing the Lomé convention. Relations with neighboring Senegal and Ivory Coast remain notoriously bad, with both countries being accused periodically of fomenting trouble in Guinea. Relations are better with Mali, Sierra Leone and Liberia.

### 3. - Economic Situation

#### Economic Potential

3.1. Guinea is potentially one of the richest countries in West Africa, endowed with substantial natural resources in the rural sector, in mining, and to a lesser extent in hydroelectric power. Rural potential is very diversified, reflecting the country's different climatic zones, ranging from the sub-saharan north to sub-tropical mountain areas in the center, and tropical forest in the south. At the time of Independence, in late 1958, Guinea had been the leading African exporter of bananas (approximately 100,000 tons) and in addition exported sizeable quantities of coffee, pineapples, and palm oil. Furthermore, the country is particularly well suited for irrigated rice production and livestock herding; before 1960, it was able to cover most of its basic foodstuff requirements and it has the potential to become a sizeable exporter of rice and cattle. More recent is the discovery of the extraordinarily rich mining potential. Guinea's bauxite deposits are tentatively estimated at 4-5 billion tons or nearly half of the free world's total reserves, while readily exploitable high grade iron ore deposits are estimated at over one billion tons.

3.2. In spite of this outstanding resource endowment, past economic growth has been disappointingly slow. While lack of data prevent a detailed assessment, GNP at constant prices has certainly increased by less than 2.5% per year since Independence, or less than population growth (2.8% per annum). Thus, real per capita incomes have slightly declined. In 1976, GDP was estimated at \$970 million 1/ and per capita income at \$212. 2/ A major

---

1/ A rate of exchange of syli 19.65 per US\$ is used throughout this discussion or close to the current official rate of syli 21 per US\$. The profound distortions resulting from a decade of highly inflationary policies have virtually split Guinea's economy into two basically different segments - the official and the parallel sector - where prices for the same goods might differ by as much as 1:10; these price differentials are reflected also in the exchange rate, with the Syli exchanged in the parallel market at little more than one tenth of its official exchange rate. Under these circumstances, national accounts figures are even more approximate than usual in West Africa. All macro-economic figures are Bank estimates that have been put on an official price basis; to be consistent, they have to be changed into \$ at the exchange rate used in the official sector.

2/ There are two different estimates concerning Guinea's total population. After the December 1972 census, an official decree put total population at 5.14 million for end-1972. However, based on likely population growth determined by this census and on a series of demographic data collected during the 1960's, a figure of about 4.2 million seems much more likely resulting in a total population figure of about 4.5 million by mid-1976. All population data, including per capita GDP, are based on this latter figure.

bottleneck for satisfactory growth has been the balance of payments which has remained under heavy pressure since the early 1960's with exports stagnating, imports declining, and foreign debt service reaching unmanageable proportions.

### Historical and Institutional Background

3.3. Low economic growth cannot be dissociated from Guinea's political background particularly from the way the country gained its independence. 1/ Clearly, the sudden recall of all French civil servants, the end of technical aid, and the abolition of preferential treatment of imports in France created serious economic problems. In 1960, partly for nationalistic reasons and partly to control increasing capital flights, Guinea withdrew from the French controlled West African Monetary Union, and created its own currency, the Guinea franc, renamed syli in October 1972. Unable to obtain large amounts of foreign aid from Western countries, the new regime turned towards the communist world in its search for assistance and export markets; however, this aid often was ill-adapted to Guinea's needs and did little to improve the unsatisfactory economic situation. Despite its heavy reliance on communist aid, the country never integrated into the communist world, but always tried to strike a balance between East and West. Thus, American and German aid were quite substantial and in the mining sector reliance on Western private and public capital and know-how is the rule.

3.4. The desire to avoid too much dependence on any group of countries reflects the Party's basic political option of achieving self-sufficiency and independence, political as well as economic, based on a vaguely marxist ideology. To achieve this goal, the Government decided to build up an entirely state-controlled economy, with virtually all economic decisions to be made by the bureaucracy, and with trade, banking, and manufacturing handled almost exclusively by state enterprises. However, Guinea did not have the necessary administrative skills to implement such comprehensive economic planning and to carry out these plans; thus, planning was replaced by improvisation, project preparation was highly deficient, and the many public enterprises were badly managed. This had particularly dramatic consequences for local and foreign trade; the hasty take-over by inexperienced public enterprises resulted in serious disruptions in the trade network; a major reason for the unsatisfactory growth of rural production. More generally, the lack of leadership and control seriously hampered the necessary coordination between different ministries and between central and regional administrations, with the regions enjoying considerable de facto independence. It has also created a widening gap between the Government's intentions and decisions and what was really going on in the country. This was particularly true for the rural sector that has continually received priority in Government declarations while in fact past policies have largely favored urban interests.

