Folder Title:	President Wolfensohn - Briefing Book for President's Meetings and Events - His Excellency Henri Konan Bedie - President - Republic of Cote D'Ivoire - May 6, 1998
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Meeting: H.E. Henri Konan Bedie, President
Republic of Cote D'Ivoire

Wednesday, May 6, 1998
2:30-3:00 p.m.
Meeting Room (MC12-755)

① Liberalisation

② Capacity Building

③

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A. CLASSIFICATION

- [x] Meeting Material
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- [ ] Other

B. SUBJECT: MEETING: H.E. HENRI KONAN BEDIE, PRESIDENT, REPUBLIC OF COTE D'IVOIRE (B) (N) // P - Delegation Names // VENUE: MC-12-755 (MTG. ROOM) // CONTACT: DOLINE (ALI BOURHANE'S OFFICE) @ 81153 // MR. TSHISHIMBI @ 81163 // WB ATTENDEES: JDW, ED: BOURHANE, SANDSTROM, SARBIB, C. DEJOU (AFR), LINDBAEK, A. CRACCO (IFC), LUIGI DELEGATION ATTENDEES: OTHERS TO ADVISED // HENRI KONAN BEDIE, PRESIDENT // PRESS: TBA // NOTE:(4/30) CHANTAL @ 33357 CALLED TO SAY THAT PRESIDENT BEDIE WILL BE COMING TO D.C. AFTER ALL AND HAD REQUESTED FOR A MEETING WITH JDW // CLEARED WITH LUIGI AND INFORMED THE ED'S OFFICE // (B) AFRVP // DUE: MONDAY, MAY 4 // (M) AFRVP // DUE:FRIDAY, MAY 15 // EXC: LP // AL1 (3/30) // LFG (4/30)
Brief includes:
--- Minutes
--- List of participants
--- Bios
--- Purpose of the Meeting
--- Cote d'Ivoire Basic Facts & Figures
--- Memo to M. Montoliu from R. van den Brink: Cote d'Ivoire - Minutes of JDW's Meeting with the delegation from Cote d'Ivoire during Annual Meetings 1997

DATE: 05/06/98

C. VPU

Corporate
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D. EXTERNAL PARTNER

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- [ ] Part II
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Lai-Foong Goh

05/13/98 10:24 AM
Extn: 80388 EXC
Subject: Cote d'Ivoire - Minutes of meeting between Mr Wolfensohn and RCI President Mr. Bedie -May 6, 1998

Carmen:

Attached the minutes for the meeting that took place on May 6 for your follow-up action.

Thanks. LFG

--------------------- Forwarded by Lai-Foong Goh/Person/World Bank on 05/13/98 10:27 AM ---------------------------

Chantal Dejou
05/12/98 03:36 PM

Extn: 33357 AFC11
To: Luigi Passamonti cc: Jean-Louis Sarbib, Shigeo Katsu, Avita K. G. De La Cruz, Lai-Foong Goh
Subject: Cote d'Ivoire - Minutes of meeting between Mr Wolfensohn and RCI President Mr. Bedie -May 6, 1998

Please find below the minutes of the meeting between Mr. Wolfensohn and RCI President Henry Konan Bedie, from 2:30 to 3pm, on Wednesday May 6, in Mr. Wolfensohn's meeting room, MC 12 755:

The meeting was attended by:
-as part of the Cote d'Ivoire Delegation:
Mr. Ahoua N'Guetta Timothée, State Minister (sr. minister), Mr. Amara Essy, Foreign Affairs Minister, Ms. Safiatou Ba-N'Daw, Minister of Energy , Mr. Tidjane Thiam, General Director, BNETD, and Economic Counselor of the President, Mr. Moise Koumoué Koffi, Ambassador of the Republic of Côte d'Ivoire in the United States, and Mr. Ali Bourhane, Executive Director for Cote d'Ivoire,
-as part of the World Bank Group:
Mr. Jannick Lindbaek, Executive Vice President, IFC
Mr. Jean-Louis Sarbib, Regional Vice President, Africa
Mr. André Cracco, Associate Director, Sub-Saharan Africa Department, IFC
Ms. Chantal Dejou, Country Program Coordinator.

After Mr. Wolfensohn and Mr. Bedie greeted each other, and Mr. Bedie confirmed he will participate in the Dakar Forum in June, Mr. Bedie said that on his way to the Atlanta Conference, **it was particularly a good occasion to visit his friends in Washington and to express Cote d'Ivoire's gratitude after the recent agreements with IMF and World Bank.** He thanked the World Bank for its critical support to cote d'Ivoire debt reduction, with support for commercial debt agreement and support in the context of the HIPC program, noting that he was happy that Cote d'Ivoire could be among the 6 first countries to benefit from that program. Successful negotiations with London Club and Paris Club followed and completed it. Mr. Bedie gave assurances that all measures needed in the context of those agreements will be taken by Cote d'Ivoire. Cote d'Ivoire was very committed to them, and Mr. Bedie had no doubt they would be implemented.

Mr. Wolfensohn said that he was confident that Cote d'Ivoire could do whatever they really want to do.

Mr. Bedie noted that Mr. Fisher (IMF) (whom he met earlier that same day) insisted on the importance of publishing the PFP and the letter of intent to foster transparence. Mr. Bedie said they were not opposed to publishing it. It is indeed already an established practice in Cote d'ivoire to publish the 3-year investment plan, which is now on the same cycle than the PFP - ESAF program. However, it is important to be selective in publishing those agreements, as some measures (fiscal, civil service..) are particularly sensitive and their implementation could suffer from the anticipations and reactions of the private sector and the public at large. Mr. Bedie indicated that measures related to wage increases are particularly sensitive. But that does not mean they are not promoting transparency, in fact, annoucements were made recently to workers, as it is a tradition on May 1 (Labor Day in cote d'Ivoire), that pay increases in the public service will be linked to performance and merit and not anymore automatically linked to seniority . Mr. Bedie noted that they were doing even better than publishing the texts of the PFP and letter of intent, as they are preparing leaflets or brochures presenting the content of those agreements in a more accessible language for the public at large.

Mr. Bedie said he has some concerns he wanted to share with Mr. Wolfensohn .

Mr. wolfensohn said that he was impressed by Cote d'Ivoire success in the recent years. He was aware of the **project being negotiated with IFC (Azito),** that an important meeting (with the Ivorian delegation) took place yesterday at IFC, and that he hoped he could get it approved as soon as possible by the World Bank. He invited Mr. Bedie to present his concerns:

Mr. Bedie then said that:
- he was concerned about **the lack of harmony in policies related to cocoa liberalization between RCI and Ghana.** This could lead to dysfunctions in a liberalized system in Cote d'Ivoire .
- **building african capacities was a key objective for Cote d'Ivoire:** they have set up a national committee for capacity building headed by Tidjane Thiam (advisor to the president). They would appreciate very much a strong support from the World Bank
-Cote d'Ivoire is committed to implement all measures agreed upon with IMF and the World Bank, even those which might cause them some difficulties, but they **hope that some disbursements of world Bank programs will be more timely than in the past.** Although Mr. Bedie noted that it seemed that disbursement conditions might not have been met, and that they were able to find short term solutions, he was concerned by the serious disruptions caused by the non-disbursement of amounts which have been planned in the budget. Mr. Bedie noted that they have now centralized financial management to address weaknesses observed last year in relation to adequate control of Government expenditures.

