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Luncheon Meeting - Madeleine Albright - Secretary of State - October 9, 1997

Archive Management for the President's Office

Document Log

Reference # : Archive-01901

IRS

Edit Print

A. CLASSIFICATION

- [x] Meeting Material
- [ ] Trips
- [ ] Speeches
- [ ] Annual Meetings
- [ ] Corporate Management
- [ ] Communications with Staff
- [ ] Phone Logs
- [ ] Calendar
- [ ] Press Clippings/Photos
- [ ] JDW Transcripts
- [ ] Social Events
- [ ] Other

B. SUBJECT: LUNCHEON MEETING: MS. MADELEINE ALBRIGHT, SECRETARY OF STATE (B) (N) // TIME: 12:30 - 1:30 P.M. // VENUE: STATE DEPARTEMENT - 2201 C STREET N.W., (SEC.'S PRIVATE DINING ROOM) // DIPLOMATIC ENTRANCE // CONTACT: LINDA @ 647-5733 // FAX: 647-8947 IN ATTENDANCE: JDW, ALBRIGHT // 10/03 - ITEM CONFIRMED W/ LINDA BY PHONE // EMAIL SENT TO MM TO FOLLOW UP ON APPROPRIATE BRIEFING MATERIAL & TO ADVISE MCHUGH AND PIERCY OF THIS ITEM // (B) MM TO FOLLOW UP AND ADVISE // EXC: JDW // LFG (10/03)
Brief includes:
--- Note to M. Montoliu from M. Ahmed: JDW's Lunch with Secretary Albright, Oct. 8
--- Brief on Anti-Corruption Work, by M. Ahmed, M. Stevens, Oct. 8
--- WB/IMF Paper: Helping Countries Combat Corruption and Impr. Governance
--- Brief for JDW prepared by A Bhattacharya & P. Perttunen, Oct. 8
--- Brief: Partnership for Capacity Building in Africa, prepared by D. Wai, Oct. 8
--- Sub-Saharan Africa: Basic Facts and Figures
--- Brief for JDW: China, prepared by Y. Huang & T. Tsui
--- Em from Y. Huang to H. Kung: Minutes - Minister of Finance and JDW, Oct. 4
--- Em from Y. Huang to H. Kung: Minutes: JDW and Premier Li Peng, Oct. 3
--- Press clip: JDW's Meeting with Premier Li Peng (AFP), Sep. 19
--- China: Basic Facts & Figures
--- Briefing Note for JDW: Indonesia, by V. Nehru, T. Walton, O. de B. Kops
--- Indonesia: Basic Facts & Figures
--- Brief for JDW: Thailand, by Ljaz Nabi, Oct. 7
--- Thailand, Basic Facts & Figures
--- Note to JDW from Kemal Dervis, Middle East Issues, Oct. 8
--- Letter from JDW to Secretary M. Albright: Middle East, Sep. 3
--- MENA: Basic Facts & Figures
--- Brief for JDW: Croatia
--- Croatia: Basic Facts & Figures
--- Brief for JDW: Bosnia, by C. Portman. A. Horvai, Oct. 8
--- Bosnia and Herzegovina: Basic Facts & Figures
--- LAC: Basic Facts & Figures
--- SAS: Basic Facts & Figures
--- SAS: Regional Brief, Sep. 1997
--- Letter from Secretary M. Albright: Global Connections
--- Letter to JDW from Dr. K. Wolford, Chair, InterAction: Global Conn. Sep. 22

DATE: 10/09/97

C. VPU

Corporate

- [ ] CTR
- [ ] EXT
- [ ] LEG
- [ ] MPS
- [ ] OED
- [ ] SEC/Board
- [ ] TRE

Regional

- [x] AFR
- [x] EAP
- [x] ECA
- [x] LAC
- [x] MNA
- [x] SAS

Central

- [ ] CFS
- [ ] DEC
- [ ] ESD
- [ ] FPD
- [ ] FPR
- [ ] HRO

Affilliates

- [ ] GEF
- [ ] ICSID
- [ ] IFC
- [ ] Inspection Panel
- [ ] Kennedy Center
- [ ] MIGA

D. EXTERNAL PARTNER

- [x] IMF
- [ ] UN
- [ ] MDB/Other IO
- [ ] NGO
- [ ] Private Sector

- [x] Part I
- [ ] Part II
- [ ] Other

E. COMMENTS:

File Location	Cleared By	Date:
[x] EXC [ ] IISC [x] Archives	Marisela Montoliu Munoz	01/09/98

View Update History

Corruption

MASOOD AHMED

October 8, 1997

Ms. Marisela Montoliu

Marisela,

Mr. Wolfensohn's Lunch with Secretary Albright

In preparation for Mr. Wolfensohn's lunch with Secretary Albright tomorrow, I am attaching a briefing note on the **Bank's anti-corruption work.**

I am also attaching a copy of the anticorruption report and associated Development Committee paper, which are the two documents that Mr. Wolfensohn might want to hand over to Mrs. Albright.

Sincerely,

Attachment

cc: Messrs./Ms. J. Stiglitz, S. Sandström, C. Gray, M. Stevens, A. Bhattacharya, L.Passamonti

POVERTY REDUCTION AND ECONOMIC MANAGEMENT
ROOM: N-4-043 TELEPHONE: (202) 473-3800 FACSIMILE: (202) 522-1135

JDW Lunch with Secretary Albright: Brief on Anti-Corruption Work

Recap of where we are:

- After years of not talking about the problem, we now have an explicit policy framework for helping developing countries combat corruption. This framework was strongly endorsed by the Board (pay tribute to Jan Piercy and her team), and by the Development Committee meeting in Hong Kong on September 22.

- The framework envisages moving forward at four levels:

  - controlling corruption in Bank financed projects;

  - assisting countries directly with national anti-corruption efforts;

  - taking corruption, and a government's willingness to deal with it, explicitly into account in determining our own operational and financial support to countries; and

  - helping international efforts to deal with those aspects of corruption that span developing country borders.

- Since the Annual Meetings, we have focused on disseminating the Bank's new approach both within the institution (desk to desk distribution to all operational staff of report and guidelines, first of bankwide staff briefings, presentations in selected unit meetings, etc.), and more importantly to external partners (report sent to MDBs, all members of DAC, OECD). The Public Sector Board (one of the PREM Sector Boards) is now working out a region specific follow up plan and is also defining a priority research and training agenda to support it. A meeting of MDBs and other partners/researchers is planned for the end of this year to share approaches and implementation issues.

Issues on the US Agenda

- **On controlling corruption in our own projects.** As you know, the US Government (Treasury mostly) has been concerned that standards are slipping in control of fraud and corruption in Bank projects. They want tighter HQ control and worry about controls slackening as the Bank decentralizes. We promised the Board a procurement strategy paper which would address these concerns. This is now being drafted, and US concerns are being addressed, while at the same time emphasizing that this must be balanced with building borrower accountability and capacity in the long run. (You should know that the US wants to go further on micro-controls on procurement than

our staff -- or some other board members -- see as sensible, but at this stage the point to emphasize is that we are actively engaged in a dialog on these issues.)

- **On helping countries deal with corruption.** The sector board is still taking stock of the individual country discussions in Hong Kong. However, we will need to watch out for a big increase in demand that could leave us overstretched in the short term and also expose us to work in countries where the commitment to follow through is untested.

- **We are supporting Mr. McNamara's "No Bribery Pledge" initiative** in Africa (Benin, Ethiopia, Mali, Malawi, Tanzania, Uganda) while at the same time emphasizing that to be effective such pledges need to be credible, and that requires they be supported by meaningful reform programs by governments. (For your information, a number of us met with Bob last week to talk about how we might best prepare for the next stages in his efforts on the no-bribery pledge front; also Jean Louis Sarbib will be at the Global Coalition of Africa Meeting at the end of October where corruption is a major agenda item.)

- **On the link between corruption and lending.** A point to make would be the possibility that the Bank has of making a more graduated response to specific country circumstances, because our involvement covers many projects and sectors. (This contrasts with the IMF where the response is necessarily either a program or no program.) This possibility helps us a bit in dealing with countries like Indonesia -- where a pattern of strong economic growth and poverty reduction makes a more nuanced response appropriate. (But you might also say that this is still an unsatisfactory answer to what one can do in a country that is economically successful despite corruption and where the highest levels of government are not seen as committed to dealing with the problem).

- **Finally, on the international front.** You should know, that as you meet with Secretary Albright, the OECD Working Group on Bribery is meeting in Paris to reach agreement at the technical level on a draft convention (Mike Stevens is representing us). You could pay tribute to Tom White, the State official leading the US team who is doing an excellent job keeping the Group focused on the objective of an agreed text by the end of the year -- the French are now on board, the main objections are coming from the Germans and the Japanese.

MAhmed/MStevens

Wednesday, October 8, 1997

Record Removal Notice

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File Title	Barcode No.
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Document Date	Document Type
September 22, 1997	Issues Paper

Correspondents / Participants

Subject / Title

Helping Countries Combat Corruption and Improve Governance
A Joint World Bank/IMF Issues Paper prepared for the Development Committee

Exception(s)

Information Provided by Member Countries or Third Parties in Confidence

Additional Comments

The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.

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Diego Hernández	May 7, 2025

Financial Sector

Brief on the Financial Sector
Mr. Wolfensohn's Lunch with Madeline Albright

- Support for financial sector reforms has been an important part of the Bank's assistance to our member countries. Through the end of the last fiscal year, we had supported banking sector reforms in 58 countries.
- But it is clear from the Annual Meetings, and from the prior discussions in the G-7, that the Bank will need to expand its support to countries on financial sector reform.
- An immediate challenge is to respond to the crises that are unfolding in Southeast Asia. Following Thailand, we received request for support from Indonesia and we have just received a request from the Philippines for assistance. The scale of this demand is very large in relation to our capacity.
- But we are doing our best to respond. We have a ten member mission in the field in Thailand led by our Director, Jonathan Fiechter. And I have just instructed my team to round up 10-15 people to send out to Indonesia.
- Beyond the immediate crises, we need to devote more attention to the prevention of crisis, and we need to ensure that we do not neglect the task of long-term financial sector development in low income countries.
- In order to gear ourselves for this task, we have increased the amount of resources for the financial sector under the Strategic Compact, and we expect that we will have recruited an additional 25 specialists by the end of this fiscal year.
- Even more importantly, we are strengthening our partnerships with the IMF, other multilaterals, bilateral agencies and the private sector. Following the discussions at the Annual Meetings, I have been offered assistance by 10 countries. And I am contacting the private sector to see how we can tap their expertise in the area.

Amar Bhattacharya/Paula Perttunen
October 8, 1997

Africa
Capacity Building

PARTNERSHIP FOR CAPACITY BUILDING IN AFRICA

I. Key Messages

- Capacity building is the missing link in Africa's development;
- Capacity building lacks in all sectors of African economies;
- Capacity problem diminishes performance in the entire range of sectors that apply to national development from policy analysis to implementation of basic social services;
- Capacity building must be led by Africans. Ownership must be strong;
- Capacity building needs to be re-assessed and mainstreamed within all lending and non-lending activities of the Bank and other donors.
- African Governors appreciate President Clinton's initiative on *Investment and Trade* in Africa. Capacity building would be a key prerequisite to ensure its success. US support for this initiative would be essential and very much welcome. African EDs have briefed the US (Executive Director and staff, Treasury, State, and US-AID) on the initiative.

II. Developments in and since Hong Kong

- In Hong Kong, we agreed to launch the Partnership group to be co-chaired by JDW and Minister Sufian Ahmed, Minister of Finance of Ethiopia and current chair of the African Caucus
- In Hong Kong we held a successful seminar to reach out to the private sector (200 people attended)
- In Hong Kong we agreed on the need to prepare a business plan to detail the activities to be financed by a *Trust Fund* to which the Bank would make a contribution as seed money
- Since Hong Kong, The Capacity Building group in the Africa Region of the Bank, working in collaboration with two African businessmen (from Cameroon and Uganda) is developing this business plan that will cover, among other activities, the following areas:
  * national capacity secretariats (4 already established; 24 "focal points" under consideration
  * regional centers of excellence for accounting/auditing, and management
  * revitalizing selected universities
  * training in business management, public administration, and financial management
  * research in agriculture technology development and transfer
  * strengthening of public and development finance institutions
  * Develop Bank staff training modules with the Learning and Leadership Center.
  * Continue support to National Capacity Building Assessments (Benin, Chad, Ethiopia, Namibia, Rwanda and Zimbabwe).
  * Assist in establishing National Capacity Building Secretariats (Benin, Burkina Faso, Chad, Cote d'Ivoire, Ethiopia, Gabon, Ghana, Madagascar, Malawi, Seychelles, Senegal, Uganda, Tanzania and Zimbabwe).

Brief prepared by: Dunstan Wai, Technical Manager, Capacity Building Technical, Africa Region, x34382.
10/8/97 5:51 PM.

* Assist in formulating National Capacity Development Strategies (Ethiopia, Ghana, Malawi, Uganda)
* Carry out portfolio reviews, retrofit as necessary.
* South Africa:
    - Executive Development Programs with ESKOM (South African electricity company); Government to send individuals to the Bank's Harvard EDP; Government to organize EDP on a larger scale using local resources.
    - Exploring technology-enhanced learning in Southern Africa.
    - Expanding Bank South African intern program to other countries.

- President Museveni has called a meeting for end-January at which capacity building will be discussed with a number of Heads of State of Eastern and Southern Africa (current list includes: Ethiopia, Mozambique, Tanzania, Zambia, Zimbabwe, South Africa, Rwanda, Democratic Republic of the Congo (Kinshasa))
- A similar meeting is being organized for West Africa
- Current plans is for a first meeting of the Partnership Group in early 1998, followed by request for the Bank Board to approve financing of the Trust fund, based on the business plan (first quarter 1998).

Brief prepared by: Dunstan Wai, Technical Manager, Capacity Building Technical, Africa Region, x34382.
10/8/97 5:51 PM.

Background

Description:

- The *Partnership for Capacity Building* is an initiative of the African Governors of the World Bank.
- Following a request made by African Governors to JDW at the 1995 Annual Meetings, African EDs were delegated to initiate the Partnership for Capacity Building. They received the support of the Africa Region in the Bank.
- The Partnership for Capacity Building recommends a course of actions that includes:
  - articulating demand-driven solutions founded on national capacity needs;
  - involving African leadership and ownership; and
  - developing participatory consultation with a range of local stakeholders and a true partnership with Africa's international development partners.

Lessons from the Past

- *National Capacity Building Assessments (NCBAs).* After a series of regional consultations and conferences, 12 NCBAs were carried out. Results confirmed that:
  - the capacity-building record of donors/African countries is poor; and
    the capacity problem diminishes performance in the entire range of sectors that apply to national development.
- Assessment of Situation: Mule Report: *Partnership for Capacity Building in Africa - Impact of Bank Policies and Operational Practices on Capacity Building in Africa, August 1996:*
  - insufficient attention and poor performance by both African governments and international donors in fostering effective institutions and sustainable transfer of skills;
  - most Bank projects do not enhance capacity;
  - Bank's efforts are lacking in relation to its potentially high-impact contribution.
  - Bank and other donors have contributed to capacity erosion, especially through excessive use of long-term technical assistance.

Proposed Action Plan

- Main elements of Bank's Response *Strategy and Program of Action*, Sept. 1996, include:
  - mainstreaming capacity building in Bank operations;
  - enhancing the capacity of the private sector-led development;
  - fostering leadership for development management, education, and training; and
  - promoting capacity building in the civil society. (For further details see attachment.)
- Report by the African Governors presented to JDW at the 1996 Annual Meetings. Proposals to create:
  - National capacity building secretariats
  - Consultative Group for Capacity Building in Africa
  - Trust fund for capacity building in Africa.

Brief prepared by: Dunstan Wai, Technical Manager, Capacity Building Technical, Africa Region, x34382.
10/8/97 5:51 PM.

- Bank's side:
  - need for changes in Bank policies and procedures
  - create focal point: Capacity Building Technical Group, Africa Region.

Mission Statement of the Capacity Building Technical Group

- Help African partners to implement the Strategy and Program of Action;
- Foster collaboration among African and development partners to translate capacity building into results on the ground;
- Facilitate the improvement of instruments and processes in the Bank for capacity building, and propose appropriate incentives;
- Identify, promote, and disseminate best practices.

Progress to Date

- Request to tackle capacity issue to JDW by African Governors at the 1995 Annual Meetings.
- February 16, 1996, JDW met with African Ministers of Finance (Burkina Faso, Gabon, Kenya, and Uganda) to discuss progress made on capacity building initiative. Agreed on set of actions (series of sub regional meetings; arranging pilot national capacity assessments; review impact of Bank on capacity building).
- April - May 1996, sub-regional consultations held in Nairobi, Addis Ababa, Abidjan, Libreville and Johannesburg. Workshop held in Mauritius.
- *"Partnership for Capacity Building in Africa"* summary of consultations published.
- April 30, 1996 - Bank and UNDP issued agreement on aid coordination - address capacity development (p. 4). Increase use of national institutions/consultants and increase involvement in implementing aid.
- Various dates: NCBAs carried out for Burkina Faso, CAR, Cote d'Ivoire, Comoros, Gabon, Ghana, Guinea-Bissau, Guinea, Malawi, Tanzania, Uganda and Zambia.
- August 1996 - *"Partnership for Capacity Building in Africa - Impact of Bank Policies and Operational Practices on Capacity Building in Africa"* working party conclusions and recommendations published.
- January 15-17, 1997. Paris meeting of African ministers and bilateral/multilateral donors, convened by African Governors of the Bank. Presented *"Strategy and Program of Action"* (see attached) to donor community. Gained full support of AfDB, UNDP, OAU, and IMF, with Bank taking lead role.
- February 1997 - Africa Region announces creation of Capacity Building Technical Group to ensure capacity building is mainstreamed with all lending/non-lending activities; to facilitate capacity building in Africa; and to coordinate with the African Executive Directors for fostering the Partnership for Capacity Building in Africa.
- May 1997 meeting with Nordic officials in Iceland by Mr. Ali Bourhane on the Partnership for Capacity Building in Africa.
- Meeting at the Hague with Government officials and academics, businessmen on the Initiative
- Hong Kong

Brief prepared by: Dunstan Wai, Technical Manager, Capacity Building Technical, Africa Region, x34382.
10/8/97 5:51 PM.

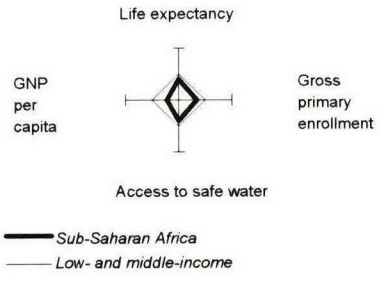
Africa
Basic Facts and Figures

Sub-Saharan Africa

6/21/97

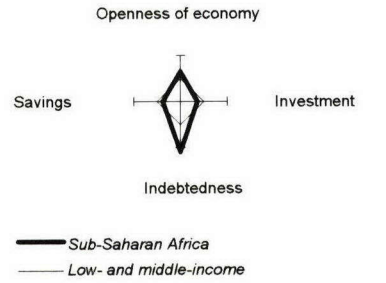
POVERTY and SOCIAL *(Most recent estimate)*	Sub-Saharan Africa	Top 10 perform-ers	Medium perform-ers	Low perform-ers
Number of countries	48	10	22	13
Population mid-*(millions)*	583	96	246	200
Population growth (updated) *(%)*	2.8	2.5	2.8	2.9
Atlas GNP per capita (**weighted average** 1996)	512	1677	253	266
Poverty: *% of pop. living with less than $1/day (PPP)*	45	35	51	37
Urban population (updated) *(% of total population)*	34	35	32	39
Life expectancy at birth (updated) *(years)*	53	58	51	52
Infant mortality (updated) *(per 1,000 live births)*	94	72	99	93
Child malnutrition (updated) *(% of children under 5)*	26	22	28	26
Access to safe water (updated) *(% of population)*	54	65	53	44
Illiteracy (updated) *(% of population age 15+)*	47	51	45	44
Gross primary enrollment *(% of school-age population)*	78	99	69	77
Male (updated)	84	100	76	86
Female (updated)	71	95	56	76

Development diamond*



KEY ECONOMIC VARIABLES *1996 estimates except where noted*				
GDP (average annual growth)	4.9	6.7	4.9	2.8
Exports of goods and nfs (average annual growth)	8.2	13.3	6.8	6.0
Gross domestic savings/GDP	9.8	13.7	8.9	7.6
Gross domestic investment/GDP	19.0	20.9	19.4	16.7
Private investment/GDP	11.0	12.8	10.6	10.2
Fiscal balance/GDP	-6.8	-4.6	-7.3	-7.9
Current account balance/GDP	-9.6	-8.9	-10.7	-7.9
Inflation rate	12.8	6.8	15.4	13.2
Total debt service/exports (updated 1995)	14.7	12.2	14.5	16.4
Present value of debt/GDP (updated 1995)	78.7	89.7	72.4	93.5
Present value of debt/exports (updated 1995)	256.2	178.1	252.6	289.9

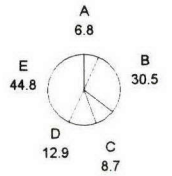
Economic ratios*



LONG-TERM TRENDS: SSA *(average annual growth - updated)*	1980-90	1990-95	1995	1996
GDP	2.9	2.1	3.6	4.9
Exports of goods and nfs	3.2	2.7	6.3	8.2
Terms of trade	-1.2	-0.5	5.3	..

EXTERNAL DEBT and RESOURCE FLOWS: SSA *(millions US$)*	1980	1990	1995	1996
Composition of net resource flows				
Official grants	3,659	12,259	11,405	11,800
Official creditors	3,593	4,692	2,621	2,300
Private creditors	7,873	-679	2,103	-200
Foreign direct investment	33	876	2,187	2,600
Portfolio equity	0	0	4,868	3,600
World Bank program				
Commitments	1,456	3,395	2,471	1,812
Disbursements	824	2,850	2,669	2,900
Principal repayments	117	772	1,176	1,200
Net flows	707	2,078	1,493	1,700
Interest payments	233	748	812	800
Net transfers	474	1,330	681	900

Composition of SSA debt, 1996 (bil. US$)



A - IBRD
B - IDA
C - IMF
D - private
E - short term

BULLETIN BOARD

	1996	1997	Decision point 1998	1999
HIPC debt initiative (prelim)				
possibly stressed	Ugand	Cd'I	Cameroon	Congo, Madag., Niger, Tanz.
unsustainable		Eth	Guinea-B.	Moz., Zambia

NPV: 16 African HIPCs end-1994	$US bill.	share
total	77.1	100
multilateral	17.5	23
IMF	4.4	6
IBRD	2.8	4
IDA	4.5	6
ADB	2.5	3
ADF	1	1
Others	2.2	3
bilateral	43.6	56
private	10.7	14
short-term	5.4	7

Global communications pilots	Cote d'Ivoire, Ethiopia, Mozambique
Connectivity for the Poor	Ghana, Malawi, Mozambique and Senegal
Rural development focus countries	Guinea, Madagascar, Malawi, Mali, Mozambique, Uganda
WTO (needs assessments)	Benin, Cape Verde, Chad, Comoros, Mauritania
National capacity assessments done	Burkina, Cdi, Com., Gabon, Ghana, Guin.-Bis., Guin., Kenya, Malawi, Tanz., Uganda, Zambia
Bank-NGO study	Ghana, Uganda, Zimbabwe, Mali
EU-WB collaboration	Cd'I, Ethiopia, Mozambique, Burkina Faso (cond.)
World Bank (internal) Country Ranking	
top 10 performers	Mauritius, Botswana, South Africa, Namibia, Cote d'Ivoire, Lesotho, Malawi, Uganda, Benin, Cape Verde
medium performers	Ghana, Senegal, Mauritania, Zimbabwe, Kenya, Eritrea, Zambia, Mali, Ethiopia, Swaziland, Gambia, Mozambique, Burkina Faso, Niger, Seychelles, Sierra Leone, Togo, Madagascar, Tanzania, Chad, Guinea Bissau, Guinea
low performers	Cameroon, S Tome & Principe, Gabon, Congo, Comoros, Djibouti, Nigeria, Rwanda, Burundi, Eq. Guinea C A R., Dem. Rep. of Congo, Angola

Sub-Saharan Africa: Quick Overview

High, Medium, and Low Performers

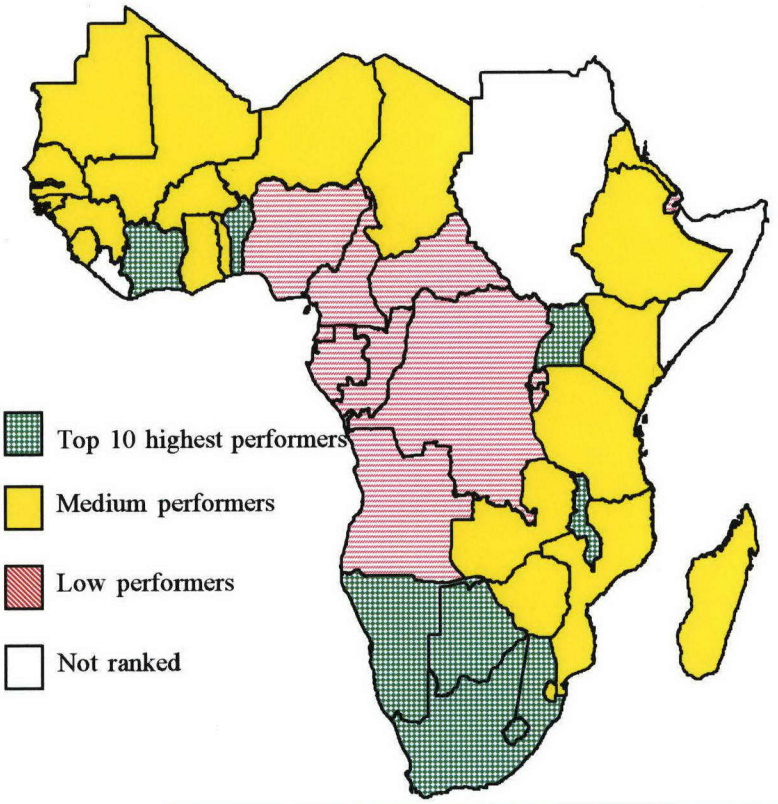
July 1997

Top 10 Performers

Mauritius
Botswana
South Africa
Namibia
Cote d'Ivoire
Lesotho
Malawi
Uganda
Benin
Cape Verde

Africa Portfolio

491 Projects
Total commitment: $18 billion
Undisbursed: $9 billion
49 projects to Board FY97
$1.6 billion IDA; $56 million IBRD
IFC investments: 72 projects; 24 countries; $384 million
MIGA: 31 contracts 1991-1997; $126 million liability



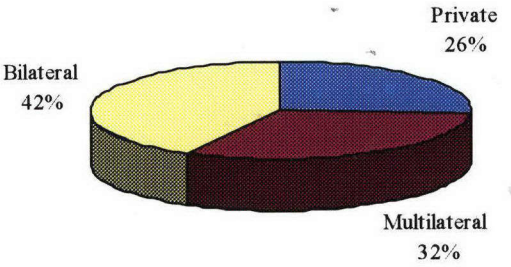
Economic Indicators

Population: 583.3 million
Population Growth: 2.7%
GNP per capita (Atlas): $512
GDP growth: 1994: 0.9%;
1995:3.4%; 1996:4.9%
Export growth: 1990-95: 2.7%;
1996: 8.2%
31 of 48 countries positive per capita GDP growth in 1995-1996 (avg)

Social Indicators

% of pop<$1/day: 45%
Urban population (% total): 34%
Life expectancy: 53 years
Infant mortality (per 1000): 94
Child malnutrition -
(%<5 years old): 26%
Access to safe water: 54%
Illiteracy rate: 47%
Male primary enrollment: 84%
Female primary enrollment: 71%

Composition of SSA Long Term Debt



Resource Flows (1996)

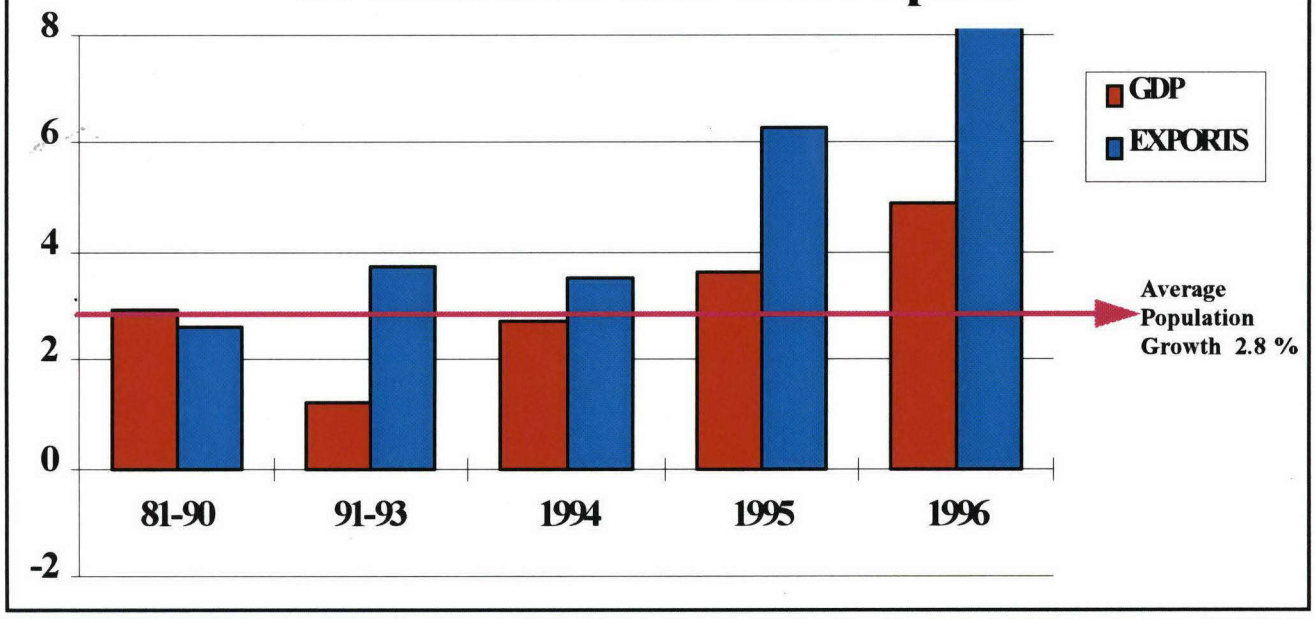
Total Net Resource Flows: $26.1 billion
Long term debt: $8.1 billion
FDI: $2.6 billion
Portfolio: $3.6 billion
Grants: $11.8 billion
Net Transfers: $17.6 billion (net resource flows minus interest and profit remittances)

quick.ppt

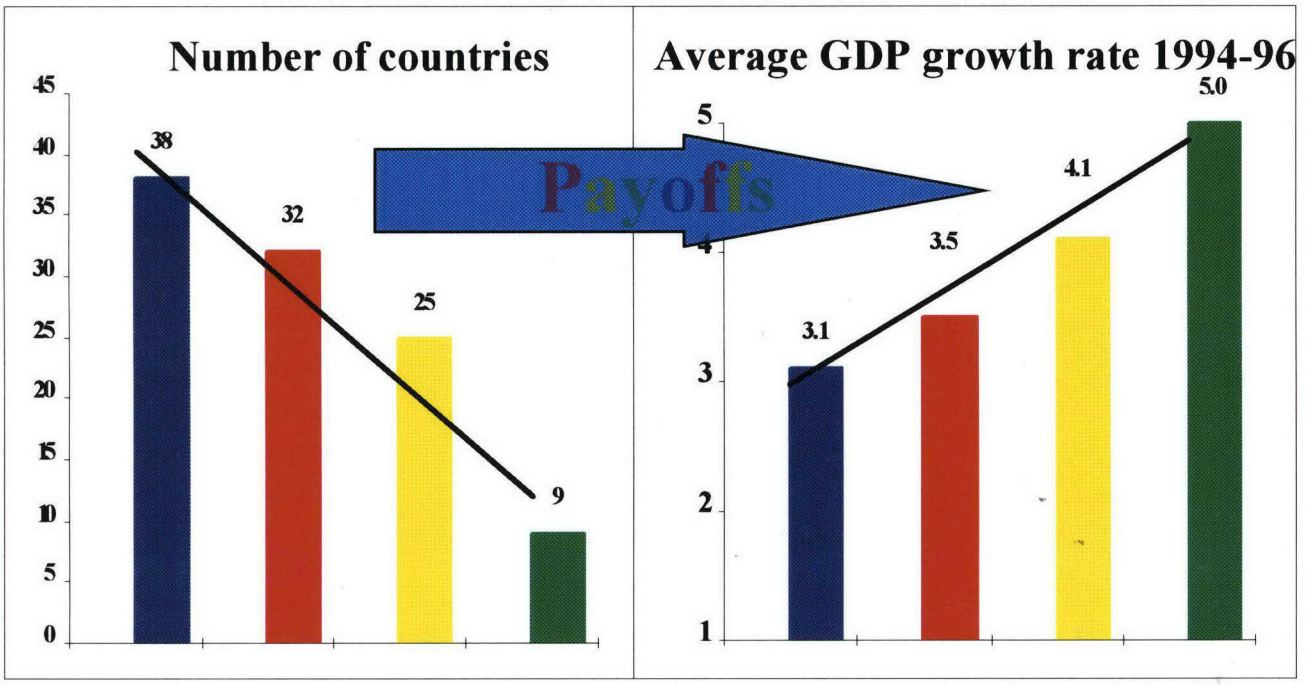
AFRICA

Growth and Performance

A. Growth of GDP and Exports



B. Accounting for Growth



Countries with GDP below $1000 per capita

... and with social stability

... and with macro stability

... and with resource allocation efficiency

7/22/97

China

CHINA

Points for Mr. Wolfensohn's Luncheon with Secretary M. Albright
(Thursday, October 9, 1997)

- President Jiang Zemin's position was strengthened following the 15th Party Congress with the "retirement" of some of his competitors -- especially Mr. Qiao Shi, Chairman of the Standing Committee of the National People's Congress (NPC). Premier Li Peng was also retained as number two within the party hierarchy with the likelihood of his taking over Qiao Shi's post as head of NPC in the spring. Zhu Rongji was elevated to the number three position in the party hierarchy and, thus, is the clear nominee to become the next Premier. Until the new government is formed, however, the reformers -- led by Zhu Rongji -- are likely to maintain a low profile in the Chinese tradition pending Li Peng's stepping down as Premier.

- No new major developments since Hong Kong Annual Meetings. Bank Group continues to emphasize importance of rapid implementation of SOE reform and associated financial sector reforms, and willingness to help. Outcome of 15th Party Congress to speed up SOE reform is reassuring, but *implementation* is the big issue. Not yet clear when and how China will translate the Party Congress' key policy decision on SOE reform into action. [**Note for Mr. Wolfensohn**: You will recall during your recent meeting with the Chinese Minister of Finance Liu Zhongli that the Minister indicated a major review of the financial sector was expected in November 1997, with the Government recognizing the need to commercialize China's banks. On-going instability in the region, will no doubt add to their concerns].

- Treasury Secretary Robert Rubin recently visited China. His consultations on WTO matters with the Chinese authorities resulted in no movement on either side. Any breakthrough on China's accession to the WTO remain in the hands of President Clinton and President Jiang Zemin when the latter visits Washington later in October or early November.

- Your basic message to Secretary Albright should be that the Chinese authorities are very interested in improving relations with the U.S. in terms of trade, regional cooperation, and other related activities. The Bank Group would welcome such a development.

Attachment: Bullet Points on China for the Annual Meetings (by Jean-Michel Severino)

Yukon Huang/Tom Tsui
October 7, 1997

CHINA

Bullet Points for Mr. Wolfensohn's Briefs

- Congratulate China and thank them for their participation in the financial package for Thailand (US$1 billion). The financial crisis in Southeast Asia should be an eye opener for all governments in the world, but especially for fast-growing countries in Asia. When financial sector issues are not fixed correctly, sustainable development does not take place. China has also a major financial sector problem. It has to be given priority and fixed. We are ready to help. We have already two direct lending operations in this sector in China, and an active technical assistance loan, and we are providing policy advice. Could we do more and better?

- Congratulate China for President Jiang Zemin's strong emphasis on SOE reform at the recent Party Congress. Urge them to implement the decisions quickly, and to focus as soon as possible on the case of the 1000 major SOEs, which concentrate most of the activity and the investment of the country, and most of the potential losses as well. Is there also something more we can do?

- Emphasize the increasing urgency of dealing with poverty and social issues in the transition, and the desirability of Bank involvement, despite IDA's phasing out (we can spend approximately US$300 million each year in FY98 and FY99, and then it should be over). In general, additional government resources should be allocated to health, education, and agriculture. Government grants could also complement IBRD loans when it is needed, for instance in the poorest provinces. But we can also work closely with other donors (Japan, EU for instance), in order to make financially attractive packages. Would the Chinese facilitate this move? If we want to go ahead in having a high volume lending program in China, we will have to present our Board a balanced package, which includes infrastructure and social sectors as well. We are concerned that without this balance, the Chinese program may receive less support.

- We are also worried that it might be more difficult to gain support at the Board for the strong lending program that we all want in the sector of infrastructure, without important improvements in the legal and regulatory framework for foreign direct investment, to increased FDI, diversify sources and encourage flows to priority sectors. We will do all we can to maintain and develop our lending in infrastructure, but what can the Chinese Government do in order to help?

- We understand and share a wish for a strong lending program and for a US$3 billion target. We will do as much as we can to reach this level, and the Chinese can count on our commitment. But this is an extremely challenging year: the efforts made last year to reach US$2.8 billion have left us with a quasi-empty pipeline. This requires tremendous efforts on both sides. We will do our share, and try to repeat last year's performance. Could China help in streamlining its procedures on its side, and also in giving us the flexibility to recruit better local staff on a longer term basis? We are not asking for renegotiating our basic agreements, but for more flexibility inside these agreements.

Jean-Michel Severino
September 15, 1997

A L L - I N - 1 N O T E

DATE: 04-Oct-1997 01:46pm

TO: HELEN KUNG (HELEN KUNG@A1@WBHQB)

FROM: Yukon Huang, EACCQ (YUKON HUANG@A1@WBWASH)

EXT.: 35357

SUBJECT: **Minutes - Minister of Finance and JDW**

Helen, Here is a draft. Please put in hard copy for me to edit

Present: Govt. - Minister of Finance, Vice Minister Liu Jibin, Asst. Minister of Finance, and Zhu Xian; Bank - JDW, JMS, YH, Director of IFD Javad Hamid, and VP MIGA.

Mr. Wolfensohn bega by thanking the Government delegation for the exceptional arrangements and referring to the success of the 15th Party Congress.

The Minister noted that the success of the one country two systems arrangement as reflected in the success of the Annual Meeting arrangements in Hong Kong. In reviewing developments since they had last met, he referred to the strong economic performance, lower inflation, and continued structural reform in building on the late Deng Xiao Ping's policies. SOE reform was at the top of the agenda. New foerms of public ownership would be encouraged: leasing, joint ventures, etc. Even bankruptcy would be increasingly evident. Only the strategic sectors such as steel, petrochemicals would continue to be primarily managed by the public sector. Smaller enterprises would be less controlled from the center. The Government, however, was concerned about stability and attention would be paid to social concerns.