3.5. Manufacturing and banking are entirely Government controlled while mining remained almost fully private until very recently when it was declared

1/ see the brief on the political situation.

a "mixed sector" with Government and private foreign companies closely working together. The IBRD-financed Boke project was the first implemented according to this new formula starting in 1968. It serves as an example for all future mining developments. Official trade is entirely controlled by the Government but much trading is carried out in the parallel market, including exports and imports. In the rural sector, limited administrative capability has hampered the Government's desire for full control and repeated attempts to introduce official production cooperatives and communal type production schemes have failed. As a consequence, the rural economy operates largely outside the official trade network.

#### Past Economic Developments, the Present Situation and Medium Term Prospects

3.6. At the time of Independence Guinea was largely a rural economy with the bulk of population engaged in traditional smallholding agriculture. The modern sector of the economy comprised the foreign and Guinean owned banana plantations as well as considerable bauxite, iron ore, and diamond mining while manufacturing industries were virtually non-existent. Construction of the Friguia alumina mining and processing plant started shortly before Independence. Owned by a consortium of international aluminum companies, this enterprise was soon to become the country's major source of foreign exchange; it was carefully shielded by the Government from the effects of the serious economic problems soon to encompass most other sectors of the economy.

3.7. Soon after Independence, the Government embarked on an ambitious development program giving major emphasis to manufacturing industries and transport infrastructure. Financing of this program, as well as of the heavy current deficits of these enterprises by far exceeded budgetary savings and foreign aid. The shortfall was covered by central bank advances, a policy that soon led to serious balance of payments difficulties, followed by a sharp fall of foreign exchange reserves, galloping internal inflation, and the accumulation of an unmanageable foreign debt. To make things worse, many of the new public enterprises financed through this foreign borrowing were badly conceived and managed. Their contribution to GDP, to the balance of payments, and to public savings remained marginal at best.

3.8. Under these conditions, a sharp cutback of imports soon became unavoidable and establishing of import priorities became a major policy instrument to influence the economy. This tool was not used very efficiently which led inter alia to a serious decline of rural production since most import goods farmers like to buy were in very short supply on the official market and never reached the rural areas, thus creating a lack of farmers' incentives to produce for the market. Furthermore Government did not adapt local prices and the foreign exchange rate to the high inflationary pressures. On the contrary, it required all public enterprises, including trading companies, to operate at artificially low controlled prices, thus creating a widening gap between the sharply reduced offer of consumer goods and the highly inflated local demand. This disequilibrium led to the appearance of a black market, while most goods disappeared from official trade channels. Eventually, Guinea's economy was split into two clearly separated segments, operating in two completely different ways, and at price levels sometimes as much as ten times



different from each other; this split still hampers economic development to date.

3.9. In urban areas, to protect wage earners whose salaries remained largely unchanged, the Government imposed a rationing system for basic commodities based on ration cards very much the way it was done in Europe during the War. In rural areas, however, the only source of supply was the black market at sharply increasing prices so that terms of trade turned very rapidly against the rural producer. Some farmers were able to regain acceptable terms of trade through selling in the parallel market or smuggling into neighboring countries. However, the bulk of Guinea's farming population got more and more squeezed and as a result, lost interest in producing beyond their own subsistence needs. This in turn created an increasing shortage of basic foodstuffs in urban centers to the point that they had to be supplied mostly through imports. In addition, banana exports came to a virtual standstill further aggravating the balance of payments problems.

3.10. These fundamental problems still exist today and still hamper economic development, particularly in the rural sector, where the bulk of Guinea's population lives. Nevertheless, since 1972 there has been a substantial improvement in the overall economic situation as well as in Government performance. Total GDP has increased quite fast (7-8% p.a.), the distribution of goods has somewhat improved, excess liquidity was reduced, public savings were restored and foreign debt declined sharply in relation to exports. These improvements were made possible by the start of exploitation in two major bauxite mines, the Boke mine, financed by the World Bank and a consortium of international aluminium companies, and the Soviet financed OBK mine near Kindia. Nearly three-fourths of the incremental growth of GDP over these years is directly attributable to these two projects, while the longer term rural growth trend remained low (less than 2% p.a.), reflecting the continuing serious problem of lack of incentives for rural producers.

3.11. In spite of this recent growth, real GDP per capita has not yet fully reached its pre-independence level; GDP reached nearly \$190 in 1974/75, and GNP about \$180, still low figures in view of the economic potential of the country. Rough approximations suggest that per capita revenues of the urban population are still substantially below the 1960 level, while rural incomes are very close; in consequence, the urban-rural income differential has narrowed considerably from about 17:1 in 1960 to about 11:1 in 1974/75.