Mr. Bedie concluded that the success of Cote d'Ivoire was due to good management and good Governance and Cote d'Ivoire, with an average 7% real term growth, and it will continue on that good path. He invited Mr. Wolfensohn to come back to Cote d'Ivoire for a visit.

Mr. Wolfensohn said he would be glad to go back to Cote d'Ivoire, but has not been able to fit it in his schedule, particularly with recent events in Asia. But he will meet again Mr. Bedie in Dakar.

Mr. Wolfensohn answered to Mr. Bedie concerns as follows:
-Indeed, **Cote d'Ivoire is ahead of the game for the liberalization of the cocoa sector, but we are expecting Ghana to move forward soon on this issue.**
-The **World bank was committed to support Africa capacity building**, with the initiative headed by the EDs, Mr. Bourhane, and his understanding is that we are now waiting for the national programs proposed by african countries. Mr. Bourhane confirmed this and said that those programs were expected by June 1998, in time for a presentation at the Dakar forum.

Mr. Wolfensohn emphasized then the importance of good governance. It was important for our accountability to our board members, but also for the accountability towards the Ivorian population. Past governance issues in Cote d'Ivoire, but also current ones, need to closely monitored and adequately addressed. Mr. Wolfensohn said he was glad that adequate investigations are underway with Kroll associates, and that the RCI governemnt agreed to that.

Mr. Bedie said that fighting poverty was the major objective of the Government: this fight relies on i) growth and dynamism of the private sector and ii) stronger public programs in health, education and basic infrastructure.
As far as the private sector is concerned, a real solid class of private entrepreneurs will take some time to emerge and savings mobilization is still weak. However, the current strong and steady growth should lead to rapid improvements.
But Mr. Bedie noted that the agricultural and rural sector will still be the most important source of growth and poverty alleviation. They have set up a program to help young rural people to take over "modern" farms (more attractive to them than traditional agriculture) and keep young people in rural areas. This would promote growth and poverty alleviation. This "plantations clef en main (turn key plantations)" program was to be funded by government resources of CFA 7 billions. The World Bank expressed some reserves about that program and the first annual program was reduced to CFA 3.5 billion. The Ivorian team is waiting for the World Bank's reflexions on this program, but Mr. Bedie would like to expand this program quickly for the next agricultural campaign.

Mr. Wolfensohn asked his team to comment briefly on the reserves expressed by the World Bank: Mr. Sarbib and Ms Dejou explained that given the disappointing experiences with similar programs in the past, the Ivorian team and the Bank team agreed to reduce the program and define it as a "pilot program" to be closely monitored and evaluated before expanding it. Concerns such as conditions of this credit scheme, the selection of beneficiaries, and the sustainability of those "turn key" farms have been raised by the World Bank.

Mr. Bedie reiterated his strong commitment to this "plantations clef en main" program, which needed to be expanded rapidly. It was not realistic to assess sustainability of the credit scheme now as most plantations will take more than 4 years to be profitable.

Mr. Wolfensohn reassured Mr. Bedie that the World Bank team will work with the Ivorian team on its pilot program.

Finally, **Mr. Bedie inquired about The World Bank support to Energy in the regional context.** Mr. Sarbib noted that the World Bank strongly favors a regional approach to the energy sector, and is committed to support regional cooperation in this sector. Short term measures should be selected as not to jeopardize such regional coordination. Mr. Sarbib reassured the Ivorian delegation that there was no major IDA credit about to be approved for the energy sector of Togo.

Mr. Wolfensohn and Mr. Bedie concluded the meeting in saying they were looking forward to the Dakar Forum.

cleared by: Jean-Louis Sarbib, RVP, Africa

To: Carmen K. Olave
cc: Quentin J. Dean
Allison A. Tsatsakis

Meeting with the President
of the Republic of Côte d'Ivoire,
Henri Konan Bedie

May 6, 1998

2:30 - 3:00 p.m.

Table of Contents

List of Participants

Briefing for: Mr. Wolfensohn, President, World Bank
Meeting with the President of the Republic of Côte d'Ivoire, Henri Konan Bédié
May 6, 1998 - 2:30 pm to 3 pm
Mr. Wolfensohn's meeting room (MC 12 755) - Washington DC

Meeting Participants:

Côte d'Ivoire:

Mr. Henry Konan Bédié, President of the Republic
Mr. Ahoua N'guetta Timothée, State Minister (sr. minister),
Mr. Ali Bourhane, Executive Director for Cote d'Ivoire
and to be confirmed:
Mr. Amara Essy, Foreign Affairs Minister
Ms. Safiatou Ba-N'Daw, Minister of Energy
Mr. Ahoua N'Doli Théophile, Jr. Minister for Plan and Industrial Development
Mr. Tidjane Thiam, General Director, BNETD, and Economic Counselor of the President
Mr. Moise Koumoué Koffi, Ambassador of the Republic of Côte d'Ivoire in the United States

World Bank Group:

Mr. Jean-Louis Sarbib, Regional Vice President, Africa
Mr. André Cracco, Associate Director, Sub-Saharan Africa Department, IFC
Ms. Chantal Dejou, Country Program Coordinator.

S. Katsu, Country Director, AFC11; C. Dejou, Country Program Coordinator, ext. 33357

Bios

Biographies

Mr. Henri Konan Bédié
President of the Republic of Cote d'Ivoire

Mr. Bédié - 63 years old - has served as President of the Ivory Coast since December 1993 after the death of President Houphouët-Boigny, following a brief power struggle with then Prime Minister Alassane Dramane Ouattara. Mr. Bédié prevailed as his claim on grounds of constitutional succession hierarchy was swiftly supported by France. Mr. Bédié was then elected in the controversial October 1995 presidential elections. Just the second multi-party elections in Ivorian history, these elections were boycotted by large parts of the opposition dissatisfied with the rules tilted heavily in favor of the ruling party, and the exclusion of Mr. Ouattara based on a hastily passed revised election law that required proof of Ivorian citizenship not only for the candidate, but also for both parents("l'ivoirité"). Even without such measures, Mr. Bédié would have been elected with a large margin, though. Mr. Bédié hails from a family of coffee and cocoa planters of the Baoulé (Akan) ethnic group, as did Mr. Houphouët-Boigny. Educated in Senegal and France, Mr. Bédié holds degrees in Political Economy, Economics, and Law. In 1960 at the age of 26 years, Mr. Bédié opened the RCI embassy in Washington D.C. as the independent country's first Ambassador. In 1966, he returned to Abidjan as Finance Minister until 1977. During his tenure, he signed Côte d'Ivoire's adhesion to the World Bank. After a two year advisory position to the IFC in Washington D.C., he returned to RCI as President of the National Assembly in 1982, a post he held until he succeeded Mr. Houphouët-Boigny as President. Mr. Bédié speaks English.