Mr. Wolfensohn expressed his satisfaction with the policy statements emanating from the Party Congressm in particular SOE reform and the financial sector. He mentioned that the Bank had expertise in both areas and could help. The Bank was involved with privatization programs in many countries and would be pleased to assist the Chinese in privatization. In the financial sector, the Bank was building a strong team and could also help in this area. Noting that Mr. Stiglitz intended to come to China in the near future, he indicated that the Government might wish to tap his expertise in these areas.

On the financial sector, the Minister responded that a major review was expected in November. There was a need to commercialize the banks and gthe Central Bank would have to exercise proper surveillance. In the past local governments had exercised excessive interference. He expected that the World Bankl could help in this area. On privatization, he clarified that the Party Congress had not pushed for privatization of

ownership - just more diversified ownership structures.

Mr. Wolfensohn elaborated that the Bank did not intend to interfere in the Government's policy stance. The Bank had a wealth of experience and could help in a variety of ways. Informal advice might be appropriate at this stage. The Bank's new Chief of Mission would follow-up in Beijing.

Turning to the lending program, Mr. Wolfensohn noted that the pipeline was weak and would take time to build up. The Bank would respond as fast as Government. Streamlining procedures on both sides would be helpful in this regarad. We also needed more help from the Government in hiring local staff.

The Minister responded that they would do their share and would be pleased to exchange views. He then invited Mr. Wolfensohn to visit next year and suggestions were made about timing.

In closing, Mr. Wolfensohn noted that a major outstanding issue to be discussed is the Bank's role in the social sectors in the post IDA period. He also noted that IFC's program was increasing.

CC: RICHARD A. CALKINS (RICHARD A. CALKINS@A1@WBHQB)
CC: TOM C. TSUI (TOM C. TSUI@A1@WBHQB)

A L L - I N - 1 N O T E

DATE: 03-Oct-1997 09:23pm

TO: HELEN KUNG (HELEN KUNG@A1@WBHQB)

FROM: Yukon Huang, EACCQ (YUKON HUANG@A1@WBWASH)

EXT.: 35357

SUBJECT: **JDW - Li Peng Minutes**

Helen,

Here is a first draft. Please put into hard copy for me to edit. Thanks.

Present: Government - Premier Li Peng, Madame Li Peng, Minister of Finance, Zhu Xian; Bank - JDW, Mrs. Wolfensohn, Mr. Zhang Shengman, JMS, YH.

Premier Li opened by expressing his pleasure in seeing Mr. Wolfensohn at this historic occasion. Mr. Wolfensohn noted the excellent arrangements and the warmth of the Chinese hospitality in Hong Kong. Both sides referred to the strength of the relationship between China and the World Bank and the range of the cooperation. Premier Li referred to the length of project preparation needed but indicated that this probably was a factor for the quality of the Bank's projects. He referred to the phasing out of IDA. Nevertheless, China would be willing to borrow IBRD for needs in areas like agriculture and environment. There was a need to harness the power of the Yellow River as exemplified by the Xiaolangdi Project. More projects were needed for tackling soil erosion and forestry preservation.

Turning to the just concluded 15th Party Congress, Premier Li noted the statements on SOE reform and commented that many commentators have not been objective in their reporting on this issue. The Party Congress had opened the door to more varied participation in ownership of enterprises. Mixed ownership would now be increasingly important.

Mr. Wolfensohn replied by commenting on the important messages that came out of the party congress and the role that the is playing in China as exemplified by the Xiaolangdi Project. He referred to his visit to the Loess Plateau Project and the role of soil erosion. In concluding, Mr. Wolfesohn affirmed that the Bank would continue to play a major role in China's development program and that the Government's recent policy statements would provide a solid basis.

CC: RICHARD A. CALKINS (RICHARD A. CALKINS@A1@WBHQB)
CC: TOM C. TSUI (TOM C. TSUI@A1@WBHQB)

Addendum to the Brief on China
for Mr. Wolfensohn

The US ED's office has passed on that Treasury (Larry Summers) was concerned about press reports following the China 2020 seminar. It is unlikely but possible that this might come up in the meeting (this is a Treasury concern relating above all to WTO). In case, the relevant press reports are attached.

Former pariah China is heaped with praise for economic advance

by David Williams

HONG KONG, Sept 19 (AFP) - China, once the pariah of the global financial community, has been welcomed back into the fold with lavish praise here for its spectacular economic advance.

Eight years after the Tiananmen Square massacre made the country an international outcast, much appears to have been forgiven in the run-up to meetings of the World Bank and International Monetary Fund in Hong Kong next week.

The sessions are to be attended by Chinese Prime Minister Li Peng.

One World Bank official even described the Chinese Communist Party as a unifying and reforming force for the future, joining the chorus of praise from Bank president James Wolfensohn and IMF chief executive Michel Camdessus.

US Treasury Secretary Robert Rubin, speaking in Seattle, Washington, before heading to Hong Kong for a meeting of the Group of Seven industrialized nations Saturday, added Washington's stamp of approval.

Rubin said the goal of his trip to Hong Kong was to tighten relations with China.

"We have a strong stake in seeing China succeed in its economic reform process and its move to a more market-oriented economy," he said.

"China has made significant strides in integration into the world economy. We look forward to further progress, including th ugh the liberalization of capital transactions."

In Hong Kong, the host of the World Bank and IMF meetings -- the first major event since Chinese rule was restored on July 1 after more than 150 years of British rule -- the compliments were yet rosier.

The IMF's Camdessus Thursday described as "an extraordinary phenomenon" the dymanism of development and efforts for liberalising and opening the Chinese economy.

This was "catapulting the economy of China toward extraordinary records, supported by a steady flow of forign investment."

China absorbed half the world's direct foreign investment, he said, adding that unlike many other developing countries, China had managed to control inflation and had built up the second largest foreign reserves in the world.

On Friday, World Bank president Wolfensohn told reporters that "progress has been remarkable ... their record is fantastic in terms of economic and social development and that's why I'm optimisitic," he said.

No official went further in approval for China than Nicholas Hope, the World Bank's former China director and now chief of staff for Europe and central Asia who initiated a long-term China study released here Thursday.

Hope said he saw "no conflict" between the objectives of achieving institutional and labour market reform and those of the Chinese Communist Party.

"I have frankly no real sense of what will happen in China in te s of how the party structure will evolve," he said at the media launch of the study into China's prospects.

"It has clearly provided an important unifying force and an

important reforming force in the past 20 years, and that looks set to continue if the events of the past week in Beijing are anything to go by."

He was referring to the 15th Communist Party Congress, which concluded Thursday with a pledge to make state enterprises more efficient and accountable.

Hope solidly backed Beijing's bid to join the World Trade Organization, for which negotiations have dragged on for years.

"After watching negotiations there is a tendency to think that these rules are fairly tough," said Hope.

There was a perception that "the barrier seems to change -- once you clear the hurdle, they seem to raise it to a new height," he said, adding that this was probably to be expected since "every country wants the best possible deal when China enters the WTO."

The warm welcome for China from the financial community coincides with steadily improving ties on most fronts between Beijing and Washington.

The United States cited progress Thursday in its drive to persuade China to stop exporting nuclear-weapons technology, raising hopes that a nuclear agreement can be signed at next month's US-Sino summit.

djw/nh

AFP

AFPviaNewsEDGE

KEYWORDS: Money-China-pariah
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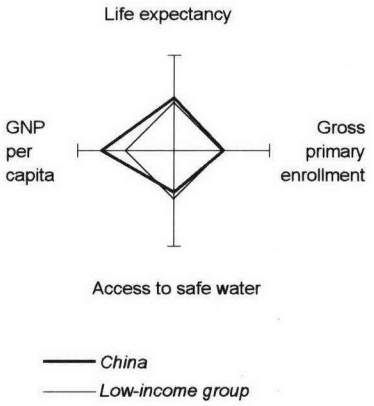
China
Basic Facts and Figures

China at a glance

8/15/97

POVERTY and SOCIAL	China	East Asia	Low-income
Population mid-1996 *(millions)*	1,211.3	1,726	3,229
GNP per capita 1996 *(US$)*	750	890	500
GNP 1996 *(billions US$)*	903.8	1,542	1,601
Average annual growth, 1990-96			
Population *(%)*	1.1	1.3	1.7
Labor force *(%)*	1.1	1.3	1.7
Most recent estimate *(latest year available since 1989)*			
Poverty: headcount index *(% of population)*	9	..	..
Urban population *(% of total population)*	30	31	29
Life expectancy at birth *(years)*	69	68	63
Infant mortality *(per 1,000 live births)*	34	40	69
Child malnutrition *(% of children under 5)*	17	..	..
Access to safe water *(% of population)*	46	49	53
Illiteracy *(% of population age 15+)*	19	17	34
Gross primary enrollment *(% of school-age population)*	109	117	105
Male	..	120	112
Female	..	116	98

Development diamond*

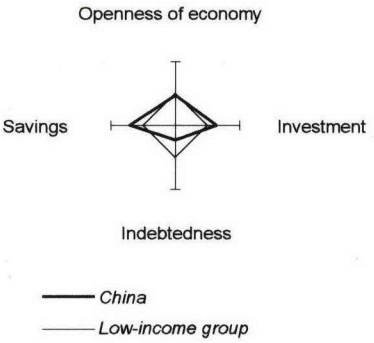


KEY ECONOMIC RATIOS and LONG-TERM TRENDS

	1975	1985	1995	1996
GDP *(billions US$)*	160.3	378.1	755.9	914.2
Gross domestic investment/GDP	30.3	37.8	40.5	42.4
Exports of goods and services/GDP	5.2	9.9	21.0	18.5
Gross domestic savings/GDP	30.6	33.7	42.2	43.9
Gross national savings/GDP	30.6	34.0	40.6	42.8
Current account balance/GDP	-0.2	-3.9	0.2	0.5
Interest payments/GDP	..	0.2	0.9	0.5
Total debt/GDP	..	5.5	16.9	14.2
Total debt service/exports	..	8.3	9.4	6.7
Present value of debt/GDP	..	..	15.5	..
Present value of debt/exports	..	..	70.8	..

	1975-85	1986-96	1995	1996	1997-05
(average annual growth)					
GDP	8.3	*9.9*	10.5	9.7	8.5
GNP per capita	7.5	8.4	7.9	8.9	7.6
Exports of goods and services	17.2	*13.1*	9.6	7.4	8.6

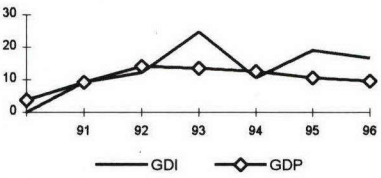
Economic ratios*



STRUCTURE of the ECONOMY

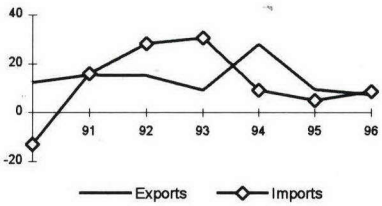
	1975	1985	1995	1996
(% of GDP)				
Agriculture	32.0	28.4	20.6	20.0
Industry	42.8	43.1	48.4	48.9
Manufacturing	31.6	35.4	37.6	38.9
Services	25.2	28.5	31.1	31.1
Private consumption	61.9	53.1	45.6	46.1
General government consumption	7.6	13.2	12.2	10.0
Imports of goods and services	5.0	14.0	19.3	17.0

Growth rates of output and investment (%)



	1975-85	1986-96	1995	1996
(average annual growth)				
Agriculture	5.4	*4.3*	5.0	5.1
Industry	10.4	*13.4*	14.1	12.7
Manufacturing	13.0	*12.9*	13.3	12.3
Services	9.8	*9.4*	7.9	7.8
Private consumption	8.2	*8.2*	6.3	3.3
General government consumption	9.0	*8.7*	..	11.4
Gross domestic investment	9.8	*11.3*	19.1	16.6
Imports of goods and services	22.1	*9.5*	5.0	8.6
Gross national product	9.0	9.9	9.0	9.9

Growth rates of exports and imports (%)

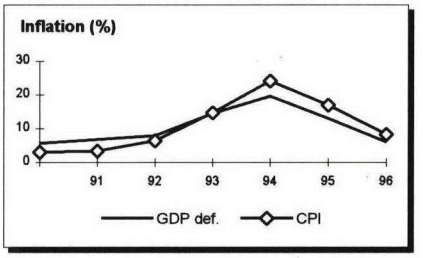


Note: 1996 data are preliminary estimates. Figures in italics are for years other than those specified.

* 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.

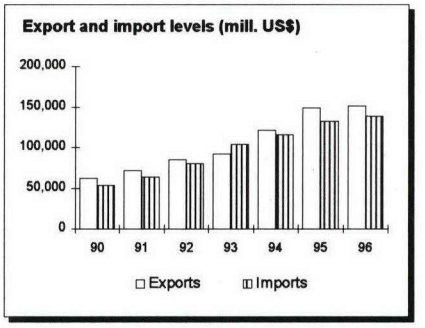
PRICES and GOVERNMENT FINANCE

	1975	1985	1995	1996
Domestic prices				
(% change)				
Consumer prices	..	9.3	16.9	8.3
Implicit GDP deflator	-0.9	10.1	13.1	6.1
Government finance				
(% of GDP)				
Current revenue	..	25.5	11.4	11.5
Current budget balance	..	6.7	-1.4	0.5
Overall surplus/deficit	..	-0.5	-1.7	-1.6



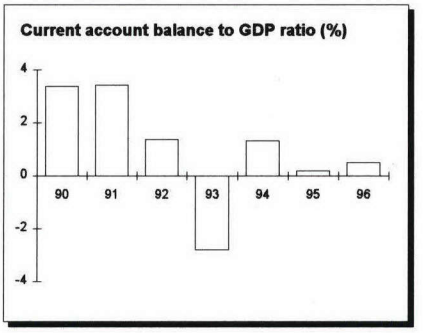
TRADE

	1975	1985	1995	1996
(millions US$)				
Total exports (fob)	..	27,350	148,770	151,073
Food	..	3,803	9,954	10,232
Fuel	..	7,132	5,335	5,929
Manufactures	..	13,522	127,283	129,141
Total imports (cif)	..	42,252	132,078	138,828
Food	..	1,881	9,126	7,866
Fuel and energy	..	172	5,127	6,877
Capital goods	..	18,694	57,481	63,901
Export price index *(1987=100)*	..	92	133	132
Import price index *(1987=100)*	..	78	132	131
Terms of trade *(1987=100)*	..	118	101	100



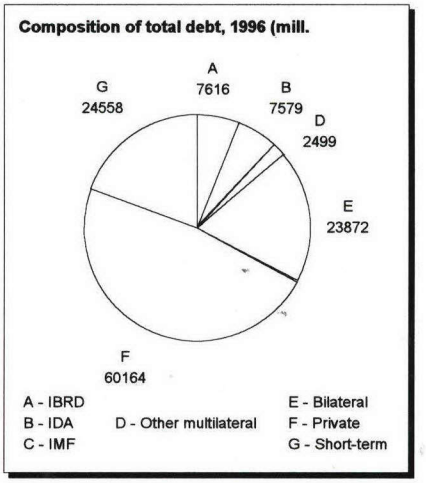
BALANCE of PAYMENTS

	1975	1985	1995	1996
(millions US$)				
Exports of goods and services	7,828	28,163	147,240	153,740
Imports of goods and services	8,097	41,149	135,284	141,340
Resource balance	-269	-12,986	11,956	12,400
Net income	0	932	-11,774	-10,370
Net current transfers	0	171	810	1,580
Current account balance, before official capital transfers	-269	-11,883	992	3,610
Financing items (net)	..	9,443	21,477	28,030
Changes in net reserves	..	2,440	-22,469	-31,640
Memo:				
Reserves including gold *(mill. US$)*	..	13,214	76,036	108,289
Conversion rate *(local/US$)*	1.9	2.9	8.4	8.3



EXTERNAL DEBT and RESOURCE FLOWS

	1975	1985	1995	1996
(millions US$)				
Total debt outstanding and disbursed	..	16,696	118,090	126,288
IBRD	..	498	7,209	7,616
IDA	..	431	7,038	7,579
Total debt service	..	2,478	15,066	16,825
IBRD	..	26	810	840
IDA	..	4	63	73
Composition of net resource flows				
Official grants	..	117	329	..
Official creditors	..	1,117	7,202	7,193
Private creditors	..	2,867	5,683	1,873
Foreign direct investment	..	1,659	35,849	..
Portfolio equity	..	0	2,807	..
World Bank program				
Commitments	..	1,092	2,850	1,900
Disbursements	..	565	2,269	2,097
Principal repayments	..	0	364	364
Net flows	..	565	1,905	1,734
Interest payments	..	29	509	549
Net transfers	..	536	1,396	1,185



Development Economics. 1996 external debt and resource flows data are from DRS (preliminary). 8/15/97

Note: The dollar estimates for China's GNP per capita, GNP and GDP are preliminary figures based on an on-going World Bank study of China's GDP. They were calculated to facilitate inter-country comparisons. Official statistics are used as the basis for all other economic analysis contained in this document.

Indonesia

Indonesia Briefing Note for
Mr. Wolfensohn's Lunch Meeting With Ms. Albright
October 8, 1997

1. Ms. Albright may inquire about two simultaneous crises in Indonesia with a regional dimension: (i) the regional financial crisis that has hit Indonesia hard; and (ii) the haze and pollution caused by fires in Kalimantan and Sumatra which have seriously affected the health of people and economic activity in several Southeast Asian countries.

The Currency Crisis and the Future Outlook

2. ***Why has the Indonesian Rupiah depreciated by over 50 percent in three months?*** A loss of confidence has triggered changes to the supply and demand for foreign exchange.

- *Reduced supply.* External creditors are no longer replacing loans falling due; holders of foreign exchange have been reluctant to bring dollars to the market; exporters have been slow to sell their foreign exchange earnings. Consequently, daily market turnover fell from around $2 billion in June to $200-300 million at the beginning of October.

- *Increased demand.* Corporates are scrambling to cover unhedged external debts estimated to be US$30-40 billion. Foreign holders of Rupiah commercial paper now wish to convert their repayment receipts into foreign exchange. About $4 billion per month is needed to pay for imports.

3. ***Why was this not foreseen?*** Nobody anticipated the collapse in confidence in the Rupiah. The Government had reacted quickly to the first signs of weakness by letting the Rupiah float, removing restrictions on foreign participation in IPOs, and announcing cutbacks in public expenditures. But the markets were clearly unimpressed. Contributing to their skepticism was the Government's failure to cut key projects promoted by the President's family and its failure to close or restructure banks that are insolvent and undercapitalized. Moreover, everybody underestimated the extent to which corporates held *unhedged* external debt and foreign investors held Rupiah-denominated corporate paper.

4. ***What is the Bank doing about the crisis?*** Apart from providing advice on a daily basis on how to deal with the crisis, the World Bank is joining the Fund in a joint mission to prepare a financial assistance package to make more foreign exchange available immediately, restore investor confidence, and help Indonesia resume a sustainable growth path. Underpinning the package would be a two-part program of actions:

- The first part would involve a monetary and fiscal program that would likely feature major public expenditure reductions, some tax increases, and a tight monetary stance.

- The second part would involve structural reforms of two kinds. The first would be a major overhaul of the financial system with the broad objective of improving its efficiency and stability. The second set of structural reforms would help improve efficiency and strengthen competition, and would include: (i) an expanded role for the private sector in the marketing of commodities (other than rice) and in the provision of infrastructure services (including ports); and greater emphasis on competition through lower restrictions on domestic and international trade, fewer activities closed to foreign investors, and open competitive bidding on public projects.

5. ***What is the economic outlook for Indonesia?*** In the next year or two, slower growth will be inevitable. The key is to minimize the duration and extent of the downturn and restore faster growth as quickly as possible. By restoring confidence quickly, a Fund-Bank program would help achieve this objective.

The Forest Fires:

6. ***Causes***: Fires in Sumatra and Kalimantan (Southern Borneo) are a periodic occurrence, but are of much larger proportions this year than in previous years. The Primary cause is extensive clearing of forest land by large plantation operators. The situation is exacerbated by weak access control to forest areas, farmers practice of slash-and burn as a form of land fertilization, and the effects of unusually dry conditions caused by El Niño which has delayed the onset of the rainy season.

7. ***Extent:*** Estimates of damage still vary widely. The Ministry of Forestry is now estimating that about 100,000 hectares have been burned in Kalimantan and Sumatra. Air quality has been severely affected in extensive areas of Indonesia as well as Malaysia and Singapore. Newspapers are reporting thousands of cases of respiratory complaints and some deaths related to smoke and haze. Air traffic has been interrupted in 8-10 Indonesian cities and delayed in Malaysia. It appears that fires have now subsided in some areas due to rain and government actions, but new "hot spots" are being reported in Sulawesi.

8. ***Actions***: President Soeharto announced on September 7 a ban on land clearing in forest areas. The government has this week revoked 166 wood use permits held by about 30 plantations and timber companies. The army is assisting fire fighters. Numerous donors have offered help. A United Nations Disaster Assessment Coordination (UNDAC) team is in Indonesia to assess the situation and serve as a channel between the donor community and the responsible government agency. The government has not yet asked the World Bank for assistance, but resident mission staff has been in close contact with the relevant agencies.

Attachment: Indonesia: At a Glance

Prepared by: Vikram Nehru, Thomas Walton, Oscar de Bruyn Kops.

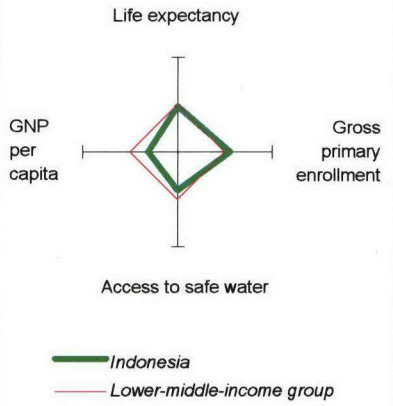
Indonesia
Basic Facts and Figures

Indonesia at a glance

8/15/97

POVERTY and SOCIAL	Indonesia	East Asia	Lower-middle-income
Population mid-1996 *(millions)*	196.1	1,726	1,125
GNP per capita 1996 *(US$)*	1,090	890	1,750
GNP 1996 *(billions US$)*	213.7	1,542	1,967
Average annual growth, 1990-96			
Population *(%)*	1.6	1.3	1.4
Labor force *(%)*	2.5	1.3	1.8
Most recent estimate *(latest year available since 1989)*			
Poverty: headcount index *(% of population)*	11	..	..
Urban population *(% of total population)*	36	31	56
Life expectancy at birth *(years)*	64	68	67
Infant mortality *(per 1,000 live births)*	51	40	41
Child malnutrition *(% of children under 5)*	11	..	..
Access to safe water *(% of population)*	63	49	78
Illiteracy *(% of population age 15+)*	16	17	..
Gross primary enrollment *(% of school-age population)*	115	117	104
Male	117	120	105
Female	113	116	101

Development diamond*

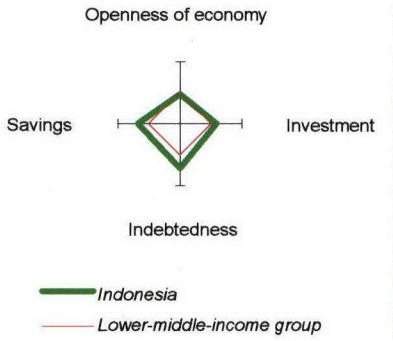


KEY ECONOMIC RATIOS and LONG-TERM TRENDS

	1975	1985	1995	1996
GDP *(billions US$)*	32.1	87.2	208.6	230.8
Gross domestic investment/GDP	23.7	26.1	32.4	32.7
Exports of goods and services/GDP	23.2	22.2	26.4	26.2
Gross domestic savings/GDP	25.9	27.8	33.5	34.0
Gross national savings/GDP	23.4	22.8	28.2	28.4
Current account balance/GDP	-3.4	-2.2	-3.4	-3.5
Interest payments/GDP	1.0	2.3	2.4	2.3
Total debt/GDP	35.8	42.1	51.7	46.9
Total debt service/exports	15.1	28.8	29.9	33.0
Present value of debt/GDP	..	..	51.0	..
Present value of debt/exports	..	..	187.7	..

	1975-85	1986-96	1995	1996	1997-05
(average annual growth)					
GDP	7.0	7.9	8.2	7.8	7.7
GNP per capita	4.3	6.1	5.8	6.3	6.4
Exports of goods and services	-1.0	9.3	8.6	6.3	9.5

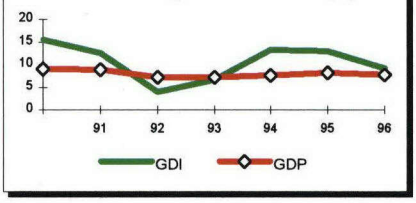
Economic ratios*



STRUCTURE of the ECONOMY

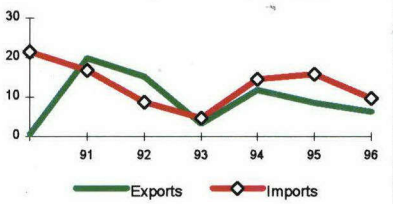
(% of GDP)	1975	1985	1995	1996
Agriculture	30.2	23.2	17.2	16.3
Industry	33.5	35.9	41.5	42.7
Manufacturing	9.8	16.0	24.2	25.2
Services	36.3	40.9	41.4	41.0
Private consumption	65.1	60.4	58.6	58.3
General government consumption	9.0	11.8	7.9	7.7
Imports of goods and services	21.0	20.5	25.2	24.9

Growth rates of output and investment (%)



(average annual growth)	1975-85	1986-96	1995	1996
Agriculture	4.2	3.4	4.2	1.9
Industry	7.0	9.9	10.4	10.4
Manufacturing	14.5	11.2	10.8	11.0
Services	9.0	8.1	7.7	7.4
Private consumption	9.8	*6.9*	9.7	9.2
General government consumption	10.5	*4.8*	1.3	3.8
Gross domestic investment	12.1	10.7	13.0	9.1
Imports of goods and services	8.8	9.4	15.8	9.6
Gross national product	6.5	7.9	7.4	7.5

Growth rates of exports and imports (%)

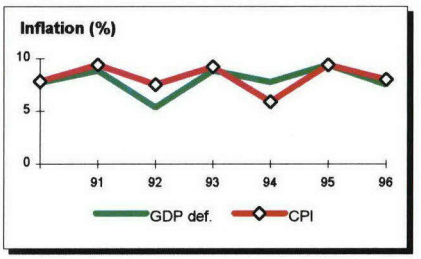


Note: 1996 data are preliminary estimates. Figures in italics are for years other than those specified.

* 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.

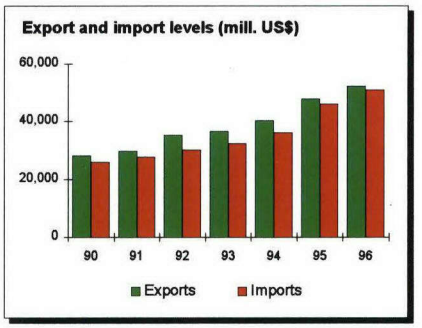
PRICES and GOVERNMENT FINANCE

	1975	1985	1995	1996
Domestic prices				
(% change)				
Consumer prices	19.1	4.7	9.4	8.0
Implicit GDP deflator	11.2	4.3	9.4	7.5
Government finance				
(% of GDP)				
Current revenue	..	19.2	14.7	15.4
Current budget balance	..	6.0	5.4	6.1
Overall surplus/deficit	..	-3.2	0.8	0.9



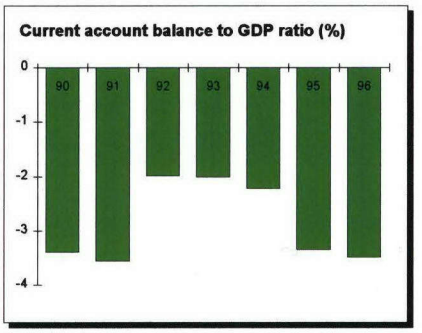
TRADE

	1975	1985	1995	1996
(millions US$)				
Total exports (fob)	..	18,823	47,754	52,192
Fuel	..	12,804	10,616	12,594
Rubber	..	714	2,330	2,388
Manufactures	..	2,287	29,054	31,617
Total imports (cif)	..	14,056	46,039	50,815
Food	..	812	3,397	3,852
Fuel and energy	..	2,870	3,563	4,414
Capital goods	..	5,394	18,957	21,135
Export price index *(1987=100)*	..	121	137	..
Import price index *(1987=100)*	..	85	127	..
Terms of trade *(1987=100)*	..	143	108	..



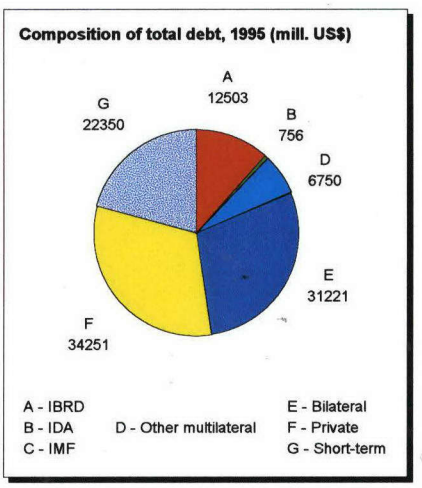
BALANCE of PAYMENTS

	1975	1985	1995	1996
(millions US$)				
Exports of goods and services	6,981	19,371	52,938	58,017
Imports of goods and services	6,775	17,840	51,589	57,050
Resource balance	207	1,531	1,349	968
Net income	-1,342	-3,542	-7,832	-8,766
Net current transfers	27	88	-504	-256
Current account balance, before official capital transfers	-1,108	-1,923	-6,987	-8,054
Financing items (net)	257	962	9,638	11,927
Changes in net reserves	851	961	-2,651	-3,873
Memo:				
Reserves including gold *(mill. US$)*	592	13,184	16,000	19,873
Conversion rate *(local/US$)*	415.0	1,110.6	2,255.0	2,362.0



EXTERNAL DEBT and RESOURCE FLOWS

	1975	1985	1995	1996
(millions US$)				
Total debt outstanding and disbursed	11,498	36,715	107,831	108,300
IBRD	57	3,590	12,503	11,138
IDA	318	844	756	736
Total debt service	1,060	5,823	16,419	18,672
IBRD	2	384	1,875	2,249
IDA	2	12	26	26
Composition of net resource flows				
Official grants	69	136	249	..
Official creditors	515	980	1,101	..
Private creditors	1,749	154	2,428	..
Foreign direct investment	476	310	4,348	..
Portfolio equity	0	0	4,873	..
World Bank program				
Commitments	311	1,068	1,312	1,194
Disbursements	164	777	1,045	905
Principal repayments	0	133	975	1,429
Net flows	164	644	69	-523
Interest payments	3	262	926	846
Net transfers	160	382	-857	-1,370



Development Economics. 1996 external debt and resource flows data are staff estimates (preliminary). 8/15/97

Note: Government finance and trade fiscal year (April to March).

Thailand

Thailand Brief: A Strategy for Restoring Confidence And Rehabilitating the Financial Sector

Following a decade of macroeconomic stability and rapid economic growth, near term prospects of the Thai economy deteriorated sharply in the first half of 1997, culminating in speculative currency attacks that badly bruised the economy. This was the finale of a process that began in 1995/96 with softening of export growth, widening current account deficit, mounting short term external debt, a collapse of demand in the property sector and weaknesses in the financial system. Policy response by the Thai authorities to these macroeconomic and structural weaknesses has been hesitant and faltering and has inspired little confidence.

Since June, the authorities have taken a number of steps to bolster the economy, including floating the Baht, cutting back public expenditure, raising the VAT and suspending 42 troubled finance companies (in addition to the 16 suspended earlier). In August, the authorities committed themselves to a stabilization program supported by an IMF standby arrangement, bilateral pledges by South-east and East Asian countries and multilateral support by the World Bank and the Asian Development Bank amounting to a total of US$17.2 billion.

Despite these measures, the crisis of confidence persists and continues to cloud the prospects of a quick recovery. The reason may well be that in the critical early phase of crisis, the political leadership appeared to be unfocused (in part because of the impending constitutional struggle), the economic management team fractured, and policy measures piece meal.

It appears that the leadership weaknesses are beginning to be tackled. The lukewarm reception by the market to the stabilization package (seen in the continued weakness of the Baht and the stock market), the firm messages delivered to the Government at the Hong Kong Annual Meetings, the Government's survival of the no-confidence vote and the prospects of a larger-than-expected fiscal cost associated with financial sector difficulties, has concentrated the minds of the authorities. The Technical Assistance Loan recently signed with the World Bank is being implemented. The World Bank team currently in Bangkok has been working closely with the Government to design a comprehensive package for the suspended finance companies, which will be announced on October 15.

Thailand's strategy for restoring confidence, rehabilitating the financial sector and easing the liquidity squeeze should comprise five mutually re-inforcing reform packages:

- a credible macroeconomic framework
- a sound program for resolving the problems of the suspended finance companies
- a robust agenda for ensuring the safety and soundness of the remaining financial sector institutions
- a consistent policy framework to attract capital flows
- strengthened incentives for voluntary debt restructuring and market discipline.

The program outlined above would address the immediate problem of financial sector distress and the associated liquidity crunch and would be followed up by a medium term strategy for stimulating growth.

World Bank operations proposed to support this broad strategy include a fast track Financial Sector Implementation Assistance (FSIA) loan and a series of structural adjustment loans during the next three years. This project was appraised and negotiated on September 4, and presented to the Board on September 11. The FSIA loan would support strengthening of the financial and banking sector. The first SAL is due to be appraised in October and would be presented to the Board in early December.

The Macroeconomic framework

The macroeconomic framework for stabilizing the economy is provided by the IMF Stand-By Program. The objectives of the program are to achieve Balance of Payments adjustment with a minimum loss of output and employment and inflation restrained to single digit levels. In the adjustment period, the IMF has projected GDP growth to slow down to 2.5 percent in 1997 and to pick up in 1998 to 3.5 percent and, in the year 2000, to 6.5 percent. The principal elements of the adjustment program are:

- maintaining a floating exchange rate (the use of foreign reserves to stabilize is limited via agreement on quarterly reserve levels),
- restraining the growth of money supply (a quarterly ceiling on net domestic asset creation will be maintained),
- converting the fiscal deficit of 1 percent in 1997 to a surplus of 1 percent by 1998 (this will require a total additional fiscal effort of 3 percent because of the slowdown in GDP growth and will involve substantial cut backs as well as increased taxation of consumption; public enterprises will be required to balance their budgets and social services expenditures would be protected) and
- restoring the soundness of the financial sector and curbing the drain on the banking system and drain on Bank of Thailand liquidity (this will require closing down unviable financial institutions as well as a series of steps to bolster banks and other financial institutions that are relatively healthy).

Associated with the stabilization package is a financing gap of US $ 9 billion for end-1997 and US $ 5 billion for 1998.

The IMF package is based on the expectation that short-term debt will be rolled over and that it will be possible to contain the fiscal cost of restructuring financial institutions within the agreed parameters of the program.

The World Bank Mission to Thailand (August 7 to September 20), working closely with the IMF team, estimated that due to further deterioration of loan portfolios, the cost of financial restructuring would be larger than previously calculated. Furthermore, revenues are likely to fall sharply as a result of lower than projected GDP growth and reduced consumption and corporate earnings. Consequently, an additional fiscal effort of several percentage points of GDP would be needed in the next fiscal year to stay within the parameters of the IMF program. In the first week of October, the Thai Government announced deep cut-backs ($4 billion) to meet the fiscal targets. There is some concern that

this might result in curtailing growth sharply and may delay recovery. The alternative of raising revenues through privatization needs to be considered urgently.

Establishing an Appropriate Resolution Mechanism for Troubled Financial Institutions

There is no short cut in resolving the financial crisis Thailand is facing. Deposit withdrawals from banks will not only continue but accelerate until the authorities' credibility and the public's confidence in banks have been restored. Moreover, there are good reasons to believe that many commercial banks will face increasing distress in the next 6-12 months as the real sector downturn intensifies and many banks face rapidly deteriorating asset quality. The only way the authorities can lessen the extent of these problems is by assuring the public of their determination to address the problems in the financial sector in a consistent, transparent and well-thought out manner. A package of consistent actions was spelled out in the report given to the authorities last July by the joint Fund/Bank mission. In summary, the following set of actions will be important to implement in rough sequence of priority:

- Agree on objectives and principles of a comprehensive financial restructuring strategy where one decision-making body defines and implements the strategy.

- Confirm the government guarantee of all depositors and creditors in non-suspended financial institutions. This action is already being implemented via issuance of a Royal Decree.

- Announce the establishment of a Financial Sector Restructuring Agency (FRA) and assign clear responsibilities to the Screening Committee (or perhaps the Resolutions Commission), the future Asset Management Company, and any fund administered to pay out on the comprehensive guarantee. The roles of Bank of Thailand (BOT), Ministry of Finance (MOF) and the Financial Institutions Development Fund (FIDF) should also be made much more clear than at present. These actions would be undertaken via issuance of the same Royal Decree that will establish the Comprehensive Guarantee program.

- Appoint Head of the FRA and start the recruitment of staff for the Resolutions Commission.

- Define the role of the BOT so that it will have responsibility for applying internal guidelines (or triggers) and criteria for suspension, adequate rehabilitation, interventions, liquidation, and voluntary mergers, or asset transfers, etc. that will apply to both the suspended finance companies and also to any financial institution transferred to the FRA for resolution. This will include establishment of detailed rules for institutions indebted to FIDF or those having a capital deficiency.

- Define the extent and timing of government support in the resolution process. The principal condition will be that no new injections of capital can be made until all shares of existing shareholders have been written down and management replaced.

- Establish criteria and define role of the Resolutions Commission in selling assets of the suspended finance companies. Similarly define the role of the Asset Management Company.

Ensuring the Safety and Soundness of the Remaining Financial System

Remaining finance companies

Finance companies have proven riskier than banks. A number of steps need to be taken to strengthen finance company regulations:

- In recognition of their higher risks, steps must be taken to make finance company regulations stricter than commercial bank regulations including higher capital adequacy requirement, tightening of insider lending limitations and elimination of most net foreign exchange liabilities on their balance sheets.

- The finance company industry, despite the risks, has grown considerably faster than the banks over the past five years. Growth would be slowed down by applying stricter requirements than currently imposed on banks and requiring that they fulfill a number of soundness criteria relating to capital (adequacy as well as amount), loan portfolio quality, liquidity, and quality of management.

- Commercial banks that meet capital adequacy requirements must be allowed to purchase up to 51% ownership share in nonsuspended finance companies (or suspended finance companies for which the Bank of Thailand has approved a sound rehabilitation plan which inter alia complies with capital requirements). It should be announced that no new finance company licenses will be issued during the next 18 months in order to encourage those desiring to enter the industry to do so without increasing the number of institutions.

- All operating finance companies should be required to have placed their securities business into separate companies. Promissory note minimum investments must be raised in order to discourage small depositors who may not adequately understand the risks associated with finance company investments.