3.12 For foreign trade and the balance of payments, which constituted the most serious bottlenecks to satisfactory economic development in the past, the year 1972/73 was a major turning point. Since then there has been substantial improvement with exports more than doubling over the last 5 years. While the decline of rural exports continued, the beginning of production at Boke and OBK resulted in a sharp increase in mining exports. The resulting increase in foreign exchange resources was used very wisely: first nearly half went to cover the direct foreign exchange costs of the two mining operations; second it was used to increase imports of inputs and consumer goods, and third it served to increase Guinea's foreign exchange reserves. The substantial increase in imports was achieved through special import programs designed to help satisfy the excess demand in the country, to reintegrate the rural sector into the modern sector of the economy, and to stimulate rural output. However, it is unlikely that additional imports can close the enormous gap between supply and demand without supplementary

monetary measures. In addition, it is difficult to judge what part of this additional supply has indeed reached the rural population, where it is most urgently needed. The sharp increase in general imports was accompanied and facilitated by declining imports of foodstuffs reflecting better rainfall conditions in Guinea, and by much lower imports of investment goods.

3.13 The Government has also moved in the right direction on monetary policy. In October 1972, the Guinean Franc was replaced by the Syli in a proportion of GF 10 to Syli 1. The main goal of this operation was to better control money circulation, particularly the outflow of bank notes to neighboring countries, and thus to reduce smuggling; in addition it resulted in a slight reduction of money supply. Since then, Government followed policies that were markedly less expansionist than during any period since Independence. Credits to the economy as well as money circulation expanded at a lower rate than total GDP; thus money circulation declined from 69% of GDP in 1972 to about 59% in 1976. While this is quite a substantial reduction, it still leaves money circulation way above the normal level for West Africa of not more than 20-25% of GDP.

Two conclusions can be reached from these changes:-

- (a) The Government is no doubt determined to improve the monetary situation, to correct the results of past overly expansionary policies, and to do away with the profound disequilibrium between supply and demand (at official prices), the flourishing parallel market and the rationing of basic consumer goods in towns; all of which is very much in line with the position the Bank has taken for a long time;
- (b) While policies have moved in the right direction, the limited results achieved so far indicate that additional measures may be needed. The policy implemented since 1974 consists basically of using a substantial part of new mining revenues to increase the supply of imported consumer goods and thus to satisfy more of the huge excess demand created by a decade of inflationary money expansion. However, in spite of five years of very restraint monetary expansion, an enormous gap still persists between supply and demand; considering the need to use government mining revenues primarily for development purposes (to increase current budget expenditures for maintenance, agriculture, education and health, and to step up public investments) rather than to mop up excess demand, Guinea could still derive major advantages from a monetary reform. Such a measure would aim to narrow the gap not only by increasing supply, but also by reducing nominal demand especially in urban areas through a reduction in money supply by some 50-60%.

3.14 While Government has always refused to discuss a possible devaluation, as proposed by the IMF several times, the idea of a monetary reform similar to the one carried out in Germany in 1948 seems to be more acceptable is under

discussion with the Bank. An economic mission will visit Guinea in November/December to discuss the steps which the Government is prepared to take to alleviate the more pressing economic problems of the country, i.e. foreign debt, money supply and credit, exchange rate, price and wage structure and the supply of goods and services to the countryside. In this way we hope to ascertain the position of the Government on issues of crucial importance for future Bank operations notably in Agriculture and to identify where and how the Bank can help with policy reform.

3.14 Guinea's public finance situation has also improved considerably since 1972/73. Budgetary revenues increased by some 22% p.a.; current budget expenditures by nearly 15% (slightly less than GDP); and the net current budgetary position swung from a deficit of 2% of total revenues in 1972/73 to an expected comfortable surplus of nearly 14% of revenues in 1975/76. This improvement was achieved mainly by the Government not using the sharply increased revenues from mining to go on a spending spree, but to reduce its indebtedness vis-a-vis the Central Bank. However, this improved overall budgetary performance, was also assisted by (a) compressing current expenditure on economic services (rural, industry, transport), the share of which has even slightly declined since 1971/72 to a very low 1.39% of total current budget outlays in 1974/75; (with over 85% of total population living in the rural sector, the allocation of only 2% of current budget outlays to agriculture, livestock and fisheries seems excessively low); and (b) by failing to meet public debt service obligations. On the other hand, public investments in the rural sector increased quite substantially, reaching a level never attained before. As a result, the share of rural development outlays increased from an average of 7% of total Plan outlays through 1972/73 to 26% and nearly 50% in 1973/74 and 1974/75 respectively.