H.E. Mr. Théophile N'Doli Ahoua
Minister - Delegate of the Prime Minister
in Charge of Planning and Industrial Development
Alternate Governor of the Bank

Mr. Ahoua - 44 years old - was appointed as Minister of Planning and Industrial Development in January 1996. Educated in RCI and France, Mr. Ahoua holds degrees in Public Affairs, Accounting, Business Administration and Finance. From 1982 to 1991, he held a position at the West African Central Bank, BCEAO. Mr. Ahoua was then appointed as Director of Cabinet of the Minister - Delegate of the Prime Minister in Charge of Finance, Economy, and Planning, where he remained until 1993. He then served as Director of the Cabinet under Prime Minister Duncan from 1993-1995.

H.E. Minister of State (i.e. Sr. Minister) in Charge of Relations with other Public Institutions of the Republic Timothée AHOUA N'GUETTA

Mr. Ahoua N'Guetta - 57 years old. In current function since December 1993. Law and Political Science degree from the University of Paris, Diploma from the Ecole Nationale de la Magistrature (France), Diploma from the IHEOM (Diplomacy section), Counselor at the Ivorian Embassy to the United States (1994-65 under Mr. Bédié), Ambassador to Morocco (1965-66), Ambassador to the United States (1966-82). Secretary of the National Assembly 1982-1993 - under Mr. Bédié). Trusted long-time ally of President Bédié.

H.E. Minister of Foreign Affairs Amara Essy

Mr. Essy - 53 years old, in current function since November 1990. Law degree. Diploma from the Carnegie Foundation for International Peace. Career diplomat. Former postings included ambassador to Switzerland and to the Geneva mission of the UN, to UNIDO; ambassador to the UN, New York; former president of the Security Council of the UN, former President of the Group of 77 in Geneva; President of the 49th Session of the UN General Assembly. Recently active in the settlement of the Liberian civil war, and also in the Sierra Leone crisis. Fluent English speaker.

H.E. Minister of Energy Safiatou Françoise BA N'DAW

Ms. Ba N'Daw - 45 years old. In current function since March 1998. Economics -business administration degree; principal auditor at Arthur Andersen (1978-80); MBA (Harvard Business School, class of '82); CPA (1983); World Bank YPP (1983); Financial Analyst in EMENA (until 1987), then SA (until 1996) - last post: Principal Financial Sector Specialist. Joined the government in January 1996 as Junior Minister in Charge of Transport and Energy; promoted recently to full minister status. Said to be close to President Bédié, certainly made her mark early on as minister by ousting then Air Afrique head Mr. Rolland - Billecart, and insisting on her choice for the successor over a French-supported candidate. As minister in charge of energy policies, the formal regulatory authority concerning IPP policies (e.g. AZITO), although BOT operations are spearheaded by other parts of government.

Purpose of the Meeting

Purpose of the Meeting:

- requested by the Ivorian Government on the occasion of President Konan Bédié's visit to the United States (Africa conference hosted by the 7 South Eastern States in Atlanta)
- opportunity to convey a strong message that Bank assistance program (CAS, plus HIPC) is linked to strong government actions in ***poverty reduction*** **and** ***governance and to respect to structural measures*** *agreed as part of the HIPC package. Possibly preview the June Leadership Forum in Dakar.*

Last meeting: June 18, 1995, in Abidjan, during which President Bédié raised the following issues:

1. **net transfer** issue (GORCI repayments to the Bank exceeded Bank disbursements);
2. request to use more **local expertise** in Bank-assisted projects;
3. request for Bank assistance with solving **London Club** debt;
4. **domestic stability** concerns following almost a decade of continuous economic decline;
5. concerns about the **Liberian civil war**.

Progress report on the above:

1. The Bank Group has made a special effort following January 1994 CFAF devaluation, and delivered a lending program of more than US$1.1 billion during the 1994/95-96/97 period, and aims at around US$0.8 billion during 1998-00; the overall net transfer should be roughly neutral or slightly positive; (see details in page 8)
2. Bank assisted programs in Côte d'Ivoire as elsewhere in Africa do increasingly use locally available expertise, and we have strongly supported the Capacity Building initiative launched by the African Governors of the Bank;
3. the Bank has assisted with a combined IDA credit and grant (US$70 million) to close the London Club Agreement; furthermore Côte d'Ivoire has become HIPC eligible;
4. the Bank is pleased with the strong economic recovery (see below) that should have gone a long way to dissipate social tensions, and is committed to continued strong financial and technical support to GORCI's economic and social reform program;
5. the Bank is pleased to note the return to peace in Liberia and GORCI's constructive role in forging a peaceful solution to the conflict (Foreign Minister Amara successfully served as mediator).

<table>
<tr><th>Economic Indicators (1997 est.)</th><th>Key Government Policies (1994-97)</th></tr>
<tr><td>Population (million): 15.2
Population Growth : 3.6 %
GDP (US$ billion): 10.3
GDP per capita (US$): 678
GDP Growth : 6.6%
(average 95-97)
Fiscal Deficit (95-97): -2.6 %
Inflation (95-97): 5.5%</td><td>• reduced financial imbalances;
• controlled consumer price inflation (94: 32% to 97: 5.5%)
• liberalized economy - few price controls left (6 products), lower and simpler external tariffs;
• privatized public enterprises (approx. 40) and promoted private sector (private Investment up from 4.1% of GDP in 1993 to 11.2% in 1997);
• eliminated arrears to domestic private sector;
• reduced and restructured external debt; and
• promoted growth (negative before '94 to average 6.6% in 1995-97).</td></tr>
</table>

Key Messages:

- ***While the Bank commends government (GORCI) for its sound economic performance following the CFAF devaluation of January 1994 and has done its part to support Côte d'Ivoire in its economic recovery and dealing with its external debt overhang...***
  - -1994-97 CAS led to an IDA (not IBRD) lending program of over US$1.1 billion
  - -1998-00 CAS projects a lending program of US$0.8 billion
  - -Côte d'Ivoire has been declared eligible under the HIPC initiative in March 1998

- ***RCI's challenge is now to render the renewed growth sustainable by being bolder in pro-poor policies and on governance ...***

social indicators remain well below countries at similar income levels ⇒ ⇒ ⇒

Social Indicators (est. 1996)	
% of Population Living Below 1 US$/day:	47 (est.)
Literacy Rate (all):	43
Literacy Rate (Female):	40
Gross Primary Enrollment (all):	69%
Gross Primary Enrollment (girls):	42%
Child Mortality Rate:	90 per 1000 live birth
Child Malnutrition:	34% (proj.)
Life Expectancy at Birth:	56

Therefore the 1998-00 economic and social development program as agreed with the Bank and the IMF emphasizes:

- growth with substantial poverty reduction/pro-poor policies: continued macro-economic stability, privatization, accelerated trade liberalization (in particular full liberalization of coffee (1998) and cocoa (1999), lower and simpler import duties); implementation of poverty reduction program (human development, agriculture, transport); environmentally sustainable policies (particularly forestry);
- human development: more efficient social sector spending - improved health and education services, particularly primary education (girls); adult literacy; access to medicines, infant vaccination; - improved access to water supply and housing; and
- public sector management and institution/capacity building: good governance, transparency; become "a good business address" to attract investors: judicial reforms, more "client-oriented" public sector.