- Diagnostic teams would be sent into any finance companies whose borrowings exceed 25% of net worth and sign MOUs with all such institutions containing timebound programs for restoring sound practices. MOU agreements should be in place with all operating finance companies that have FIDF borrowings in excess of 5% of net worth. BOT should aggressively monitor compliance with MOUs and take appropriate actions in all cases where companies fail to achieve full compliance.

Strengthening Financial Institution Supervision and the Regulatory Environment

High priority must be placed on using financial institution supervision and examination resources, together with key technical assistance support, for handling urgent financial situations in operating banks and finance companies. Careful diagnostic reviews must be initiated of all institutions that face urgent problems. In addition, the following steps need to be taken to strengthen the supervision and regulatory environment:

- Satisfactory written internal procedures must be designed for handling weak institutions, imposing penalties for noncompliance with regulations, replacing management, suspending institutions, and implementing rehabilitation programs necessary for lifting future suspensions, if any. Procedure for dealing with emergencies would include

implementation of policies that allow significant changes in licensing and financial institution (including foreign) share ownership.

- Stricter loan classification requirements must be implemented and accounting practices improved for bad debt provisions and interest income recognition based on those loan classifications that comply with international accounting standards; financial accounting relating to the loan portfolio must be transparent.

- Offsite supervision capacity and procedures must be strengthened by improving reporting formats and bank analyses guidelines, etc; an effective financial institution rating and early warning system must be put in place.

- Onsite examination needs to be strengthened by improving the quality of diagnostic reviews of weak institutions; training programs for both off-site and on-site supervisory personnel should be undertaken during the next 12 months.

- The present comprehensive guarantee program must be replaced by a limited deposit insurance system, which is self-financing.

- Bank regulatory requirements must be strengthened by i) limiting net foreign exchange liabilities to 5% of tier one capital for long term obligations, and 10% of tier one capital for short term obligations; and ii) redefining insider lending limitations to encompass lending to shareholders who directly or indirectly own 5% or more of the shares of that financial institution.

Attracting Capital Flows:

Thailand's regulatory regime has led to distortions in capital flows in the form of: (i) incentives to bring in foreign debt rather than equity; (ii) a proclivity to contract short term rather than long term debt and (iii) intermediation through local rather than foreign banks. As a result, local banks have ended up bearing the credit risk and indirectly the foreign exchange risk.

A number of steps are needed to resume access to less risky foreign capital, encourage equity ownership by foreigners, promote the development of market in longer term instruments and reduce the current liquidity crunch:

- Restrictions on the flow of Bahts between residents and non-residents, which were imposed after the currency crisis in May 1997, have severely undermined the cross currency swap (CCS) market in Baht vis-à-vis the US dollar, and must be lifted. The previously active CCS market enabled Thai borrowers to pass on the foreign exchange and interest rate risks to those who are willing and able to assume this risk, namely the foreign players. Such foreign players not only had the requisite expertise, experience and capital to bear these risks but also indirectly made up for an under-developed fixed rate domestic bond market in Thailand. The lifting of these restrictions will also help to rebuild the confidence of foreign investors who have been financing Thailand's large current account deficit.

- Complementing the lifting of restrictions on currency swap would be the liberalization of existing foreign ownership rules in the financial, real estate and the corporate sector, as it will increase reliance on equity rather than debt and thereby reduce the over-exposure of Thai local Banks to credit as well as effects risk.

- With a flight to quality of deposits from many local to foreign financial institutions, a liquidity crunch is now threatening the local FIs as well as many corporates. To ensure that systemic risk does not undermine the entire Thai banking and payment system and lead to a collapse of demand in the real sector, it is important to provide adequate liquidity and prudent sharing of risk through the properly functioning markets; opening up the financial, real estate and the corporate sectors will inject the much needed long term capital and liquidity into the system and will strengthen the market.

- The withholding tax on interest income as well as the reserve and liquidity requirement on funds taken to finance Baht debt instruments should be abolished. This will encourage foreigners to invest in longer dated domestic Baht instruments directly and also to enable Thai banks to trade and make a market in these instruments.

Strengthening Incentives for Voluntary Debt Restructuring and Market Discipline

- Speedy passage by parliament of chapter 11 provisions of the new bankruptcy law is urgently needed. This will provide opportunities, should a majority of creditors so desire, for the re-habilitation of enterprises that are still economically viable but suffer from a shortage of liquidity or equity. Introduction of mechanisms for out-of-court settlements and dispute resolution mechanisms will both facilitate voluntary debt restructuring.

- Recent listed public company scandals have revealed glaring weaknesses in enforcement of accounting and auditing standards, disclosure rules and legal provisions for take overs and against insider trading and related party transactions. This has shaken investor confidence and points to the need for more rigorous monitoring and prosecution of wrongdoers.

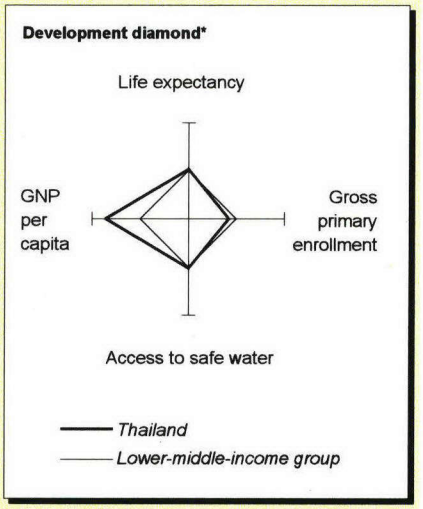
Ijaz Nabi
7-Oct-97, 12:30am

Thailand
Basic Facts and Figures

Thailand at a glance

8/21/97

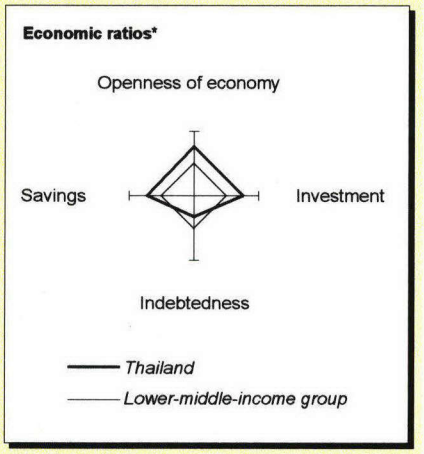
POVERTY and SOCIAL	Thailand	East Asia	Lower-middle-income
Population mid-1996 *(millions)*	58.7	1,726	1,125
GNP per capita 1996 *(US$)*	3,020	890	1,750
GNP 1996 *(billions US$)*	177.3	1,542	1,967
Average annual growth, 1990-96			
Population *(%)*	0.9	1.3	1.4
Labor force *(%)*	1.3	1.3	1.8
Most recent estimate *(latest year available since 1989)*			
Poverty: headcount index *(% of population)*	13	..	..
Urban population *(% of total population)*	20	31	56
Life expectancy at birth *(years)*	69	68	67
Infant mortality *(per 1,000 live births)*	35	40	41
Child malnutrition *(% of children under 5)*	13	..	..
Access to safe water *(% of population)*	81	49	78
Illiteracy *(% of population age 15+)*	6	17	..
Gross primary enrollment *(% of school-age population)*	87	117	104
Male	..	120	105
Female	..	116	101



KEY ECONOMIC RATIOS and LONG-TERM TRENDS

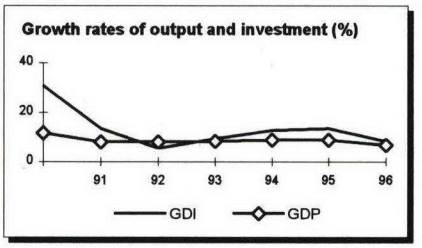
	1975	1985	1995	1996
GDP *(billions US$)*	14.9	38.9	167.5	184.1
Gross domestic investment/GDP	26.7	28.2	43.3	42.5
Exports of goods and services/GDP	18.4	23.2	41.1	38.0
Gross domestic savings/GDP	22.1	25.5	36.2	36.0
Gross national savings/GDP	22.7	24.2	34.9	34.3
Current account balance/GDP	-4.1	-4.0	-8.1	-8.0
Interest payments/GDP	0.7	2.3	1.2	..
Total debt/GDP	12.5	45.1	34.0	..
Total debt service/exports	12.0	31.9	11.3	..
Present value of debt/GDP	..	..	34.4	..
Present value of debt/exports	..	..	86.0	..

	1975-85	1986-96	1995	1996	1997-05
(average annual growth)					
GDP	6.5	9.6	8.7	6.7	7.4
GNP per capita	4.1	8.3	7.7	5.1	6.6
Exports of goods and services	9.5	15.9	14.8	2.4	9.9

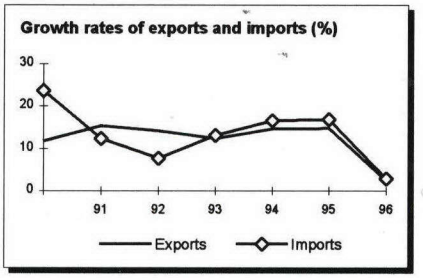


STRUCTURE of the ECONOMY

	1975	1985	1995	1996
(% of GDP)				
Agriculture	26.9	15.8	10.6	10.4
Industry	25.8	31.8	39.5	40.0
Manufacturing	18.7	21.9	29.0	29.3
Services	47.3	52.3	49.8	49.6
Private consumption	67.6	61.0	54.4	54.8
General government consumption	10.3	13.5	9.4	9.3
Imports of goods and services	23.0	25.9	48.2	44.5



	1975-85	1986-96	1995	1996
(average annual growth)				
Agriculture	4.1	*3.7*	3.1	3.1
Industry	7.9	*13.2*	11.4	8.2
Manufacturing	7.0	*13.6*	12.4	8.0
Services	6.7	*9.1*	7.6	6.1
Private consumption	5.2	8.2	8.3	6.2
General government consumption	9.1	5.1	0.8	4.5
Gross domestic investment	6.1	15.1	13.3	8.2
Imports of goods and services	6.2	17.8	16.9	2.8
Gross national product	6.3	9.4	8.3	6.4

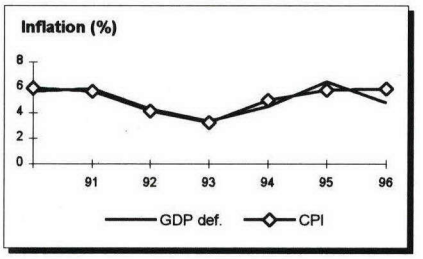


Note: 1996 data are preliminary estimates. Figures in italics are for years other than those specified.

* 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.

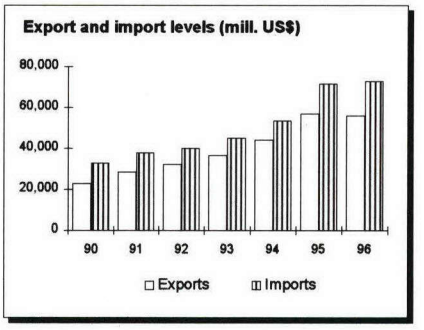
PRICES and GOVERNMENT FINANCE

	1975	1985	1995	1996
Domestic prices				
(% change)				
Consumer prices	5.3	2.5	5.8	5.9
Implicit GDP deflator	3.5	2.2	6.5	4.8
Government finance				
(% of GDP)				
Current revenue	..	15.2	18.9	19.2
Current budget balance	..	-0.6	8.0	8.6
Overall surplus/deficit	..	..	2.6	2.3



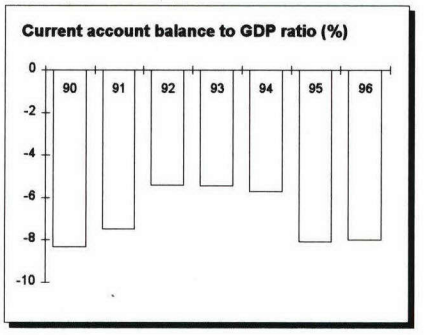
TRADE

	1975	1985	1995	1996
(millions US$)				
Total exports (fob)	..	7,120	56,729	55,992
Rice	..	829	1,928	2,012
Other food	..	..	4,312	4,239
Manufactures	..	2,920	46,445	45,653
Total imports (cif)	..	9,248	71,493	72,768
Food	..	348	..	..
Fuel and energy	..	2,696	4,620	6,203
Capital goods	..	2,598	31,950	33,494
Export price index *(1987=100)*	..	86	139	138
Import price index *(1987=100)*	..	84	154	153
Terms of trade *(1987=100)*	..	102	90	90



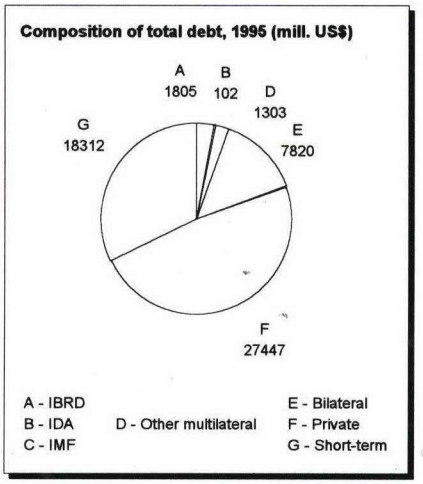
BALANCE of PAYMENTS

	1975	1985	1995	1996
(millions US$)				
Exports of goods and services	2,780	9,100	70,590	71,725
Imports of goods and services	3,478	10,160	82,169	83,617
Resource balance	-698	-1,060	-11,579	-11,892
Net income	11	-643	-2,114	-3,257
Net current transfers	80	165	487	780
Current account balance, before official capital transfers	-607	-1,537	-13,206	-14,369
Financing items (net)	555	1,620	19,954	16,066
Changes in net reserves	52	-82	-6,748	-1,697
Memo:				
Reserves including gold *(mill. US$)*	2,008	3,003	37,027	38,725
Conversion rate *(local/US$)*	20.4	27.2	24.9	25.3



EXTERNAL DEBT and RESOURCE FLOWS

	1975	1985	1995	1996
(millions US$)				
Total debt outstanding and disbursed	1,865	17,552	56,789	..
IBRD	270	2,202	1,805	1,607
IDA	4	105	102	100
Total debt service	357	3,263	7,533	..
IBRD	32	232	336	318
IDA	0	1	3	3
Composition of net resource flows				
Official grants	11	120	99	..
Official creditors	93	556	511	..
Private creditors	107	956	4,921	..
Foreign direct investment	22	163	2,068	..
Portfolio equity	0	44	2,154	..
World Bank program				
Commitments	95	113	190	250
Disbursements	44	285	146	138
Principal repayments	13	75	203	198
Net flows	31	210	-57	-60
Interest payments	20	158	136	122
Net transfers	12	51	-193	-183



October 8, 1997

Mr. James Wolfensohn,

Re: Your Lunch with Ms. Albright

Jim,

The following is some briefing on a select group of countries in MENA for your lunch with Ms. Albright.

THE MAGHREB

In the Maghreb, the key issue is the continuing deterioration of the security situation in Algeria and its adverse impact on its neighboring countries. The security situation in the country continues to deteriorate, particularly during the last month despite a recent political opening with the banned Front Islamique du Salut (FIS). The violence has now spread all over the country with leading observers casting doubt on the integrity and viability of the current government. This situation is aggravating already extremely difficult social and economic circumstances -- zero economic growth with unemployment reaching 30 percent. This situation is also undermining the overall reform progress in key areas such as privatization and turning away potential foreign investors.

Resolving the Algeria crisis is not only crucial for the country itself but for neighboring Morocco and Tunisia. Both countries have so far made good progress on economic reform but they are still affected by sporadic social tensions and relatively high unemployment making them extremely vulnerable to the spillover of the Algeria crisis.

All said, it is not all bad news in that part of the World.

Morocco: A new dynamic government was appointed in August with clear mandate to accelerate the pace of economic and social progress. The political opening process continues to be smooth with parliamentary elections scheduled before the end of the year. We are quite encouraged by these positive developments and are stepping up our assistance program. Worth noting also is the good progress being made on the long standing **Sahara** issue under the leadership of former Secretary Baker as the UN special envoy.

Tunisia: Continues to be an economic success story with excellent social achievements. A key issue for the future is to accelerate the pace of reforms in line with the EU association agreements. This in turn, should increase political liberalization where there has been no progress at all.

THE MASHREQ

Syria: The Government is adhering to the recent agreement on the settlement of Bank arrears. As agreed, we have received the big September 1st, payment ($ 269.5 million) and the October 1st, payment (about $ 8.5 million). Although the Bank will not lend until all arrears are settled, we plan to have a more active relationship with the Government including work on economic issues, financial sector issues, and possibly some sectoral studies. IFC, being a financially independent unit, may go ahead with some private sector operations. No lending to the Government.

Lebanon: We continue to be concerned about the risks to economic stability that would result from failure to act promptly on the fiscal front. Prime Minister Hariri and his team seem committed to taking the required actions, but the domestic political situation remains complex. The special relationship with Syria and the uncertain regional peace process continue to further complicate the situation. We are monitoring, together with the IMF, the situation closely.

WEST BANK AND GAZA

Ms. Albright's recent visit had immediate results. A two-track approach was announced yesterday by Ministers Shaath and Nashashibi at the Local Aid Coordination Committee. The Israelis and Palestinians have reconstituted the committees organized under the various protocols in an effort aimed at "intensive implementation" of existing accords in a short time (3-6 months) while simultaneously commencing talks on a "final settlement," the contours of which remain unclear. The Israeli representative announced a further easing of the closure and a vague commitment to repay withheld sums. (We have no news yet of any significant results from the Arafat-Netanyahu meeting early this morning, except that the two leaders reportedly agreed to meet more regularly and that the meeting has been billed as a new beginning for the peace process).

In light of these recent developments, the Palestinian mood is somewhat more optimistic. However, the already declining economy continues to deteriorate, further undermining the peace constituency. Donors' disappointment and implementation difficulties are reflected in declining disbursements relative to the 1994-96 period. Donors continue to be discouraged by Palestinian inattention to their concerns over the use of unconsolidated budgetary revenue accounts and allegations of corruption.

This week's visit of Stuart Eisenstadt, U.S. Undersecretary of State for Economic Affairs, was helpful. Under the theme of "economic confidence-building", he urged Israelis to take steps to stop the economic decline, which in his view undermines the peace constituency among Palestinians and other Arabs. In a private dinner, Joe Saba (the Bank Country Director for the West Bank and Gaza) and Mr. Eisenstadt discussed the agenda of the forthcoming AHLC meeting (November 5/6 in Washington). Both expressed concern that the economic agenda continue to receive strong support after October 1998. Towards this, the goal would be to foster actions and structures which decouple economic outcomes from the volatile political process, particularly where no direct security matter is at stake. Mr. Eisenstadt urged that we begin now on such an economic strategy. He requested a pre-AHLC meeting with the World Bank to discuss general strategy and a specific AHLC agenda to be advanced.

THE DOHA SUMMIT

As you know Ms. Albright will attend the Doha 4th MENA economic conference (November 16-17). The very good impression she left in Egypt and the Gulf appears to have softened these countries stance on going to Doha. They will most likely send Ministerial level delegations despite strong Syrian objections. I will go and represent the Bank as I did for last year's conference in Cairo. The conference will be largely symbolic, but the fact that certain Arab countries will actually participate is a personal success for Ms. Albright.

Have a good lunch. Regards,

Kemal

The World Bank
Washington, D.C. 20433
U.S.A.

JAMES D. WOLFENSOHN
President

September 3, 1997

Her Excellency Ms. Madeleine Albright
Secretary of State
Department of State
Washington, D.C.

Dear Secretary Albright,

For all of us who hope for peace in the Middle East, your upcoming trip holds a lot of promise, although I certainly do not underestimate the magnitude of the task ahead.

As you know, we are deeply committed to building and sustaining the economic basis for peace in the region. In recent months, I have met with most of the key players, and I am convinced that willingness and a basis for accommodation still exists in the hearts of all peoples with a stake in the process.

Sadly, the prospects for a just and lasting peace have recently suffered yet another setback. It will take steady, strong American participation to put the process back on track, and I am gratified that you are sparing no effort and personal involvement in this respect.

I am enclosing for your information a note that we have prepared on the current situation in the West Bank and Gaza, as well as similar updates on Syria, Jordan, and Lebanon. I hope these will be useful to you. Please do call me if there is anything further I can do.

Best warm personal regards

Sincerely yours,

Jim

James D. Wolfensohn

bcc: Messrs./Mmes. Dennis Ross, Lawrence Summers, Sandy Berger
CAMDESSUS

bcc: Messrs./Mmes. Derviş(MNAVP); Sud (MNCMS); Roberts (MNCWH); Correspondence File

WEST BANK AND GAZA

- Paradoxically, the Palestinian economy has suffered enormously under the Peace Process. Since late 1993, despite impressive donor disbursements, real per capita incomes in the West Bank and Gaza (WBG) are estimated to have fallen by close to one-third, and are now at their lowest level since about 1980. Unemployment is severe, although its level fluctuates with the extent of closure, and rose from 11% of the labor force in late 1993 to about 28% in April-May 1996, in the wake of the last comparable closure. Poverty, which affects well over one-third of the population in the Gaza Strip, continues to climb and increasingly represents a socio-political threat. Prospects for future growth potential are also suffering: private investment has declined precipitously, from an estimated level of well over $500 million in 1993 to around $300 million in 1996.

- The detrimental impact of border closure on an economy which had been integrated with Israel's for more than two decades has been a key factor driving the recent decline. In 1992, before restrictions on the movement of labor and merchandise between WBG and Israel, some one-third of the WBG labor force was employed in Israel, 90 percent of its imports came from or through Israel, and 80 percent of its exports went to or through Israel. As a result of the progressive increase in the percentage of days of the year subjected to "full" closure (from 7% to 38% for Gaza, and only slightly less for the West Bank), the average number of Palestinians in Israel during 1996 (some 28,000) stood at barely a quarter of its 1992 level. Aside from its direct and second-round effects on employment and income, closure (particularly the *unpredictability* associated with restrictions on the transit of merchandise) has entailed declining sales and profitability for WBG businesses, and has discouraged new private sector investment. Overall, total economic losses attributable to full and partial closure since 1993 are estimated by the Bank to be as high as $2.8 billion. This sum is far in excess of the "peace dividend" in the form of disbursements of donor assistance ($1.5 billion) since the start of the Oslo process.

- On the other hand, the decline of the Palestinian economy masks considerable progress in establishing viable self-government institutions and laying the foundations for economic growth. Since the Palestinian Authority (PA) was established in 1994 basically with no experience of government, a functioning structure of ministries has been created, and a number of agencies have developed a reasonable track record in being able to implement projects. In particular, the Palestinian Council for Reconstruction and Development (PECDAR) has overseen the completion of hundreds of small and medium civil works projects, and the creation of more than 1.5 million person-days of employment under its various donor-supported job-creation programs. Much of substance has been achieved in rehabilitating and upgrading infrastructure, and in building institutional capacity in the implementing agencies, although much remains to be done, not least in increasing transparency and vigilance against corruption.

- The donor effort so far has been vigorous and committed, and stands as a credit to the international community (see table below). Although donor assistance programs have not been able to offset the impact of closure, they have helped cushion it. It is the donor effort that has seen the Palestinian Authority (PA) through initial shortages in, and subsequent interruptions to, revenues to

fund its self-government institutions and employment generation programs, in addition to addressing longer-term development needs.

Donor Assistance Flows to the West Bank and Gaza
(US$ millions; disbursements from donor data)

	1994	1995	1996	1997
Disbursements	497	442	528	60 a/

a/ first quarter

- However, we cannot assume that the donors will continue to bail the Palestinian economy out indefinitely, particularly if the international community comes to believe that a viable solution is no longer being pursued by all parties. There is already evidence of such a mood, in contrast to donors' response to the chaos that followed the Jerusalem tunnel incident in September 1996. With few exceptions, recent weeks have witnessed little interest by donors in pledging more funds for budget support or emergency employment programs. Of course, donors have been deterred by the recent concerns over accountability in the disposition of public funds, and by Palestinian failure to give a full account of all revenues and expenditures ("to consolidate the fiscal accounts" as they had pledged to do by March 31, 1997). Donors may also be losing confidence in the Peace Process. European donors in particular appear to be increasingly weary of continuing to provide support which they perceive as doing little more than mitigating the adverse effects of closure.

- Donors look with particular alarm at the unprecedented withholding by Israel of tax revenue "clearances" due the Palestinians under the terms of the Economic Protocol. These clearances are an integral part of PA budgetary revenues, and represent 63 percent of projected such revenues for 1997. Without this relatively stable and predictable income stream, the PA cannot function viably, and cannot meet its monthly employee payroll. Withholding of revenue clearances is contrary to the existing agreements. Many have argued that it actually undermines serious cooperation on security by validating views that Israel is using security concerns as a pretext to block Palestinian economic development and undermine the PA.

- Economic recovery requires more than the restoration of revenue clearances. A *sine qua non* of robust economic growth is the implementation of measures to free up access of Palestinian goods, services and people between the Palestinian areas and to the outside world. Key steps have been planned with the help of donors, and are within the purview of the Israeli Government to initiate—in particular, permitting construction of the Gaza Port and operation of the Airport, and establishing the first "closure-free" industrial estate in Gaza. In all cases, Israeli misgivings are presented to center around the issue of security. While this is understandable and security concerns are of course totally legitimate, practical solutions are within reach in all cases. The "security card", if not used with full sincerity, risks sacrificing medium-term stability for dubious short-term gain, since a weak and unstable Palestinian economy can enhance the appeal of desperate measures, something that all who are interested in peace should seek to avoid.

- On the PA side, a critical ingredient for private-sector-led investment and growth, and for effective use of donor assistance, is a substantive and visible effort by the PA to address governance issues. In particular, issues pertaining to transparency and accountability in the management of public funds, and to public sector employment policies, have been a source of mounting concern. These issues have been raised with the PA by Bank and other donor representatives. We will be able to impress them upon our PA counterparts with greater cogency when the current crisis atmosphere subsides.

* * * *

- The donor community understands that Israel's justifiable security concerns must be addressed through appropriate measures. It appears, however, that in most donors' minds, withholding of revenue clearances bears no tangible relation to security and, through its damaging impact on the PA's self-government apparatus (the development of which donors have supported to the tune of over $300 million), undermines efforts to support Palestinian economic development. Mounting frustration among donors comes at a critical time when new commitments need to be mobilized for public investment during 1998 and beyond. The timing and agenda of future donor meetings, including the next WBG Consultative Group (tentatively planned for late 1997) need to be carefully thought through to ensure a favorable response.

Nigel Roberts/Joseph Saba/Ali Khadr
September 4, 1997

SYRIA

- **Relations with the World Bank.** World Bank Group activity has been very limited over the past decade, after Syria stopped payments on its debts to the Bank Group (and most other external creditors) in 1986. Arrears had risen to over $0.5 billion by mid-1997. Following Mr. Wolfensohn's visit to Syria in June, an agreement was reached in July on the settlement of the arrears: (i) almost all principal arrears were cleared with a payment of $269.5 million in early September; (ii) interest arrears (about $260 million) are to be repaid over five years; and (iii) Syria will make payments for new debt service falling due starting October 1997. The financial settlement represents a major effort for Syria and it is, of course, very good financial news for the World Bank Groups shareholders.

- The recent agreement on the full settlement of the arrears included a commitment to reactivate the relationship between Syria and the World Bank Group. While IBRD would not be in a position to provide new loans as long as there are arrears, IFC could, subject to Board approval, initiate lending and investment activities in support of the private sector. In addition, as part of the agreement to settle arrears, it was decided to start an active program of non-lending services, including economic advice on key areas of reform, and in the preparation of sector investment programs. Although the agreement envisages full arrears clearance over five years, it may be that the Syrians will accelerate this time-table. In the meantime, our approach would be to engage them in an ongoing dialogue on economic policy and to encourage them to open up their economy. It is clear that the example of Egypt's recent progress is having an important influence on the thinking of the Syrian leaders.

- **Economic Situation.** The Syrian economy has been doing reasonably well during the early 1990s. Main contributing factors included: (i) a major oil find in 1989 in a joint venture with Shell that doubled oil exports, and the financial support (an estimated $1.5 billion in grants) that Syria received during 1990/91 Gulf War, and thereafter; (ii) strong growth in the agricultural sector, which benefited from strong Government support and favorable weather; and (iii) the impetus provided by some economic liberalization that encouraged private sector investment and repatriation of assets held abroad, and by an increasing flow of remittances from Syrian workers in Lebanon. GDP growth has averaged 7% during 1990-1994, but has slowed down to about 4-5% in recent years as the impetus of the reforms has waned. With population growth still close to 4%, growth above 6% is needed for any appreciable improvement in the standard of living. Fiscal and external deficits have been kept at fairly low levels throughout the 1990s, and Syria's overall foreign exchange position improved significantly over this same period (gross official reserves were estimated at $1.9 billion--5.5 months of merchandise imports--at end-1996). But more than caution is needed for growth, which will not materialize without much more liberalization.

- The Government appears committed to cautiously move ahead with further gradual reforms, but is quite apprehensive about what they call a "Gorbatchev" effect: reforms leading to disruption and loss of political control. Current plans are for exchange rate unification to take place in the context of the 1998 budget. As financing needs rise, the Government seems committed to normalize relations with external creditors. Arab donors and Japan have supported Syria throughout the 1990s. During 1994-97, Syria reached bilateral settlements with most European creditors, in particular France (in late 1996). Negotiations are now underway with Germany, the largest OECD creditor, at about $0.6 billion (of which over two-thirds in ex-GDR debt). The EU is providing grant support for technical assistance and discussions have been initiated on a partnership arrangement, while EIB lending is likely to resume, once negotiations with Germany are completed. That would leave the debt to Russia (representing FSU debt) as the main unresolved issue. Most of this debt (of about $12 billion, including arrears, at the original Ruble/US$ rate) is military debt and likely to be settled with a steep discount (80-90%).

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JORDAN

Economic Situation: Since the economic crisis of 1990, Jordan has been on a steady path of economic recovery, rigorously following programs supported by the Bank/Fund with substantial resources (since 1991, $620 million from the Bank and $430 million from the Fund). Economic growth has averaged 6-7 percent annually since 1992 while inflation has been maintained at below 5 percent. International debt in relation to GDP, while still high at 75 percent, has been cut in half, thanks to debt relief by bilateral creditors, two successive Paris Club reschedulings and sustained growth. Per capita income now stands at about $1,825, an increase of 55 percent since 1991. Foreign reserves were very strained during 1994-96, largely due to capital outflows associated with a redemption movement on the West Bank. The situation has improved but remains tight.

- Despite these achievements, the Jordanian Government faces a major challenge to convince its population that the peace agreement with Israel was the right move. The current setback in the peace process has exacerbated the political polarization. But there are also some economic factors: although falling, unemployment is still at 13 percent and some 20 percent of the population is estimated to live in poverty. Income distribution is still very skewed.

- Sustained high growth for the next several years is critical, which would require continued adherence to the program of economic reforms. Current reform priorities are: privatization (telecom, cement, electricity), financial sector deepening, regulatory reform, and export development. In addition, the Government recently announced a program for direct assistance to the poor ("The Social Productivity Program") which the Bank helped design. The program includes improvement of infrastructure and basic services in poor neighborhoods, including refugee camps. Recently the Bank approved a loan of $30 million in support of this program. Bank is also providing financial and technical support to other components of the Program: expanded cash transfers to the poor; training; and micro-enterprise development. Some Jordanian politicians and certain segments of the press have been critical of the program, particularly the focus of infrastructure improvements in the camps. They claim (incorrectly) that this is an attempt by the Government to regularize the status of the refugees. The Bank is closely coordinating economic reform and poverty alleviation efforts with USAID.

- **World Bank Program:** Bank lending has increased from about $100 million per annum in the early 1990s to about $150-175 million per annum currently. About half of the lending is for BOP support and associated with the economic reforms, which are expected to continue for the next 3-4 years. Our key areas of focus in project lending are: water, tourism, education and health. The Social Productivity Program will continue to be an important focus area.

- **Water** is a serious issue. Jordan is one of the most water scarce countries in the world. Despite a $5 billion investment program expected over the next 12 years, the gap between demand and supply will not close and may even widen after 2010 when all known major sources have been exploited. Realistically, much more emphasis will have to be given to water conservation and efficiency and reduced usage in agriculture (politically very difficult given the strength of the farmers in the Jordan Valley).

- **Economic Team:** The economic team headed by Dr. Jawad Anani, Deputy Prime Minister, and including Dr. Rima Khalaf, Minister of Planning, Dr. Ziad Fariz, Governor, Central Bank, and Dr. Suleiman Hafez, Minster of Finance, is very competent. They are firmly committed to the reform program. Dr. Anani, who returned to the Cabinet with the Majali Government, is a particularly committed reformer who believes firmly in opening up of the economy.

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LEBANON

- **Economic Situation.** Lebanon has made good progress in recovering from over 15 years of civil war and strife. Reconstruction of infrastructure is underway in all sectors, with about $5 billion in contracts awarded since 1993, and Government has embarked upon an innovative partnerships with the private sector for the reconstruction of downtown Beirut. But reconstruction is far from over; the total cost of the reconstruction and expansion program (Plan Horizon 2000) is estimated at about $15 billion over 10 years.

- Growth performance has been good over the past five years, with average GDP growth of about 6% p.a., fueled by buoyant construction activity. Growth has slowed down however during 1996-97, in part because of the April 1996 hostilities and the uncertain situation in the region. The exchange rate-based stabilization policy that was adopted in end-1992 has helped bring down inflation to about 5% currently and replenish liquid foreign reserves to close to $7 billion. However, the Government faces a problem of growing debt (currently $12 billion, or 90% of GDP, of which 80% in domestic debt) and a high fiscal deficit (at 21% of GDP in 1996), resulting from large outlays on the reconstruction program and interest on the domestic debt used to fund them. This debt has been financed largely from external flows, which could reverse if investors lose confidence. Continued political and economic stability are key to external investor confidence, and this will require containment of the rise in the public debt to GDP ratio, particularly the domestic debt, through decisive fiscal action and greater reliance on the private sector to build and operate infrastructure. However, without progress towards a peace settlement, investors are likely to remain reluctant to make sizable long-term commitments.

- **World Bank Program.** The Bank has committed about $600 million in loans and $100 million in a guarantee since we reinitiated lending in 1993 after a 15-year hiatus, most of which was to support infrastructure rehabilitation and reconstruction. IFC has also been active with operations in the financial sector, telecommunications, and manufacturing. It has provided about $200 million from its own resources, and mobilized a similar amount from participants.

- As we indicated on the occasion of the December 1996 Friends of Lebanon Conference chaired by the U.S., we envisage supporting Lebanon as it continues to face the dual challenge of reconstruction and economic stability. Despite the progress that has been made, reconstruction of infrastructure is not yet over and expansion needs are large, and public institutions remain weak. Addressing environmental concerns, investing in human resources (the country's main asset) and addressing poverty issues are the key priorities. The overall strategic objectives would be to support: (i) rehabilitation and expansion of infrastructure, and institutional development; (ii) environmentally sustainable development; and (iii) upgrading the human resource base and addressing poverty. For FY98-00 the Bank program is expected to be about $450 million, plus $150 million in guarantees, in the base case, provided the Government moves on fiscal adjustment. It could be about one-third more in the high case, which is predicated on very good portfolio performance and more rapid and deeper fiscal adjustment. The lending program would continue to focus heavily on infrastructure reconstruction and expansion--with a selective focus on water and transport--which is a continuing priority, but human resources development and poverty, and the environment will be increasingly important.

Economic Team. The economic team headed by Fuad Siniora, Minister of State for Financial Affairs, and including Riad Salameh, Governor of the Central Bank, and Nabil Al-Jisr, President of the Council for Development and Reconstruction, is a competent team. All are close associates of Prime Minister Rafic Hariri, who formally holds the Finance portfolio as well. They are well aware of the fiscal and debt problem that Lebanon now faces, and the solutions to it. However, the complex political environment and the massive demands on Government following 15 years of war, limit its room to maneuver. It is quite clear that given the skills of its people and the potentially large capital flows that could become available, Lebanon would reap huge benefits from a lasting peace. Without peace, progress remains very vulnerable.