3.15 The large increase in the volume of rural public investments is a positive element in the Government's recent performance; however, the quality and appropriateness of these investments is a different issue considering that the largest part of the increased rural outlays consisted of the purchase of several thousand tractors to equip the newly created mechanized rural brigades. In the past Guinea has attempted more than once to organize its rural sector along collectivistic lines, with no lasting success; it has also tried to introduce tractors with no positive results. It is difficult, therefore, to believe that a combination of the two unsuccessful approaches would result in a more positive outcome, particularly as long as the fundamental problems of incentives for the rural producer are not satisfactorily solved. Even then, it would seem more prudent and more promising to attack the problem of modernizing Guinea's rural economy in a step by step fashion, rather than by trying - as is the case now - to change and improve the whole rural sector in one stroke. Even if the necessary financial means were available, absorptive capacity constraints would demand a more cautious approach.

3.16 Around 1974 the Guinean economy swung from a period of long stagnation into one of growth, which is almost certain to continue during the coming decade. Since 1974, production has increased by 7-8% p.a. in real terms and might expand faster over the coming years with little difference between GDP and GDY as the projected terms of trade show virtually no change. Even deducting the increasing transfer payments closely related to the mining industry, the expected real growth of 6.5-7.5% in GNY over an entire decade is a very satisfactory prospect indeed. It will result in an improvement of real per capita revenues of nearly

4-5% per year. Even more important will be the projected increase in exports and thus in import capacity, that might well average 11-14% per annum in real terms over the 1975-1985 period. In consequence the past serious foreign exchange constraint could be expected to ease considerably; while recent Government performance can be taken as an indication that Government will follow appropriate policies to take better advantage of the improving foreign exchange situation. Thus conditions seem to be ripe for more rapid economic development. Growth of resources (foreign exchange as well as budgetary revenues) over the next 10 years and for a long time thereafter will be dominated by what happens in the mining sector. By 1985 mining is likely to become the leading sector in local production reaching or even exceeding rural value added; it will account for virtually all exports, for the bulk of Government revenues and for most of the country's investments.

3.17 In spite of the favorable long term prospects, Guinea still faces severe medium term difficulties and even under the best of circumstances higher export growth and capital inflows will not create enough foreign exchange to satisfy all the country's needs at once. During the remainder of the 1970s, the foreign exchange situation is likely to remain very tight, because a high proportion of the rapidly growing export proceeds will be needed to cover the foreign exchange costs of the mining ventures themselves; furthermore, foreign debt service requirements will remain a heavy burden. Thus, during these years, Government will enjoy very little flexibility to carry out more liberal import policies; even by keeping imports at a minimum, foreign debt arrears are likely to further increase until about 1980, except if foreign aid donors were willing to provide considerable amounts of balance of payments support, not tied to the financing of the foreign cost of new investments.

3.18 Beyond 1980 economic growth will depend critically on the speed at which Guinea will be able to further expand its mining sector. If all the mining projects presently under active consideration are completed by 1985 (including Nimba and Aye-Koye), the country will be likely to have overcome its foreign exchange constraints by the mid-1980's and could be expected to experience continuing rapid economic growth thereafter, with financing problems having ceased to be a serious constraint. However, should one of the two major mining projects mentioned above not be undertaken before 1985, there is a serious danger that Guinea will not be out of balance of payments problems by that time, and foreign exchange constraints will continue to hamper faster economic growth. Thus, Government performance in developing the country's mining resources is of overwhelming importance for Guinea's longer term growth.

3.19 These projections have another important bearing on future Government policies; they indicate quite clearly that for the next five years, continuing very careful foreign exchange management will be imperative in order to make the best possible use of limited foreign exchange resources. There will be no room for spectacular increases of imports, which makes it all the more important to establish import priorities carefully; imports of rural inputs as well as of consumer goods for the rural sectors ought to figure high on this priority list as should inputs for the manufacturing sector. Implementation of a monetary reform would make it much easier to stick to these priorities, as it would reduce the excessive amount of purchasing power accumulated in urban areas.

4. Foreign Assistance and Debt

4.1 In the past two years Guinea has been diversifying its sources of foreign assistance seeking aid from the West with whom relations have improved (notably France). They have obtained multilateral aid from ADB, EEC and IDA as well as from OPEC either directly (Algeria, Iraq, Libya) or indirectly through OPEC-financed development agencies (Kuwait Fund, Saudi Fund). Guinea has had a heavy foreign debt burden for many years, which has siphoned off an increasing portion of scarce foreign exchange. In spite of several debt rescheduling agreements, the situation became unmanageable in the early 1970's, and by mid-1976 Guinea had accumulated arrears of nearly US\$113 million, while debt service obligations in that year (excluding arrears) reached some \$80 million or over one fourth of total export proceeds. However, actual payments were at most 20% of what was due. Half of the arrears were due to socialist countries, primarily the USSR and China and some 44% to industrialized countries, particularly Germany. At the end of September 1976, total debt outstanding and disbursed, including payments agreements, reached some \$890 million; nearly 75% was in the form of long-term loans and only 13% was supplier credits. The USSR and China are by far the two largest creditor countries (holding 33% and 18% respectively of Guinea's total debt) while all Eastern Bloc countries together account for 58%; OECD countries hold close to one fourth, IBRD/IDA and the OPEC countries some 8% each, while minor amounts are due to a number of developing countries.