Board discussion of FY98-00 CAS *(Sept.97)*	***Board discussion of HIPC (March 98)***
• Endorsed continued strong Bank support over the next 3 years (up to $800 million) - but with tight link to performance ⇒ no entitlement to positive net transfers; • Endorsed Bank and donor efforts (particularly debt reduction) to assist RCI in establishing "right context" for sustainable and pro-poor growth (become "African Elephant"); • Urged close monitoring of governance strengthening and poverty reduction	• Endorsed exceptional use of substantial IDA grants (up to $314 million as Bank Group's contribution to Côte d'Ivoire debt relief; • Insisted on respect of social development and structural measures; • Insisted on close monitoring of governance strengthening and poverty reduction actions; • Urged GORCI to render public the Policy Framework Paper 1998-00.

- ***RCI has the potential and opportunity to continue as a leading success story in African and , the upcoming CG meeting (May 22-23 in Abidjan) will offer GORCI opportunity to present the new program to the donor community. We have high hopes for GORCI to implement it as designed; indeed, continued high level Bank assistance would be triggered by effective progress in:***

⇒ **Poverty reduction**:

◊ Poverty alleviation targets (see annex I) will serve as key monitoring indicators for debt relief under the HIPC initiative,with Sectoral monitoring indicators including:

Education: spending on primary education, teachers recruitment and redeployment, cost-effective classroom construction;
Health: spending on primary health care, medical staff redeployment; expenditures at local levels;
Roads: acceptable rate of return criteria; maintenance and rural roads; privatization of road maintenance; and
Natural resources: forestry and national parks conservation; reduce deforestation.

⇒ **Governance**:

◊ external audit (Kroll Associates - scheduled to start in early May '98 as ESAF performance criterion) of the 1995/96 cocoa export tax fraud case. This follows insufficient GORCI actions and explanations: GORCI maintains that 83,000t escaped the export tax due to a technicality not fraud, but of which 26,000t is not explained. The measures undertaken so far: prevent recurrence of fraud cases - closing loopholes, partial recovery of losses to the treasury and penalties, but no judicial pursuit yet....

◊ Bank/Fund continue to seek more tangible proof of GORCI's commitment to tackle corruption, as strengthened anti-corruption measures and behavior needed to achieve sustainable growth:

◊ although uncovered fraud to date minor compared with Kenya (6 or 7 percent of GDP there, less than 1 percent here), rumors of continued fraud covered by highest authorities persist - mostly involving import/export of commodities; common knowledge in Abidjan that prominent businessmen with close ties to top political authorities are protected from the judicial system (e.g. a prominent businessman - Mr. Usher, who towards end 1997 defaulted on large bank loans related to cocoa and coffee exports through a company called SICC appears to get ready to set up another company as if nothing happened);

◊ efforts toward better governance to include judicial system reforms and efforts to lessen tolerance for corruption.

Issues Likely to Be Raised by the Delegation and Suggested Responses:

- **Dialogue between Government and Bank should be built on mutual trust**

GORCI tends to complain that Bank does not trust its commitment to reforms, including with respect to governance:

◊ Too many conditionalities (transport, agriculture, social sectors); this sentiment echoed at highest levels(President and Prime Minister)"

◊ there may be a plea not to intervene in "sovereign spheres" (e.g. choice of roads to be built; expenditures under "special accounts").

◊ Prime Minister's commitment appears genuine, but commitment and implementation capacity of GORCI as a whole much weaker than he admits.

Recommended response:

◊ good governance a key element in successful deepening of economic and social reforms;

◊ Bank management recently indicated to GORCI clearly its expectations in this area. As to number of conditions, these are generally actions on the critical path, to be undertaken regardless of whether or not labeled conditions;

◊ In this context, for tranparency's sake, recommend strongly that the Policy Framework Paper be made public.

- **Release of HIPC debt relief is too slow**

President Bédié may argue that:

◊ a completion point in 2000 was promised and that the completion point approved by the Board (March 2001) is too little and too late;

◊ Completion point of March 2001 means that first HIPC relief unlikely before 1999;

Recommended response:

◊ The completion point of March 2001 is based on 6 years of adjustment

◊ The IDA program (and other donor support) provides adequate cash-flow relief before the completion point.

- **Hope to obtain quick Bank Group assistance for the energy sector, in particular the AZITO BOT project**

◊ President Bédié may mention the urgency GORCI attaches to the implementation of the AZITO project in view of the energy needs of Côte d'Ivoire and also of its neighbors, in particular Ghana, Togo and Benin;

Recommended response:

◊ The Bank Group works as one on this project, IFC through lending, loan syndication, and making an equity investment, and IDA possibly through a partial guarantee; however,

◊ we need formal GORCI request for the latter;

Business Context

Political background:

- Generational transition issues;
- Demography: young population with many immigrants from poorer neighbors (1/3 of the population).
- Problems of establishing a multi-party parliamentary democracy.

Regulatory framework:

- regional harmonization of business laws in process;
- simplification of trade regime with the elimination of import licenses and other non tariff barriers;
- coverage of price controls reduced from 22 to 6 product groups;
- labor code revised to ease restrictive lay-off and hiring conditions;
- maritime transport: liberalization of traffic allocation quotas system completed in January 97, but port charges remain high compared to competitors; freight rates declined between 15 and 30% over the years 95-97;
- air traffic still characterized by lack of competition (quasi duopoly situation); and
- recent reform of investment code (1995) maintains RCI's long-standing tradition of open access for foreign investors and unlimited profit repatriation; harmonized sub-regional investment code under preparation by the West African Economic and Monetary Union.

Privatization:

- full privatization of 13 public enterprises and partial privatization of 16 other during 1994-96; generated privatization proceeds: over CFAF 96 billion during same period; 9 additional firms privatized during 1997, about CFAF 100 billion generated from privatization of CI-TELCOM (telephone company); and
- privatization of 15 PE in 1997 and 12 in 1998 planned, including, cotton, petroleum refinery, hotels and transport.

Private sector development:

- domestic investment up from 8.6% of GDP in 1992-93 to 12.9% in 1994-96; mainly extension of current activities (rehabilitation and modernization of existing productive capacity);
- imports of capital goods up by about 30% from 1993 to 1996; and
- exports of goods in 1994-96 up by about 25 % over 1991-93 period (real terms); projected to grow at average 4.7 % during 1997 to 2006.

Donor coordination:

- IMF: joint PFP and HIPC documents, and IMF ESAF approved by IMF Board on March 17, 1998.
- France: strong partnership (particularly CFD) in infrastructure, land management, agriculture, energy, and natural resource management.

- EU: RCI a pilot country for enhanced collaboration effort launched in FY97; special collaboration in agriculture, health sector, decentralization, public sector management, and natural resource management/environmental protection.
- United Nations: close cooperation in preparation of national environmental action plan and follow-up process; other specific alliances: selected institution building activities under the UN Special Initiative for Africa; health, environment and industrialization; Bank also executing agency for IFAD rural development and poverty alleviation programs.
- AfDB: increasing coordination and joint efforts, particularly in rural development and human development sector.
- CG Meeting: Scheduled for May 22-23, 1998 in Abidjan.