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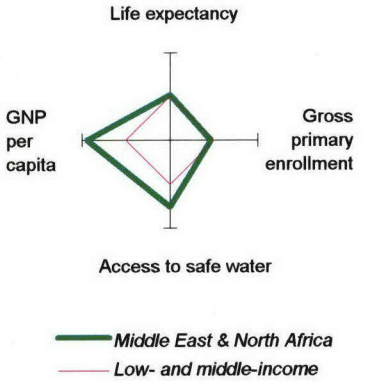
MNA
Basic Facts and Figures

Middle East & North Africa region at a glance

9/12/97

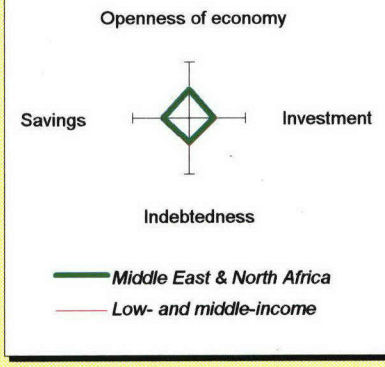
POVERTY and SOCIAL	Algeria	Egypt	Jordan	Morocco	Tunisia	M. East & North Africa
Population mid-1996 *(millions)*	28.5	59.3	4.3	27.1	9.1	279.0
GNP per capita 1996 *(US$)*	1,570	1,090	1,610	1,280	2,000	2,090
GNP 1996 *(billions US$)*	44.8	64.1	7.0	34.6	18.3	582.0
Average annual growth, 1990-96						
Population *(%)*	2.2	2.0	5.2	2.0	1.9	2.6
Labor force *(%)*	4.1	2.7	5.3	2.6	3.0	3.3
Most recent estimate *(latest year available since 1989)*						
Poverty: headcount index *(% of population)*	..	..	15	13	14	..
Urban population *(% of total population)*	56	45	71	48	57	57
Life expectancy at birth *(years)*	70	63	70	65	69	66
Infant mortality *(per 1,000 live births)*	34	56	31	55	39	54
Child malnutrition *(% of children under 5)*	9	9	17	9	..	..
Access to safe water *(% of population)*	..	84	89	59	86	85
Illiteracy *(% of population age 15+)*	38	49	13	56	33	39
Gross primary enrollment *(% of school-age population*	105	98	94	80	118	97
Male	111	105	94	92	123	104
Female	98	91	95	68	113	91

Development diamond*



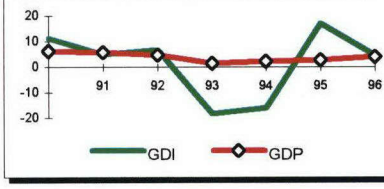
KEY ECONOMIC RATIOS and LONG-TERM TRENDS	1996	1996	1996	1996	1996	1996
GDP *(billions US$)*	45.7	67.6	7.3	36.3	19.5	510.0
Gross domestic investment/GDP	26.0	16.6	35.0	20.7	24.6	23.5
Exports of goods and services/GDP	31.6	20.6	50.5	26.0	42.0	25.6
Gross domestic savings/GDP	33.1	14.0	10.9	16.4	22.5	20.3
Gross national savings/GDP	29.9	19.9	26.4	19.5	21.1	*20.3*
Current account balance/GDP	2.7	-1.6	-8.7	-1.2	-2.7	1.4
Interest payments/GDP	4.3	2.2	5.2	3.6	3.4	1.5
Total debt/GDP	73.7	46.2	99.4	57.2	55.6	43.3
Total debt service/exports	26.8	13.6	25.7	29.3	19.9	12.1
Present value of debt/GDP	*60.5*	*42.8*	*102.7*	*61.5*	*49.5*	*47.7*
Present value of debt/exports	*205.9*	*140.7*	*141.0*	*178.1*	*100.6*	*114.3*
	1996	**1996**	**1996**	**1996**	**1996**	**1996**
(average annual growth)						
GDP	3.8	5.1	5.2	11.8	6.9	4.1
GNP per capita	2.3	2.9	2.0	9.5	5.1	2.0
Exports of goods and services	9.6	4.2	2.6	7.2	0.5	4.6

Economic ratios*

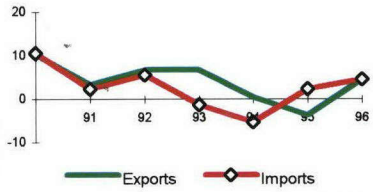


STRUCTURE of the ECONOMY	Alg. 1996	Egy. 1996	Jor. 1996	Mor. 1996	Tun. 1996	MNA 1996
(% of GDP)						
Agriculture	13.4	17.3	6.3	22.2	15.8	*18.9*
Industry	59.3	31.6	30.4	30.0	32.3	*32.9*
Manufacturing	10.1	*24.4*	15.9	17.0	20.8	*16.0*
Services	27.3	51.1	63.4	47.9	51.9	*48.2*
Private consumption	52.7	75.6	65.5	68.1	61.3	65.2
General government consumption	14.2	10.4	23.6	15.5	16.2	14.0
Imports of goods and services	24.6	23.2	74.6	30.2	44.1	21.0
	1996	**1996**	**1996**	**1996**	**1996**	**1996**
(average annual growth)						
Agriculture	21.3	3.1	3.0	76.1	29.5	*1.4*
Industry	4.0	4.9	5.1	3.6	3.6	*3.5*
Manufacturing	-8.7	6.2	6.0	4.0	2.8	*4.8*
Services	3.0	5.6	4.7	3.5	4.2	*2.6*
Private consumption	1.9	4.0	4.6	6.8	4.3	3.8
General government consumption	3.0	6.0	5.6	-5.0	3.5	3.6
Gross domestic investment	3.5	9.7	10.8	18.3	6.3	4.5
Imports of goods and services	-13.3	6.4	7.1	-5.1	-2.9	4.5
Gross national product	4.3	5.3	5.6	12.8	6.9	4.1

Growth of region output and investment (%)



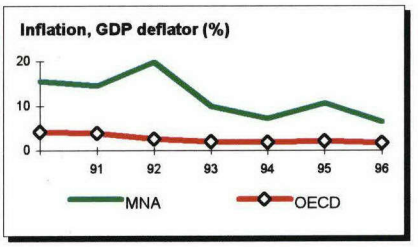
Growth of region exports and imports (%)



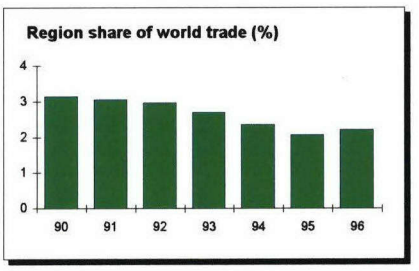
Note: 1996 estimates are preliminary. Region does not include high-income countries. Figures in italics are for 1995. Regional figures in italics, excluding present value of debt, are for Algeria, Egypt, Iran, Jordan, Lebanon, Morocco, and Tunisia only.

* 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.

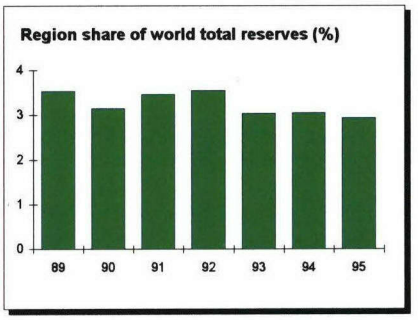
PRICES and GOVERNMENT FINANCE	Alg. 1996	Egy. 1996	Jor. 1996	Mor. 1996	Tun. 1996	MNA 1996
Domestic prices						
(% change)						
Consumer prices	18.7	7.2	6.5	3.0	3.7	..
Implicit GDP deflator	22.6	6.5	5.1	2.4	4.2	6.5
Government finance						
(% of GDP)						
Current revenue	32.7	25.1	33.5	22.0	23.1	*26.1*
Current budget balance	11.0	2.5	1.3	1.9	2.3	*5.2*
Overall surplus/deficit	3.0	-1.3	-0.4	-3.2	-4.0	*-3.2*



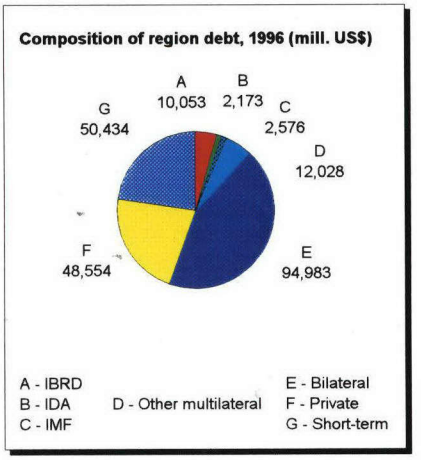
TRADE	Alg. 1996	Egy. 1996	Jor. 1996	Mor. 1996	Tun. 1996	MNA 1996
(millions US$)						
Total exports (fob)	13,208	4,593	1,817	6,944	5,519	*48,556*
Manufactures	31	3,540	240	1,690	4,293	*9,904*
Total imports (cif)	9,091	13,826	4,290	9,707	7,323	..
Food	2,983	2,887	967	916	629	*8,111*
Fuel and energy	239	..	525	1,203	647	*2,305*
Capital goods	2,000	4,100	669	1,904	1,562	*11,157*
Export price index *(1987=100)*	136	109	126	139	166	*130*
Import price index *(1987=100)*	132	127	110	131	166	*135*
Terms of trade *(1987=100)*	103	86	115	106	100	*96*



BALANCE of PAYMENTS	Alg. 1996	Egy. 1996	Jor. 1996	Mor. 1996	Tun. 1996	MNA 1996
(millions US$)						
Exports of goods and services	13,959	13,422	3,663	9,433	8,125	158,000
Imports of goods and services	11,239	17,559	5,416	10,991	8,381	135,000
Resource balance	2,720	-4,137	-1,753	-1,559	-256	23,000
Net income	-2,358	281	-301	-1,211	-1,055	..
Net current transfers	881	2,800	1,424	2,352	783	12,900
Current account balance, before official capital transfers	1,243	-1,057	-630	-418	-528	5,520
Financing items (net)	278	1,628	753	465	837	-6,150
Changes in net reserves	-1,521	-571	-123	-48	-309	630
Memo:						
Reserves including gold *(mill. US$)*	6,380	27,922	697	4,050	1, 970	*38,734*
Conversion rate *(local/US$)*	54.7	3.4	0.7	8.7	1.0	..



EXTERNAL DEBT and RESOURCE FLOWS	Alg. 1996	Egy. 1996	Jor. 1996	Mor. 1996	Tun. 1996	MNA 1996
(millions US$)						
Total debt outstanding and disbursed	33,692	31,208	7,212	20,747	10,836	220,801
IBRD	1,939	1,075	777	3,732	1,610	10,053
IDA	0	1,090	67	32	47	2,173
Total debt service	4,071	2,619	566	3,094	*1,490*	21,028
IBRD	391	272	127	599	303	1,759
IDA	0	23	3	2	2	45
Composition of net resource flows						
Official grants	*70*	932	*219*	*100*	70	2,775
Official creditors	*806*	*-90*	*471*	*-284*	634	1,192
Private creditors	*123*	*-306*	*-197*	-625	*487*	4,038
Foreign direct investment	*5*	615	*43*	226	256	2,229
Portfolio equity	*1*	50	*11*	118	*0*	650
World Bank program						
Commitments	428	172	180	213	174	1,562
Disbursements	286	108	169	380	202	1,409
Principal repayments	252	192	80	342	190	1,101
Net flows	34	-84	89	38	12	308
Interest payments	139	102	49	258	116	703
Net transfers	-105	-186	40	-221	-103	-395



Note: 1996 estimates are preliminary. Region does not include high-income countries. Figures in italics are for 1995. Regional figures in italics, excluding present value of debt, are for Algeria, Egypt, Iran, Jordan, Lebanon, Morocco, and Tunisia only. Regional inflation figures are median values.

Croatia

CROATIA
BRIEFING FOR MEETING OF MR. WOLFENSOHN WITH MRS. ALBRIGHT

At your meeting tomorrow with Madeleine Albright, the issue of IFI lending to Croatia might be raised. During the past months - under the leadership of the US administration - G-8 members insisted that all new lending from IFIs be withheld from Croatia to enforce full compliance under the Dayton agreement. Mrs. Albright herself took a leadership role in gathering support from other G-8 members. This policy led to the indefinite postponement of the Investment Recovery Project by the Bank's Board of Executive Directors on July 1, and to the postponement of the review of the IMF's Extended Fund Facility (EFF) on July 25.

Very recently, important political events in Croatia have altered the situation. During the last days, ten war criminals, including one of the most wanted criminals, "turned themselves in" for trial at the International Court of Justice in The Hague. The handing over of these criminals to the International Court of Justice was one of the key preconditions established by the US administration for renewed IFI lending.

Based on information obtained from IMF management, the US administration is now prepared to allow the review of the EFF to be completed. This would authorize Croatia to draw SDR 57 million. The review will be completed by 4:30 pm on Thursday, October 9. As the approval will be on a "lapse of time" basis, there will be no Board Meeting on Croatia at the IMF.

We are considering to resubmit the Investment Recovery Project to the Bank's Board of Executive Directors. The project is a DM 52 million line of credit channeled through several private financial intermediaries to support private sector development. It would be useful to explore with Mrs. Albright, whether the US administration would now not object to the approval of the Investment Recovery Project by the Bank's Board of Executive Directors. At the earliest, the Investment Recovery Project could be presented to the Board on October 22nd.

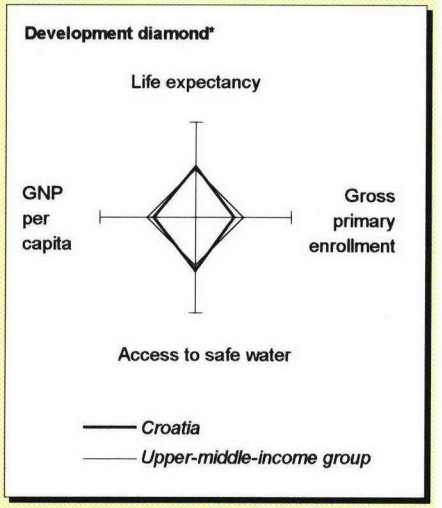
The withholding of IFI lending has strained relationships between the World Bank and Croatian authorities. The Croatian Government describes the withholding as "political conditionality" which they consider inconsistent with the Bank's Articles of Agreement. You might consider raising with Mrs. Albright, that continued use of IFI lending as enforcement instrument for the Dayton agreement, would make it most difficult for the World Bank to maintain an effective economic dialogue with the Government. Croatia is a good economic performer which for some time can satisfy external financing requirements through borrowing from international capital markets.

Croatia
Basic Facts and Figures

Croatia at a glance

10/8/97

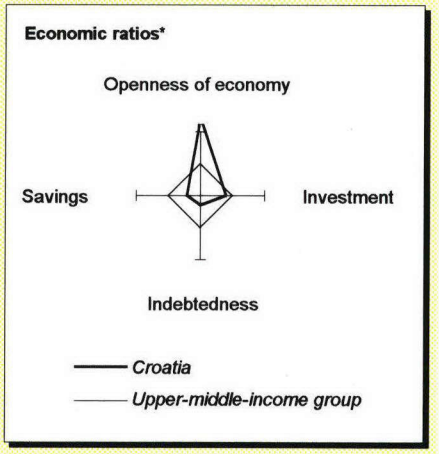
POVERTY and SOCIAL	Croatia	Europe & Central Asia	Upper-middle-income
Population mid-1996 *(millions)*	4.8	479	479
GNP per capita 1996 *(US$)*	3,983	2,180	4,540
GNP 1996 *(billions US$)*	19.1	1,043	2,173
Average annual growth, 1990-96			
Population *(%)*	0.0	0.3	1.5
Labor force *(%)*	0.1	0.5	1.8
Most recent estimate *(latest year available since 1989)*			
Poverty: headcount index *(% of population)*	..	..	..
Urban population *(% of total population)*	64	65	73
Life expectancy at birth *(years)*	74	68	69
Infant mortality *(per 1,000 live births)*	16	26	35
Child malnutrition *(% of children under 5)*	..	..	..
Access to safe water *(% of population)*	96	..	86
Illiteracy *(% of population age 15+)*	..	..	13
Gross primary enrollment *(% of school-age population)*	86	97	107
Male	87	97	..
Female	86	97	..



KEY ECONOMIC RATIOS and LONG-TERM TRENDS

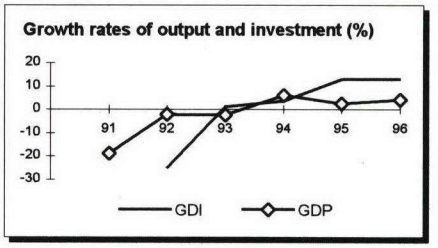
	1975	1985	1995	1996
GDP *(billions US$)*	..	..	18.1	19.0
Gross domestic investment/GDP	..	..	16.0	16.8
Exports of goods and services/GDP	..	..	40.3	42.0
Gross domestic savings/GDP	..	..	3.4	5.3
Gross national savings/GDP	..	..	6.5	9.1
Current account balance/GDP	..	..	-9.5	-7.6
Interest payments/GDP	..	..	1.4	1.3
Total debt/GDP	..	..	20.2	25.4
Total debt service/exports	..	..	9.6	8.6
Present value of debt/GDP	..	..	18.0	..
Present value of debt/exports	..	..	41.3	..

	1975-85	1986-96	1995	1996	1997-05
(average annual growth)					
GDP	..	..	2.6	4.2	5.5
GNP per capita	..	..	3.8	4.5	5.6
Exports of goods and services	..	..	4.1	..	8.8

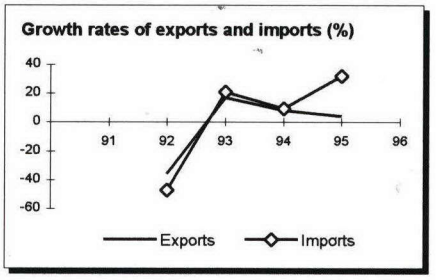


STRUCTURE of the ECONOMY

	1975	1985	1995	1996
(% of GDP)				
Agriculture	..	..	12.4	12.2
Industry	..	..	25.4	24.9
Manufacturing	..	..	19.9	19.7
Services	..	..	62.2	62.6
Private consumption	..	..	63.7	64.3
General government consumption	..	..	32.9	30.4
Imports of goods and services	..	..	52.9	53.5



	1975-85	1986-96	1995	1996
(average annual growth)				
Agriculture	..	..	0.2	2.0
Industry	..	..	0.0	3.1
Manufacturing	..	..	0.3	3.1
Services	..	..	3.9	4.3
Private consumption	..	..	13.4	11.3
General government consumption	..	..	22.8	1.3
Gross domestic investment	..	..	12.9	12.8
Imports of goods and services	..	..	32.2	..
Gross national product	..	..	3.8	4.5

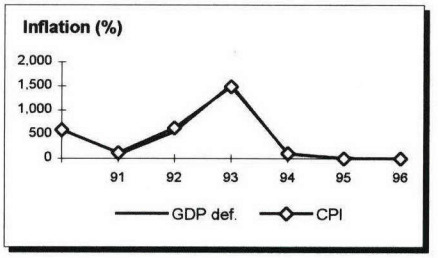


Note: 1996 data are preliminary estimates.

* 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.

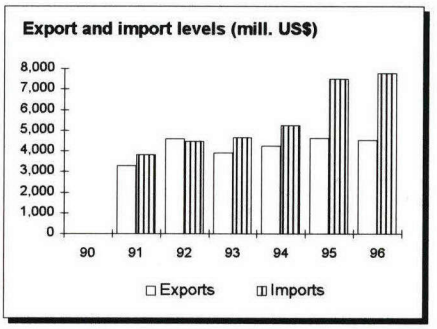
PRICES and GOVERNMENT FINANCE

	1975	1985	1995	1996
Domestic prices				
(% change)				
Consumer prices	..	..	3.7	3.4
Implicit GDP deflator	..	..	7.1	5.1
Government finance				
(% of GDP)				
Current revenue	..	..	45.8	46.9
Current budget balance	..	..	2.1	4.3
Overall surplus/deficit	..	..	-0.9	-0.5



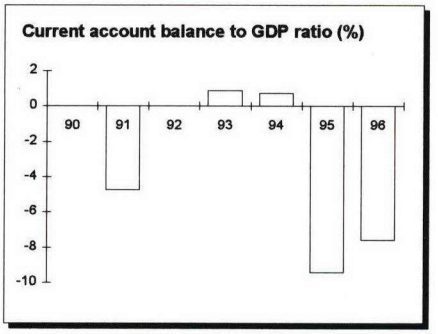
TRADE

	1975	1985	1995	1996
(millions US$)				
Total exports (fob)	..	..	4,633	4,512
Capital goods	..	..	..	..
Chemicals	..	..	..	..
Manufactures	..	..	..	..
Total imports (cif)	..	..	7,510	7,788
Food	..	..	..	..
Fuel and energy	..	..	..	..
Capital goods	..	..	..	..
Export price index *(1987=100)*	..	..	..	..
Import price index *(1987=100)*	..	..	..	..
Terms of trade *(1987=100)*	..	..	..	..



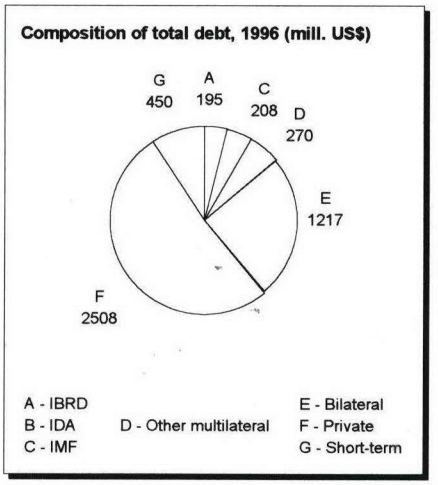
BALANCE of PAYMENTS

	1975	1985	1995	1996
(millions US$)				
Exports of goods and services	..	..	7,202	8,008
Imports of goods and services	..	..	9,467	10,194
Resource balance	..	..	-2,265	-2,186
Net income	..	..	-93	-45
Net current transfers	..	..	646	779
Current account balance, before official capital transfers	..	..	-1,712	-1,452
Financing items (net)	..	..	2,202	1,871
Changes in net reserves	..	..	-490	-419
Memo:				
Reserves including gold *(mill. US$)*	..	..	1,895	2,313
Conversion rate *(local/US$)*	..	..	5.2	5.4



EXTERNAL DEBT and RESOURCE FLOWS

	1975	1985	1995	1996
(millions US$)				
Total debt outstanding and disbursed	..	..	3,661	4,847
IBRD	..	..	117	195
IDA	..	..	0	0
Total debt service	..	..	452	566
IBRD	..	..	28	26
IDA	..	..	0	0
Composition of net resource flows				
Official grants	..	..	0	..
Official creditors	..	..	77	84
Private creditors	..	..	327	433
Foreign direct investment	..	..	81	349
Portfolio equity	..	..	0	0
World Bank program				
Commitments	..	..	120	134
Disbursements	..	..	50	105
Principal repayments	..	..	20	16
Net flows	..	..	29	89
Interest payments	..	..	7	11
Net transfers	..	..	22	78



Status of Bank Group Operations in Croatia
IBRD Loans and IDA Credits in the Operations Portfolio

Project ID	Loan or Credit No.	Fiscal Year	Borrower	Purpose	Original Amount in US$ Millions				Difference Between expected and actual disbursements a/		Last ARPP Supervision Rating b/	
					IBRD	IDA	Cancellations	Undisbursed	Orig	Frm Rev'd	Dev Obj	Imp Prog
Number of Closed Loans/credits: 1												
Active Loans												
HR-PE-39002	IBRD30690	1989	ISTRIAN WW & PULA WW	ISTRIA WS	28.00	0.00	0.00	15.97	15.97	0.00	S	S
HR-PE-8328	IBRD37600	1994	REPUBLIC OF CROATIA	EMERGENCY RECONSTRUC	128.00	0.00	0.00	10.87	10.87	0.00	S	S
HR-PE-8329	IBRD38690	1995	REPUBLIC OF CROATIA	HIGHWAY SECTOR	80.00	0.00	0.00	32.11	32.11	0.00	S	S
HR-PE-39450	IBRD38430	1995	REPUBLIC OF CROATIA	HEALTH PROJECT	40.00	0.00	0.00	11.82	11.82	0.00	HS	HS
HR-PE-40142	IBRD39990	1996	REPUBLIC OF CROATIA	CAPITAL MARKET DEV.	9.50	0.00	0.00	6.52	8.08	0.00	S	S
HR-PE-40830	IBRD39890	1996	REPUBLIC OF CROATIA	TECHNICAL ASSISTANCE	5.00	0.00	0.00	2.63	2.63	0.00	S	S
HR-PE-8335	IBRD39880	1996	REPUBLIC OF CROATIA	FARMER SUPPORT SERVI	17.00	0.00	0.00	15.64	15.64	0.00	S	S
HR-PE-8327	IBRD41590	1997	REPUBLIC OF CROATIA	EFSAL	95.00	0.00	0.00	88.76	95.00	0.00	S	S
HR-PE-8334	IBRD41190	1997	GOVT. OF CROATIA	COASTAL FOREST RECON	42.00	0.00	0.00	42.00	42.00	0.00	S	S
HR-PE-44457	IBRD41040	1997	REPUBLIC OF CROATIA	EMER. TRNSP/MINE CL.	102.00	0.00	0.00	83.71	102.00	0.00	S	S
Total					546.50	0.00	0.00	310.03	336.12	0.00		

	Active Loans	Closed Loans	Total
Total Disbursed (IBRD and IDA):	210.37	2.91	213.28
of which has been repaid:	8.40	2.90	11.30
Total now held by IBRD and IDA:	538.10	.01	538.11
Amount sold :	0.00	0.00	0.00
Of which repaid :	0.00	0.00	0.00
Total Undisbursed :	310.03	0.00	310.03

a. Intended disbursements to date minus actual disbursements to date as projected at appraisal.
b. Following the FY94 Annual Review of Portfolio performance (ARPP), a letter based system was introduced (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.

Bosnia

Brief for Mr. Wolfensohn's Lunch with U.S. Secretary of State Albright-Bosnia

- The Senate version of the Appropriation Bill on Foreign Operations includes a provision ("Lautenberg provision") that would require the U.S. EDs of the international financial institutions to vote against any financial assistance to a country, entity or canton, in the territory of former Yugoslavia, whose authorities have failed to take the necessary steps to apprehend and transfer indicted war criminals to the Hague tribunal.

- The Administration has been trying to introduce exceptions (such as humanitarian assistance, support of common institutions, democracy building), and leave some discretion to the Secretary of State in applying the provision.

- The Bill is in front of the Conference Committee of the House and Senate. There is a possibility that there will be no agreement, and if a continuing resolution is adopted, it would not include the Lautenberg provision.

Possible Implications

- The Lautenberg provision would oblige the U.S. ED to apply political conditionality in approving projects.

- The U.S. ED would have to vote against several future operations in Bosnia and Herzegovina that would benefit Republika Srpska (RS). If our ability to lend to RS were jeopardized, this would likely prevent us from supporting the Federation given the Serb representative's veto power at the Presidency level.

- A few projects, because of their humanitarian nature or because of their support of common institutions could fall under the Administration's proposed exceptions. However, many others (electric energy, line of credit or even projects supporting refugee return) would not.

- The parliamentary and presidential elections in RS, scheduled for late November/early December, could shift the power base to Ms. Plavsic. In that case, the U.S. Administration would likely rush to provide support to her, and would try to apply this provision in the most liberal manner.

You may want to:

- inquire about: (i) the status of the Lautenberg provision; (ii) the chances of its approval; and (iii) the manner in which Mrs. Albright would apply it.

- indicate that the application of this provision by the U.S. ED would be problematic given the Bank's non-political charter.

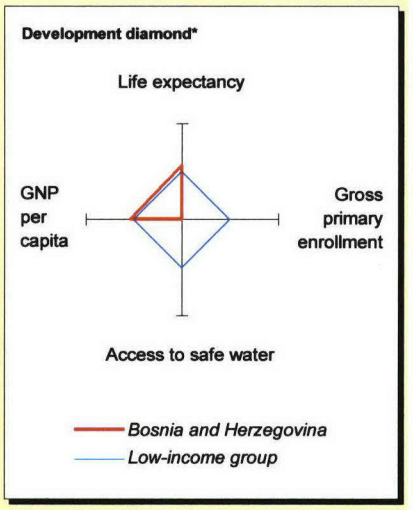
- mention the specific problem of us being unable to support the (Bosniac-Croat) Federation without consent of RS, due to the veto power of Serbs at the Presidency level.

10/08/97
cpoortman/ahorvai

Bosnia
Basic Facts and Figures

Bosnia and Herzegovina at a glance

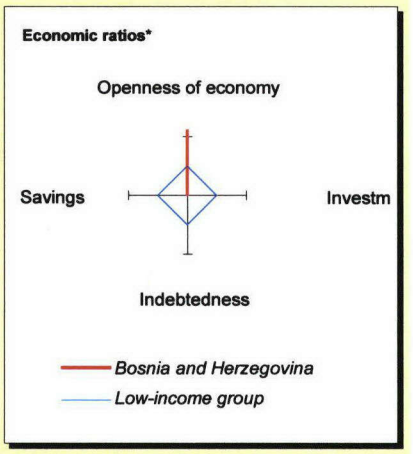
POVERTY and SOCIAL	Bosnia and Herzegovina	Europe & Central Asia	Low-income
Population mid-1995 *(millions)*	4.1	488	3,180
GNP per capita 1995 *(US$)1/*	..	2,220	430
GNP 1995 *(billions US$)1/*	..	1,084	1,382
Average annual growth, 1990-95			
Population *(%)*	..	0.3	1.7
Labor force *(%)*	..	0.5	1.7
Most recent estimate *(latest year available since 1989)*			
Poverty: headcount index *(% of population)*	..	..	..
Urban population *(% of total population)*	49	65	29
Life expectancy at birth *(years)*	71	68	63
Infant mortality *(per 1,000 live births)*	19	26	69
Child malnutrition *(% of children under 5)*	..	..	..
Access to safe water *(% of population)*	..	..	53
Illiteracy *(% of population age 15+)*	..	..	34
Gross primary enrollment *(% of school-age population)*	..	97	105
Male	..	97	112
Female	..	97	98



KEY ECONOMIC RATIOS and LONG-TERM TRENDS

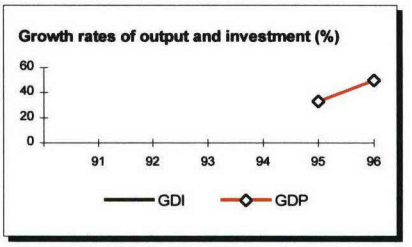
	1975	1985	1995	1996
GDP *(billions US$)*	..	..	2.1	3.3
Gross domestic investment/GDP	..	..	..	..
Exports of goods and services/GDP	..	..	19.0	20.3
Gross domestic savings/GDP	..	..	..	..
Gross national savings/GDP	..	..	..	..
Current account balance/GDP	..	..	-27.0	-43.0
Interest payments/GDP	..	..	..	..
Total debt/GDP	..	..	167.0	116.0
Total debt service/exports	..	..	118.0	72.0
Present value of debt/GDP	..	..	..	..
Present value of debt/exports	..	..	..	..

	1975-85	1986-96	1995	1996	1997-05
(average annual growth)					
GDP	..	..	33.0	50.0	14.0
GNP per capita	..	..	..	59.0	..
Exports of goods and services	..	..	..	74.0	19.0

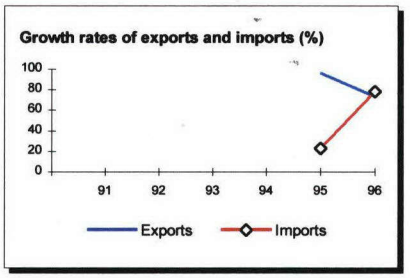


STRUCTURE of the ECONOMY

	1975	1991	1995	1996
(% of GDP)				
Agriculture	..	9.5	..	19.0
Industry	..	43.0	..	23.0
Manufacturing	..	..	..	..
Services	..	47.5	..	58.0
Private consumption	..	..	..	..
General government consumption	..	..	..	..
Imports of goods and services	..	..	63.0	73.0



	1975-85	1986-96	1995	1996
(average annual growth)				
Agriculture	..	..	..	..
Industry	..	..	..	..
Manufacturing	..	..	..	..
Services	..	..	..	..
Private consumption	..	..	..	..
General government consumption	..	..	..	..
Gross domestic investment	..	..	..	..
Imports of goods and services	..	..	23.0	78.0
Gross national product	..	..	..	..



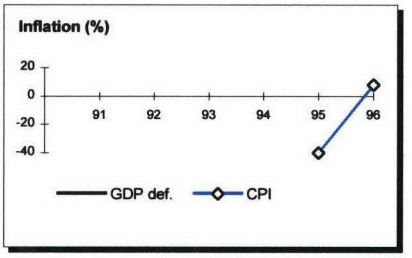
Note: 1996 data are preliminary estimates.
Many of the above statistics are unavailable due to scant and partial data in post-war Bosnia and Herzegovina.

1/ Due to poor data in post-war Bosnia and Herzegovina, 1995 GNP figure is not available; GDP per capita is estimated to be US$ 501.

* 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.

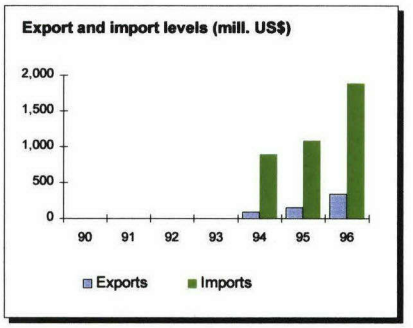
PRICES and GOVERNMENT FINANCE

	1975	1985	1995	1996
Domestic prices 2/				
(% change)				
Consumer prices	..	..	-40.0	7.7
Implicit GDP deflator	..	..	..	..
Government finance				
(% of GDP)				
Current revenue	..	..	35.0	62.0
Current budget balance	..	..	0.0	-7.0
Overall surplus/deficit	..	..	..	..



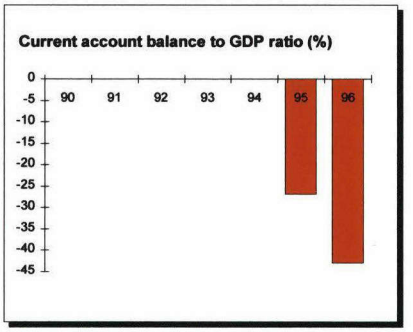
TRADE

	1975	1985	1995	1996
(millions US$)				
Total exports (fob)	..	..	152	336
n.a.	..	..	..	..
n.a.	..	..	..	..
Manufactures	..	..	..	..
Total imports (cif)	..	..	1,082	1,882
Food	..	..	..	..
Fuel and energy	..	..	..	..
Capital goods	..	..	..	..
Export price index *(1987=100)*	..	..	..	..
Import price index *(1987=100)*	..	..	..	..
Terms of trade *(1987=100)*	..	..	..	..



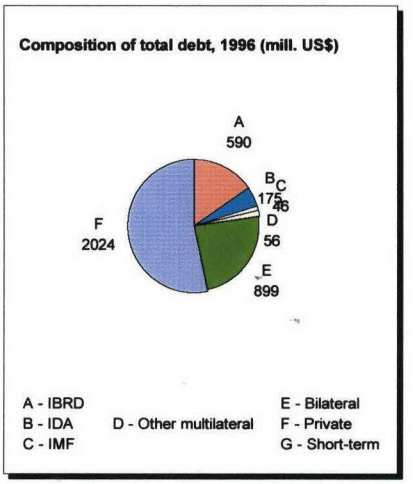
BALANCE of PAYMENTS

	1975	1985	1995	1996
(millions US$)				
Exports of goods and services	..	..	381	658
Imports of goods and services	..	..	1,334	2,379
Resource balance	..	..	-953	-1,721
Net factor income	..	..	-242	-220
Net current transfers	..	..	625	536
Current account balance, before official capital transfers	..	..	-570	-1,405
Financing items (net)	..	..	708	1,803
Changes in net reserves	..	..	-138	-398
Memo:				
Reserves including gold *(mill. US$)*	..	..	..	..
Conversion rate *(local/US$)*	..	..	..	..



EXTERNAL DEBT and RESOURCE FLOWS

	1975	1985	1995	1996
(millions US$)				
Total debt outstanding and disbursed	..	..	3,518	3,790
IBRD	..	..	625	590
IDA	..	..	0	175
Total debt service	..	..	451	476
IBRD	..	..	..	12
IDA	..	..	..	1
Composition of net resource flows				
Official grants	..	..	..	..
Official creditors	..	..	..	..
Private creditors	..	..	..	..
Foreign direct investment	..	..	..	..
Portfolio equity	..	..	..	..
World Bank program				
Commitments	..	..	..	..
Disbursements	..	..	..	..
Principal repayments	..	..	..	..
Net flows	..	..	..	..
Interest payments	..	..	..	..
Net transfers	..	..	..	..



2/ Data refers only to the Federation of BiH. In Republika Srpska, annual percentage change in CPI was 204.4 in 1995 and -8.5 in 1996.
International Economics Department

STATUS OF BANK GROUP OPERATIONS IN BOSNIA-HERZEGOVINA

A. STATEMENT OF BANK LOANS [a]
(As of June 30, 1997)

Loan No.	Fiscal Year	Borrower	Project	US$ Million (Less Cancellations) Loan	Undisbursed
Loans/Credits/Grants					
IBRD [b]					
4038-BOS	1996	Bosnia and Herzegovina	Consolidation Loan A	28.6	0.0
4039-BOS	1996	Bosnia and Herzegovina	Consolidation Loan B	284.9	0.0
4040-BOS	1996	Bosnia and Herzegovina	Consolidation Loan C	307.1	0.0
			Total	620.6	0.0
			Of Which: Repaid	24.9	
			Total Now Held by the Bank:	595.7	
TFBH [c] (Under Disbursement)					
TF-024030	1996	Bosnia and Herzegovina	Emergency Recovery Credit	45.0	4.7
TF-024031	1996	Bosnia and Herzegovina	Emergency Farm Reconstruction	20.0	0.6
TF-024032	1996	Bosnia and Herzegovina	Emergency Water Supply	20.0	1.6
TF-024033	1996	Bosnia and Herzegovina	Emergency Transport	35.0	11.2
TF-024034	1996	Bosnia and Herzegovina	Emergency District Heating [d]	20.0	7.2
TF-024035	1996	Bosnia and Herzegovina	Emergency War Victims Rehabilitation	5.0	1.5
TF-024040	1996	Bosnia and Herzegovina	Emergency Education Reconstruction	5.0	0.0
			Total	150.0	26.8
IDA					
2897-BOS	1996	Bosnia and Herzegovina	Emergency Education Reconstruction	5.0	0.4
2896-BOS	1996	Bosnia and Herzegovina	Emergency War Victims Rehabilitation	5.0	5.0
2902-BOS	1996	Bosnia and Herzegovina	Emergency Housing Repair	15.0	3.3
2903-BOS	1997	Bosnia and Herzegovina	Emergency Power Reconstruction	35.6	20.2
2904-BOS	1997	Bosnia and Herzegovina	Emergency Public Works and Employment	10.0	4.6
2905-BOS	1997	Bosnia and Herzegovina	Emergency Landmines Clearance	7.5	6.4
2906-BOS	1997	Bosnia and Herzegovina	Emergency Demobilization and Reintegration	7.5	5.1
2914-BOS	1997	Bosnia and Herzegovina	Transition Assistance Credit	90.0	0.0
N001-BOS	1997	Bosnia and Herzegovina	Emergency Industry Re-Start Guarantee	10.0	10.0
N002-BOS	1997	Bosnia and Herzegovina	Emergency Microenterprise/Local Initiatives	7.0	3.8
N003-BOS	1997	Bosnia and Herzegovina	Essential Hospital Services	15.0	13.0
			Total	207.6	71.8

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a/ The status of these projects is described in a separate report on all Bank/IDA financed projects in execution, which is updated twice yearly and circulated to the Executive Directors on April 30 and October 31.

b/ Consolidation Loans A, B, and C were approved on June 13, 1996 and became effective on June 14, 1996.

c/ Trust Fund for Bosnia and Herzegovina.

d/ Disbursements to date are from the Project Start-Up Advance (of which US$2 million is disbursed for Gas).

B. STATEMENT OF IFC INVESTMENTS
(As of June 30, 1997)

Fiscal Year	Obligor	Type of Business	Gross Commitments ---------US$ Million------- Loan	Equity	Total
1977	Tvornica Kartona I Ambalaze Cazin	Timber, Pulp and Paper	4.28	0.0	4.28
1985	Sour Energoinvest	Industrial Equipment and Machinery	9.80	0.0	9.80
1997	Horizonte BiH Enterprise Fund	SME Investment	2.00	--	2.00
1997	Microentreprise Bank	Microcredit	0.60	--	0.60
1997	Sarajevska Pivara	Brewery	--	8.20	8.20
		Total Gross Commitments	16.68	8.20	24.88
		Less: Participations, Cancellations, Terminations, Exchange Adjustments, Repayments, Write-offs and Sales	23.50	2.60	26.10
		Total Commitments Now Held by IFC	16.68	8.20	24.88
		Total Undisbursed	2.60	8.20	24.88
		Total Outstanding	14.08	--	14.08

BOSNIA AND HERZEGOVINA - Selected Indicators of Bank Portfolio Performance and Management (As of June 30, 1997)

Indicator	*FY96*	*FY97*
Portfolio Assessment		
Number of projects under implementation	7.0	16.0
Average implementation period (years)	1.06	0.82
Percent of problem projects		
by number	0.0	0.0
by amount	0.0	0.0
Percent of projects at risk		
by number	0.0	6.3
by amount	0.0	2.1
Disbursement ratio (percent)	n/a	107.8
Portfolio Management		
CPPR during the year	Yes	Yes
Supervision resources (US$ '000)[1]	75.4	1,400.0
Average supervision (US$ '000 per project)[1]	10.8	87.5
Number of projects in extended problem status	n/a	0.0

Memorandum item	*Since FY 80*	*Last five FYs*
Projects evaluated by OED	-	-
by number	n/a	0.0
by amount (US$ millions)	n/a	0.0
Percent rated U or HU	-	
by number	n/a	0.0
by amount (US$ millions)	n/a	0.0

[1] In FY96, implementation of the seven projects in the portfolio began only in the third and fourth quarters, thus requiring relatively few supervision resources, whereas in FY97, a full year of supervision was required for most of the sixteen projects in the portfolio.