4.2. Although Guinea still faces an extraordinarily difficult debt situation in 1975/76, there had been some improvements since 1972. The total amount of outstanding and disbursed debt increased much more slowly than before. Since exports increased much faster, the relation of total debt outstanding to exports fell dramatically after having risen almost year by year before. Foreign debt also increased at a marginally slower pace than GDP.

DEVELOPMENT OF FOREIGN PUBLIC DEBT OUTSTANDING  
Excluding undisbursed but including  
bilateral payments agreements  
(in million US\$ at current prices) /a

	<u>Total Debt</u>	<u>In % of exports</u>	<u>In % of GDP</u>
1963 Dec.	143.5	229	52
1968 Dec.	277.8	420	69
1972 Sept.	552.1	905	101
1975 Sept.	840.8	365	100

/a At Syll 19.65 the US\$.

4.3. The improvement is not only due to the slower increase in indebtedness over the past three years. Up to 1972 the massive inflow of foreign loan capital was not used in ways to create the debt servicing capacity necessary to assure its repayments. The factories financed with foreign funds worked badly if at all, and foreign borrowing also financed current consumption. However, the Boke and OBK mining projects, which accounted for most of the recent borrowing, are not only able to cover their own debt service but in addition will provide a substantial amount of freely usable foreign exchange to the Government in the form of taxes and profit sharing. Thus, for the first time, export proceeds have increased faster than total indebtedness, and while the short term outlook remains difficult, the longer term outlook has much improved.

GUINEA - Foreign Public Debt Outstanding (excl. undisbursed)  
December 1976 - in million US\$

	<u>Supplier Credits</u>	<u>Private Bank Credits</u>	<u>Long Term Loans</u>	<u>Frame Agreements</u> <sup>1/</sup>	<u>Total</u>
<u>OECD countries</u>					
US	-	-	43.5	-	43.5
Spain	34.8	-	-	-	34.8
France	40.8	-	4.3	-	45.1
Germany	12.7	-	24.6	-	37.3
Italy	4.2	12.9	-	-	17.1
Others	<u>22.5</u>	<u>5.2</u>	<u>12.2</u>	-	<u>39.9</u>
Sub-total	115.0	18.1	84.6		217.7
<u>East Block Countries</u>					
USSR			262.4	27.3	289.7
China			96.7	65.9	162.6
Yugoslavia			32.3	-	32.3
Others			<u>34.0</u>	-	<u>34.0</u>
Sub-total			<u>425.4</u>	<u>93.2</u>	<u>518.6</u>
<u>Developing Countries</u> of which OPEC	0.5	-	78.9 (68.9)	-	79.4
<u>International Organization</u>					
IDA			1.2		1.2
IBRD			66.1		66.1
ADB			<u>8.3</u>		<u>8.3</u>
Sub-total			<u>75.6</u>		<u>75.6</u>
<b>Grand Total</b>	<u>115.5</u>	<u>18.1</u>	<u>664.5</u>	<u>93.2</u>	<u>891.3</u>
Excluding frame agreements:					798.1

<sup>1/</sup> Bilateral payments agreements including a certain but unknown amount of undisbursed.

G. THE STATUS OF BANK GROUP OPERATIONS IN GUINEA

1. Statement of Bank Loans and IDA Credits (as of Sept. 30, 1977)

<u>Credit/Loan Number</u>	<u>Year</u>	<u>Borrower</u>	<u>Purpose</u>	<u>Amount (US\$ million)</u>		
				<u>Bank</u>	<u>IDA</u>	<u>Undisbursed</u>
Loan 577-GUI	1968	Republic of Guinea	Boke	64.5	} 74m	-
Loan 766-GUI	1971	Republic of Guinea	Boke Expansion	9.0		-
Cr. 569-GUI	1975	Republic of Guinea	Pineapple Pro- ject		7.0	5.4
Cr. 596-GUI	1975	Republic of Guinea	Highway main- tenance Project		14.0	10.1
			<b>Total</b>	<b>73.5</b>	<b>21.0</b>	<b>15.5</b>
			Of which has been repaid	<u>8.6</u>	-	-
				<b>64.9</b>		

## 2. Completed and Existing Projects

### Bank loans for Boké: 557-GUI and 766-GUI

2.1 In 1966, the Bank made a US\$1.7 million loan (S1-GUI) for engineering studies for infrastructure related to development of the bauxite mine. This was absorbed into the 1968 US\$64.5 million loan (557-GUI) for construction of the mining town-site and for port and railway facilities to provide a transportation system for export of the bauxite. The 1971 US\$9.0 million Boké extension loan (766-GUI) increased the evacuation capacity from the originally planned 6.6 million tons per annum to 9.2 million tons. This project has been completed satisfactorily about a year behind schedule. Despite the delays, the successful completion of the construction phase of both the mine and the infrastructure has demonstrated the feasibility of establishing large-scale mining ventures in Guinea. A reference brief on Boké is found in Part four of this section.