Bank Group:

- **IFC**: - joint CAS and Private Sector Strategy;
  - IFC portfolio: IFC's current investment portfolio includes 17 companies representing total outstanding commitments of US$78 million. Four approved projects, representing investments of US$14 million, are pending commitment. The pipeline is substantial, comprising about 20 projects with a total combined cost in the region of US$1 billion. Financing for IFC's own account would amount approximately to US$180 million and at least US$100 million would be from participants.
  - High-priority investment areas comprise: (i) projects in infrastructure and the oil, gas and mining sector; (ii) export industries, particularly in agribusiness, with focus on small and medium-sized businesses; (iii) the privatization and rehabilitation of parastatal enterprises; and (iv) financial sector including the development of new institutions and financial instruments. Low-priority areas include established foreign-owned manufacturing and agricultural concerns which have the capacity to raise financing and where IFC's role would be limited.

- **MIGA**: 6 preliminary applications in oil/gas, infrastructure, tourism and manufacturing sectors.

- **EDI**: continues to expand training/seminars, notably in the following areas:

- Human resources	- Poverty measures
- Public expenditures	- Regulatory framework
- Governance and public services	- Income transfer
- Growth Economics	

A2150

Power tract

Special Issues:

- ***Size of Bank Group Program***

President Bédié may further repeat request (as PM Duncan did in Hong Kong) for additional exceptional IDA allocations in view of Côte d'Ivoire's debt problems and strong performance;

Recommended response:

- ◊ Bank's indicative IDA program for Côte d'Ivoire in 1998-2000 is $800 million, well above the typical IDA allocation of $525 million for a country of Côte d'Ivoire's size and performance;
- ◊ The indicative $800 million from IDA includes $314 million in IDA grants (25-30 % of the total IDA grants available under IDA-11);
- ◊ The $800 million, plus other donor support (Fund and Paris Club) is more than adequate to solve any cash-flow problems in 1998-2000;
- ◊ The $800 million provides roughly US$210 million in positive net transfers from the Bank Group (i.e., including debt service on old IBRD loans) in 1998-2000;
- ◊ IFC program is at its highest ever in Côte d'Ivoire;
- ◊ Let's focus on all outstanding policy and institutional issues to enable disbursement; as to lending amounts, Bank has flexible stance based on real country needs, but within prudent overall lending program; new lending instrument, the adaptable program loan could be useful for e.g. road maintenance programs, institutional reforms in the rural sector.

- ***Forestry and Environment***

President Bédié may affirm GORCI's commitment to conserve the forestry resources and, indeed, complain that recent forest and bush fires from the mid-belt of Côte d'Ivoire to Burkina Faso are escaping the donor community's attention:

- ◊ This contrasts sharply with the readiness by the North to assist Brazil and Indonesia in their recent struggles with forestry fires and the press coverage;
- ◊ GORCI has undertaken a diagnostic of the forestry sector with the aim of developing a strategy towards environmentally sustainable forestry management.

Recommended response:

- ◊ Would like to hear more about the forestry fires. The Bank is very much concerned with forestry conservation and sustainable natural resources management everywhere in the world and in Africa in particular; indeed
- ◊ The Bank launched last week the world-wide partnership with WWF to expand our forestry conservation activities, and am also preparing a forestry summit with the CEOs of the logging industry;
- ◊ Delighted that natural resources management is going to be one of the cross-cutting themes at the upcoming Dakar Leadership Forum. Cote d'Ivoire is in an ideal position (economic development, endowment of rare and still substantial natural resources, new decentralization and land tenure policies) to take the leadership in the region for halting deforestation and environment degradation. I look forward to your views.

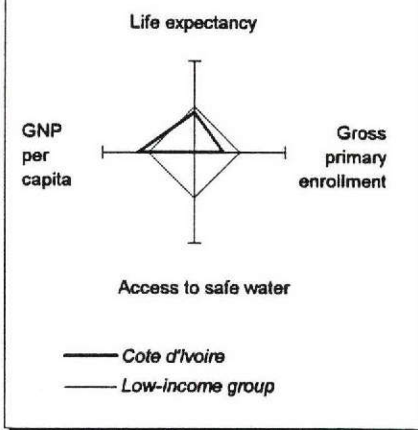
Cote d'Ivoire
Basic Facts & Figures

Côte d'Ivoire at a glance

8/28/97

POVERTY and SOCIAL	Côte d'Ivoire	Sub-Saharan Africa	Low-income
Population mid-1996 *(millions)*	14.3	600	3,229
GNP per capita 1996 *(US$)*	620	490	500
GNP 1996 *(billions US$)*	8.9	294	1,601
Average annual growth, 1990-96			
Population *(%)*	3.0	2.7	1.7
Labor force *(%)*	2.3	2.6	1.7
Most recent estimate *(latest year available since 1989)*			
Poverty: headcount index *(% of population)*	..	..	..
Urban population *(% of total population)*	44	31	29
Life expectancy at birth *(years)*	55	52	63
Infant mortality *(per 1,000 live births)*	86	92	69
Child malnutrition *(% of children under 5)*	..	..	..
Access to safe water *(% of population)*	..	47	53
Illiteracy *(% of population age 15+)*	60	43	34
Gross primary enrollment *(% of school-age population)*	68	72	105
Male	78	78	112
Female	59	65	98

Development diamond*

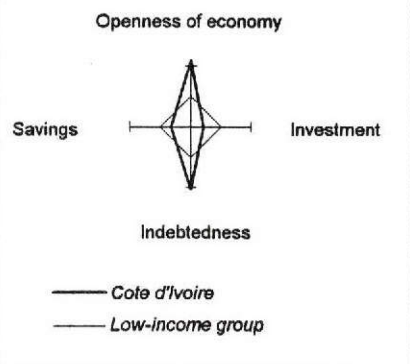


KEY ECONOMIC RATIOS and LONG-TERM TRENDS

	1975	1985	1995	1996
GDP *(billions US$)*	3.9	7.0	10.0	10.7
Gross domestic investment/GDP	22.4	13.0	15.0	13.7
Exports of goods and services/GDP	36.7	46.8	41.1	44.6
Gross domestic savings/GDP	22.6	27.3	20.3	20.0
Gross national savings/GDP	15.3	14.2	6.3	6.9
Current account balance/GDP	-9.7	1.2	-5.4	-5.6
Interest payments/GDP	1.8	9.3	10.1	8.8
Total debt/GDP	37.4	138.1	178.6	184.0
Total debt service/exports	9.5	35.0	33.6	28.0
Present value of debt/GDP	..	..	166.1	143.7
Present value of debt/exports	..	..	369.7	312.2

	1975-85	1986-96	1995	1996	1997-05
(average annual growth)					
GDP	0.9	1.3	7.1	6.8	5.7
GNP per capita	-1.7	-2.0	4.8	5.4	2.4
Exports of goods and services	8.5	3.2	7.1	20.3	5.2