BOSNIA AND HERZEGOVINA– Bank Group Program Summary, FY98-99

Proposed IDA Base-Case Lending Program, FY98-99

FY	*Project*	*US$(M)*	*Strategic rewards (H/M/L)*	Implementation risks *(H/M/L)*
FY 98				
	Forestry	7.0	M	L
	Education II	11.0	M	L
	RS Reconstruction Assistance	17.0	H	H
	Transport II	39.0	H	H
	Natural Gas	10.0	M	H
	Power II	25.0	H	H
	Public Finance I	60.0	H	M
	Privatization/Banking	50.0	H	H
	RS Line of Credit	5.0	H	H
Subtotal		224.0		
FY 99				
	Public Finance II	40.0	H	M
	Community Development	15.0	H	L
	Social Sector	10.0	M	L
	Agriculture	5.0	M	L
	Infrastructure	18.0	H	M
Subtotal		88.0		
Total ***FY 98-99***		312.0		

Note: H = High; M = Moderate ; L = Low

IDA Lending Program, FY 1996 - 1999
(As of June 30, 1997)

	Past		*Current*	*Planned*
Category	*FY96*	*FY97*	*FY98*	*FY99*
Commitment Amount (US$m)	160.0	197.6	224.0	88.0
Commitments by Sector (%)				
1. Reconstruction	*82.0*	*37.0*	*44.9*	*37.5*
Agriculture	13.0	-	3.7	5.7
Education	6.0	-	5.0	11.4
Health[1]	6.0	7.6	-	-
Energy[2]	17.0	18.0	17.6	-
Landmine Clearance	-	3.8	-	-
Transportation	27.0	-	13.7	-
Urban development[3]	-	7.6	2.6	-
Water supply and Sanitation	13.0	-	2.3	-
Other non-sector specific[4]	-	-	-	20.5
2. Economic Recovery/Transition	*15.0*	*63.0*	*55.1*	*62.5*
Public Sector Management[5]	-	45.5	30.1	45.5
Finance[6]	-	-	22.3	-
Industry[7]	9.0	5.1	2.7	-
Emploment Generation[8]	6.0	12.4	-	17.0
3. Institution Building [9]	3.0	-	-	-
Support to Government Institutions	*3.0*	-	-	-
TOTAL	100.0	100.0	100.0	100.0
Lending instrument (%)				
Adjustment credits	0.0	45.5	50.0	53.0
Specific investment credits and others	100.0	54.5	50.0	47.0
TOTAL	100.0	100.0	100.0	100.0
Disbursement Amount (US$m)				
Adjustment credits	-	90.0	55.0	80.0
Specific investment credits and others	12.5	158.5	149.0	154.0
Repayments (US$m)	0.1	39.4	45.0	45.0
Interest (US$m)	0.1	39.4	45.0	45.0

1 Includes Essential Hospital and War Victims Rehabilitation Projects.
2 Includes Electric Power, District Heating and Natural Gas Projects.
3 Includes Housing Project.
4 Includes Infrastructure Project.
5 Includes Transition Assistance Credit, Public Finance I and II Projects.
6 Includes Privatization and Banking Project.
7 Includes Line of Credit and Industry Re-Start Guarantee Projects.
8 Includes Local Initiatives, Public Works and Employment, Demobilization Support and Reintegration and Community Development Projects.
9 Most investment projects in the portfolio include institution building components that are included under the respective sectors.

Bosnia and Herzegovina - -IFC and MIGA Program, FY 1997-1999 (June 30, 1997)

Category	*Actual* FY 97	*Planned* FY 98-99
IFC approvals (US$ m)	10.8	29.8
by sector (in percent of total):		
Agribusiness[1]	0.0	83.9
Capital markets	24.0	3.3
Chemicals/fertilizers	0.0	0.0
Infrastructure	0.0	0.0
Manufacturing[2]	76.0	6.2
Oil/mining[3]	0.0	6.6
TOTAL	100.0	100.0
Investment instrument (%)		
Loans	76.0	n/a
Equity	24.0	n/a
Quasi-equity[4]	0.0	n/a
TOTAL	100.0	100.0
MIGA guarantees (US$ m)[5]	--	--
MIGA commitments (US$ m)[5]	--	--

1. Includes wood sector and food processing for FY98-99.
2. Includes Sarajevo Brewery for FY97 and pharmeceutical manufacturing for FY98-99.
3. Includes petroleum distribution and gas stations for FY98-99.
4. Includes quasi-equity types of both loan and equity instruments.
5. The European Commission will finance $11.4 million Investment Guarantee Trust Fund to be administered by MIGA for which agreements are being finalized. In addition, a sponsorship Trust Fund open to MIGA member countries is now under preparation.

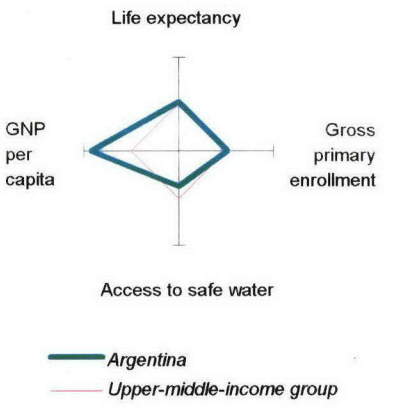
LAC
Basic Facts and Figures

Argentina at a glance

8/28/97

POVERTY and SOCIAL	Argentina	Latin America & Carib.	Upper-middle-income
Population mid-1996 *(millions)*	35.1	485	479
GNP per capita 1996 *(US$)*	8,410	3,710	4,540
GNP 1996 *(billions US$)*	295.0	1,799	2,173
Average annual growth, 1990-96			
Population *(%)*	1.3	1.7	1.5
Labor force *(%)*	2.0	2.3	1.8
Most recent estimate *(latest year available since 1989)*			
Poverty: headcount index *(% of population)*	26	..	..
Urban population *(% of total population)*	88	74	73
Life expectancy at birth *(years)*	73	69	69
Infant mortality *(per 1,000 live births)*	22	37	35
Child malnutrition *(% of children under 5)*	..	..	..
Access to safe water *(% of population)*	64	80	86
Illiteracy *(% of population age 15+)*	4	13	13
Gross primary enrollment *(% of school-age population)*	111	110	107
Male	..	..	..
Female	..	..	..

Development diamond*

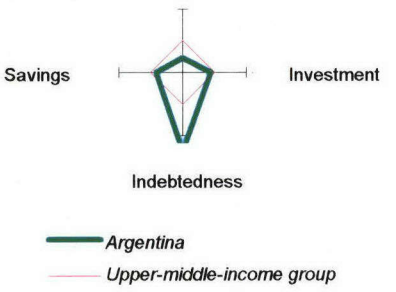


KEY ECONOMIC RATIOS and LONG-TERM TRENDS

	1975	1985	1995	1996
GDP *(billions US$)*	52.4	88.4	280.8	300.5
Gross domestic investment/GDP	29.4	17.6	18.3	18.5
Exports of goods and services/GDP	5.8	11.7	8.5	9.0
Gross domestic savings/GDP	29.3	23.1	18.4	18.1
Gross national savings/GDP	28.4	16.6	17.5	17.2
Current account balance/GDP	-2.5	-1.1	-0.9	-1.3
Interest payments/GDP	0.9	5.0	2.1	2.3
Total debt/GDP	14.7	57.6	32.0	33.2
Total debt service/exports	44.7	60.1	47.4	46.7
Present value of debt/GDP	..	..	29.5	..
Present value of debt/exports	..	..	332.1	..

	1975-85	1986-96	1995	1996	1997-05
(average annual growth)					
GDP	0.6	2.9	-4.6	4.4	5.0
GNP per capita	-1.8	2.0	-6.4	2.8	3.9
Exports of goods and services	5.1	7.6	26.4	7.4	8.0

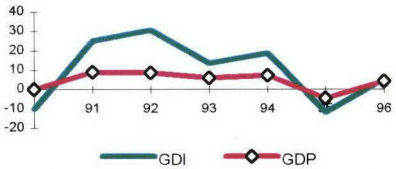
Economic ratios*



STRUCTURE of the ECONOMY

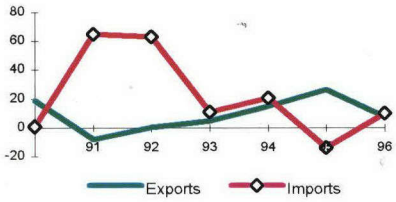
(% of GDP)	1975	1985	1995	1996
Agriculture	6.6	7.6	7.4	7.1
Industry	50.1	39.3	36.0	36.2
Manufacturing	38.2	29.7	..	..
Services	43.3	53.1	56.6	56.7
Private consumption	58.1	..	72.3	73.3
General government consumption	12.6	..	9.4	8.5
Imports of goods and services	6.0	6.3	8.5	9.3

Growth rates of output and investment (%)



(average annual growth)	1975-85	1986-96	1995	1996
Agriculture	1.6	1.5	2.3	0.3
Industry	-1.5	2.7	-8.5	4.9
Manufacturing	-1.6	*0.9*	..	..
Services	2.2	3.3	-3.0	4.6
Private consumption	..	..	-8.6	5.7
General government consumption	..	..	-6.6	-5.4
Gross domestic investment	-3.5	5.7	-11.9	5.4
Imports of goods and services	2.4	14.5	-14.0	10.0
Gross national product	-0.3	3.4	-5.1	4.0

Growth rates of exports and imports (%)

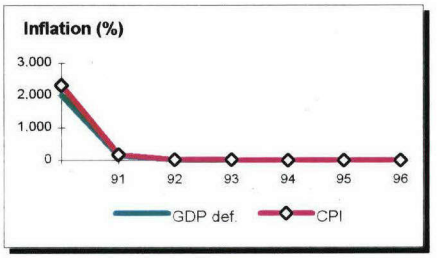


Note: 1996 data are preliminary estimates. Figures in italics are for years other than those specified.

* 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.

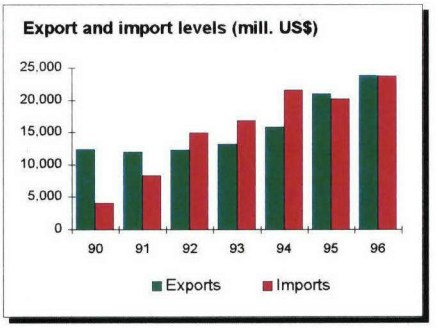
PRICES and GOVERNMENT FINANCE

	1975	1985	1995	1996
Domestic prices				
(% change)				
Consumer prices	182.6	672.3	3.4	0.1
Implicit GDP deflator	198.2	618.2	4.5	2.5
Government finance				
(% of GDP)				
Current revenue	..	..	16.7	16.5
Current budget balance	..	..	-0.2	-1.1
Overall surplus/deficit	..	..	-1.1	-2.4



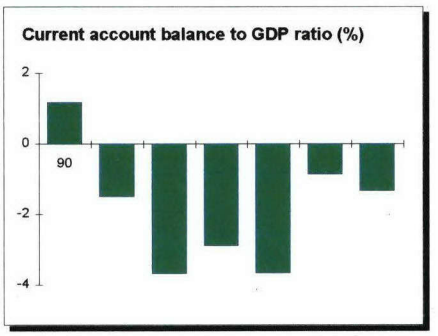
TRADE

	1975	1985	1995	1996
(millions US$)				
Total exports (fob)	2,961	8,396	20,964	23,774
Food	..	..	1,969	2,203
Meat	..	..	1,582	1,955
Manufactures	..	..	10,836	12,004
Total imports (cif)	3,947	3,814	20,120	23,733
Food	..	..	..	..
Fuel and energy	..	..	809	846
Capital goods	..	..	4,746	5,647
Export price index *(1987=100)*	..	..	118	124
Import price index *(1987=100)*	..	..	115	120
Terms of trade *(1987=100)*	..	..	102	103



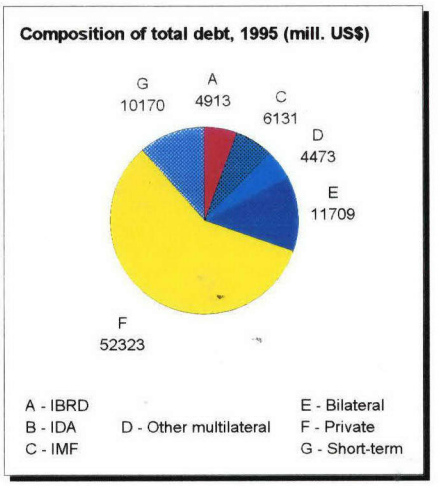
BALANCE of PAYMENTS

	1975	1985	1995	1996
(millions US$)				
Exports of goods and services	3,498	10,039	23,889	27,076
Imports of goods and services	4,324	5,285	23,826	27,900
Resource balance	-826	4,754	63	-824
Net income	-466	-5,706	-2,941	-3,523
Net current transfers	6	0	432	334
Current account balance, before official capital transfers	-1,286	-952	-2,446	-4,013
Financing items (net)	208	2,200	2,515	231
Changes in net reserves	1,078	-1,248	-69	3,782
Memo:				
Reserves including gold *(mill. US$)*	848	4,703	15,992	19,774
Conversion rate *(local/US$)*	3.7E-10	6.0E-05	1.0	1.0



EXTERNAL DEBT and RESOURCE FLOWS

	1975	1985	1995	1996
(millions US$)				
Total debt outstanding and disbursed	7,723	50,946	89,719	99,701
IBRD	341	700	4,913	5,372
IDA	0	0	0	0
Total debt service	1,603	6,209	9,732	14,529
IBRD	43	114	565	608
IDA	0	0	0	0
Composition of net resource flows				
Official grants	0	6	36	..
Official creditors	59	217	1,411	..
Private creditors	-111	2,350	5,674	..
Foreign direct investment	0	919	1,319	..
Portfolio equity	0	0	211	..
World Bank program				
Commitments	0	0	2,272	946
Disbursements	19	144	941	1,077
Principal repayments	17	68	259	282
Net flows	1	75	682	795
Interest payments	26	46	306	326
Net transfers	-25	30	376	469



Argentina - Selected Indicators of Bank Portfolio Performance and Management

Indicator	1994	1995	1996	1997
Portfolio Performance				
Number of Projects under implementation	22	23	31	33
Average implementation period (years)[a]	3.59	3.14	2.94	3.14
Percent of problem projects rated U or HU[b] (for past years, rated 3 or 4)				
Development Objectives[c]	4.55	0.00	3.23	9.09
Implementation Progress (or overall status for past years)[d]	4.55	13.04	19.35	24.24
Cancelled during FY in US$m	17.66	19.79	4.80	.22
Disbursement ratio (%)[e]	22.85	22.65	16.17	11.45
Disbursement lag (%)[f]	20.65	15.37	28.57	16.62
Memorandum item: % completed projects rated unsatisfactory by OED	63.16	52.00	46.67	46.67
Portfolio Management				
Supervision resources (total US$ thousands)	1,297.89	1,260.28	2,224.16	1,606.24
Average Supervision (US$ thousands/project)	58.99	54.79	71.75	48.67
Supervison resources by rating category (US$ thousands/project)				
Projects rated HS or S	58.27	49.28	66.48	40.99
Projects rated U or HU	74.28	91.56	93.71	72.69
Memorandum item: date of last/next CPPR				

a. Average age of projects in the Bank's country portfolio.

b. Rating scale: "HS" denotes "Highly Satisfactory", "S" denotes "Satisfactory", "U" denotes "Unsatisfactory", and "HU" denotes "Highly Unsatisfactory".

c. Extent to which the project will meet its development objective (see OD 13.05, Annex D2, *Preparation of Implementation Summary [Form 590])*.

d. Assessment of overall performance of the project based on the ratings given to individual aspects of project implementation (e.g., management, availability of funds, compliance with legal covenants) and to development objectives (see OD 13.05, Annex D2, *Preparation of Implementation Summary [Form 590])*. The overall status is not given a better rating than that given to project development objectives.

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.

f. For all projects comprising the Bank's country portfolio, the percentage difference between actual cumulative disbursements and the cumulative disbursement estimates as given in the "Original SAR/PR Forecast" or, if the loan amounts have been modified, in the "Revised Forecast." The country portfolio disbursement lag is effectively the weighted average of disbursement lags for projects comprising the Bank's country portfolio, where the weights used are the respective project shares in the total cumulative disbursement estimates.

g. Supervision resources data, by location, is only available starting in fiscal year 1996.

Note:

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

Supervision resources include Salaries, Benefits, and Travel but excludes FAO staff and PCR task costs.

Argentina - Bank Group Fact Sheet
IBRD/IDA Lending Program

	Past		Current		Planned[a]		
Category	1994	1995	1996	1997	1998	1999	2000
Commitments (US$m)	608.5	1425.0	1509.4	1479.5	1500.0	1500.0	1000.0
Sector (%)[b]							
Agriculture	0.0	0.0	1.1	9.8	10.0	0.0	0.0
Education	0.0	13.3	18.6	0.0	0.0	30.0	0.0
Electric Pwr & Engy.	0.0	0.0	0.0	0.0	7.0	0.0	0.0
Finance	83.6	56.1	0.0	0.0	0.0	20.0	0.0
Mining	0.0	0.0	2.0	0.0	0.0	0.0	0.0
Multisector	0.0	0.0	2.6	0.0	0.0	0.0	46.2
Popultn, Hlth & Nutn	16.4	0.0	31.6	7.8	0.0	20.0	30.8
Public Sector Mgmt.	0.0	0.0	34.2	21.6	7.0	30.0	0.0
Social Sector	0.0	0.0	10.1	13.5	23.0	0.0	23.1
Transportation	0.0	0.0	0.0	33.8	25.0	0.0	0.0
Urban Development	0.0	30.5	0.0	0.0	18.0	0.0	0.0
Water Supply & Santn	0.0	0.0	0.0	13.5	10.0	0.0	0.0
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Lending instrument (%)							
Adjustment loans[c]	0.0	56.1	56.3	20.3	24.0	25.0	0.0
Specific investment loans and others	100.0	43.9	43.7	79.7	76.0	75.0	100.0
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Disbursements (US$m)							
Adjustment loans[c]	94.8	466.7	434.0	733.0	175.0	25.0	0.0
Specific investment loans and others	296.9	364.5	298.6	252.1	365.4	389.1	345.1
Repayments (US$m)	440.7	284.6	260.1	219.8	0.0	0.0	0.0
Interest (US$m)	275.5	290.9	316.8	272.2	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.

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ANNEX 7

Argentina - IFC and MIGA Program, FY94-97

Category	Past			
	1994	1995	1996	1997
IFC approvals (US$m)	300.24	378.65	403.40	60.00
Sector (%)				
Cement & Construction	0.00	0.00	10.00	0.00
Chemicals & Petrochems	7.00	0.00	0.00	0.00
Financial Services	9.00	12.00	24.00	0.00
Food & Agro-Business	14.00	27.00	6.00	75.00
Indust &,Consumer Svcs	0.00	7.00	0.00	0.00
Infrastructure	45.00	40.00	37.00	0.00
Manufacturing	0.00	0.00	2.00	0.00
Mining & Metals	0.00	7.00	0.00	25.00
Mining & Minerals	13.00	8.00	12.00	0.00
Oil Refining	0.00	0.00	5.00	0.00
Textiles	8.00	0.00	4.00	0.00
Timber, Pulp & Paper	4.00	0.00	1.00	0.00
TOTAL	100.00	100.00	100.00	100.00
Investment instrument (%)				
Loans	69.00	65.00	78.00	75.00
Equity	22.00	14.00	7.00	0.00
Quasi-Equity[a]	9.00	21.00	15.00	25.00
Other	0.00	1.00	1.00	0.00
TOTAL	100.00	100.00	100.00	100.00
MIGA guarantees (US$m)	129.00	150.00	120.00	195.00
MIGA commitments (US$m)	0.00	0.00	20.00	20.00

[a]Includes quasi-equity types of both loan and equity instruments.

Alexandra Blackhurst
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April 7, 1997 12:39 PM

Status of Bank Group Operations in Argentina
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/	Last ARPP Supervision Rating b/ Development Objectives	Implementatio Progress
Number of Closed Loans/credits: 50											
Active Loans											
AR-PE-5945	L26410	1986	GOVERNMENT	WATER SUPPLY	60.00	0.00	20.03	1.65	21.68	S	S
AR-PE-5968	L28540	1987	SEGBA	SEGBA V	276.00	0.00	0.00	68.45	68.45	S	U
AR-PE-6009	L32970	1991	GOVT OF ARGENTINA INA	AG SERVCES&INST DEV	33.50	0.00	0.00	4.28	2.18	S	S
AR-PE-5977	L32810	1991	ARGENTINE REPUBLIC	WTR SUPPLY II	100.00	0.00	0.00	73.74	62.74	S	U
AR-PE-6005	L32800	1991	REPUBLIC OF ARGENTINA	PROVINC DEV PROJ	200.00	0.00	0.00	60.16	60.16	HS	S
AR-PE-6003	L36110	1993	GOVT OF ARGENTINA INA	RD MAINT & REHAB SCT	340.00	0.00	0.00	162.83	123.67	S	S
AR-PE-6051	L35210	1993	ARGENTINA	FLOOD REHABILITATION	170.00	0.00	0.00	8.74	8.74	S	HS
AR-PE-6036	L35200	1993	GOVERNMENT	YACYRETA II	300.00	0.00	0.00	4.02	3.76	S	U
AR-PE-6062	L37100	1994	MIN OF ECONOMY	CAPITAL MKT TA	8.50	0.00	0.00	5.75	4.10	S	S
AR-PE-5988	L37090	1994	REP OF ARGENTINA A	CAPITAL MKT DEVT	500.00	0.00	0.00	393.64	-106.36	S	S
AR-PE-6025	L36430	1994	GOVT OF ARGENTINA INA	MTNAL CHILD HLTH & N	100.00	0.00	0.00	52.92	24.02	S	S
AR-PE-6018	L38770	1995	ARGENTINE REPUBLIC	PROV DEVT II	225.00	0.00	0.00	223.50	20.01	S	U
AR-PE-6060	L38600	1995	GOVT OF ARGENTINA	MUNIC DEVT II	210.00	0.00	0.00	202.81	-.45	S	S
AR-PE-6035	L38360	1995	REP OF ARGENTINA	PROV.REFORM	300.00	0.00	0.00	.37	-99.63	HS	HS
AR-PE-5992	L37940	1995	GOVT OF ARGENTINA INA	SECONDARY ED I	190.00	0.00	0.00	173.40	99.50	S	U
AR-PE-45687	L40040	1996	REP. OF ARGRNTINA	H.INSURANCE TA	25.00	0.00	0.00	20.72	2.02	HS	HS
AR-PE-40909	L40030	1996	REP. OF ARGENTINA	H. INSURANCE REFORM	100.00	0.00	0.00	100.00	0.00	HS	HS
AR-PE-40909	L40020	1996	REP. OF ARGENTINA	H. INSURANCE REFORM	250.00	0.00	0.00	100.00	-16.13	HS	HS
AR-PE-6057	L39710	1996	GOV'T OF ARGENTINA	SECNDARY ED 2	115.50	0.00	0.00	115.50	22.10	HS	S
AR-PE-38883	L39600	1996	REPUBLIC OF ARGENTINA	ENT.EXPORT DV.	38.50	0.00	0.00	35.99	16.74	S	S
AR-PE-37049	L39580	1996	GOVT OF ARGENTINA	PUB.INV.STRENGTHG	16.00	0.00	0.00	16.00	3.89	S	S
AR-PE-35495	L39570	1996	SEC.OF SOC.DEVIT (OFFICE	SOCIAL PROTECTION	152.00	0.00	0.00	36.85	18.15	HS	S
AR-PE-6040	L39480	1996	GOVERNMENT	FORESTRY/DV	16.00	0.00	0.00	15.56	.56	S	S
AR-PE-6030	L39310	1996	REPUB OF ARGENTINA	PROVCL HLTH SCTR DEV	101.40	0.00	0.00	96.85	12.85	HS	S
AR-PE-6055	L39270	1996	GOVT. OF ARGENTINA	MINING SCTR DEVT	30.00	0.00	0.00	19.95	-2.85	S	S
AR-PE-40904	L39260	1996	REPUBLIC OF ARGENTINA	BANK REFORM	500.00	0.00	0.00	166.00	166.00	S	S
AR-PE-34091	L39210	1996	REP OF ARGENTINA	HIGHER ED REFORM	165.00	0.00	0.00	155.28	50.78	HS	HS
AR-PE-46821	L41310	1997	GOVT.OF ARG	PENSION TA	20.00	0.00	0.00	20.00	1.17		
AR-PE-6052	L41170	1997	GOVT OF ARGENTINA	FLOOD PROTECTION	200.00	0.00	0.00	200.00	0.00		
AR-PE-44445	L41160	1997	REPUBLIC OF ARGENTINA	PROV.PENSION1	300.00	0.00	0.00	150.00	0.00		
AR-PE-5980	L40930	1997	GOVT OF ARGENTINA	PROV ROADS	300.00	0.00	0.00	300.00	7.00		
AR-PE-40808	L40850	1997	GOA	N.FOREST/PROTC	19.50	0.00	0.00	19.50	0.00		
Total					5,361.90	0.00	20.03	3,004.46	574.86		

	Active Loans	Closed Loans	Total
Total Disbursed (IBRD and IDA):	2,337.41	6,044.76	8,382.17
of which has been repaid:	174.35	2,805.08	2,979.43
Total now held by IBRD and IDA:	5,167.52	3,241.81	8,409.33
Amount sold :	0.00	12.79	12.79
Of which repaid :	0.00	12.79	12.79
Total Undisbursed :	3,004.46	2.13	3,006.59

Argentina
STATEMENT OF IFC's
Committed and Disbursed Portfolio
As of 31-Jul-97
(In US Dollar Millions)

		Committed				Disbursed			
		IFC				IFC			
FY Approval	Company	Loan	Equity	Quasi	Partic	Loan	Equity	Quasi	Partic
1960/95/97	Acindar	38.75	0.00	25.00	17.78	13.75	0.00	25.00	17.78
1977/84/86/88/94/96	Alpargatas	25.38	6.05	6.37	93.43	20.38	6.05	6.37	79.93
1978/81/86/87/91/93/96	Minetti	12.71	0.00	10.00	32.56	10.09	0.00	10.00	24.71
1987	BGN-TBR	.18	0.00	0.00	0.00	.18	0.00	0.00	0.00
1987/89	BGN-Bolland	.22	0.00	0.00	0.00	.22	0.00	0.00	0.00
1987/89	BGN-Flichman	.17	0.00	0.00	0.00	.17	0.00	0.00	0.00
1987/89/90/96	Terminal 6	9.84	0.00	0.00	5.96	9.84	0.00	0.00	5.96
1987/92	BRLP	9.64	0.00	0.00	1.27	2.11	0.00	0.00	1.27
1988/93	Bunge y Born	3.72	0.00	0.00	28.07	3.72	0.00	0.00	28.07
1989	BGN-Algodonera	.27	0.00	0.00	0.00	.27	0.00	0.00	0.00
1989	BGN-Ferrum	.83	0.00	0.00	0.00	.83	0.00	0.00	0.00
1989	BGN-FRIGOTOBA	.13	0.00	0.00	0.00	.13	0.00	0.00	0.00
1989	BGN-Genaro	.68	0.00	0.00	0.00	.68	0.00	0.00	0.00
1989	BGN-Interpack	.25	0.00	0.00	0.00	.25	0.00	0.00	0.00
1989	BGN-Parafina	.63	0.00	0.00	0.00	.63	0.00	0.00	0.00
1989	BGN-Willmor	.68	0.00	0.00	0.00	.68	0.00	0.00	0.00
1989	ROB-COMESI	.28	0.00	0.00	0.00	.28	0.00	0.00	0.00
1989	ROB-Fracchia	.14	0.00	0.00	0.00	.14	0.00	0.00	0.00
989	ROB-INTA	.28	0.00	0.00	0.00	.28	0.00	0.00	0.00
1989/96	Banco Frances	43.23	0.00	0.00	.86	6.94	0.00	0.00	.86
1990	CIP	0.00	.08	0.00	0.00	0.00	.08	0.00	0.00
1990/94	Petroken	21.82	0.00	5.00	4.80	21.82	0.00	5.00	4.80
1991	BCA	1.89	0.00	0.00	2.40	1.89	0.00	0.00	2.40
1991	ROB-Alimenticia	.14	0.00	0.00	0.00	.14	0.00	0.00	0.00
1991	ROB-Emprigas	.19	0.00	0.00	0.00	.19	0.00	0.00	0.00
1991	ROB-Guilford	.13	0.00	0.00	0.00	.13	0.00	0.00	0.00
1991	ROB-Interpack	.17	0.00	0.00	0.00	.17	0.00	0.00	0.00
1991	ROB-Longvie	.34	0.00	0.00	0.00	.34	0.00	0.00	0.00
1991	ROB-Mendoza	.19	0.00	0.00	0.00	.19	0.00	0.00	0.00
1992	FEPSA	10.25	0.00	0.00	11.20	8.05	0.00	0.00	8.80
1992	Oleaginosa Oeste	6.87	0.00	5.00	10.27	6.87	0.00	5.00	10.27
1992	Rioplatense	5.33	1.00	0.00	1.67	5.33	1.00	0.00	1.67
1992	San Jorge	0.00	27.00	0.00	0.00	0.00	.06	0.00	0.00
1992/93/96	Malteria Pampa	12.79	0.00	1.00	11.91	12.79	0.00	1.00	11.91
1992/95	Bridas	42.14	10.00	15.00	72.86	42.14	10.00	15.00	72.86
1993	Argentina Equity	0.00	2.93	0.00	0.00	0.00	2.93	0.00	0.00
1993	Cadipsa	8.57	0.00	5.00	10.40	8.57	0.00	5.00	10.40
1993	Nuevo Central	6.88	3.00	0.00	11.25	6.88	3.00	0.00	11.25
1993	Yacylec	8.80	5.04	0.00	31.84	8.80	5.04	0.00	31.84
1993/94	Molinos	0.00	5.55	0.00	0.00	0.00	5.55	0.00	0.00
1994	Aceitera	15.00	10.00	0.00	0.00	15.00	10.00	0.00	0.00
1994	BGN	12.00	0.00	3.00	0.00	12.00	0.00	3.00	0.00
1994	LBAR	0.00	1.17	0.00	0.00	0.00	.64	0.00	0.00
1994	LBAV	0.00	3.62	0.00	0.00	0.00	3.62	0.00	0.00

Generated by the Operations Information System (OIS) on August 26, 1997

		Committed				Disbursed			
		IFC				IFC			
FY Approval	Company	Loan	Equity	Quasi	Partic	Loan	Equity	Quasi	Partic
1994	Quilmes	11.86	0.00	0.00	10.00	11.86	0.00	0.00	10.00
1994/95	EDENOR	19.50	0.00	15.00	88.33	19.50	0.00	15.00	88.33
1994/95/96	Aguas	75.06	7.00	0.00	260.10	75.06	7.00	0.00	260.10
1994/95/97	La Maxima	0.00	14.39	4.00	0.00	0.00	12.29	3.96	0.00
1995	Banco Roberts	0.00	0.00	20.00	0.00	0.00	0.00	20.00	0.00
1995	CEPA	12.33	0.00	0.00	3.60	12.33	0.00	0.00	3.60
1995	Kleppe/Caldero	6.00	0.00	0.00	0.00	6.00	0.00	0.00	0.00
1995	Mastellone	37.14	0.00	0.00	31.50	37.14	0.00	0.00	31.50
1995	Nahuelsat	30.00	5.00	0.00	0.00	30.00	5.00	0.00	0.00
1995	SanCor	20.00	0.00	20.00	27.00	20.00	0.00	20.00	27.00
1995	Socma	22.92	0.00	0.00	55.00	22.92	0.00	0.00	55.00
1995	SIDECO	0.00	15.00	0.00	0.00	0.00	15.00	0.00	0.00
1995	Terminales Port.	9.50	2.00	0.00	0.00	8.50	2.00	0.00	0.00
1995	Tower Fund	0.00	15.73	0.00	0.00	0.00	4.68	0.00	0.00
1995	Tower Fund Mgr	0.00	.14	0.00	0.00	0.00	.04	0.00	0.00
1996	Banco Galicia	30.00	0.00	0.00	200.00	30.00	0.00	0.00	200.00
1996	Bansud	25.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1996	Brahma - ARG	18.50	0.00	0.00	33.00	18.50	0.00	0.00	33.00
1996	CAPSA	12.00	0.00	5.00	33.00	12.00	0.00	5.00	33.00
1996	Grunbaum	8.00	0.00	2.00	0.00	8.00	0.00	2.00	0.00
1996	MBA	0.00	.16	0.00	0.00	0.00	.16	0.00	0.00
1996	Neuquen Basin	0.00	26.40	0.00	0.00	0.00	17.88	0.00	0.00
1996	Refisan	20.00	0.00	0.00	30.00	20.00	0.00	0.00	30.00
1996	Transconor	25.00	0.00	20.00	210.00	25.00	0.00	20.00	210.00
1996	Zanon	14.00	0.00	6.00	0.00	12.00	0.00	6.00	0.00
1997	FRIAR	10.00	0.00	2.50	0.00	0.00	0.00	0.00	0.00
1997	Guipeba	15.00	0.00	5.00	0.00	0.00	0.00	0.00	0.00
1997	Milkaut	10.00	0.00	10.00	5.00	10.00	0.00	10.00	5.00
1997	Vicentin	25.00	0.00	0.00	10.00	25.00	0.00	0.00	10.00
Total Portfolio:		758.32	161.26	184.87	1,345.06	626.68	112.02	177.33	1,321.31

Approvals Pending Commitment

		Loan	Equity	Quasi	Partic
1996	AGUAS III - INC	15.00	0.00	0.00	75.00
1997	ARGIE MAE	35.00	.40	0.00	65.00
1997	BANCO DEL SUQUIA	0.00	0.00	10.00	0.00
1996	EDESUR II BLINC	0.00	0.00	0.00	108.00
1996	EDESUR REHAB	40.00	0.00	0.00	80.00
1998	FAID	0.00	5.00	0.00	0.00
1993	FEPSA (II)	0.00	0.00	0.00	4.00
1997	KLEPPE II	6.00	0.00	0.00	0.00
1997	ROBERTS NOA CL	30.00	0.00	0.00	0.00
1997	TERMINAL 6	10.00	0.00	0.00	13.00
1997	TGN II BLINC	0.00	0.00	0.00	10.00
1996	TRANSCONOR II	5.00	0.00	0.00	0.00
1997	T6I	10.00	0.00	5.00	30.00

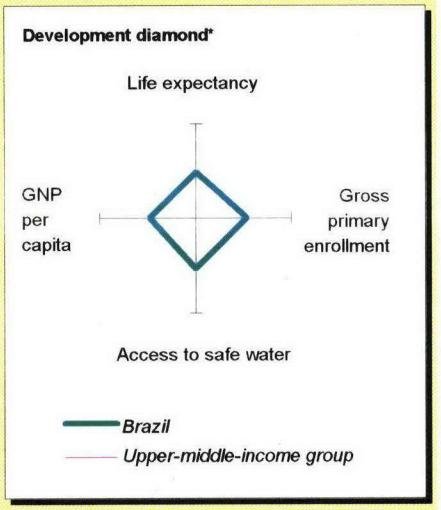
Generated by the Operations Information System (OIS) on August 26, 1997

		Committed				Disbursed			
		IFC				IFC			
FY Approval	Company	Loan	Equity	Quasi	Partic	Loan	Equity	Quasi	Partic
Total Pending Commitment:		151.00	5.40	15.00	385.00				

Brazil at a glance

8/28/97

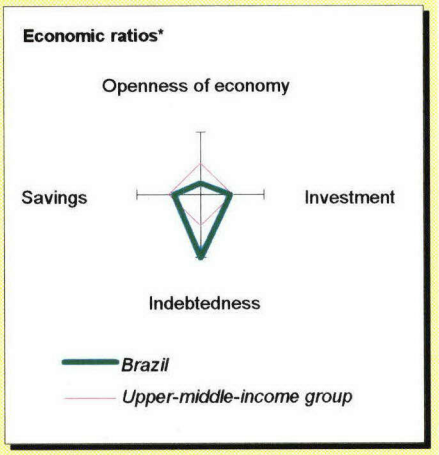
POVERTY and SOCIAL	Brazil	Latin America & Carib.	Upper-middle-income
Population mid-1996 *(millions)*	161.2	485	479
GNP per capita 1996 *(US$)*	4,360	3,710	4,540
GNP 1996 *(billions US$)*	702.9	1,799	2,173
Average annual growth, 1990-96			
Population *(%)*	1.4	1.7	1.5
Labor force *(%)*	1.6	2.3	1.8
Most recent estimate *(latest year available since 1989)*			
Poverty: headcount index *(% of population)*	17	..	..
Urban population *(% of total population)*	78	74	73
Life expectancy at birth *(years)*	67	69	69
Infant mortality *(per 1,000 live births)*	44	37	35
Child malnutrition *(% of children under 5)*	18	..	..
Access to safe water *(% of population)*	92	80	86
Illiteracy *(% of population age 15+)*	17	13	13
Gross primary enrollment *(% of school-age population)*	114	110	107
Male	..	..	..
Female	..	..	..



KEY ECONOMIC RATIOS and LONG-TERM TRENDS

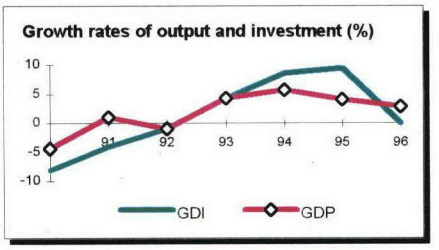
	1975	1985	1995	1996
GDP *(billions US$)*	121.8	222.9	716.9	748.7
Gross domestic investment/GDP	26.8	19.2	20.1	19.5
Exports of goods and services/GDP	7.5	12.2	6.7	6.6
Gross domestic savings/GDP	22.9	24.4	19.2	18.2
Gross national savings/GDP	21.1	19.3	17.6	16.3
Current account balance/GDP	-5.8	-0.2	-2.5	-3.2
Interest payments/GDP	1.7	3.3	1.2	1.7
Total debt/GDP	22.4	46.5	22.2	23.8
Total debt service/exports	43.5	39.1	43.1	46.7
Present value of debt/GDP	..	..	22.1	..
Present value of debt/exports	..	..	270.7	..