### Daboya Pineapple Project: 569-GUI

2.2 In June 1975, a development credit of US\$7.0 million (569-GUI) was approved for a pineapple development project. The project consists of the development of a pineapple estate, assistance to small growers in the vicinity of the estate and provision for studies and project preparation in the rice and livestock fields. A more detailed brief on Daboya is attached in Part five of this section for reference on the field trip to the project site.

### Highway Maintenance Project: 596-GUI

2.3 In December 1975, a development credit of US\$14.0 million was approved for this project which consists of a four year program to rehabilitate and initiate proper maintenance operations on 2,500 km of the highest priority primary roads in the country. The Ministry of Public Works has already carried out an emergency rehabilitation program to permit the transportation of some agricultural products. The Association accepted the Government's proposal to purchase hand tools for the populations of about 1,250 villages to perform light maintenance activities on the project roads; this effort will be complementary to the work to be done by mechanized brigades to be established under the project. Lack of coordination and control of project works is currently posing project implementation difficulties. The project is being closely supervised and the experience gained through project execution should ease the implementation of a second Highway maintenance project which is currently under discussion.

## 3. Prospective Projects

### Education

3.1 A possible project was identified in October 1976, and agreement in principle was reached with the Government on its objective, specifically to help meet priority needs in manpower development for the industrial sector. Appraisal of this project is taking place between October 17 and November 12, 1977. Three major components are being considered: (i) establishment of a secondary vocational school to train skilled workers for the public works sector; (ii) establishment of an instructor training center to train and upgrade technical instructors for secondary vocational schools; and (iii) technical assistance and fellowships to support project planning and implementation. Total project cost is tentatively estimated at US\$8.0 million.



### Water Supply and Sanitation

3.2 In January 1977, the Guinean Government approached the Bank for assistance in financing a first water supply and sanitation project in Conakry. About 18 percent of Conakry's 550,000 inhabitants are presently adequately served with potable water; the rest rely on questionable and polluted sources. Cholera outbreaks have occurred in 1971 and 1973 and health conditions in Conakry remain precarious. The project will consist of extending piped and safe water to about 52 percent of the 1982 population through minor reinforcement of production and storage elements, and major extension of distribution network and basic facilities (standpipes, private connections) to improve accessibility to good quality water. In addition, minor provisions for drainage improvement in flooded areas and for garbage collection will be incorporated to alleviate the present unhealthy situation in Conakry. The Guinean authorities have welcome IDA's assistance in the project preparation and appear receptive to suggestions made to them regarding the strengthening of the manpower, financial and organizational aspects of the entities responsible for operating the system. Government officials also mentioned that the Bank's assistance in reassessing their policies in the water and power sectors would greatly assist them in reviewing their current approach in the management of other industrial public enterprises. Appraisal of the project is scheduled for December 1977 and Board Presentation for FY79. IDA has earmarked US\$10.0 million for the project and ADB about US\$6.0 million; the Government's contribution would amount to the local costs (US\$4.0 million) and taxes (US\$3.0 million).

### Power Distribution Project

3.3 The Government sees the rehabilitation of electric power facilities as an immediate priority and asked the Bank to participate in its financing in April 1977. The project is intended to rehabilitate and, possibly expand somewhat Conakry's electricity generating facilities and distribution network in order to improve the standard of service, extend service to areas not heretofore served, and strengthen the operating capability of the Power company (Société Nationale d'Electricité) and the financial position of the power sector. Some further preparation work is required before appraisal (scheduled for April 1978) can take place. The preliminary cost estimate for the project is US\$10.0 million, but firmer estimates will not be available until the completion of the technical studies.

### Transport

3.4 A Second Highway Project could include a second phase of maintenance operations, reconstruction of certain bridges and hazardous road sections along the 2,500 km maintenance under the First Project, and expansion of facilities for servicing maintenance equipment. The Government is also interested in a possible component for developing planning capabilities in the responsible agencies and would be receptive to including in the project a study of transport investment (road vs. rail) in the important Conakry-Kankan corridor; execution of such a study by expatriate consultants with Guinean counterpart staff would help the latter acquire experience in planning techniques. The study would also be expected to

make recommendations for other projects suitable for financing by the Bank Group and other donors. CIDA has already expressed some interest in co-financing a second project. Project components will be discussed with the Government during the November supervision mission for the First Project.