Economic ratios*

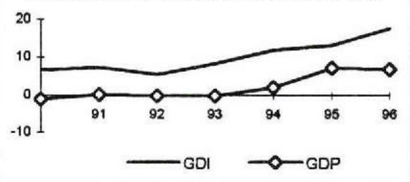


STRUCTURE of the ECONOMY

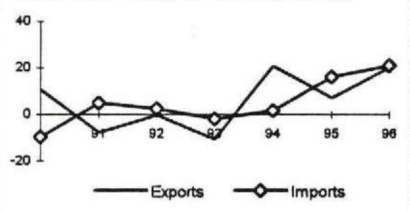
	1975	1985	1995	1996
(% of GDP)				
Agriculture	28.2	26.5	28.8	27.6
Industry	17.0	19.7	20.2	21.2
Manufacturing	9.4	10.0	12.7	12.9
Services	54.7	53.7	51.2	51.2
Private consumption	60.4	58.6	67.7	67.9
General government consumption	17.0	14.1	11.9	12.1
Imports of goods and services	36.5	32.4	35.7	38.3

	1975-85	1986-96	1995	1996
(average annual growth)				
Agriculture	1.1	3.0	10.0	4.4
Industry	6.0	0.9	3.3	10.2
Manufacturing	..	..	..	..
Services	-0.4	0.3	6.6	7.1
Private consumption	0.0	0.7	9.9	2.3
General government consumption	0.2	-2.2	-3.2	7.1
Gross domestic investment	-8.9	-0.4	13.2	17.6
Imports of goods and services	1.2	0.6	16.0	21.2
Gross national product	2.2	1.3	7.7	7.9

Growth rates of output and investment (%)



Growth rates of exports and imports (%)

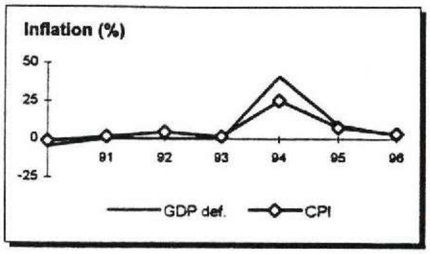


Note: 1996 data are preliminary estimates.

* The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.

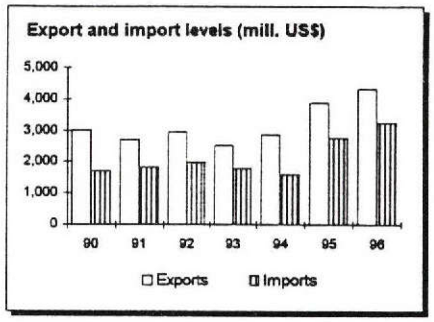
PRICES and GOVERNMENT FINANCE

	1975	1985	1995	1996
Domestic prices				
(% change)				
Consumer prices	11.4	1.8	7.7	3.5
Implicit GDP deflator	10.1	1.5	9.4	2.7
Government finance				
(% of GDP)				
Current revenue	..	33.0	22.1	22.5
Current budget balance	..	29.5	1.2	2.8
Overall surplus/deficit	..	26.3	-3.7	-2.1



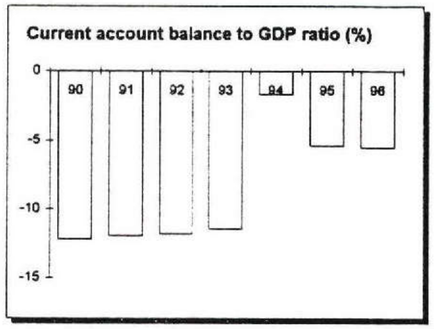
TRADE

	1975	1985	1995	1996
(millions US$)				
Total exports (fob)	..	2,761	3,870	4,316
Cocoa	..	1,097	1,265	1,561
Fuel	..	263	384	573
Manufactures	..	728	578	597
Total imports (cif)	..	1,721	2,763	3,251
Food	..	273	458	505
Fuel and energy	..	379	411	520
Capital goods	..	446	512	630
Export price index *(1987=100)*	..	101	181	173
Import price index *(1987=100)*	..	81	211	226
Terms of trade *(1987=100)*	..	124	86	76



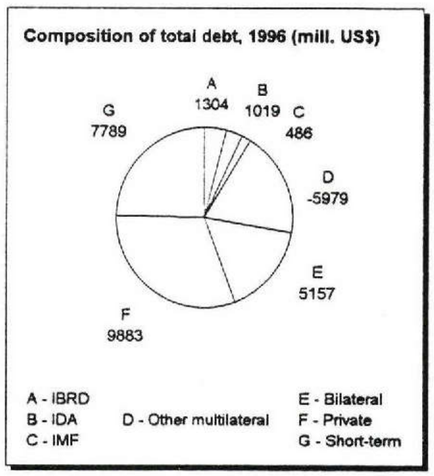
BALANCE of PAYMENTS

	1975	1985	1995	1996
(millions US$)				
Exports of goods and services	1,465	3,264	4,453	4,935
Imports of goods and services	1,561	2,261	3,594	4,126
Resource balance	-96	1,003	858	809
Net income	-141	-666	-938	-909
Net current transfers	-142	-253	-462	-494
Current account balance, before official capital transfers	-379	84	-541	-594
Financing items (net)	287	-58	763	645
Changes in net reserves	92	-27	-222	-51
Memo:				
Reserves including gold *(mill. US$)*	103	19	546	638
Conversion rate *(local/US$)*	214.3	449.3	499.2	511.7



EXTERNAL DEBT and RESOURCE FLOWS

	1975	1985	1995	1996
(millions US$)				
Total debt outstanding and disbursed	1,460	9,639	17,844	19,659
IBRD	73	965	1,573	1,304
IDA	1	7	813	1,019
Total debt service	142	1,119	794	824
IBRD	6	126	334	289
IDA	0	0	5	5
Composition of net resource flows				
Official grants	17	16	188	0
Official creditors	78	92	191	-156
Private creditors	231	10	14	769
Foreign direct investment	69	29	229	223
Portfolio equity	0	0	..	..
World Bank program				
Commitments	134	215	369	275
Disbursements	26	70	245	253
Principal repayments	1	44	199	178
Net flows	25	26	46	75
Interest payments	5	82	140	117
Net transfers	20	-57	-94	-42



Cote dIvoire - Selected Indicators of Bank Portfolio Performance and Management

Indicator	1995	1996	1997	1998
Portfolio Assessment				
Number of Projects under implementation[a]	16	15	14	16
Average implementation period (years)[b]	2.49	2.27	2.46	2.93
Percent of problem projects[a, c]				
by number	12.50	13.33	7.14	6.25
by amount	7.68	4.99	5.23	4.65
Percent of projects at risk[a, d]				
by number	27.27	23.08	14.29	33.33
by amount	14.57	6.40	10.47	35.90
Disbursement ratio (%)[e]	13.15	15.80	23.73	9.16
Portfolio Management				
CPPR during the year (yes/no)				
Supervision resources (total US$)	839.47	1,171.79	1,322.13	677.74
Average Supervision (US$/project)	52.47	78.12	94.44	45.18

Memorandum item	Since FY80	Last five FYs
Projects evaluated by OED		
by number	61	25
by amount (US$ millions)	3476.30	2117.40
Percent rated U or HU		
by number	34.43	36.00
by amount	40.11	33.90

a. As shown in the Annual Report on Portfolio Performance (except for current FY)
b. Average age of projects in the Bank's country portfolio.
c. Percent of projects rated U or HU on development objectives (DO) and/or implementation progress (IP).
d. As defined under the Portfolio Improvement Program.
e. Ratio of disbursements during the year to the undisbursed balance of the Bank's portfolio at the beginning of the year: investment projects only.