	1975-85	1986-96	1995	1996	1997-05
(average annual growth)					
GDP	3.1	*1.2*	4.1	2.9	4.8
GNP per capita	0.2	-0.4	2.8	1.6	4.0
Exports of goods and services	10.5	6.5	-1.4	6.1	7.0

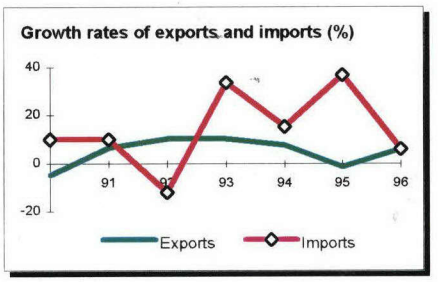


STRUCTURE of the ECONOMY

	1975	1985	1995	1996
(% of GDP)				
Agriculture	12.1	11.5	14.4	14.4
Industry	40.2	45.3	36.5	36.4
Manufacturing	30.3	33.7	23.8	..
Services	47.7	43.1	49.1	49.2
Private consumption	66.5	65.8	64.9	65.7
General government consumption	10.6	9.9	15.9	16.1
Imports of goods and services	11.5	7.1	7.6	7.9



	1975-85	1986-96	1995	1996
(average annual growth)				
Agriculture	4.3	*2.6*	4.9	3.1
Industry	3.0	*-1.1*	2.1	2.3
Manufacturing	2.6	*-1.5*	2.1	..
Services	2.9	*2.8*	5.3	3.3
Private consumption	3.0	*1.8*	11.0	4.1
General government consumption	1.2	*0.7*	2.4	0.8
Gross domestic investment	-2.9	*-0.6*	9.4	0.0
Imports of goods and services	-4.0	*8.9*	36.8	5.9
Gross national product	2.5	1.1	4.2	2.9

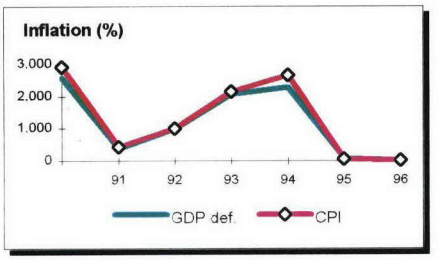


Note: 1996 data are preliminary estimates. Figures in italics are for years other than those specified.

* 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.

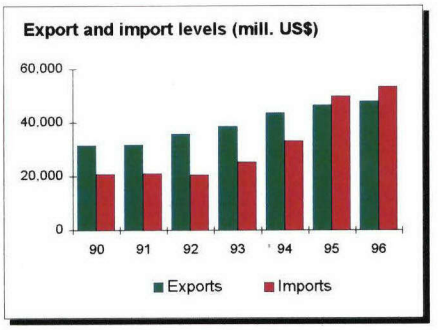
PRICES and GOVERNMENT FINANCE

	1975	1985	1995	1996
Domestic prices				
(% change)				
Consumer prices	25.0	226.9	67.0	15.5
Implicit GDP deflator	33.9	231.7	74.9	11.1
Government finance				
(% of GDP)				
Current revenue	..	..	31.5	32.4
Primary surplus/deficit	..	..	0.4	-0.1
Operational surplus/deficit	..	..	-4.8	-3.9



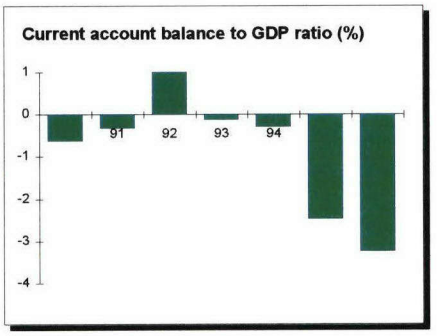
TRADE

	1975	1985	1995	1996
(millions US$)				
Total exports (fob)	..	25,638	46,508	47,746
Coffee	..	2,607	1,970	2,059
Other food	..	2,545	3,896	4,665
Manufactures	..	13,356	25,568	26,247
Total imports (cif)	..	13,153	49,663	53,286
Food	..	..	3,535	6,044
Fuel and energy	..	6,176	4,649	5,752
Capital goods	..	2,480	19,688	19,804
Export price index *(1987=100)*	..	97	128	126
Import price index *(1987=100)*	..	79	124	125
Terms of trade *(1987=100)*	..	123	103	101



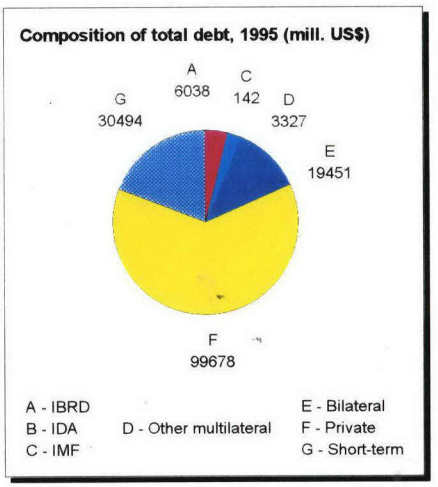
BALANCE of PAYMENTS

	1975	1985	1995	1996
(millions US$)				
Exports of goods and services	9,418	27,713	47,960	49,558
Imports of goods and services	14,323	16,928	54,306	59,355
Resource balance	-4,905	10,785	-6,346	-9,797
Net income	-2,106	-11,213	-15,419	-17,402
Net current transfers	-10	16	3,973	2,899
Current account balance, before official capital transfers	-7,021	-412	-17,792	-24,300
Financing items (net)	5,956	1,826	30,779	32,935
Changes in net reserves	1,065	-1,414	-12,987	-8,635
Memo:				
Reserves including gold *(mill. US$)*	4,166	11,613	51,469	59,663
Conversion rate *(local/US$)*	3.0E-12	2.3E-09	0.9	1.0



EXTERNAL DEBT and RESOURCE FLOWS

	1975	1985	1995	1996
(millions US$)				
Total debt outstanding and disbursed	27,329	103,601	159,130	178,131
IBRD	1,045	5,274	6,038	5,876
IDA	0	0	0	0
Total debt service	4,320	11,470	22,328	..
IBRD	98	796	1,868	1,638
IDA	0	0	0	0
Composition of net resource flows				
Official grants	9	34	64	..
Official creditors	1,059	935	-1,378	..
Private creditors	4,213	149	9,827	..
Foreign direct investment	1,302	1,348	4,859	..
Portfolio equity	0	0	4,411	..
World Bank program				
Commitments	538	1,525	404	858
Disbursements	249	765	838	1,500
Principal repayments	26	406	1,377	1,222
Net flows	224	359	-539	278
Interest payments	72	391	491	416
Net transfers	152	-32	-1,031	-138



Brazil - Selected Indicators of Bank Portfolio Performance and Management

Indicator	1995	1996	1997	1998
Portfolio Performance				
Number of Projects under implementation	65	67	62	51
Average implementation period (years)[a]	5.30	5.82	4.68	4.53
Percent of problem projects rated U or HU[b] (for past years, rated 3 or 4)				
Development Objectives[c]	12.31	8.96	3.23	3.92
Implementation Progress (or overall status for past years)[d]	33.85	13.43	8.06	7.84
Cancelled during FY in US$m	521.54	68.66	35.08	5.04
Disbursement ratio (%)[e]	16.53	24.60	42.58	5.61
Disbursement lag (%)[f]	46.34	33.07	23.35	25.99
Memorandum item: % completed projects rated unsatisfactory by OED	47.47	47.47	47.00	47.00
Portfolio Management				
Supervision resources (total US$ thousands)	3,735.87	3,485.77	2,924.31	90.33
Average Supervision (US$ thousands/project)	57.47	52.03	47.17	1.77
Supervision resources by location (in %)[g]				
Percent headquarters	0.00	67.76	72.62	92.64
Percent resident mission	0.00	32.24	27.38	7.36
Supervison resources by rating category (US$ thousands/project)				
Projects rated HS or S	48.36	43.39	50.79	1.71
Projects rated U or HU	75.29	107.69	46.43	3.02
Memorandum item: date of last/next CPPR				

a. Average age of projects in the Bank's country portfolio.
b. Rating scale: "HS" denotes "Highly Satisfactory", "S" denotes "Satisfactory", "U" denotes "Unsatisfactory", and "HU" denotes "Highly Unsatisfactory".
c. Extent to which the project will meet its development objective (see OD 13.05, Annex D2, *Preparation of Implementation Summary [Form 590])*.
d. Assessment of overall performance of the project based on the ratings given to individual aspects of project implementation (e.g., management, availability of funds, compliance with legal covenants) and to development objectives (see OD 13.05, Annex D2, *Preparation of Implementation Summary [Form 590])*. The overall status is not given a better rating than that given to project development objectives.
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.
f. For all projects comprising the Bank's country portfolio, the percentage difference between actual cumulative disbursements and the cumulative disbursement estimates as given in the "Original SAR/PR Forecast" or, if the loan amounts have been modified, in the "Revised Forecast." The country portfolio disbursement lag is effectively the weighted average of disbursement lags for projects comprising the Bank's country portfolio, where the weights used are the respective project shares in the total cumulative disbursement estimates.
g. Supervision resources data, by location, is only available starting in fiscal year 1996.

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

Brazil - IBRD/IDA Lending Program

	Past		Current		Planned[a]		
Category	1994	1995	1996	1997	1998	1999	2000
Commitments (US$m)	1136.6	552.0	875.0	992.6	1641.5	2552.0	2125.0
Sector (%)[b]							
Agriculture	0.0	38.2	20.0	35.5	16.4	9.4	0.0
Education	39.8	0.0	0.0	0.0	15.2	22.5	9.4
Electric Pwr & Engy.	0.0	0.0	0.0	0.0	0.0	9.8	0.0
Environment	0.0	0.0	5.7	0.0	0.0	12.1	20.9
Finance	0.0	0.0	0.0	0.0	1.2	0.0	0.0
Oil & Gas	0.0	0.0	0.0	0.0	12.2	4.8	0.0
Popultn, Hlth & Nutn	14.1	0.0	34.3	0.0	0.0	5.9	14.1
Public Sector Mgmt.	0.0	0.0	0.0	17.1	25.6	0.0	28.2
Social Sector	0.0	0.0	0.0	0.0	0.0	0.0	9.4
Transportation	19.4	36.4	40.0	37.3	14.1	24.5	14.1
Urban Development	13.2	25.4	0.0	10.1	0.0	0.0	0.0
Water Supply & Santn	13.5	0.0	0.0	0.0	15.2	11.0	3.8
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Lending instrument (%)							
Adjustment loans[c]	0.0	0.0	0.0	0.0	15.2	0.0	0.0
Specific investment loans and others	100.0	100.0	100.0	100.0	84.8	100.0	100.0
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Disbursements (US$m)							
Adjustment loans[c]	.2	0.0	0.0	0.0	200.0	50.0	0.0
Specific investment loans and others	437.2	881.1	1082.3	1560.5	848.6	548.8	331.7
Repayments (US$m)	1292.2	1385.2	1314.7	1099.0	0.0	0.0	0.0
Interest (US$m)	544.1	514.9	452.8	391.5	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.

Brazil - IFC and MIGA Program, FY95-98

Category	Past			
	1995	1996	1997	1998
IFC approvals (US$m) [a]	213.70	328.03	401.49	67.30
Sector (%)				
	0.00	0.00	0.00	0.00
Chemicals & Petrochems	23.00	11.00	20.00	0.00
Financial Services	0.00	15.00	0.00	45.00
Food & Agro-Business	30.00	32.00	26.00	21.00
Indust &, Consumer Svcs	15.00	0.00	7.00	0.00
Infrastructure	21.00	19.00	27.00	0.00
Manufacturing	10.00	13.00	7.00	0.00
Mining & Metals	0.00	1.00	6.00	0.00
Motor Vehicles & Parts	0.00	0.00	0.00	34.00
Textiles	0.00	0.00	6.00	0.00
Timber, Pulp & Paper	0.00	9.00	0.00	0.00
TOTAL	100.00	100.00	100.00	100.00
Investment instrument (%)				
Loans	83.00	80.00	89.00	95.00
Equity	5.00	10.00	5.00	0.00
Quasi-Equity [b]	12.00	7.00	6.00	4.00
Other	0.00	3.00	0.00	0.00
TOTAL	100.00	100.00	100.00	100.00
MIGA guarantees (US$m)	106.00	163.00	186.00	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.

Brazil - Summary of Economic and Sector Work
(US$ Thousands)

	Actual		Planned	
Category	1997	1998	1999	2000
Agriculture	41.8	0.0	0.0	0.0
Education	74.2	0.0	0.0	0.0
Environment	180.3	0.0	0.0	0.0
Finance	28.5	0.0	0.0	0.0
Multisector	343.1	13.0	0.0	0.0
Popultn, Hlth & Nutn	94.6	0.0	0.0	0.0
Public Sector Mgmt.	21.2	0.0	0.0	0.0
Transportation	101.0	0.0	0.0	0.0
Unidentified	95.5	5.0	0.0	0.0
Water Supply & Santn	2.0	0.0	0.0	0.0
TOTAL	982.2	18.0	0.0	0.0

Status of Bank Group Operations in Brazil
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/	Last ARPP Supervision Rating b/: Development Objectives	Implementation Progress
Number of Closed Loans/credits: 192											
Active Loans											
BR-PE-6431	L28100	1987	FEDERAL REPUBLIC OF BRAZI	SKILLS FORMATION	74.50	0.00	58.90	.35	59.25	S	S
BR-PE-6360	L29500	1988	GOVERNMENT OF BRAZIL	IRR SUB-SECTOR	195.00	0.00	26.00	.72	26.72	S	S
BR-PE-6414	L30430	1989	COMGAS, SAO PAULO	NTRL GAS DIST	94.00	0.00	0.00	11.20	11.20	S	S
BR-PE-6370	L30130	1989	FEDERATIVE REPUBLIC OF BR	NE IRRI JAIBA	71.00	0.00	0.00	7.50	7.50	HS	S
BR-PE-6446	L31730	1990	FEDERATIVE REPUBLIC OF BR	NAT ENVIRONMT	117.00	0.00	0.00	36.60	36.60	S	S
BR-PE-6453	L31700	1990	FEDERATIVE REPUBLIC OF BR	NE IRRIG I	210.00	0.00	69.00	54.44	123.44	S	S
BR-PE-6473	L31600	1990	STATE OF SANTA CATARINA	LND MGMT II-S. CATAR	33.00	0.00	0.00	8.80	8.54	S	S
BR-PE-6403	L31350	1990	FEDERATIVE REPUBLIC OF BR	NE BASIC HLTH SRV II	267.00	0.00	50.00	19.45	69.45	S	S
BR-PE-6442	L28831	1990	ELETROBRAS	ITAPARICA	100.00	0.00	0.00	3.21	35.21	U	U
BR-PE-6492	L33760	1991	PETROBRAS BRAZI	HYDROCARBN TRNSP/PRO	260.00	0.00	0.00	21.34	21.34	S	S
BR-PE-6364	L33750	1991	STATE OF SAO PAULO	INNOV BASIC ED	245.00	0.00	0.00	72.52	71.85	S	S
BR-PE-6505	L34920	1992	GOVERNMENT OF BRAZIL	MATO GROSSO NAT RES	205.00	0.00	0.00	99.10	95.10	S	S
BR-PE-6379	L34570	1992	GOB BRAZI	METRO TRANSP.SPAULO	120.00	0.00	0.00	10.91	10.91	S	S
BR-PE-6368	L34420	1992	GOVERNMENT	WATER SECTOR MODERNI	250.00	0.00	0.00	93.13	83.30	S	S
BR-PE-6547	L36330	1993	FED.REP.OF BRAZIL	METRO TRANSP. RIO	128.50	0.00	0.00	51.95	47.78	S	S
BR-PE-6427	L36040	1993	MIN. OF EDUCATION N	NE BASIC EDUC II	212.00	0.00	0.00	93.87	63.74	S	S
BR-PE-6540	L35540	1993	MINAS GERAIS ST.	WTR Q/PLN(MINAS GERA	145.00	0.00	0.00	61.29	61.29	S	S
BR-PE-6378	L35480	1993	STATE GOVERNMENTS	STATE HWY MGMT	38.00	0.00	18.00	10.77	-9.23	U	U
BR-PE-6378	L35470	1993	STATE GOVERNMENTS	STATE HWY MGMT	50.00	0.00	0.00	7.61	3.43	U	U
BR-PE-6541	L35050	1993	S.PAULO/PARANA STS.	WTR Q/PLN(SP/PARANA)	117.00	0.00	0.00	59.19	-57.81	S	S
BR-PE-6541	L35040	1993	S.PAULO/PARANA STS.	WTR Q/PLN(SP/PARANA)	119.00	0.00	0.00	47.58	-71.42	S	S
BR-PE-6541	L35030	1993	S.PAULO/PARANA STS.	WTR Q/PLN(SP/PARANA)	9.00	0.00	0.00	6.68	6.74	S	S
BR-PE-6522	L37670	1994	ST.OF ESPIRITO SANTO	ESP.SANTO WATER	154.00	0.00	0.00	102.76	55.99	S	U
BR-PE-6558	L37660	1994	REPUBLIC OF BRAZIL	PARANA BASIC EDUC	96.00	0.00	0.00	51.76	9.59	S	S
BR-PE-6543	L37330	1994	GOVERNMENT	M. GERAIS BASIC EDUC	150.00	0.00	0.00	87.18	24.52	S	S
BR-PE-6555	L37150	1994	STATE GOVTS	STE HWY MGT II	79.00	0.00	18.00	29.14	-31.86	S	S
BR-PE-6555	L37140	1994	STATE GOVTS	STE HWY MGT II	87.00	0.00	0.00	9.85	-77.15	S	S
BR-PE-6555	L37130	1994	STATE GOVTS	STE HWY MGT II	54.00	0.00	18.00	22.42	20.64	S	S
BR-PE-6452	L36630	1994	MINISTRY OF EDUCATION	NE BASIC EDUC III	206.60	0.00	0.00	99.24	54.90	S	S
BR-PE-6546	L36590	1994	GOVERNMENT	AIDS CONTROL	160.00	0.00	0.00	33.65	.93	S	HS
BR-PE-6524	L36390	1994	ST.OF MINAS GERAIS	MINAS MNC.DEVELOPMT	150.00	0.00	5.00	51.12	34.12	S	S
BR-PE-38885	L39190	1995	GOVT OF BRAZIL	RURAL POV.-SERGIPE	36.00	0.00	0.00	26.37	2.94	S	S
BR-PE-38884	L39180	1995	GOVT OF BRAZIL	RURAL POV.- CEARA	70.00	0.00	0.00	63.24	14.34	S	U
BR-PE-35717	L39170	1995	GOVT OF BRAZIL	RURAL POV. (BAHIA)	105.00	0.00	0.00	74.95	7.62	S	S
BR-PE-6564	L39160	1995	FED REPUBLIC/BRAZIL	BELO H M.TSP	99.00	0.00	0.00	83.47	25.89	S	S
BR-PE-38882	L39150	1995	FED REPUBLIC OF BRAZIL	RECIFE M.TSP	102.00	0.00	0.00	98.72	30.72	S	S
BR-PE-6436	L37890	1995	STATE OF CEARA ZIL	CEARA UR.DV/WATER CO	140.00	0.00	0.00	117.26	52.93	S	S
BR-PE-37828	L40600	1996	STATE OF PARANA	(PR)R.POVERTY	175.00	0.00	0.00	175.00	38.80	S	S
BR-PE-6554	L40470	1996	FED. REP. OF BRAZIL	HLTH SCTR REFORM	300.00	0.00	0.00	272.75	29.42	S	S
BR-PE-40028	L40460	1996	FEDERATIVE REPUBLIC OF BR	RAILWAYS RESTRUCTURG	350.00	0.00	0.00	184.06	-7.61	S	S
BR-PE-6512	L39240	1996	CVRD	ENV/CONS(CVRD)	50.00	0.00	0.00	36.58	3.99	S	S
BR-PE-46052	L41900	1997		CEARA WTR PILOT	9.60	0.00	0.00	9.60	0.00		
BR-PE-48870	L41890	1997	THE STATE OF MATO GROSSO	MT STATE PRIV.	45.00	0.00	0.00	45.00	0.00		
BR-PE-6532	L41880	1997	FEDERAL GOVERNMENT	FED HWY DECENTR	300.00	0.00	0.00	300.00	1.67		
BR-PE-43873	L41690	1997	FED.REP.OF BRAZIL	AG TECH DEV.	60.00	0.00	0.00	60.00	6.20	S	S

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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/	Last ARPP Supervision Rating b/ Development Objectives	Implementation Progress
BR-PE-34578	L41650	1997	RIO GRANDE DO SUL	RGS HWY MGT	70.00	0.00	0.00	70.00	.67		
BR-PE-43868	L41480	1997	STATE OF RGS	RGS LAND MGT/POVERTY	100.00	0.00	0.00	100.00	1.41	S	S
BR-PE-6475	L41470	1997	FED. REP. OF BRAZIL	LAND RFM PILOT	90.00	0.00	0.00	90.00	1.59	S	S
BR-PE-6562	L41400	1997	STATE OF BAHIA	BAHIA MUN.DV	100.00	0.00	0.00	94.98	.15	S	S
BR-PE-39196	L41390	1997	STATE OF RIO GRANDE DO SU	RGS ST.REFORM	125.00	0.00	0.00	75.00	4.17	S	S
BR-PE-42566	L41220	1997	STATE OF PERNAMBUCO	R.POVERTY(PE)	39.00	0.00	0.00	39.00	6.44	S	S
BR-PE-43871	L41210	1997	STATE OF PIAUI	(PIAUI)R.POVERTY	30.00	0.00	0.00	30.00	4.50	S	S
BR-PE-38896	L41200	1997	STATE OF RGN	R.POVERTY(RGN)	24.00	0.00	0.00	24.00	3.34	S	S
BR-PE-39197	L42110	1998	STATE OF RIO DE JANEIRO	RJ ST.PRIV.	250.00	0.00	0.00	250.00	20.84		
Total					6,872.20	0.00	262.90	3,585.29	1,046.62		

	Active Loans	Closed Loans	Total
Total Disbursed (IBRD and IDA):	3,024.01	14,952.85	17,976.86
of which has been repaid:	332.22	11,699.32	12,031.54
Total now held by IBRD and IDA:	6,277.08	3,344.09	9,621.17
Amount sold :	0.00	45.83	45.83
Of which repaid :	0.00	45.83	45.83
Total Undisbursed :	3,585.29	90.55	3,675.84

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.

Brazil
STATEMENT OF IFC's
Committed and Disbursed Portfolio
As of 31-Jul-97
(In US Dollar Millions)

		Committed				Disbursed			
		IFC				IFC			
FY Approval	Company	Loan	Equity	Quasi	Partic	Loan	Equity	Quasi	Partic
1966/69/89	Celucat	1.15	0.00	0.00	0.00	1.15	0.00	0.00	0.00
1973/78/83	CODEMIN	0.00	4.34	0.00	0.00	0.00	4.34	0.00	0.00
1975/96	Oxiteno NE	30.00	0.00	0.00	0.00	30.00	0.00	0.00	0.00
1980/87	Ipiranga	0.00	6.32	0.00	0.00	0.00	6.32	0.00	0.00
1980/88	OPP	.93	1.64	0.00	.40	.93	1.64	0.00	.40
1980/92	DENPASA	.44	1.00	.12	0.00	.44	.96	.05	0.00
1981	Brasilpar	0.00	.04	0.00	0.00	0.00	.04	0.00	0.00
1982/84/86	PISA	0.00	3.90	0.00	0.00	0.00	3.90	0.00	0.00
1982/86	Cimento Caue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1983	SOCOCO	0.00	0.00	2.50	0.00	0.00	0.00	2.50	0.00
1987/92/96	MBR	14.55	0.00	10.00	17.70	14.55	0.00	10.00	17.70
1987/96	Perdigao	35.00	10.00	0.00	20.00	35.00	10.00	0.00	20.00
1987/96/97	Duratex	22.14	0.00	0.00	78.35	22.14	0.00	0.00	78.35
1987/97	SP Alpargatas	26.60	0.00	5.00	.40	22.30	0.00	5.00	.40
1989	COPENE	9.09	0.00	0.00	0.00	9.09	0.00	0.00	0.00
1989	ELUMA	1.00	0.00	4.00	0.00	1.00	0.00	4.00	0.00
1989	Politeno Linear	3.10	0.00	0.00	0.00	3.10	0.00	0.00	0.00
1990	ENGEPOL	1.75	0.00	0.00	0.00	1.75	0.00	0.00	0.00
90	Ripasa	7.14	5.00	0.00	0.00	7.14	5.00	0.00	0.00
90/91/92	Bahia Sul	20.71	20.97	0.00	15.00	20.71	20.97	0.00	15.00
1991	Bradesco-AL	26.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1991	Bradesco-Bahia	6.00	0.00	0.00	0.00	6.00	0.00	0.00	0.00
1991	Bradesco-Eucatex	7.50	0.00	0.00	0.00	7.50	0.00	0.00	0.00
1991	Bradesco-Petrofl	7.50	0.00	0.00	0.00	7.50	0.00	0.00	0.00
1991	Bradesco-Romi	2.78	0.00	0.00	0.00	2.78	0.00	0.00	0.00
1991	Rhodia-Ster	11.43	5.95	0.00	0.00	11.43	5.95	0.00	0.00
1992	Brazil Inv. Fund	0.00	3.00	0.00	0.00	0.00	3.00	0.00	0.00
1992	CRP-Caderi	0.00	2.00	0.00	0.00	0.00	.75	0.00	0.00
1992/93	TRIKEM	0.00	12.86	0.00	0.00	0.00	12.86	0.00	0.00
1993	BACELL	13.00	10.70	0.00	28.80	13.00	10.70	0.00	28.80
1993	Coteminas	0.00	4.00	0.00	0.00	0.00	4.00	0.00	0.00
1993	CEBRACTEX	2.40	0.00	0.00	0.00	2.40	0.00	0.00	0.00
1993	Macedo Alimentos	19.25	0.00	0.00	0.00	19.25	0.00	0.00	0.00
1993	Votorantim	16.86	0.00	0.00	1.43	16.86	0.00	0.00	1.43
1993/96	CEVAL	58.57	10.00	10.00	131.43	58.57	10.00	10.00	131.43
1994	GAVEA	10.63	0.00	5.50	0.00	10.63	0.00	5.50	0.00
1994	GP Capital	0.00	19.47	0.00	0.00	0.00	18.67	0.00	0.00
1994	Para Pigmentos	30.00	9.00	0.00	35.00	25.50	8.14	0.00	29.75
1994	Portobello	17.00	5.00	0.00	0.00	14.00	5.00	0.00	0.00
1994/95/97	Sadia	54.00	10.00	10.00	212.44	54.00	10.00	10.00	212.44
1994/96	CHAPECO	25.00	0.00	0.00	5.00	25.00	0.00	0.00	5.00
1994/96	S.A.I.C.C.	0.00	7.85	6.87	0.00	0.00	7.70	6.87	0.00
1995	Bradesco-Hering	7.50	0.00	0.00	0.00	7.50	0.00	0.00	0.00
5	Brahma - BRA	35.00	0.00	0.00	98.40	35.00	0.00	0.00	98.40

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FY Approval	Company	Committed IFC Loan	Committed IFC Equity	Committed IFC Quasi	Committed Partic	Disbursed IFC Loan	Disbursed IFC Equity	Disbursed IFC Quasi	Disbursed Partic
1995	Cambuhy/MC	24.38	0.00	0.00	0.00	24.38	0.00	0.00	0.00
1995	Lojas Americana	28.00	0.00	5.00	20.00	28.00	0.00	5.00	20.00
1995	LATASA - Brazil	18.33	0.00	0.00	4.00	18.33	0.00	0.00	4.00
1995	Politeno Ind.	19.00	0.00	0.00	0.00	19.00	0.00	0.00	0.00
1995	Rhodiaco/PTA	30.00	0.00	0.00	30.00	30.00	0.00	0.00	30.00
1995/96	Globocabo	35.00	18.06	0.00	118.00	35.00	18.06	0.00	118.00
1996	Banco Bradesco	40.00	0.00	0.00	60.00	0.00	0.00	0.00	0.00
1996	Banco Liberal	10.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1996	Mallory	8.00	3.96	0.00	0.00	8.00	3.96	0.00	0.00
1996	TIGRE	25.00	0.00	5.00	23.50	25.00	0.00	5.00	23.50
1996/97	Lightel	25.00	18.17	0.00	0.00	25.00	18.17	0.00	0.00
1997	Samarco	18.00	0.00	0.00	16.00	0.00	0.00	0.00	0.00
1997	Sucorrico	15.00	0.00	0.00	0.00	15.00	0.00	0.00	0.00
Total Portfolio:		819.76	193.23	63.99	915.85	713.93	190.13	63.92	834.60

Approvals Pending Commitment

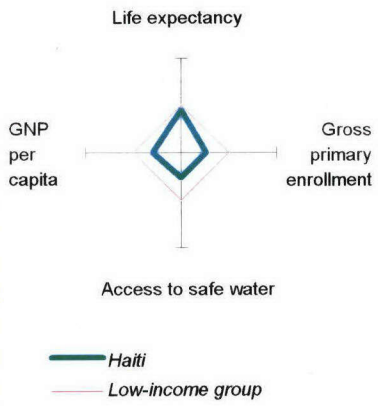
		Loan	Equity	Quasi	Partic
1996	AGUAS LIMEIRA	17.00	1.00	0.00	23.00
1998	BANCO ICATU	30.00	0.00	0.00	0.00
1997	BOMPRECO	25.00	0.00	5.00	0.00
1998	BSC	14.00	0.00	0.00	7.50
1997	COPESUL BLINC.	0.00	0.00	0.00	45.00
97	COPESUL EXPANS.	40.00	0.00	0.00	135.00
97	CTBC	35.00	0.00	0.00	150.00
1996	GLOBOCABO II	0.00	0.00	0.00	38.00
1997	GUILMAN-AMORIM	30.00	0.00	0.00	90.00
1997	IPIRANGA EXPANS.	35.00	0.00	5.00	150.00
1997	IPIRANGA RI	0.00	.32	0.00	0.00
1997	NOVA DUTRA	35.00	0.00	0.00	70.00
1997	NOVA DUTRA BLINC	0.00	0.00	0.00	10.00
1996	OXITENO/ETHYLO	0.00	5.00	0.00	0.00
1997	SP ALPARGATAS II	0.00	0.00	0.00	30.00
1997	UNIBANCO LIVESTO	50.00	0.00	0.00	0.00
1998	VARGA	20.00	0.00	3.00	15.00
1997	WENTEX	15.00	10.00	0.00	20.00
Total Pending Commitment:		346.00	16.32	13.00	783.50

Haiti at a glance

8/28/97

POVERTY and SOCIAL	Haiti	Latin America & Carib.	Low-income
Population mid-1996 *(millions)*	7.3	485	3,229
GNP per capita 1996 *(US$)*	300	3,710	500
GNP 1996 *(billions US$)*	2.2	1,799	1,601
Average annual growth, 1990-96			
Population *(%)*	2.0	1.7	1.7
Labor force *(%)*	1.7	2.3	1.7
Most recent estimate *(latest year available since 1989)*			
Poverty: headcount index *(% of population)*	..	..	..
Urban population *(% of total population)*	32	74	29
Life expectancy at birth *(years)*	57	69	63
Infant mortality *(per 1,000 live births)*	72	37	69
Child malnutrition *(% of children under 5)*	27	..	..
Access to safe water *(% of population)*	28	80	53
Illiteracy *(% of population age 15+)*	55	13	34
Gross primary enrollment *(% of school-age population)*	56	110	105
Male	58	..	112
Female	54	..	98

Development diamond*

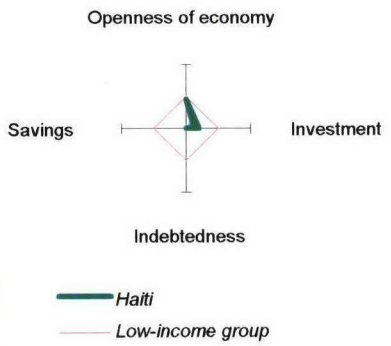


KEY ECONOMIC RATIOS and LONG-TERM TRENDS

	1975	1985	1995	1996
GDP *(billions US$)*	0.7	2.0	2.2	2.5
Gross domestic investment/GDP	14.7	16.7	8.6	8.9
Exports of goods and services/GDP	14.6	15.9	5.9	6.7
Gross domestic savings/GDP	6.5	3.2	-16.0	-12.4
Gross national savings/GDP	10.5	9.4	2.4	-1.3
Current account balance/GDP	-3.4	-4.7	-6.2	-9.9
Interest payments/GDP	0.2	0.3	0.9	0.5
Total debt/GDP	9.6	35.7	37.0	40.5
Total debt service/exports	..	..	30.8	16.7
Present value of debt/GDP	..	..	..	..
Present value of debt/exports	..	..	..	..

	1975-85	1986-96	1995	1996	1997-05
(average annual growth)					
GDP	2.1	*-3.8*	4.5	2.0	3.0
GNP per capita	0.4	-5.4	2.5	0.5	1.1
Exports of goods and services	4.5	*-6.4*	87.2	20.8	10.7

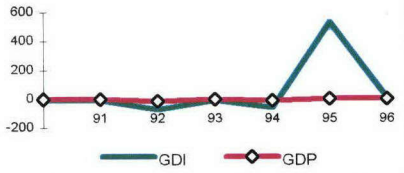
Economic ratios*



STRUCTURE of the ECONOMY

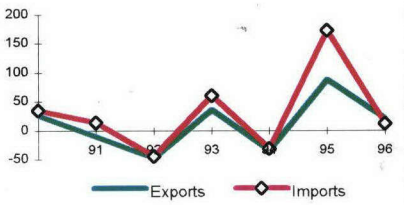
	1975	1985	1995	1996
(% of GDP)				
Agriculture	..	..	42.2	42.1
Industry	..	..	12.8	13.0
Manufacturing	..	..	9.5	9.5
Services	..	..	45.0	44.9
Private consumption	84.5	85.3	107.4	103.8
General government consumption	9.0	11.5	8.6	8.5
Imports of goods and services	22.9	29.4	30.5	28.0

Growth rates of output and investment (%)



	1975-85	1986-96	1995	1996
(average annual growth)				
Agriculture	0.0	*0.1*	1.0	1.8
Industry	2.9	*-10.4*	9.3	3.2
Manufacturing	3.4	*-8.7*	0.6	2.6
Services	3.6	*-4.0*	4.8	0.3
Private consumption	1.4	*1.8*	11.6	2.1
General government consumption	5.0	*-8.5*	39.3	5.5
Gross domestic investment	5.1	*-26.1*	532.0	9.5
Imports of goods and services	4.3	*1.9*	172.1	11.4
Gross national product	2.1	-3.5	4.4	2.4

Growth rates of exports and imports (%)

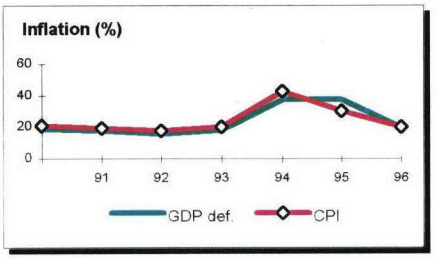


Note: 1996 data are preliminary estimates. Figures in italics are for years other than those specified.

* 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.

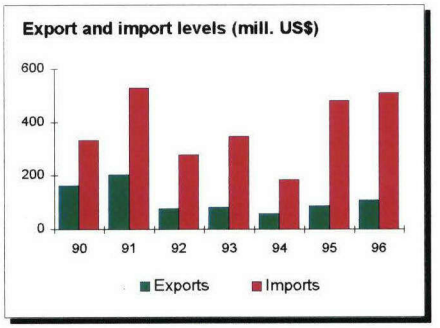
PRICES and GOVERNMENT FINANCE

	1975	1985	1995	1996
Domestic prices				
(% change)				
Consumer prices	16.8	10.6	30.2	20.0
Implicit GDP deflator	5.8	10.4	37.6	19.6
Government finance				
(% of GDP)				
Current revenue	..	..	8.3	7.5
Current budget balance	..	..	-2.2	-3.8
Overall surplus/deficit	..	..	-8.1	-10.2



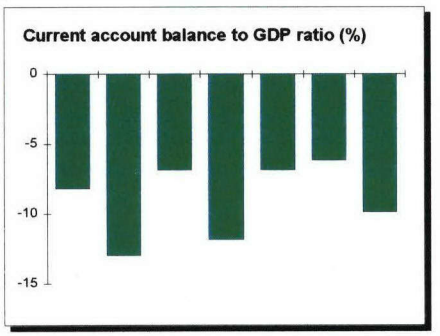
TRADE

	1975	1985	1995	1996
(millions US$)				
Total exports (fob)	..	217	86	108
Coffee	..	49	14	12
Other agriculture	..	7	14	12
Manufactures	..	127	46	67
Total imports (cif)	..	334	481	508
Food	..	86	218	239
Fuel and energy	..	64	71	74
Capital goods	..	83	95	92
Export price index *(1987=100)*	..	112	..	..
Import price index *(1987=100)*	..	85	..	..
Terms of trade *(1987=100)*	..	132	..	..



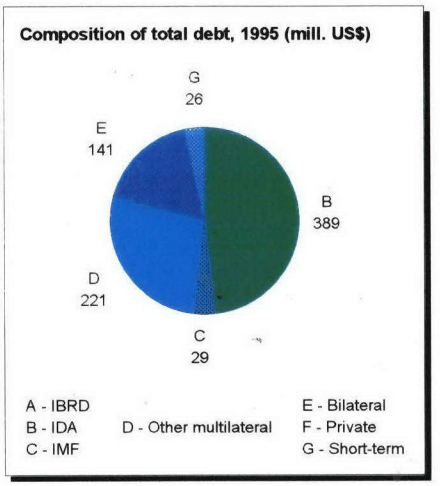
BALANCE of PAYMENTS

	1975	1985	1995	1996
(millions US$)				
Exports of goods and services	106	337	128	166
Imports of goods and services	159	557	662	689
Resource balance	-54	-220	-535	-523
Net income	-7	-20	-17	-10
Net current transfers	36	145	417	287
Current account balance, before official capital transfers	-25	-95	-135	-247
Financing items (net)	12	97	248	237
Changes in net reserves	13	-3	-114	10
Memo:				
Reserves including gold *(mill. US$)*	13	12	..	..
Conversion rate *(local/US$)*	5.0	5.0	16.0	17.0



EXTERNAL DEBT and RESOURCE FLOWS

	1975	1985	1995	1996
(millions US$)				
Total debt outstanding and disbursed	70	717	807	..
IBRD	0	0	0	0
IDA	6	174	389	442
Total debt service	8	45	94	..
IBRD	0	0	0	0
IDA	0	2	20	7
Composition of net resource flows				
Official grants	21	61	512	..
Official creditors	12	59	73	..
Private creditors	-2	-4	0	..
Foreign direct investment	3	5	2	..
Portfolio equity	0	0	0	..
World Bank program				
Commitments	20	32	140	0
Disbursements	6	20	49	67
Principal repayments	0	0	10	4
Net flows	6	20	39	63
Interest payments	0	1	10	3
Net transfers	6	18	29	60



Haiti - Selected Indicators of Bank Portfolio Performance and Management

Indicator	1994	1995	1996	1997
Portfolio Performance				
Number of Projects under implementation	6	8	8	9
Average implementation period (years)[a]	4.98	4.59	5.52	4.81
Percent of problem projects rated U or HU[b] (for past years, rated 3 or 4)				
Development Objectives[c]	66.67	12.50	12.50	11.11
Implementation Progress (or overall status for past years)[d]	100.00	37.50	50.00	11.11
Cancelled during FY in US$m	0.00	38.71	.07	0.00
Disbursement ratio (%)[e]	0.00	3.50	29.22	45.20
Disbursement lag (%)[f]	92.83	50.64	49.43	31.85
Memorandum item: % completed projects rated unsatisfactory by OED	55.56	55.56	52.63	52.63
Portfolio Management				
Supervision resources (total US$ thousands)	73.00	231.48	357.66	446.67
Average Supervision (US$ thousands/project)	12.17	28.94	44.71	49.63
Supervision resources by location (in %)[g]				
Percent headquarters	0.00	0.00	76.74	88.72
Percent resident mission	0.00	0.00	23.26	11.28
Supervison resources by rating category (US$ thousands/project)				
Projects rated HS or S	0.00	23.77	48.51	46.63
Projects rated U or HU	12.17	37.54	40.90	57.13
Memorandum item: date of last/next CPPR				

a. Average age of projects in the Bank's country portfolio.

b. Rating scale: "HS" denotes "Highly Satisfactory", "S" denotes "Satisfactory", "U" denotes "Unsatisfactory", and "HU" denotes "Highly Unsatisfactory".

c. Extent to which the project will meet its development objective (see OD 13.05, Annex D2, *Preparation of Implementation Summary [Form 590])*.

d. Assessment of overall performance of the project based on the ratings given to individual aspects of project implementation (e.g., management, availability of funds, compliance with legal covenants) and to development objectives (see OD 13.05, Annex D2, *Preparation of Implementation Summary [Form 590])*. The overall status is not given a better rating than that given to project development objectives.