### Agriculture

3.5 Completion of feasibility studies for rice and for livestock (both financed under the Daboya Project) is expected by en-1977. A review of the draft documents indicates that further preparation work is required before projects in these subsectors could be appraised. BADEA has expressed some interest in co-financing the projects.

### Urban Development

3.6 The Government is seriously concerned with the living conditions of the country's urban poor and has resolved to start rehabilitating the environment of the cities. Whereas it will focus initially on water supply and sewerage, the Government has also started to examine the housing needs of the urban poor, and has asked the Bank to assist in identifying the most appropriate methods to do this. At the Government's request, Bank missions visited Guinea last March and June, focussed on housing problems in Conakry, and recommended various low-cost solutions be examined. With the financial assistance of UNDP and UNCF, the Government will launch two small-scale pilot project, one in upgrading and sites and services and a second to examine the feasibility of various housing programs. The Bank will collaborate extensively in project preparation, and may participate in the financing of an eventual project which could include a sites and services component, slum upgrading, employment generation and the provision of social services and community facilities in low incomes areas.

### Mt. Nimba Iron Ore

3.7 Following the Government's request for Bank assistance in developing the Nimba iron ore mine, a mission visited Guinea in late 1976 to discuss the preconditions for successful project implementation through the MIFERGUI Company. At that time, MIFERGUI had already decided to go ahead with detailed feasibility studies the contract for which has since been awarded to Kaiser Engineers (US). There is no doubt about the high quality of the ore deposit and the potential for successful development of the mine. However, among the stockholders of MIFERGUI --a joint venture between the Government and several foreign partners, including two major French steel companies SOLMER and USINOR -- there is no major company experienced in iron ore mining; it is preferable that such a company be brought in as an operating partner in the project. The Government has indicated its willingness to consider participation of such a company, provided the other shareholders agree. US Steel has shown interest in the project but has so far declined to commit itself to the venture until the feasibility studies are available (sometime around June 1978). Further development of this project is based on the premise that the Government would continue to allow evacuation of Nimba ore through the LAMCO line in Liberia over the life of the project. No firm arrangement has been worked out with LAMCO yet, but there is agreement in principle between Liberia

and Guinea regarding use of the LAMCO line (the Government of Liberia is a 25% shareholder of LAMCO). We have consistently indicated to the Guineans that we would consider participating in financing of the mine and the related infrastructure if a satisfactory transport agreement can be arranged and if a major mining company can be added to the MIFERGUI group.



# Record Removal Notice



<b>File Title</b> Travel briefs, Guinea		<b>Barcode No.</b>  1772842		
<b>Document Date</b> Oct 20, 1977	<b>Document Type</b> Memorandum			
<b>Correspondents / Participants</b> Pedro-Pablo Kuczynski HALCO (MINING) INC.				
<b>Subject / Title</b> Guinea - Compagnie des Bauxites de Guinée - Boké Mining Project				
<b>Exception No(s).</b> <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input checked="" type="checkbox"/> 7 <input type="checkbox"/> 8 <input type="checkbox"/> 9 <input type="checkbox"/> 10 A-C <input type="checkbox"/> 10 D <input type="checkbox"/> Prerogative to Restrict				
<b>Reason for Removal</b> Information Provided by Member Countries or Third Parties in Confidence				
<b>Additional Comments</b>  <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"><p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website.</p><table border="1" style="width: 100%;"><tr><td style="width: 60%;">Withdrawn by Trudy Huskamp Peterson</td><td style="width: 40%;">Date Apr 11, 2013</td></tr></table></div>			Withdrawn by Trudy Huskamp Peterson	Date Apr 11, 2013
Withdrawn by Trudy Huskamp Peterson	Date Apr 11, 2013			

5. Special Brief

DABOYA PINEAPPLE PROJECT (Credit 569-GUI)

\$7 million

Appraised:	November 1974
Signed:	July 1975
Effective:	October 1975
Completion:	<u>December 1980</u>
Disbursement as of September 30, 1977:	\$1.6 million (47% of appraisal estimate)

Background

5.1 Guinea was the first country in Sub-Saharan Africa to develop a major and sophisticated tropical fresh fruit industry. Initially the industry was based on bananas (100,000 t exported in 1955) and its technical standards were high and well supported by research. After independence many expatriate planters left the country and there was a breakdown in the organization of the industry. The banana trade declined and only 600 t were exported in 1973. This decline was somewhat compensated by the development of the fresh pineapple export industry which was stimulated by the prices paid by the USSR and East European countries. Exports of fresh pineapple grew till 1972 to 11,000 tons but started to drop from then on due to inability of the Government agencies to provide the research, extension, input supply and transportation services needed by growers. In the coming season 1977-78 exports will reach an all time low with 3,500 tons of which 1,000 would come from the project.