Cote dIvoire - IBRD/IDA Lending Program

Category	Past		Current		Planned[a]		
	1995	1996	1997	1998	1999	2000	2001
Commitments (US$m)	303.4	463.6	95.6	388.9	155.0	140.0	250.0
Sector (%)[b]							
Agriculture	1.9	48.2	42.9	12.9	0.0	50.0	12.0
Education	0.0	0.0	0.0	13.4	0.0	3.6	0.0
Electric Pwr & Engy.	26.3	0.0	0.0	0.0	0.0	0.0	0.0
Environment	0.0	0.0	0.0	0.0	3.2	0.0	0.0
Finance	0.0	0.0	0.0	0.0	0.0	35.7	0.0
Multisector	58.6	0.0	0.0	12.9	96.8	0.0	60.0
Popultn, Hlth & Nutn	0.0	8.6	0.0	0.0	0.0	0.0	0.0
Public Sector Mgmt.	0.0	38.8	57.1	12.0	0.0	0.0	20.0
Soc Protection, etc.	0.0	0.0	0.0	0.0	0.0	10.7	0.0
Transportation	0.0	4.3	0.0	46.3	0.0	0.0	0.0
Urban Development	13.2	0.0	0.0	2.6	0.0	0.0	8.0
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Lending instrument (%)							
Adjustment loans[c]	58.6	87.1	57.1	68.6	96.8	0.0	60.0
Specific investment loans and others	41.4	12.9	42.9	31.4	3.2	100.0	40.0
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Disbursements (US$m)							
Adjustment loans[c]	241.9	210.0	116.2	179.8	0.0	0.0	0.0
Specific investment loans and others	28.1	41.4	64.2	18.8	0.0	0.0	0.0
Repayments (US$m)	218.7	180.0	165.8	105.4	0.0	0.0	0.0
Interest (US$m)	159.9	113.9	105.0	62.7	0.0	0.0	0.0

[a] Ranges that reflect the base-case (i.e., most likely) Scenario. for IDA countries, planned commitments are not presented by FY but as a three-year-total range; the figures are shown in brackets. A footnote indicates if the pattern of IDA lending has unusual characteristics (e.g., a high degree of frontloading, backloading, or lumpiness). For blend countries, planned IBRD and IDA commitments are presented for each year as a combined total.

[b] For future lending, rounded to the nearest 0 or 5%. To convey the thrust of country strategy more clearly, staff may aggregate sectors.

[c] Structural adjustment loans, sector adjustment loans, and debt service reduction loans.

Note:
Disbursement data is updated at the end of the first week of the month.

Cote dIvoire - IFC and MIGA Program, FY95-98

Category	Past			
	1995	1996	1997	1998
IFC approvals (US$m) [a]	90.40	21.67	11.65	0.00
Sector (%)				
	0.00	0.00	0.00	0.00
Financial Services	10.00	40.00	0.00	0.00
Food & Agro-Business	0.00	60.00	0.00	0.00
Hotels & Tourism	0.00	0.00	28.00	0.00
Indust &,Consumer Svcs	3.00	0.00	0.00	0.00
Infrastructure	20.00	0.00	0.00	0.00
Mining & Minerals	63.00	0.00	43.00	0.00
Textiles	4.00	0.00	0.00	0.00
Timber, Pulp & Paper	0.00	0.00	29.00	0.00
TOTAL	100.00	100.00	100.00	100.00
Investment instrument (%)				
Loans	58.00	0.00	52.00	0.00
Equity	31.00	19.00	48.00	0.00
Quasi-Equity [b]	0.00	12.00	0.00	0.00
Other	10.00	69.00	0.00	0.00
TOTAL	100.00	100.00	100.00	100.00
MIGA guarantees (US$m)	0.00	0.00	0.00	0.00
MIGA commitments (US$m)	0.00	0.00	0.00	0.00

[a]Excludes AEF projects.
[b]Includes quasi-equity types of both loan and equity instruments.

Attachment

MOP Schedule D
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Status of Bank Group Operations in Cote dIvoire
IBRD Loans and IDA Credits in the Operations Portfolio

Project ID	Loan or Credit No.	Fiscal Year	Borrower	Purpose	Original Amount in US$ Millions: IBRD	IDA	Cancellations	Undisbursed	Difference Between expected and actual disbursements a/: Orig	Frm Rev'd
Number of Closed Loans/credits: 86										
Active Loans										
CI-PE-44912	IDAN0360	1998		URBAN LAND MGMT	0.00	10.00	0.00	9.84	0.00	0.00
CI-PE-1194	IDAN0220	1997	GOVERNMENT	RURAL LAND (PNGTER)	0.00	41.00	0.00	39.88	1.40	0.00
CI-PE-1212	IDA28430	1996	GOVERNMENT	PRIVATE SECTOR DEVEL	0.00	180.00	0.00	17.38	-67.10	25.18
CI-PE-1214	IDA28930	1996	GOV. OF RCI	INTEG HLTH SERV DEVP	0.00	40.00	0.00	35.60	8.14	0.00
CI-PE-40115	IDA27860	1996	GOVERNMENT OF COTE D'IVOI	RAILWAYS REHAB	0.00	20.00	0.00	7.26	7.19	0.00
CI-PE-1184	IDA27540	1995	REP. OF COTE D'IVOIRE	PRIVATE ELECTRICITY	0.00	79.66	0.00	40.48	34.38	0.00
CI-PE-37575	IDA27040	1995	GOV'T OF RCI	MUNICIPAL SUPPORT	0.00	40.00	0.00	29.85	24.83	0.00
CI-PE-37581	IDA27490	1995	GOV'T OF RCI	EXPORT PROMOTION AND	0.00	5.83	0.00	3.59	1.09	.71
CI-PE-1186	IDA26370	1994	GOVERNMENT	LABOR FORCE TRAINING	0.00	17.00	0.00	12.62	10.14	2.76
CI-PE-1210	IDA25970	1994	GOVERNMENT	RURAL SAVINGS	0.00	2.20	0.00	1.10	.20	0.00
CI-PE-1187	IDA25030	1993	GOVERNMENT	ECN MGMT TA	0.00	17.00	0.00	1.90	-.10	0.00
CI-PE-1207	IDA23630	1992	GOVERNMENT	PRIVATIZATION SUPPOR	0.00	15.00	0.00	4.32	4.03	1.17
Total					0.00	467.69	0.00	203.82	24.20	29.82

	Active Loans	Closed Loans	Total
Total Disbursed (IBRD and IDA):	239.70	3,453.37	3,693.07
of which has been repaid:	0.00	1,467.36	1,467.36
Total now held by IBRD and IDA:	467.69	1,982.60	2,450.29
Amount sold :	0.00	5.10	5.10
Of which repaid :	0.00	5.10	5.10
Total Undisbursed :	203.82	3.46	207.28

a. Intended disbursements to date minus actual disbursements to date as projected at appraisal.
b. Rating of 1-4: see OD 13.05. Annex D2. Preparation of Implementation Summary (Form 590). Following the FY94 Annual Review of Portfolio performance (ARPP), a letter based system will be used (HS = highly Satisfactory, S = satisfactory, U = unsatisfactory, HU = highly unsatisfactory): see proposed Improvements in Project and Portfolio Performance Rating Methodology (SecM94-901), August 23, 1994.

