



# **Fresh Pineapples in the Republic of Guinea: An Investment Analysis**

Prepared for the U.S. Agency for International  
Development (USAID)  
Guinea

By

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Under contract with Chemonics International, Inc.

September 2006

## I. Executive Summary

The Republic of Guinea was once the privileged colony of French West Africa as regards horticultural production. Following independence and a series of wedge positions adopted by President Sekou Toure during his initial mandate, the French expatriates who fueled the country's horticultural sector exited Guinea in favor of the Cote d'Ivoire, Cameroon and Senegal, leaving Guinea to embark on a long period of decline in terms of horticultural exports. Over the past 45 years, there have been many attempts, undertaken by many companies and organizations, to reverse this downward trend and regain the country's position of horticultural leadership. Sadly, most of these attempts have failed, and none has achieved any sustainable or material degree of success.

With the emergence of a major new fresh pineapple variety – the MD-2-- and its successful exploitation by Del Monte Fresh in Costa Rica, and in the absence of any coherent response to this market-driven transformation by any of the prominent West African suppliers, there appears to be a unique opportunity for Guinea to re-establish its credentials as a principal supplier of fresh pineapple to the European Community. Preliminary analysis of feasibility, including appraisals of costs and revenues, leads to the conclusion that Guinea can compete successfully in this market. Its costs are significantly lower than those of countries in Africa and Latin America for which costs are available. Logistics and cold-chain management – two traditional deal breakers within the context of Guinean horticulture – can both be accomplished with available resources. More significantly, the internal rate of return over the 10-year life of the project exceeds 55%.

In order to attract a qualified investor for this project, there is a need for a more detailed prospectus, including Guinea's relative standing among its West African neighbors as an efficient producer of MD-2, as well as a clearer understanding of the concessions and incentives which the Guinean government is prepared to put in place in order to attract such a promising source of rural employment and export earnings.



# **Mangoes in the Republic of Guinea: An Investment Analysis**

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The prospects for Guinean mangoes in the global fresh market are discouraging. There is little to be excited about in the European or American fresh markets. Guinea possesses no exploitable advantage – in terms of varieties, seasonality, geography, critical mass, financial resources, infrastructure, reputation, costs, or quality –when compared to its neighbors in Mali, Cote d'Ivoire, or Ghana, not to mention the major players in Mexico, Brazil, Peru and Ecuador. There is no break-out strategy for varietal diversification whose risk/reward ratio would be palatable to any rational investor. In consequence, this study has seen no choice but to explore the prospects in Guinea for mango processing. This concept was particularly driven by the plight of the mango growers in Haute Guinee, most of whom seem to have entered the business on the promise of the Usine de Kankan, and who have been searching for a “Plan B” ever since that factory ceased operations.

The Scope of Work for this project called for development of an investment proposal for the export of fresh mangoes by air and sea. For the reasons summarized here, and discussed in greater detail within the body of this report, I do not believe that what Guinea can offer in terms of fresh export opportunities would represent adequate value to any international investor.

Based on this conclusion regarding the unpromising prospects in Guinea for a resurgent fresh mango export activity, this report has instead focused on a proposal for the establishment of a large-scale commercial dehydration activity in Guinea. In general terms, this investment proposal envisions a total of six industrial facilities, deployed initially in the Siguiiri/Kankan/Mandiana region, with possible expansion into Guinee Maritime. This configuration would be sufficient to process 25% of Guinea's 30,000 MT annual production of grafted mangoes. Since mangoes would provide the drying operation with product for only 20 weeks per year, the plan calls for each plant to dry pineapple for the remaining 30 weeks of the year. Other products, including banana, papaya, jackfruit and passion fruit, could be added to this product line with only minimal adjustments in the process flow.

At full capacity, this project should generate over US\$7,000,000 annually in export earnings, while providing employment to hundreds of workers, and a market outlet for thousands of smallholder mango growers. Its reliance on biofuels for the energy and heat required by the drying process will circumvent one of the most troublesome

barriers to agribusiness success in Guinea, while providing incremental electricity to the communities surrounding each of these drying facilities. Of no less significance, the internal rate of return (IRR) for this project exceeds 55% over its ten-year life, assuming that organic certification can be maintained for all dried products the facilities produce. In the event that a more economical bio-waste/biofuel furnace can be found, the project IRR can be pushed past 70%.

In order to attract a qualified investor for this project, there is a need for a more detailed prospectus, including verification of all assumptions regarding costs, markets, equipment configurations and organic certification, as well as a clearer understanding of the concessions and incentives which the Guinean government would be prepared to put in place in order to attract such a promising source of rural employment and export earnings.