Project Description

5.2 The project is intended to rehabilitate the fresh pineapple industry and consists of:

- (a) establishing an irrigated pineapple estate of 420 ha;
- (b) providing some 300 small pineapple growers in the area with support services;
- (c) strengthening transportation, fruit handling capacity and marketing of fresh pineapples including studies to open up new markets in Western Europe;
- (d) providing technical assistance to help execute the project and train Guinean staff;
- (e) providing consultant services for the preparation of projects in the rice and livestock sectors.

At maturity, production of the fresh pineapples for export would total 10,000 tons from the project alone and research capacity and institution building are expected to generate further expansion of the pineapple industry. The total cost of the project excluding taxes was estimated at appraisal to be about US\$8.5 million with a foreign exchange component of 65%. The financing plan includes an IDA credit of US\$7.0 million, a government contribution of US\$1.3 million and pineapple growers' participation of US\$0.2 million.

### Project Progress

The project has been facing some implementation problems and delays due principally to difficulties arising from a complicated bureaucracy, poor infrastructure and services, lack of basic supplies for the project and staff and the fact that this is the first Bank group operation in Guinea apart from the Boke mining loans. To help Government overcome these problems, the Bank has carried out intensive supervision with a mission about every quarter; the latest mission was in early October 1977. The project is now expected to be completed on schedule.

Progress of main components is as follows:

- (1) Irrigation works of the first 200 ha are under construction by a contract awarded through ICB; the contractor TECHISPAN, a Spanish firm, is not performing in a totally satisfactory manner. In July the construction of the pumping station was held up due to flooding of the site but work is scheduled to resume shortly.
- (2) Project buildings' construction is almost completed.
- (3) The outgrowers program has started with services and inputs provided to outgrowers in the immediate vicinity of the plantation. The project has also selected a 10 ha plot and is organizing a group of farmers to plant this area. This action will be extended to other groups next year.
- (4) A marketing study to determine outlets in Western Europe, methods of transportation and marketing procedures has been carried out by consultants and approved by Government. The first project pineapples will be exported to France next November. Government is expected to fix new prices after analyzing the results of this export drive.
- (5) The preparation of the rice and livestock projects is on schedule.

### Main Issues

1. The performance of the contractor, which has given cause for concern has to be supervised closely. Should it appear that, contrary to current expectations, he is unable to complete the works satisfactorily, the contract should be cancelled. Alternatives for the completion of the works are being considered.
2. Production and marketing of fresh pineapples which will command the premium off season prices requires a highly efficient organization. While high quality production is reasonably assured under the project, marketing policies and mechanisms have to be established. The consultants study makes sound proposals to that effect and procedures will be tested in marketing the present crop.

3. Because of increases in civil work costs updated current estimates for total costs are US\$10.9 million as compared to US\$8.5 at appraisal. Financing of the cost overrun of US\$2.4 million which will be needed by early 1979 was discussed with Government who stated that financing will be provided from other sources.

Key Project Personnel

Responsible Minister: LOUIS HOLIE, has followed the project from the beginning and has full knowledge of all project aspects.

Project Manager: KABA SOUARE, Guinean agronomist, intelligent, dedicated, hard working, no experience with pineapples; learning quickly and growing in authority. Performing very well.

Plantation Manager: PHILIPPE BONAMOUR, French agronomist, long plantation experience in Congo; before joining post three months training in Ivory Coast pineapple Research Center. Performing very well.

Outgrowers and Research Officer: R. DE LA TOUCHE, French agronomist, same training as above. Dedicated. Performing very well.

Pineapple Consultants (production, research, marketing) IRFA. French Government Research Institute for Tropical Fruits. From inception of project provided senior Pineapple Specialist, Mr. C. Py, who, has worked in Guinea during pre-independence years. He makes frequent missions for supervision and training of managers.

October 13, 1977

AMEimaris/lm

## I. THE NEWS MEDIA IN GUINEA

The media is governed by the Guinean Democratic Party (PDG). The Minister of Information and Ideology is Mr. Semeynou Behansin.

### (a) Newspapers

#### Horoya

This is the official party newspaper, published daily in French by the Government Press Service in Conakry. It has a circulation of 10,000. Mr. Musa Dumbuya is the editor.

In addition there are periodical publications that include one weekly paper, an official gazette, and a trade union journal.

### (b) Radio

An effective government broadcasting service, Radio Guinea, is on the air for 11 hours a day, broadcasting in French, English, Portuguese, Arabic and National languages.

### (c) Television

Established only three months ago.

### (d) News Agencies

There is no national news agency. Foreign agencies represented in Conakry include Novosti and Tass.

Information and Public Affairs Department  
October 18, 1977