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.

f. For all projects comprising the Bank's country portfolio, the percentage difference between actual cumulative disbursements and the cumulative disbursement estimates as given in the "Original SAR/PR Forecast" or, if the loan amounts have been modified, in the "Revised Forecast." The country portfolio disbursement lag is effectively the weighted average of disbursement lags for projects comprising the Bank's country portfolio, where the weights used are the respective project shares in the total cumulative disbursement estimates.

g. Supervision resources data, by location, is only available starting in fiscal year 1996.

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

Haiti - Bank Group Fact Sheet
IBRD/IDA Lending Program

	Past			Current		Planned[a]	
Category	1994	1995	1996	1997	1998	1999	2000
Commitments (US$m)	0.0	90.0	50.0	33.5	110.0	80.0	85.0
Sector (%)[b]							
Agriculture	0.0	0.0	0.0	64.2	0.0	18.8	0.0
Education	0.0	0.0	0.0	0.0	27.3	0.0	0.0
Finance	0.0	0.0	0.0	0.0	0.0	0.0	11.8
Industry	0.0	0.0	0.0	0.0	0.0	18.8	0.0
Multisector	0.0	44.4	0.0	35.8	27.3	0.0	29.4
Public Sector Mgmt.	0.0	0.0	0.0	0.0	0.0	0.0	11.8
Social Sector	0.0	0.0	100.0	0.0	0.0	37.5	0.0
Transportation	0.0	55.6	0.0	0.0	45.5	0.0	0.0
Urban Development	0.0	0.0	0.0	0.0	0.0	25.0	0.0
Water Supply & Santn	0.0	0.0	0.0	0.0	0.0	0.0	47.1
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Lending instrument (%)							
Adjustment loans[c]	0.0	0.0	0.0	0.0	27.3	0.0	29.4
Specific investment loans and others	0.0	100.0	100.0	100.0	72.7	100.0	70.6
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Disbursements (US$m)							
Adjustment loans[c]	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Specific investment loans and others	0.0	42.6	47.9	56.1	29.7	19.9	13.2
Repayments (US$m)	0.0	8.9	3.7	4.3	0.0	0.0	0.0
Interest (US$m)	0.0	9.7	2.9	3.2	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.

Haiti - IFC and MIGA Program

Category	Past			
	1994	1995	1996	1997
IFC approvals (US$m) [a]	0.00	0.00	0.00	0.00
Sector (%)				
TOTAL	100.00	100.00	100.00	100.00
Investment instrument (%)				
Loans	0.00	0.00	0.00	0.00
Equity	0.00	0.00	0.00	0.00
Quasi-Equity [b]	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00
TOTAL	100.00	100.00	100.00	100.00
MIGA guarantees (US$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.

Haiti - Summary of Economic and Sector Work
(US$ Thousands)

	Actual		Planned	
Category	1996	1997	1998	1999
Multisector	0.0	3.6	0.0	0.0
Popultn, Hlth & Nutn	179.7	156.8	34.2	0.0
Public Sector Mgmt.	5.5	88.4	0.0	0.0
Social Sector	0.0	0.0	40.2	0.0
Telecommunications	0.0	5.6	0.0	0.0
Unidentified	25.8	2.0	132.5	0.0
TOTAL	211.0	256.4	206.9	0.0

Status of Bank Group Operations in Haiti
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/	Last ARPP Supervision Rating b/ Development Objectives	Implementation Progress
Number of Closed Loans/credits: 30											
Active Loans											
HT-PE-7300	C20530	1989	GOVERNMENT OF HAITI	POWER V	0.00	24.00	0.00	10.30	7.69	S	S
HT-PE-7292	C20520	1989	GOVERNMENT OF HAITI	P AU PRINCE WTR	0.00	20.00	0.00	13.41	12.07	S	S
HT-PE-7311	C20850	1990	GOVERNMENT OF HAITI	HLTH & POPULATN	0.00	28.20	0.00	20.98	17.93	U	S
HT-PE-7309	C20710	1990	GOVERNMENT OF HAITI	IND RESTRUC	0.00	11.40	0.00	7.89	6.51	S	S
HT-PE-7321	C22050	1991	GOVERNMENT OF HAITI	ECON & SOC FUND	0.00	11.30	0.00	.70	.72	S	S
HT-PE-7318	C26910	1995	GOVERNMENT OF HAITI	RD MAINT & RHB	0.00	50.00	0.00	36.32	7.40	S	S
HT-PE-7326	C29200	1997	GOVERNMENT OF HAITI	FOREST & PARKS TA	0.00	21.50	0.00	20.91	2.30		
HT-PE-41971	C29190	1997	GOVERNMENT OF HAITI	TAP II	0.00	12.00	0.00	11.57	1.47		
Total					0.00	178.40	0.00	122.09	56.08		

	Active Loans	Closed Loans	Total
Total Disbursed (IBRD and IDA):	62.07	392.31	454.38
of which has been repaid:	0.00	24.99	24.99
Total now held by IBRD and IDA:	178.40	360.94	539.34
Amount sold :	0.00	.39	.39
Of which repaid :	0.00	.39	.39
Total Undisbursed :	122.09	.60	122.69

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.

Haiti
STATEMENT OF IFC's
Committed and Disbursed Portfolio
As of
(In US Dollar Millions)

		Committed				Disbursed			
		IFC				IFC			
FY Approval	**Company**	**Loan**	**Equity**	**Quasi**	**Partic**	**Loan**	**Equity**	**Quasi**	**Partic**
Total Portfolio:		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Approvals Pending Commitment

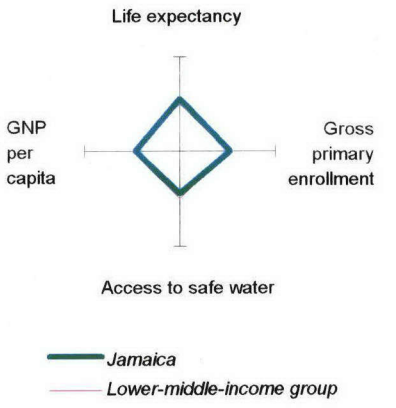
	Loan	Equity	Quasi	Partic
Total Pending Commitment:	0.00	0.00	0.00	0.00

Jamaica at a glance

8/28/97

POVERTY and SOCIAL	Jamaica	Latin America & Carib.	Lower-middle-income
Population mid-1996 *(millions)*	2.5	485	1,125
GNP per capita 1996 *(US$)*	1,620	3,710	1,750
GNP 1996 *(billions US$)*	4.1	1,799	1,967
Average annual growth, 1990-96			
Population *(%)*	0.9	1.7	1.4
Labor force *(%)*	1.8	2.3	1.8
Most recent estimate *(latest year available since 1989)*			
Poverty: headcount index *(% of population)*	34	..	..
Urban population *(% of total population)*	55	74	56
Life expectancy at birth *(years)*	74	69	67
Infant mortality *(per 1,000 live births)*	13	37	41
Child malnutrition *(% of children under 5)*	10	..	..
Access to safe water *(% of population)*	70	80	78
Illiteracy *(% of population age 15+)*	15	13	..
Gross primary enrollment *(% of school-age population)*	109	110	104
Male	109	..	105
Female	108	..	101

Development diamond*

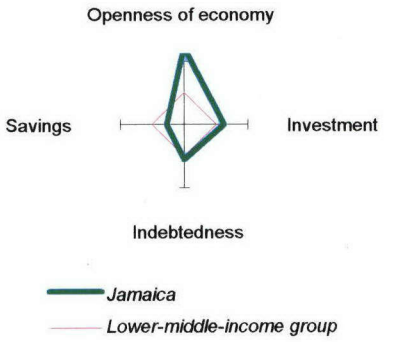


KEY ECONOMIC RATIOS and LONG-TERM TRENDS

	1975	1985	1995	1996
GDP *(billions US$)*	2.9	2.1	4.2	4.4
Gross domestic investment/GDP	25.8	24.3	35.4	34.9
Exports of goods and services/GDP	35.3	55.9	61.0	55.2
Gross domestic savings/GDP	15.4	14.5	12.9	13.6
Gross national savings/GDP	..	7.7	18.9	24.0
Current account balance/GDP	..	-17.3	-5.1	-5.8
Interest payments/GDP	3.8	10.4	4.1	3.5
Total debt/GDP	56.4	195.4	102.9	93.4
Total debt service/exports	28.6	40.4	21.8	21.0
Present value of debt/GDP	..	..	89.9	..
Present value of debt/exports	..	..	..	..

	1975-85	1986-96	1995	1996	1997-05
(average annual growth)					
GDP	-1.0	*4.0*	0.5	-1.7	3.5
GNP per capita	-3.5	3.0	-0.5	-3.9	2.5
Exports of goods and services	1.5	*3.1*	7.2	10.2	..

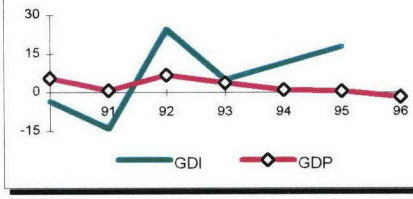
Economic ratios*



STRUCTURE of the ECONOMY

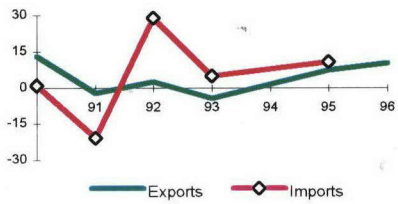
	1975	1985	1995	1996
(% of GDP)				
Agriculture	7.4	7.5	9.3	8.3
Industry	36.8	36.3	39.6	36.5
Manufacturing	17.1	19.7	17.5	16.8
Services	55.8	56.1	51.2	55.2
Private consumption	66.2	70.6	72.9	70.7
General government consumption	18.3	14.9	14.2	15.7
Imports of goods and services	45.6	65.7	83.5	76.5

Growth rates of output and investment (%)



	1975-85	1986-96	1995	1996
(average annual growth)				
Agriculture	-0.1	*3.8*	2.2	3.3
Industry	-3.3	*3.9*	0.0	-5.0
Manufacturing	-2.7	*1.3*	-1.2	-3.1
Services	0.9	*4.8*	0.7	-3.5
Private consumption	-0.7	*6.8*	1.6	..
General government consumption	0.3	*4.3*	21.0	..
Gross domestic investment	-4.5	*5.1*	17.8	..
Imports of goods and services	-0.2	*5.8*	10.8	..
Gross national product	-2.2	3.9	0.5	-3.1

Growth rates of exports and imports (%)

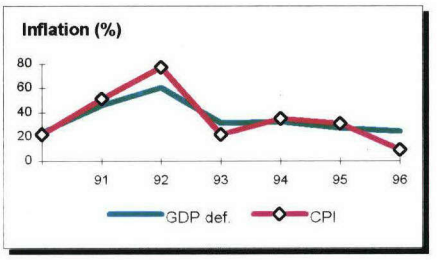


Note: 1996 data are preliminary estimates. Figures in italics are for years other than those specified.

* 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.

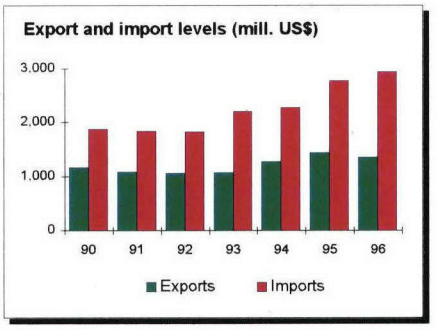
PRICES and GOVERNMENT FINANCE

	1975	1985	1995	1996
Domestic prices				
(% change)				
Consumer prices	17.4	..	30.8	9.5
Implicit GDP deflator	20.8	30.7	27.1	24.4
Government finance				
(% of GDP)				
Current revenue	..	..	33.7	..
Current budget balance	..	..	9.4	..
Overall surplus/deficit	..	..	2.9	-5.8



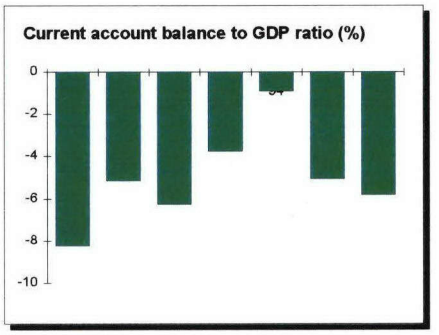
TRADE

	1975	1985	1995	1996
(millions US$)				
Total exports (fob)	..	569	1,430	1,349
Aluminum	..	212	632	578
Other metals	..	78	72	79
Manufactures	..	..	60	54
Total imports (cif)	..	1,144	2,773	2,937
Food	..	82	197	227
Fuel and energy	..	368	351	448
Capital goods	..	283	539	569
Export price index *(1987=100)*	..	..	..	..
Import price index *(1987=100)*	..	101	..	..
Terms of trade *(1987=100)*	..	..	..	..



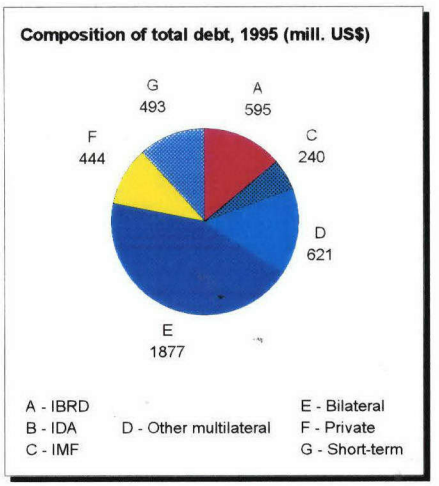
BALANCE of PAYMENTS

	1975	1985	1995	1996
(millions US$)				
Exports of goods and services	1,051	1,175	2,901	3,111
Imports of goods and services	1,285	1,395	3,361	3,824
Resource balance	-234	-221	-460	-713
Net income	-76	-296	-314	-123
Net current transfers	..	153	563	580
Current account balance, before official capital transfers	..	-364	-211	-256
Financing items (net)	..	291	380	408
Changes in net reserves	74	73	-169	-152
Memo:				
Reserves including gold *(mill. US$)*	126	161	982	1,024
Conversion rate *(local/US$)*	0.9	5.6	39.8	45.7



EXTERNAL DEBT and RESOURCE FLOWS

	1975	1985	1995	1996
(millions US$)				
Total debt outstanding and disbursed	1,614	4,103	4,270	4,100
IBRD	44	468	595	515
IDA	0	0	0	0
Total debt service	335	511	673	..
IBRD	5	52	132	121
IDA	0	0	0	0
Composition of net resource flows				
Official grants	1	55	63	93
Official creditors	41	251	-107	39
Private creditors	152	41	21	..
Foreign direct investment	-2	-9	177	139
Portfolio equity	0	0	0	..
World Bank program				
Commitments	15	9	21	77
Disbursements	8	75	61	41
Principal repayments	2	18	85	80
Net flows	6	57	-24	-39
Interest payments	3	34	47	41
Net transfers	3	23	-71	-80



Jamaica - Selected Indicators of Bank Portfolio Performance and Management

Indicator	1995	1996	1997	1998
Portfolio Performance				
Number of Projects under implementation	13	11	11	9
Average implementation period (years)[a]	4.75	4.64	3.68	3.88
Percent of problem projects rated U or HU[b] (for past years, rated 3 or 4)				
Development Objectives[c]	7.69	9.09	9.09	0.00
Implementation Progress (or overall status for past years)[d]	23.08	27.27	27.27	11.11
Cancelled during FY in US$m	3.41	.04	4.62	0.00
Disbursement ratio (%)[e]	13.37	21.58	19.74	3.87
Disbursement lag (%)[f]	36.92	22.60	31.54	43.38
Memorandum item: % completed projects rated unsatisfactory by OED	45.16	43.75	43.75	43.75
Portfolio Management				
Supervision resources (total US$ thousands)	426.27	286.84	331.48	8.66
Average Supervision (US$ thousands/project)	32.79	26.08	30.13	.96
Supervision resources by location (in %)[g]				
Percent headquarters	0.00	71.86	58.44	100.00
Percent resident mission	0.00	28.14	41.56	0.00
Supervison resources by rating category (US$ thousands/project)				
Projects rated HS or S	37.43	26.43	33.70	.70
Projects rated U or HU	17.32	25.14	20.63	3.09
Memorandum item: date of last/next CPPR				

a. Average age of projects in the Bank's country portfolio.
b. Rating scale: "HS" denotes "Highly Satisfactory", "S" denotes "Satisfactory", "U" denotes "Unsatisfactory", and "HU" denotes "Highly Unsatisfactory".
c. Extent to which the project will meet its development objective (see OD 13.05, Annex D2, *Preparation of Implementation Summary [Form 590]).*
d. Assessment of overall performance of the project based on the ratings given to individual aspects of project implementation (e.g., management, availability of funds, compliance with legal covenants) and to development objectives (see OD 13.05, Annex D2, *Preparation of Implementation Summary [Form 590]).* The overall status is not given a better rating than that given to project development objectives.
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.
f. For all projects comprising the Bank's country portfolio, the percentage difference between actual cumulative disbursements and the cumulative disbursement estimates as given in the "Original SAR/PR Forecast" or, if the loan amounts have been modified, in the "Revised Forecast." The country portfolio disbursement lag is effectively the weighted average of disbursement lags for projects comprising the Bank's country portfolio, where the weights used are the respective project shares in the total cumulative disbursement estimates.
g. Supervision resources data, by location, is only available starting in fiscal year 1996.

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

Jamaica - Bank Group Fact Sheet
IBRD/IDA Lending Program

	Past			Current		Planned[a]	
Category	1995	1996	1997	1998	1999	2000	2001
Commitments (US$m)	0.0	21.0	76.9	48.0	150.0	80.0	100.0
Sector (%)[b]							
Agriculture	0.0	0.0	0.0	0.0	16.7	0.0	0.0
Education	0.0	0.0	37.1	0.0	0.0	37.5	0.0
Electric Pwr & Engy.	0.0	100.0	0.0	0.0	0.0	0.0	40.0
Finance	0.0	0.0	0.0	0.0	50.0	0.0	0.0
Public Sector Mgmt.	0.0	0.0	36.9	0.0	20.0	62.5	0.0
Social Sector	0.0	0.0	26.0	0.0	13.3	0.0	0.0
Transportation	0.0	0.0	0.0	100.0	0.0	0.0	60.0
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Lending instrument (%)							
Adjustment loans[c]	0.0	0.0	0.0	0.0	50.0	37.5	0.0
Specific investment loans and others	0.0	100.0	100.0	100.0	50.0	62.5	100.0
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Disbursements (US$m)							
Adjustment loans[c]	0.0	35.0	0.0	0.0	0.0	0.0	0.0
Specific investment loans and others	24.4	33.5	35.3	6.9	33.7	24.7	12.1
Repayments (US$m)	83.3	80.6	75.1	10.2	0.0	0.0	0.0
Interest (US$m)	48.2	44.8	37.3	3.8	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.

Status of Bank Group Operations in Jamaica
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/	Last ARPP Supervision Rating b/ Development Objectives	Implementatio Progress
Number of Closed Loans/credits: 53											
Active Loans											
JM-PE-7457	L33860	1991		FIN & PROGRM MGT IMP	11.50	0.00	0.00	1.81	1.81	S	S
JM-PE-7479	L35800	1993	GOVT OF JAMAICA	REFORM OF SECONDARY	32.00	0.00	0.00	22.44	8.37	S	S
JM-PE-7476	L35020	1993	GOJ	ENERGY STR DEREGULAT	60.00	0.00	0.00	42.62	42.62	S	U
JM-PE-7489	L37580	1994	GOV OF JAMAICA	TAX ADMINISTRATION	13.20	0.00	0.00	10.24	3.83	S	S
JM-PE-7485	L37200	1994	GOVERNMENT OF JAM	PRIVATE ENTERP INV &	35.00	0.00	0.00	14.51	-5.09	S	S
JM-PE-38932	L39440	1996	GOVERNMENT	GENERTN RCOVRY&IMPRV	21.00	0.00	0.00	10.38	3.96	S	S
JM-PE-39029	L40880	1997	GOV'T OF JAMAICA	SOC. INVEST. FUND	20.00	0.00	0.00	19.17	1.67	S	S
JM-PE-7490	L40830	1997	GOV OF JAMAICA	PUB SCTR MODERNIZ	28.40	0.00	0.00	27.40	.92	S	S
JM-PE-38700	L40700	1997	GOV'T. OF JAMAICA	STUDENT LOAN	28.50	0.00	0.00	23.54	1.27	S	S
Total					249.60	0.00	0.00	172.09	59.34		

	Active Loans	Closed Loans	Total
Total Disbursed (IBRD and IDA):	77.51	993.60	1,071.11
of which has been repaid:	.94	635.02	635.96
Total now held by IBRD and IDA:	248.66	358.58	607.24
Amount sold :	0.00	1.58	1.58
Of which repaid :	0.00	1.58	1.58
Total Undisbursed :	172.09	0.00	172.09

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.

Jamaica - IFC and MIGA Program, FY94-97

Category	Past			
	1994	1995	1996	1997
IFC approvals (US$m) [a]	0.00	24.00	0.00	0.00
Sector (%)				
	0.00	0.00	0.00	0.00
Infrastructure	100.00	0.00	0.00	0.00
TOTAL	100.00	100.00	100.00	100.00
Investment instrument (%)				
Loans	92.00	0.00	0.00	0.00
Equity	8.00	0.00	0.00	0.00
Quasi-Equity [b]	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00
TOTAL	100.00	100.00	100.00	100.00
MIGA guarantees (US$m)	20.00	70.00	100.00	80.00
MIGA commitments (US$m)	50.00	0.00	0.00	0.00

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

Jamaica - Summary of Economic and Sector Work
(US$ Thousands)

	Actual		Planned	
Category	1997	1998	1999	2000
Education	46.7	0.0	0.0	0.0
Finance	2.2	0.0	0.0	0.0
Multisector	13.2	0.0	0.0	0.0
Transportation	7.5	0.0	0.0	0.0
Unidentified	54.9	0.0	0.0	0.0
Urban Development	15.9	0.0	0.0	0.0
TOTAL	140.4	0.0	0.0	0.0

Jamaica
STATEMENT OF IFC's
Committed and Disbursed Portfolio
As of 31-Jul-97
(In US Dollar Millions)

		Committed				Disbursed			
		IFC				IFC			
FY Approval	Company	Loan	Equity	Quasi	Partic	Loan	Equity	Quasi	Partic
1993	Caribbean Cement	5.50	0.00	0.00	0.00	5.50	0.00	0.00	0.00
1995	Jam Energy Prtnr	21.10	1.91	0.00	0.00	21.10	1.91	0.00	0.00
Total Portfolio:		26.60	1.91	0.00	0.00	26.60	1.91	0.00	0.00

Approvals Pending Commitment

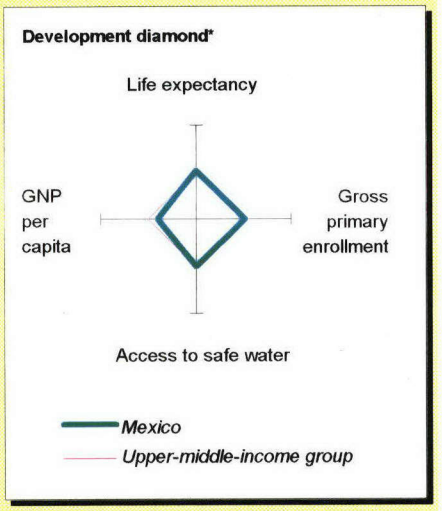
		Loan	Equity	Quasi	Partic
1995	DR. BIRD POWER	0.00	2.00	0.00	0.00
1997	OLD HARBR B LOAN	0.00	0.00	0.00	48.00
Total Pending Commitment:		0.00	2.00	0.00	48.00

Generated by the Operations Information System (OIS) on August 19, 1997

Mexico at a glance

8/18/97

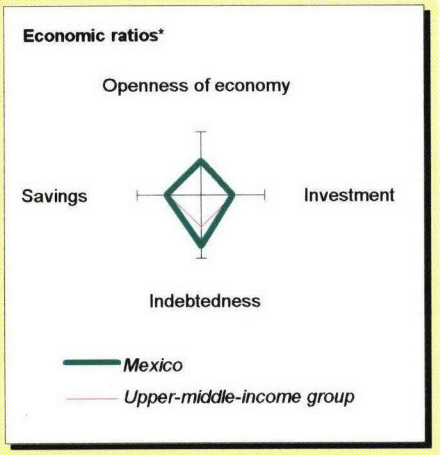
POVERTY and SOCIAL	Mexico	Latin America & Carib.	Upper-middle-income
Population mid-1996 *(millions)*	93.4	485	479
GNP per capita 1996 *(US$)*	3,640	3,710	4,540
GNP 1996 *(billions US$)*	340.0	1,799	2,173
Average annual growth, 1990-96			
Population *(%)*	1.9	1.7	1.5
Labor force *(%)*	2.8	2.3	1.8
Most recent estimate *(latest year available since 1989)*			
Poverty: headcount index *(% of population)*	..	..	..
Urban population *(% of total population)*	75	74	73
Life expectancy at birth *(years)*	72	69	69
Infant mortality *(per 1,000 live births)*	33	37	35
Child malnutrition *(% of children under 5)*	..	..	..
Access to safe water *(% of population)*	87	80	86
Illiteracy *(% of population age 15+)*	10	13	13
Gross primary enrollment *(% of school-age population)*	111	110	107
Male	..	..	..
Female	..	..	..



KEY ECONOMIC RATIOS and LONG-TERM TRENDS

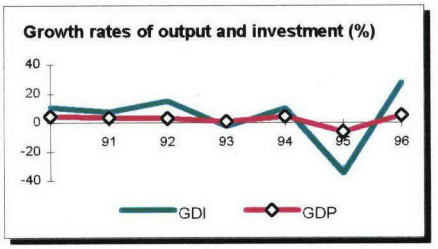
	1975	1985	1995	1996
GDP *(billions US$)*	94.4	183.6	287.0	334.7
Gross domestic investment/GDP	22.3	20.8	19.7	20.9
Exports of goods and services/GDP	5.7	15.5	21.7	22.4
Gross domestic savings/GDP	19.0	25.9	22.7	23.4
Gross national savings/GDP	17.2	22.1	19.4	20.7
Current account balance/GDP	-4.4	0.4	-0.6	-0.6
Interest payments/GDP	1.2	5.1	3.9	3.3
Total debt/GDP	19.3	52.8	57.8	47.0
Total debt service/exports	41.1	50.7	33.8	42.8
Present value of debt/GDP	..	..	55.5	..
Present value of debt/exports	..	..	216.3	..

	1975-85	1986-96	1995	1996	1997-05
(average annual growth)					
GDP	4.6	2.4	-6.2	5.1	4.9
GNP per capita	1.7	0.3	-9.3	3.7	6.7
Exports of goods and services	11.7	6.1	33.3	16.6	7.7

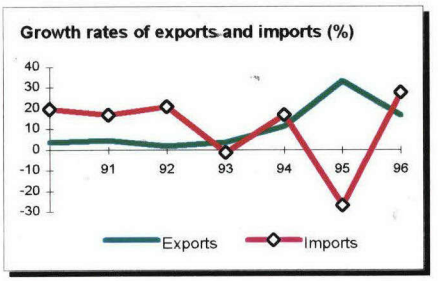


STRUCTURE of the ECONOMY

	1975	1985	1995	1996
(% of GDP)				
Agriculture	10.8	8.7	5.7	5.9
Industry	29.9	33.5	27.9	28.8
Manufacturing	21.9	23.5	20.8	21.5
Services	59.4	57.8	66.4	65.3
Private consumption	71.6	64.8	66.9	66.5
General government consumption	9.3	9.3	10.4	10.1
Imports of goods and services	9.0	10.4	18.8	19.9



	1975-85	1986-96	1995	1996
(average annual growth)				
Agriculture	3.1	0.6	1.0	1.2
Industry	4.7	2.9	-7.8	10.4
Manufacturing	4.1	3.2	-4.8	10.9
Services	4.8	2.3	-6.2	3.4
Private consumption	3.7	3.1	-9.5	2.3
General government consumption	6.3	1.6	-1.3	3.7
Gross domestic investment	1.7	4.9	-34.8	27.5
Imports of goods and services	2.0	14.4	-26.8	27.8
Gross national product	4.2	2.6	-7.7	5.7

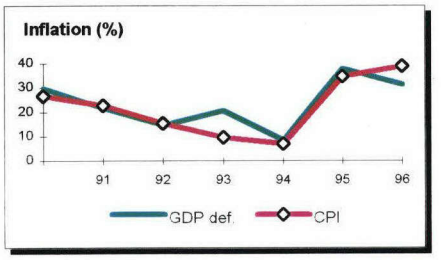


Note: Sectoral shares in the National Accounts are expressed are percentages of GDP at factor cost.

* 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.

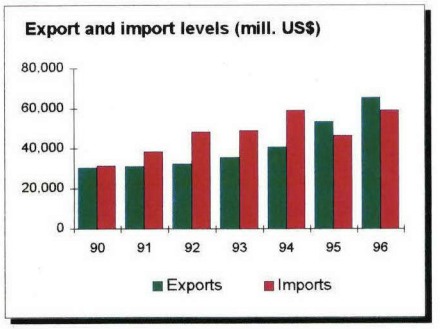
PRICES and GOVERNMENT FINANCE

	1975	1985	1995	1996
Domestic prices				
(% change)				
Consumer prices (ave.)	15.2	57.7	34.9	39.0
Implicit GDP deflator	15.5	56.5	37.9	31.5
Government finance				
(% of GDP)				
Current revenue	..	31.4	22.8	22.8
Current budget balance	..	-1.6	2.7	0.1
Overall surplus/deficit	..	-6.2	-0.1	-0.3



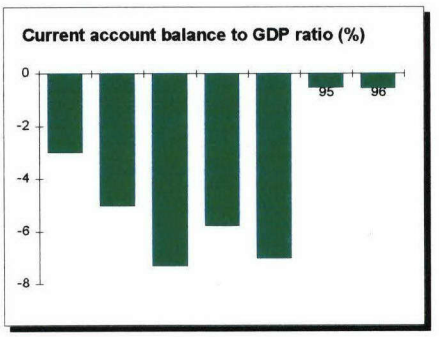
TRADE

	1975	1985	1995	1996
(millions US$)				
Total exports (fob)	..	22,931	53,363	65,495
Fuel	..	14,767	8,423	11,654
n.a.	..	..	..	..
Manufactures	..	6,245	40,379	49,800
Total imports (cif)	..	14,533	46,274	58,964
Food	..	1,082	5,335	6,657
Fuel and energy	..	..	..	..
Capital goods	..	3,165	8,697	10,922
Export price index *(1987=100)*	..	125	103	105
Import price index *(1987=100)*	..	99	81	79
Terms of trade *(1987=100)*	..	127	128	133



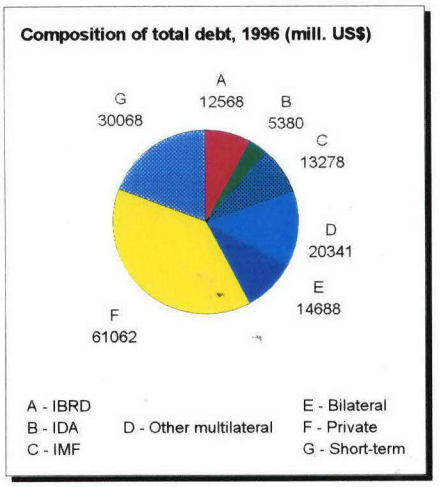
BALANCE of PAYMENTS

	1975	1985	1995	1996
(millions US$)				
Exports of goods and services	6,066	27,726	63,028	76,274
Imports of goods and services	8,466	19,915	55,275	69,195
Resource balance	-2,400	7,811	7,754	7,079
Net income	-1,783	-8,998	-13,290	-13,532
Net current transfers	59	1,986	3,960	4,531
Current account balance, before official capital transfers	-4,124	800	-1,576	-1,922
Financing items (net)	4,327	-3,223	11,167	3,696
Changes in net reserves	-204	2,423	-9,591	-1,774
Memo:				
Reserves including gold *(mill. US$)*	1,893	4,997	16,847	19,433
Conversion rate *(local/US$)*	1.3E-02	0.3	6.4	7.6



EXTERNAL DEBT and RESOURCE FLOWS

	1975	1985	1995	1996
(millions US$)				
Total debt outstanding and disbursed	18,231	96,867	165,743	157,384
IBRD	1,123	4,034	13,823	12,568
IDA	0	0	0	0
Total debt service	2,613	15,293	23,556	35,860
IBRD	116	597	2,372	2,372
IDA	0	0	0	0
Composition of net resource flows				
Official grants	8	78	31	..
Official creditors	381	809	10,343	-8,192
Private creditors	3,365	-831	5,586	11,639
Foreign direct investment	609	491	9,526	7,619
Portfolio equity	0	0	519	2,995
World Bank program				
Commitments	310	928	2,142	187
Disbursements	188	840	1,732	1,051
Principal repayments	39	335	1,411	1,409
Net flows	150	505	321	-359
Interest payments	78	262	961	962
Net transfers	72	243	-641	-1,321



Annex 2: Mexico - Selected Indicators of Bank Portfolio Performance and Management

Indicator	FY 95	FY 96	FY 97
Portfolio Assessment			
Number of projects under implementation [a]	41	35	35
Average implementation period (years)[b]	3.98	3.85	3.70
Percent of problem projects [a, c]			
by number	17.1 (7)	22.9 (8)	14.3 (5)
by amount	12.1	16.1	11.3
Percent of projects at risk [d]			
by number	NA	28.6	16.1 (5)
by amount	NA	22.8	17.8
Disbursement ratio (%) [e]	26.2	21.7	13.1
Portfolio Management			
CPPR during the year (yes/no)	Yes	No	Yes
Supervision (Avg. Staffweeks)	14.5	20.2	13.6
Supervision (Avg. Staffweeks for problem projects)	13.4	26.0	16.3
Number of projects in extended problem status [f]	2	6	3

Memorandum item	*Last five Fysg*
Projects evaluated by OED	
by number	25
by amount (US$ millions)	7,677.5
Percent rated U or HU (outcome)	
by number	12.0 (3 projects)
by amount (US$ millions)	4.8 (365.5)

a. As shown in the Annual Report on Portfolio Performance, which includes all projects under implementation during the fiscal year.
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. Includes problem projects and "potential" problem projects; end of fiscal year.
e. Ratio of disbursements during the year to the undisbursed balance of the Bank's portfolio at the beginning of the year.
f. Projects in problem status for 12 months or more.
g. Projects approved during FY 87-91 were included in this data.

Annex 3: Mexico - IBRD/IDA Lending Program
(As of September 5, 1997)

	Past			*Current*	*Planned*[a]	
Category	**FY95**	**FY96**	**FY97**	**FY98**	**FY99**	**FY00**
Commitments (US$m)	2387.4	526.5	960.0	2,530.0	2,310.0	1,500.0
Sector (%)[b]						
Agriculture	3.6	0.0	5.7	2.0	19.4	20.0
Education	11.1	0.0	0.0	17.8	17.3	0.0
Electric Pwr & Engy.	0.0	0.0	0.0	0.0	0.0	0.0
Environment	0.0	35.4	0.0	0.0	11.3	20.0
Finance	43.5	0.0	44.8	26.9	10.8	0.0
Multisector	0.0	0.0	0.0	0.0	13.0	0.0
Popultn, Hlth & Nutn	0.0	58.9	0.0	19.8	0.0	23.3
Public Sector Mgmt.	20.9	5.7	0.0	3.9	15.2	16.7
Social Sector	20.9	0.0	0.0	0.0	0.0	0.0
Transportation	0.0	0.0	49.5	0.0	13.0	20.0
Urban Development	0.0	0.0	0.0	29.6	0.0	0.0
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0
Lending instrument (%)						
Adjustment loans[c]	41.9	0.0	41.7	39.5	10.8	20.0
Specific investment loans and others	58.1	100.0	58.3	60.5	89.2	80.0
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0
Disbursements (US$m)						
Adjustment loans[c]	0.0	500.0	500.0	850	620	330
Specific investment loans and others	1112.9	973.2	442.7	975	1298	1144
Repayments (US$m)	1222.9	1461.4	1363.4	1502	1588	1522
Interest (US$m)	959.0	951.1	803.5	873	895	895
Net Transfers	-1069.0	-939.3	-1224.2	-550	-565	-943

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.

Annex 4: Summary of Economic and Sector Work
FY 98-99

	Fiscal Year
Growth with Stability	
Macroeconomic Management	
Macro Monitoring/Policy Notes	98-99
Private Capital Inflows	98
Public Debt and Fiscal Sustainability	98-99
Macro-Financial Sector Modeling and Contingency Analysis	98
Savings/Financial Sector	
Reform of Public Credit Programs	98
Financial Sector/Capital Markets	98-99
Deposit Insurance and Banking	98
Productivity	
CEM: Restructuring and Productivity	98
Industrial Competitiveness and Outward Orientation	98
Infrastructure Policy Notes	98-99
Training Assessment	98
Labor Market Flexibility	98
Ejido Study	98
Agricultural Performance	98
Developments in Land Markets in Rural Mexico	98
Regulatory Issues in Water Sector	98
Regulatory Issues in Rural Markets	99
Environment	
Environmental Priorities and Decentralization	98
Groundwater Study	98
Carbon Sequestration	98
Social Development	
Indigenous People Profile	98
Follow-up Policy Notes on Poverty Studies	98
Nutrition Policies	98
CEM: Structural Reform and Poverty Alleviation	98
Social Capital and Rural Development	99
Secondary Education Study	98
Education Decentralization and Public Expenditure Review	98
Health Finance Reform	98
Gender and Institutional Coordination	98
Gender and the Rural Economy	98
Modernization of the State	
Fiscal Management/Decentralization	99
Federal Budget Process Reform	98
Knowledge Development	99

Notes: (1) The above list includes both formal and non-formal ESW tasks. More tasks, especially non-formal tasks, will be added for FY98 and FY99. The list does not include non-ESW non-lending services, such as seminars and conferences, whose role also is programmed to expand. The list also does not include substantial analytical work supported by technical assistance loans. Two such TA loans are ongoing (FTAL, PTAL). Four TA loans (Rural Financial Markets; PSD Competitiveness; State and Municipal Management; and Environmental Decentralization) are in the program for FY97-99, as shown in the previous page. (2) Non-lending tasks are arranged above according to the main thematic categories used in the CAS, but it must be noted that the contribution of many of the tasks cuts across these categories. For example, the financial sector related work is shown above under growth with stability but will also contribute to modernization of the state as much of this work involves strengthening the regulatory, legal and institutional framework underpinning financial and capital markets.