Note:
Disbursement data is updated at the end of the first week of the month.

Cote dIvoire
STATEMENT OF IFC's
Committed and Disbursed Portfolio
As of 31-Mar-98
(In US Dollar Millions)

		Committed				Disbursed			
		IFC				IFC			
FY Approval	**Company**	**Loan**	**Equity**	**Quasi**	**Partic**	**Loan**	**Equity**	**Quasi**	**Partic**
1977/86	Gonfreville	0.00	.42	0.00	0.00	0.00	.42	0.00	0.00
1987/90	SIALIM	1.58	0.00	0.00	0.00	1.58	0.00	0.00	0.00
1987/93/96	COSMIVOIRE	2.97	.17	2.18	0.00	2.97	.17	2.18	0.00
1988	IPS (IVC)	0.00	.83	0.00	0.00	0.00	.83	0.00	0.00
1989/93	AEF Pechazur	.18	0.00	0.00	0.00	.18	0.00	0.00	0.00
1993/95/97	Block CI-11	0.00	43.70	0.00	0.00	0.00	41.11	0.00	0.00
1994	AEF Multiproduit	.20	0.00	0.00	0.00	.20	0.00	0.00	0.00
1994/96	BACI	3.51	0.00	0.00	0.00	3.51	0.00	0.00	0.00
1995	CIPREL	12.92	.96	0.00	0.00	12.92	.96	0.00	0.00
1995	FTG	1.23	0.00	0.00	0.00	1.23	0.00	0.00	0.00
1995	Laborex	.61	0.00	0.00	0.00	.61	0.00	0.00	0.00
1995	Texicodi	.83	0.00	0.00	0.00	.83	0.00	0.00	0.00
1996	AEF Petro Ivoire	0.00	0.00	.84	0.00	0.00	0.00	.84	0.00
1996	Bereby Finances	0.00	3.05	0.00	0.00	0.00	3.05	0.00	0.00
1996	Multi-Produits	0.00	.40	0.00	0.00	0.00	.35	0.00	0.00
1996	UA-IARD	0.00	.31	0.00	0.00	0.00	.31	0.00	0.00
	Total Portfolio:	24.03	49.84	3.02	0.00	24.03	47.20	3.02	0.00

Approvals Pending Commitment

		Loan	Equity	Quasi	Partic
1996	BOA-CI	0.00	.14	.11	0.00
1997	NOVOTEL-ABIDJAN	2.68	.54	0.00	0.00
1997	TROPICAL RUBBER	3.43	0.00	0.00	0.00
	Total Pending Commitment:	6.11	.68	.11	0.00

Cote d'Ivoire:
Minutes of Annual
Meetings 1997

The World Bank/IFC/MIGA
O F F I C E   M E M O R A N D U M

DATE: September 25, 1997 05:43am

TO: Marisela Montoliu (MARISELA MONTOLIU)
TO: LAI FOONG GOH (LGOH@WorldBank.org@INTERNET)

FROM: Rogier van den Brink, AFRVP (ROGIER VAN DEN BRINK)

EXT.: 34384

SUBJECT: Cote d'Ivoire: Annual Meetings 1997
Meeting with Mr. Wolfensohn

The meeting was held Sep. 25 in Hong Kong.

The delegation from Cote d'Ivoire: Mr. Duncan (Prime Minister); Mr. Niamien (Minister of Economy and Finance); Mr. Ahoua (Minister of Plan); Mr. Kramo (Ambassador in China); Mr. Koumoue (Ambassador in the US); and Mr. Victor (DG of the CAA).

E.D.s office: Mr. Bourhane (E.D.) and Mr. Aden (Alt. E.D.).

For the World Bank: Mr. Wolfensohn, Mr. Sarbib, Mr. Calari, Mr. Gelb, Ms. Montoliu, and Mr. van den Brink.

Mr. Duncan opened by congratulating Mr. Wolfensohn on his speech -- it had really touched them. Mr. Duncan also noted the welcome importance given to the governance issue, which affected all countries, rich and poor. Cote d'Ivoire has put together a program to address the issue in a systematic way.

Mr. Wolfensohn underlined the importance of trust, without which investment would not be forthcoming. He congratulated Mr. Duncan on the program, of which he was aware.

Mr. Duncan then gave a brief overview of the achievements of the three-year adjustment program that is to be completed end of September. The program has achieved the targets -- GDP growth, inflation, and budget are all on track. An IMF/Bank mission will come in October to evaluate it and draw up a new 3-year program.

On commercial debt, the Government will finalize its agreement with the London Club on December 11, provided the IMF/Bank mission is successfully concluded.

Mr. Duncan thanked the IFC for their support. The innovative portfolio of infrastructure projects with private sector participation, implemented with IFC advice and investment, will be completed ahead of time. It consists of 12 projects, including a toll-bridge, in the Abidjan area. A new set of projects will now be prepared for the other areas of the country.

Mr. Duncan also mentioned the expectations for the next Consultative Group meeting. This meeting usually takes place in Paris, but will now for the first time be held in Abidjan. Mr. Duncan would like to get an estimate of the Bank's contribution to the next 3-year program. Mr. Sarbib mentioned that the CAS envisages a base case scenario of US$900 million. Already this fiscal year, a transport credit of about US$150-180 million will go to the Board.

Mr. Duncan expressed some disappointment, because he had been given a figure of US$200-250 million. He would like to see a higher amount than the one Mr. Sarbib had indicated.

Mr. Duncan ended by stressing the extreme importance that the Government attached to the Capacity Building Initiative. A concrete program should be worked out urgently. He felt that the country's problems could be broadly described as one part under-utilization of existing capacity, and one part need for complementary capacity.

Mr. Wolfensohn emphasized the need for action, and for ownership at the level of the Heads of State. He urged Mr. Duncan to bring a group of Heads of State together, who could endorse the initiative at the highest level.

Mr. Duncan said that this was not an issue in Cote d'Ivoire, where the President is already fully behind it. A Secretariat is in place, and there have been suggestions to make the Institut Polytechnique in Yamoussoukro a regional center of excellence.

Mr. Duncan ended by stressing the importance of private sector development in the country and thanking the IFC and the Bank form their support in this area. Cote d'Ivoire wants to be an example for the rest of the region. Mr. Wolfensohn assured the Prime Minister of the Bank Group's continued support.

Finally, Mr. Duncan extended an invitation to Mr. Wolfensohn to visit Cote d'Ivoire. Mr. Wolfensohn said he would be happy to come next year.

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