Annex 5: Status of Ban. Group Operations in Mexico
IBRD Loans and IDA Credits in the Operations Portfolio
(As of July 31, 1997)

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/
Number of Closed Loans/credits: 153									
Active Loans									
MX-PE-7615	L28240	1987	BANOBRAS	URBN TRNSPRT I	125.00	0.00	34.02	5.88	44.89
MX-PE-7672	L33590	1991	NAFIN	MINING SCTR	200.00	0.00	0.00	41.91	41.91
MX-PE-7704	L33580	1991	NAFIN	VOC TRNG SCTR	152.00	0.00	15.00	20.06	35.06
MX-PE-7676	L34750	1992	NAFIN	SCIENCE/TECH	189.00	0.00	2.00	7.90	-3.43
MX-PE-7703	L34610	1992		ENVIRON/NATURL RESOU	50.00	0.00	26.21	5.61	31.81
MX-PE-7667	L34190	1992	NAFINSA	IRRIG SCTR	400.00	0.00	50.00	104.90	154.90
MX-PE-7723	L36280	1993	BANOBRAS	HWY RHB & SAFETY	480.00	0.00	0.00	225.19	5.19
MX-PE-7648	L35590	1993	BANOBRAS	MEDIUM CITIES TRANSP	200.00	0.00	0.00	163.51	110.41
MX-PE-7724	L35420	1993	NAFIN	LABOR MARKET & PROD.	174.00	0.00	0.00	30.26	14.26
MX-PE-7716	L35180	1993	GOVERNMENT OF MEXICO	INITIAL EDUCATION	80.00	0.00	6.00	45.57	42.57
MX-PE-7612	L37520	1994	BANOBRAS	SOLID WASTE II	200.00	0.00	193.06	1.71	-4.23
MX-PE-7707	L37510	1994	BANOBRAS	WATER/SANIT II	350.00	0.00	0.00	203.90	148.90
MX-PE-7710	L37500	1994	BANOBRAS	N. BORDER I ENVIRONM	368.00	0.00	273.40	65.36	217.23
MX-PE-7725	L37220	1994	NAFIN	PRIM.EDUC.II	412.00	0.00	40.00	283.55	200.22
MX-PE-7701	L37040	1994	NAFIN	ON-FARM & MINOR IRRI	200.00	0.00	30.00	136.60	84.93
MX-PE-40462	L39120	1995	NAFIN	ESSENTIAL SOCIAL SER	500.00	0.00	0.00	96.66	96.66
MX-PE-34161	L38381	1995	NAFINSA	FINANCIAL SEC T.A.	13.80	0.00	0.00	13.80	0.00
MX-PE-34161	L38380	1995	NAFINSA	FINANCIAL SEC T.A.	23.60	0.00	0.00	7.08	-4.87
MX-PE-34490	L38050	1995	NAFIN	TECH EDU/TRAING	265.00	0.00	30.00	195.22	101.39
MX-PE-7702	L37900	1995	SEDESOL	SECOND DECENTRALZTN	500.00	0.00	0.00	303.39	102.22
MX-PE-7607	L37780	1995	GOVERNMENT	RAINFED AREAS DEVELO	85.00	0.00	0.00	47.13	18.46
MX-PE-7713	L40500	1996	GOM	WATER RESOURCES MANA	186.50	0.00	0.00	181.50	-1.05
MX-PE-7689	L39430	1996	NAFIN	BASIC HLTH II	310.00	0.00	0.00	285.03	23.20
MX-PE-40685	L39370	1996	NACIONAL FINANCIERA (NAFI	INFRA. PRIVATZTN TA	30.00	0.00	0.00	26.67	19.34
MX-PE-43163	L42060	1997	BANOBRAS	FEDERAL ROADS MODZTN	475.00	0.00	0.00	475.00	0.00
MX-PE-7726	L41520	1997	GOVERNMENT	AQUACULTURE	40.00	0.00	0.00	40.00	.26
MX-PE-7700	L41370	1997	GOVT OF MEXICO	COMMUNITY FORESTRY	15.00	0.00	0.00	15.00	.25
MX-PE-41820	L41230	1997	NAFINSA	CONTRACTUAL SAVINGS	400.00	0.00	0.00	400.00	0.00
MX-PE-7732	L41010	1997	GOVERNMENT	RURAL FIN. MKTS T.A.	30.00	0.00	0.00	30.00	8.12
Total					6,453.90	0.00	699.68	3,458.38	

	Active Loans	Closed Loans	Total
Total Disbursed (IBRD and IDA):	2,295.83	19,197.18	21,493.01
of which has been repaid:	95.50	9,981.49	10,076.99
Total now held by IBRD and IDA:	5,658.72	9,316.81	14,975.53
Amount sold :	0.00	92.34	92.34
Of which repaid :	0.00	92.34	92.34
Total Undisbursed :	3,458.38	101.13	3,559.51

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.

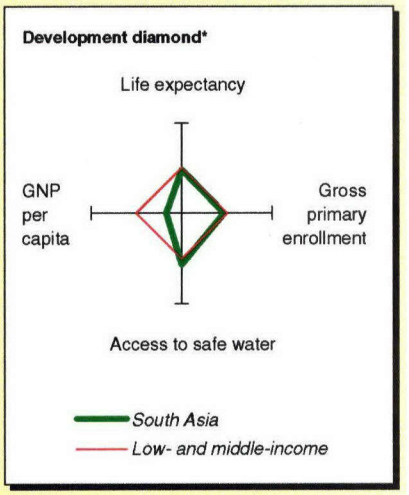
c. Following the FY94 ARPP, "Implementation Progress" will be reported here.

SAS
Basic Facts and Figures

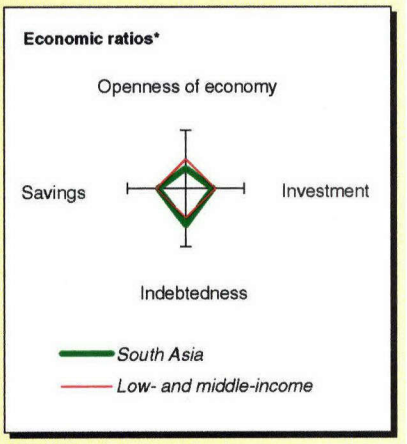
South Asia region at a glance

9/15/97

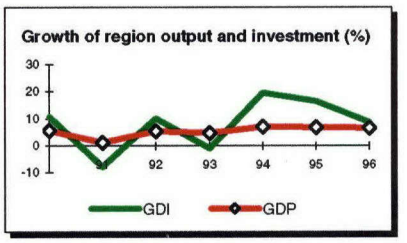
POVERTY and SOCIAL	Bangladesh	India	Nepal	Pakistan	Sri Lanka	South Asia
Population mid-1996 *(millions)*	121.6	943.2	22.0	133.5	18.3	1,264.0
GNP per capita 1996 *(US$)*	260	380	220	490	740	380
GNP 1996 *(billions US$)*	31.6	358.4	4.8	65.4	13.6	481.0
Average annual growth, 1990-96						
Population *(%)*	1.6	1.7	2.5	2.9	1.3	1.9
Labor force *(%)*	2.1	2.0	2.4	3.3	2.0	2.1
Most recent estimate *(latest year available since 1989)*						
Poverty: headcount index *(% of population)*	48	35	42	34	22	..
Urban population *(% of total population)*	18	27	14	35	22	26
Life expectancy at birth *(years)*	58	62	55	60	72	61
Infant mortality *(per 1,000 live births)*	77	68	91	90	16	75
Child malnutrition *(% of children under 5)*	67	63	70	40	38	..
Access to safe water *(% of population)*	96	63	48	60	57	63
Illiteracy *(% of population age 15+)*	62	48	73	62	10	50
Gross primary enrollment *(% of school-age population)*	92	102	109	69	105	98
Male	98	113	129	94	106	110
Female	86	91	88	42	104	87

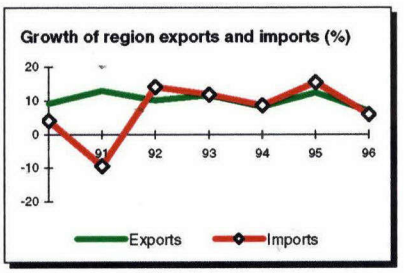


KEY ECONOMIC RATIOS and LONG-TERM TRENDS	1996	1996	1996	1996	1996	1996
GDP *(billions US$)*	32.1	355.8	4.5	64.8	14.0	480.1
Gross domestic investment/GDP	17.0	26.5	24.3	18.6	24.2	24.8
Exports of goods and services/GDP	14.3	12.3	23.7	17.2	*35.9*	13.9
Gross domestic savings/GDP	7.1	23.9	11.0	12.4	15.5	20.8
Gross national savings/GDP	11.9	25.1	13.1	13.4	19.9	22.2
Current account balance/GDP	-5.1	-1.1	-12.6	-6.5	-3.9	-2.5
Interest payments/GDP	0.6	*1.2*	..	2.5	1.8	1.1
Total debt/GDP	53.2	27.6	*54.5*	49.2	45.2	33.5
Total debt service/exports	11.6	*28.2*	*7.8*	28.0	*7.3*	23.1
Present value of debt/GDP	*31.4*	*22.8*	*26.8*	*38.2*	*43.1*	*27.2*
Present value of debt/exports	*166.7*	*161.4*	*97.9*	*196.9*	*99.5*	*167.1*
	1996	**1996**	**1996**	**1996**	**1996**	**1996**
(average annual growth)						
GDP	5.3	7.5	6.0	4.6	3.7	6.5
GNP per capita	3.2	5.2	3.1	0.3	1.8	4.8
Exports of goods and services	11.4	7.4	1.2	2.0	8.7	7.0



STRUCTURE of the ECONOMY	Bgd. 1996	Ind. 1996	Npl. 1996	Pak. 1996	Sri. 1996	SAS 1996
(% of GDP)						
Agriculture	30.0	27.8	41.4	25.8	22.4	27.8
Industry	17.7	29.2	22.6	24.5	25.2	27.5
Manufacturing	9.6	20.1	9.6	16.9	16.2	18.5
Services	52.4	43.0	36.0	49.7	52.4	44.7
Private consumption	79.1	65.6	80.4	75.3	*72.9*	69.1
General government consumption	13.7	10.5	8.6	12.3	*11.8*	10.2
Imports of goods and services	23.9	14.9	37.0	23.5	*46.3*	18.3
	1996	**1996**	**1996**	**1996**	**1996**	**1996**
(average annual growth)						
Agriculture	3.7	5.7	5.4	5.3	-4.6	5.5
Industry	5.3	7.0	5.3	3.6	6.0	6.9
Manufacturing	5.3	8.1	5.0	4.4	6.5	7.7
Services	6.5	7.4	7.0	4.7	5.8	7.1
Private consumption	5.2	7.1	6.6	6.2	*7.1*	7.8
General government consumption	7.2	6.4	10.5	6.8	*-1.1*	6.3
Gross domestic investment	10.9	8.5	8.3	5.6	*0.5*	8.8
Imports of goods and services	16.2	7.0	17.7	13.6	6.4	6.0
Gross national product	4.7	6.7	5.6	3.1	3.1	6.5

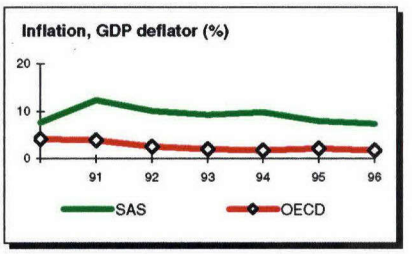




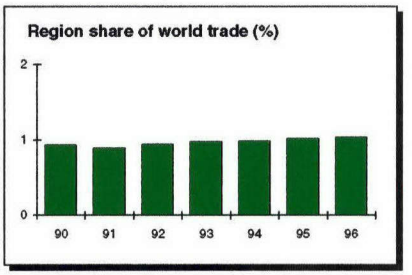
Note: 1996 estimates are preliminary. Region does not include high-income countries. Figures in italics are for 1995.

* 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.

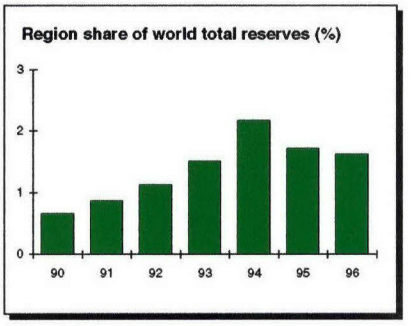
PRICES and GOVERNMENT FINANCE	Bgd. 1996	Ind. 1996	Npl. 1996	Pak. 1996	Sri. 1996	SAS 1996
Domestic prices						
(% change)						
Consumer prices	4.1	*10.2*	8.1	10.9	16.8	..
Implicit GDP deflator	5.6	7.0	7.3	10.9	12.1	7.5
Government finance						
(% of GDP)						
Current revenue	11.5	*24.3*	11.2	17.2	20.3	*22.5*
Current budget balance	2.8	*1.0*	3.0	-2.0	-2.4	*0.7*
Overall surplus/deficit	-5.7	*10.1*	-5.5	-6.3	-9.5	*6.8*



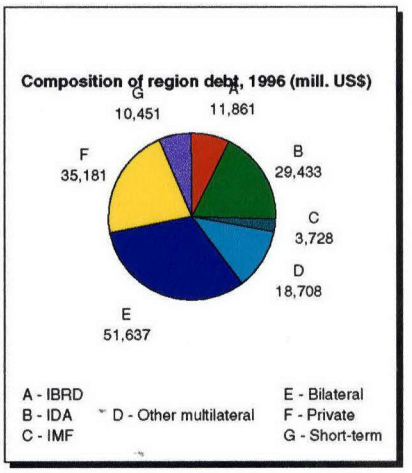
TRADE	Bgd. 1996	Ind. 1996	Npl. 1996	Pak. 1996	Sri. 1996	SAS 1996
(millions US$)						
Total exports (fob)	3,882	33,107	361	8,652	4,097	*47,155*
Manufactures	..	*24,483*	96	13,024	2,991	*33,802*
Total imports (cif)	6,881	38,548	1,390	12,996	5,416	*62,103*
Food	586	*1,243*	162	2,010	801	*4,418*
Fuel and energy	456	*7,201*	102	1,979	324	*9,586*
Capital goods	1,918	*6,577*	277	3,345	1,202	*13,039*
Export price index *(1987=100)*	194	*99*	152	..	124	*161*
Import price index *(1987=100)*	130	*121*	139	..	160	*141*
Terms of trade *(1987=100)*	150	*81*	109	..	78	*114*



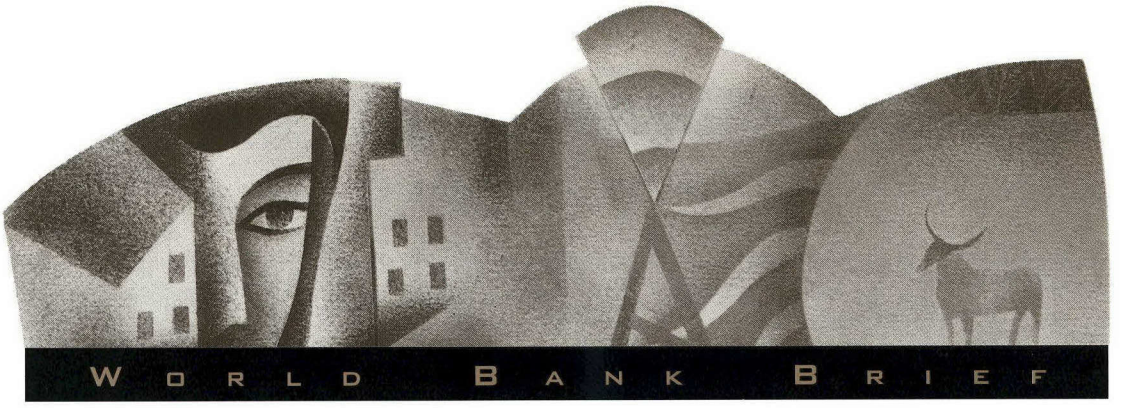
BALANCE of PAYMENTS	Bgd. 1996	Ind. 1996	Npl. 1996	Pak. 1996	Sri. 1996	SAS 1996
(millions US$)						
Exports of goods and services	4,508	43,855	1,003	10,317	5,039	62,425
Imports of goods and services	7,614	53,087	1,653	15,174	6,209	79,120
Resource balance	-3,106	-9,232	-650	-4,857	-1,170	-16,695
Net income	-6	-4,429	-3	-1,943	-248	-6,900
Net current transfers	1,475	9,780	84	2,605	869	13,760
Current account balance, before official capital transfers	-1,637	-3,881	-569	-4,195	-549	-9,835
Financing items (net)	575	9,803	550	3,781	562	15,435
Changes in net reserves	1,062	-5,922	19	414	-13	-5,600
Memo:						
Reserves including gold *(mill. US$)*	2,018	24,919	669	2,486	2,011	32,612
Conversion rate *(local/US$)*	40.8	35.5	55.2	33.5	55.3	..



EXTERNAL DEBT and RESOURCE FLOWS	Bgd. 1996	Ind. 1996	Npl. 1996	Pak. 1996	Sri. 1996	SAS 1996
(millions US$)						
Total debt outstanding and disbursed	17,070	98,193	*2,398*	31,916	6,346	160,999
IBRD	46	8,768	0	2,991	40	11,861
IDA	5,713	17,616	1,049	3,347	1,516	29,433
Total debt service	687	13,742	*94*	3,341	704	17,836
IBRD	8	1,514	0	440	11	1,968
IDA	92	364	16	61	20	556
Composition of net resource flows						
Official grants	678	*556*	*171*	214	*174*	2,507
Official creditors	766	*-867*	*118*	1,208	*317*	3,850
Private creditors	-25	*775*	*-10*	375	*15*	2,646
Foreign direct investment	..	*1,300*	*8*	1,106	*63*	2,632
Portfolio equity	-14	*1,517*	*0*	202	*61*	5,400
World Bank program						
Commitments	168	1,725	0	458	156	2,532
Disbursements	278	1,592	62	518	104	2,690
Principal repayments	55	1,074	8	260	16	1,417
Net flows	223	518	54	258	88	1,273
Interest payments	45	804	8	241	15	1,106
Net transfers	178	-287	46	34	73	167



Note: 1996 estimates are preliminary. Region does not include high-income countries. Figures in italics are for 1995.
Regional inflation figures are median values



South Asia

For the past decade, South Asia has been the second fastest growing region in the world, after East Asia, with an average annual growth of 5.3 percent. Despite this, it remains one of the poorest regions: the 40 percent of the population living below the international poverty line of $1 a day comprise about 40 percent of the world's poor. Poverty is both cause and consequence of the low level of human development in most of the region (with the exceptions of Sri Lanka and some of the southern states in India), reflected in the world's lowest adult literacy (48 percent), one-third of the world's maternal deaths, and a 60 percent rate of child malnutrition.

The acceleration of economic growth in the past decade is attributable primarily to sweeping reforms in economic policies. After years of inward-looking policies and tight regulation, South Asian nations are reducing tariffs, removing trade barriers, and dismantling restrictions on domestic and foreign private investment. This has helped stimulate growth, raise per capita consumption, and reduce poverty.

The content and degree of economic liberalization varies across countries and sectors, but international investors have reacted favorably wherever reforms have taken hold. Private investment now accounts for around 66 percent of the resource flows to the region, compared with around 25 percent in 1990. More important, fiscal and market reforms are changing the outlook for the region's future, so that the outlook is now for growth close to 6 percent a year.

Economic growth brings new problems, notably in the pressure it puts on the environment. Many areas of South Asia are already experiencing increased pollution, soil erosion, land degradation, and deforestation. High population growth has cut deeply into natural resources. As the urban population in the South Asian countries grows, the urban environment is also deteriorating rapidly. Progress in preventing long-term damage will require much more aggressive policies and monitoring than in the past. With the World Bank's assistance, national environmental action plans are now in place in all countries of the region, but the challenge now is to translate plans into reality.

Population and Per Capita GNP of Selected South Asian Countries

Country	Population 1995 (*millions*)	GNP per capita (in US$) 1990	1993	1996
Bangladesh	120	210	220	260
India	929	380	290	380
Nepal	21	210	160	220
Pakistan	130	400	430	490
Sri Lanka	18	470	600	740

Economic Developments

In 1996, the South Asian economies maintained their expansion, with regionwide annual growth of more than 6 percent. Much stronger portfolio equity flows to India, stronger foreign direct investment (FDI), and higher borrowing all contributed to a rise in net private flows from about $5.2 billion in 1995 to about $10.7 billion in 1996, or 63 percent of aggregate flows. In 1996, FDI to the region reached nearly $2.6 billion, compared to $0.5 billion in 1990. But the fact that this is only 0.5 percent of the region's Gross Domestic Product (GDP)–far lower than FDI ratios for other regions–underscores the size of the unexploited opportunities for investment.

Despite faltering performance in Nepal and Pakistan, the region's exports grew in 1996 by 7.5 percent. Yet, even after rapid growth throughout the 1990s, South Asia

generates only I percent of world trade and its exports per capita are six times lower than the average for developing countries as a whole. The region's creditworthiness continued to improve and it maintains its impressive record of debt servicing, having kept arrears low and avoided debt restructuring over the past decade.

Although the outlook for the region has improved considerably, South Asian countries continue to face formidable obstacles to faster growth. Lacking decisive action to overcome these blockages, South Asia will fail to catch up with neighboring "tiger" nations of East Asia.

Countries of the region–be they small, island economies like the Maldives, or semi-industrial giants like India–face three major challenges in ensuring continued progress through the 1990s:

- to deepen economic reforms in order to attain high growth and greater economic resilience;
- to broaden and further accelerate efforts to reduce poverty and improve social welfare, as East Asia has shown can be done.
- to better manage the environment to ensure sustainable development.

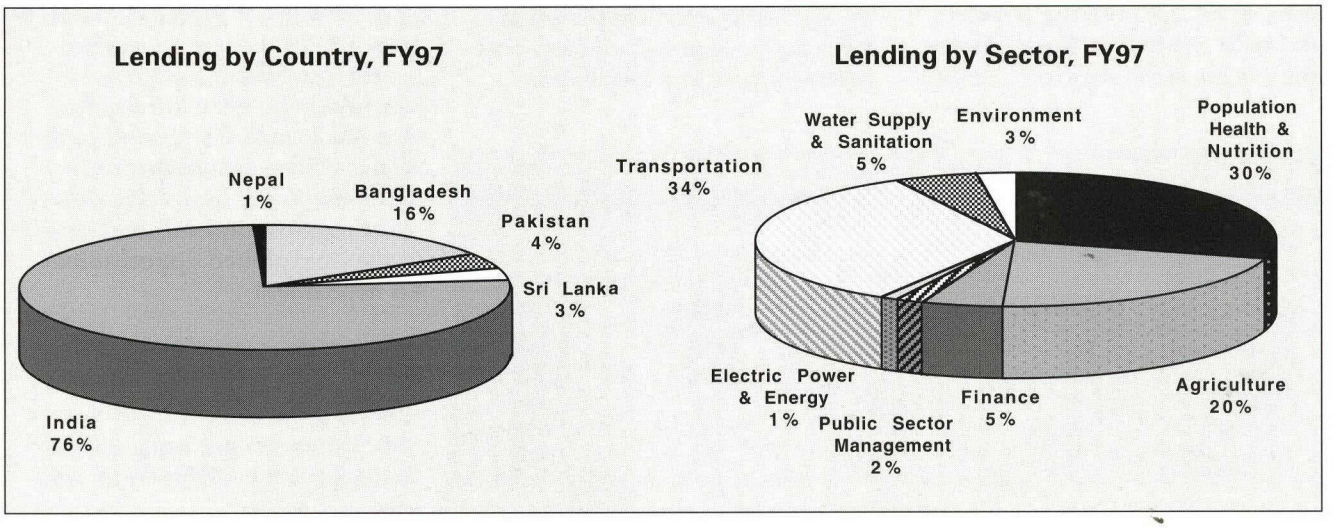
The World Bank Group and South Asia

South Asia includes some of the Bank's oldest and largest borrowers; India, Pakistan, Afghanistan, and Sri Lanka have been members since the 1950s. Nepal became a member in 1961, followed by Bangladesh in 1972, the Maldives in 1978, and Bhutan in 1981. India is, in absolute terms, the Bank's largest single borrower, with cumulative lending of around $49 billion at the end of FY97. Pakistan (with around $11.4 billion in cumulative lending) and Bangladesh (with around $7.5 billion in cumulative lending) are also substantial borrowers.

Following Africa, South Asia is the largest regional recipient of concessional lending from the International Development Association (IDA), the World Bank's affiliate that provides interest-free loans to the world's poorest countries. India is the largest IDA borrower.

Today the Bank has ongoing lending programs in seven of the eight countries in South Asia. The Bank's FY97 assistance program aimed to provide better quality services and innovative and efficient programs by working with partners and involving broad community participation. The main prongs of the Bank's strategy focused on helping countries improve their fiscal situation and push ahead with reforms that will increase saving and investment, attract foreign capital, and thus increase the region's growth rate in a sustainable manner. And, because social indicators remain weak, priority was given to complementing the reform effort with programs to develop the region's human capital.

In FY97, total lending to the region reached about $2 billion for 19 operations, including $1.3 billion in IDA credits. India was the largest borrower, with commitments of more than $1.5 billion for nine projects, followed by Bangladesh ($321 million for three projects), Pakistan ($84.8 million for two projects), Sri Lanka ($58 million for three projects), and Nepal ($18.3 million for one project). Lending



for population, health, and nutrition projects totaled nearly $600 million, accounting for nearly 30 percent of total FY97 lending. Agriculture and rural development received $424 million (20 percent of FY97 lending). Lending for transportation projects totaled $685 million (or 34 percent of total lending).

The largest portion of the South Asia portfolio of ongoing projects (in dollar terms), representing about 16.5 percent of the total, continues to be directed to the power sector. Social sector lending for education (11.4 percent) and population, health, and nutrition (10.6 percent) represent a rapidly expanding part of the portfolio. Lending for specific environment projects has increased, and today accounts for 4 percent of total lending. Agriculture projects compose 16.5 percent of the portfolio, while water supply and sanitation projects account for 5.4 percent.

Investing in People

The Bank's support for human resource development (education, health and nutrition, and reproductive health) in South Asia has expanded rapidly in the past few years. The Bank's assistance strategy has three central elements: improving the coverage and quality of services; promoting efficiency and cost effectiveness; and developing innovative approaches to expand community participation to ensure improved services.

Many Bank-financed projects are placing special emphasis on women. For example, in Pakistan the Bank is supporting the Social Action Program, the government's vehicle for expanding coverage, quality, and effectiveness of basic services, with a particular focus on women and children. The Bank is also providing assistance to India's District Primary Education Program, which aims to improve access to primary education, reduce dropout rates, and increase learning achievement, with special emphasis on girls and poor and disadvantaged children. Similar efforts are underway in Bangladesh and Pakistan. In Sri Lanka, a health systems project supporting the fights against malaria and AIDS uses nongovernmental organizations (NGOs) to identify and train volunteers to establish community centers. The Bank-supported India Reproductive and Child Health Project will support the National Family Welfare Program aimed at improving the health status of women and children and reducing population growth.

Developing the Private Sector

To help meet the region's massive infrastructure requirements, the Bank has focused its efforts on expanding private sector participation in the funding and management of basic infrastructure, such as utilities (power, telecommunications, and natural gas) and the transport sector.

- In Pakistan, the Bank has provided support for the commercialization and eventual privatization of portions of the National Power Authority;

Bringing Benefits to South Asia's Poor through Microfinance

The ability of microfinance programs to help the poor is well known. An equally important but less well-known development benefit of these programs is their contribution to building social capital: strengthening relationships, networks, and formal and informal institutions that link individuals and help them achieve specific objectives. Microfinance institutions also influence how markets operate and shape the relationships among civil society, the state, and markets. Poor people, particularly women, tend to be excluded from formal credit markets because they have no credit history, they lack collateral, and because the costs of enforcing contracts and gathering information about small borrowers are high.

In Bangladesh, the Bank-supported Poverty Alleviation and Microfinance Project channels funds through a quasigovernmental organization, the Palli Kharma Sahayak Foundation (PKSF), to NGOs so they can expand their microcredit programs. The PKSF, with more than 120 affiliated organizations, has mobilized 1.2 million poor women into small groups, but shortage of funds has limited its reach.

In India, the Rural Women Development and Empowerment Project is helping women gain access to credit and increasing their ability to generate income. Through thrift- and credit-based Self Help Groups (SHG) a system of revolving credit for the benefit of members, and based on their own savings, has been developed. The project is helping SHGs establish a track record of sound credit management so they can access group loans from lending institutions. The project has a strong capacity-building emphasis and supports a comprehensive training program. NGOs have the major responsibility to form and sustain democratically managed SHGs. The association of mature SHGs is also being encouraged to support existing groups and further expand the SHG movement.

creation of a Private Sector Energy Development Fund; support for joint ventures; restructuring and privatization of the telecommunications sector; and innovative use of the Bank's guarantee instruments to attract commercial financing to the energy sector in the Hub River and the Uch Power projects.

- In India, efficiency, accountability, and competition are being encouraged through greater private sector participation in the power sector, and work is underway to improve transportation efficiency. Working with a major nonbanking financial company that is majority privately owned, the Private Infrastructure Finance Project aims to develop the prototype contractual arrangements for private investments. The Andhra Pradesh State Highways Project, approved in FY97, will help relieve traffic congestion and improve road safety by widening priority roads, bolstering road maintenance, and strengthening the state road agency's ability to manage road programs and assets.

- In Bangladesh, the Bank has worked to coordinate the supply of petroleum products, involve the private sector in gas and oil exploration, and improve energy conservation. The Second Rural Roads and Markets Project is improving rural transport and trading infrastructure by taking advantage of the opportunities presented by the Jamuna Bridge (the country's largest infrastructure project), which will link the northwest region with the rest of the country.

- In Sri Lanka, the Private Infrastructure Finance Project and the Telecommunications Regulation and Public Enterprise Reform Technical Assistance Project are setting up systems to facilitate private investment services that before had been provided by the state. The Sri Lanka Energy Services Delivery Project will encourage the use of environmentally sound renewable energy technologies through the private sector.

- In Nepal, the Bank is helping the government improve the efficiency and financial viability of the Nepal Electricity Authority and increase private sector investment in the power sector.

The International Finance Corporation (IFC), the World Bank Group's private sector lending affiliate, is also investing in private sector development in the region. In FY97, IFC invested in 29 operations totaling $409 million.

IFC's strategy for Asia focuses on enhancing competition and improving the quality of Asian goods and services by supporting firms with potential for world-class performance. Special emphasis is placed on exports. IFC is working to accelerate private participation in infrastructure and is also intensifying its efforts to support private financing of health and education. It is also working to further the expansion and modernization of Asia's agro-industrial base by supporting firms that focus on export production or efficient import substitution.

In addition, the IFC provides support to strengthen basic financial institutions and emerging capital markets in the region and to develop more sophisticated equity and local debt markets in economies with established comprehensive financial systems.

- In Pakistan, IFC approved nine investments in FY97, including a fertilizer plant, a cement plant, and credit lines to support small- and medium-size enterprises. IFC continued to concentrate on value-added activities to generate employment and diversify the Pakistani export base, notably by investing in a software services firm.

- In India, IFC's support to the general manufacturing sector included major projects in steel and fiberglass. IFC approved a project to promote energy efficiency by helping to set up an energy service company. IFC also initiated its first hospital project in India. In the financial sector, it supported several leasing companies in their efforts to diversify into financing infrastructure-related equipment and machinery.

- In Bangladesh, IFC invested in the country's first private gas exploration and development project in Jalalabad. IFC also participated in launching a joint Indian-Bangladeshi housing finance company.

The Multilateral Investment Guarantee Agency (MIGA), the World Bank Group's affiliate that provides investment guarantees against political risk to foreign private investors, issued six guarantee contracts for $38 million for projects in Bangladesh and Pakistan in FY97.

Protecting the Environment

The Bank is strengthening its support of efforts by South Asian countries to promote development that is environmentally sustainable. Environmental lending as a percentage of the

The South Asia Development Triangle Initiative

The World Bank has launched a new transboundary approach to foster the environmentally sustainable development of one of the world's poorest areas, the South Asia Development Triangle (SADT) region. This area, which corresponds roughly to the Ganges-Brahmaputra-Meghna river basin, includes Bangladesh, Bhutan, Nepal, and parts of India (Bihar, Madhya Pradesh, Orissa, Uttar Pradesh, West Bengal, and the states of the northeast). This spans an area of about 1.2 million square kilometers and is home to about 500 million people. This roughly corresponds to the population of Sub-Saharan Africa on land that is one-twentieth the size. More than two-thirds of the population live on less than $1 a day.

Yet, the SADT region has tremendous opportunities for development. It is richly endowed with natural resources and once flourished as a center of world civilization. There are also huge reserves of coal and natural gas and an underutilized potential for hydropower. It is strategically located at the hub of the Bay of Bengal, forming a potentially convenient link between East Asian, Central Asian, and West European countries.

To alleviate the widespread poverty in the SADT region and to enable it to participate fully in the economic growth taking place in Asia, there is a need for a long-term vision in the development and sustainable management of the region's resources. The South Asia Development Triangle Initiative, begun in early 1996, aims to do just that by facilitating regional planning for such transboundary issues as water, energy, trade/transport, and environmental protection. For example, flooding, water storage, and hydropower generation are three interrelated issues in the basin that call for an integrated approach to river basin management. The Initiative seeks to outline the primary problems; identify infrastructure, policy, and institutional bottlenecks; and examine the short- and long-term options in a systematic and integrated manner.

One of the Initiative's most innovative and valuable contributions to this effort is the development of a set of analytical tools to help analyze problems and determine the best courses of action to tackle these problems. These tools are called the MEDUSA Decision Support System (Multi-objective Environmentally Sustainable Development Using Systems Analysis), which consists of an information system and a set of models to examine specific issues in planning with a shared vision for development. The analytical approaches include developing an information system for basic socioeconomic, resource, and development information on the area; and using interactive spreadsheets, Geographic Information Systems, maps, charts, tables, database presentations, documents, and interactive web pages that represent the cutting-edge in knowledge management.

Also, two models are being prototyped: MEDUSA-1 focuses on the potential tradeoffs involved in water use; agricultural output; hydropower; urban, domestic, and industrial water and wastewater; in-stream water quality; groundwater recharge; floods; navigation; and other issues. MEDUSA-2 helps integrate regional resource planning in the water resources, energy, and transport sectors to help maximize regional benefits and illustrate environmental tradeoffs. It highlights optimal combinations of "hardware" (hydropower development, development of transport, and grid facilities) and "software" (pricing, tariffs, establishment of links) approaches on both the supply and demand sides.

total portfolio has been steadily increasing. In India, for example, the Bank is providing assistance to strengthen the monitoring and compliance of environmental laws and standards concerning the mining sector, ambient air pollution, and coastal and marine area management. It is also supporting state pollution control boards. In FY97, the Bank approved the India Ecodevelopment Project, which conserves biodiversity in seven globally significant protected areas in India. In Sri Lanka, the Bank is supporting the Colombo Environmental Improvement Project.

A growing number of agriculture, infrastructure, energy, and urban and rural development projects include environmental components or provide direct environmental benefits. For example, the India Coal Sector Environmental and Social Mitigation Project will assist Coal India Ltd., supplier of 90 percent of the country's coal needs, in implementing high priority environmental programs and in strengthening its capacity to deal more effectively with management of land and water resources, as well as its control of air and noise pollution.

Better Coordination with Development Partners

In the social sectors, cumbersome state and local bureaucracies and overwhelmed civic institutions limit the effectiveness of external assistance programs. These programs, which expanded rapidly in the early 1990s, boosted progress in family welfare, education, and health and family planning. However, their impact has been diminished by the inability of governments to use the funds efficiently. The Bank has been working with governments and donors to improve coordination and eliminate waste, leading to recent successes; for example, in supporting population and health projects in Bangladesh and Pakistan.

The Bank's collaboration is not limited to governments and donors. Increasingly, it involves the private sector and NGOs. Some of the world's best-known and most accomplished private assistance groups have been working in South Asia for decades. And NGOs are increasingly playing an crucial role in the delivery of services.

The Bank has encouraged private sector development by bringing together official aid donors and private sector representatives through various development fora.

The Bank has also held a series of seminars in Japan, aimed at promoting private sector investment in South Asian infrastructure.

All dollar figures are in US$ equivalents.

The South Asia Region includes: Afghanistan, Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan, and Sri Lanka.

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September 1997

Letter from Ms. Albright
Global Connections

THE SECRETARY OF STATE

WASHINGTON

Dear Friend:

Since becoming Secretary of State I have tried to reach out to the American people to explain the importance of foreign affairs to our country's continued greatness. Our nation stands preeminent in the world today: our values, powerful economy, dominant military, and faith in the future make us truly the world's indispensable nation.

I have been pleased to see the broad interest and concern many Americans feel about America's role in the world. They are proud of what we have accomplished and understand that we live in an ever more interconnected world where it is harder and harder to make the distinction between foreign and domestic policy.

Nonetheless, I am concerned that some of our fellow citizens believe that our position is so strong that we can afford to cut back our involvement beyond our borders. As you can imagine, I disagree. Try dealing with Saddam Hussein or Muammar Khadafi and then tell me that we can scale back our involvement in the world.

But reasonable people can disagree--when they know the facts. Unfortunately, I have been struck by how little many Americans really know about our efforts overseas. Many are surprised (and perhaps you will be, too) when I say that foreign affairs spending represents only one percent of our federal budget. Yet that one percent may well determine much of the history written of our era, and affects 100% of Americans. This is the fiftieth anniversary of the Marshall Plan, a great example of seizing an opportunity to rebuild Europe to protect our interests so that we would not have to fight another war. America could well have turned inward in 1947. In fact, many wanted to, and wanted to avoid the sacrifice that is an inevitable part of building a better world.

History can teach us, but only if we are willing to learn. Our nation is once again at a crossroads between seizing the opportunity to lead in the creation of a better world for our children, or looking inwards and turning our backs to the world. I encourage you to take advantage of the opportunities offered by *Global Connections, A National Conversation about a Changing World* to make your voice heard and help us all better understand the critical issues facing America around the globe and how we can respond to them.

Sincerely,

Madeleine Albright

Madeleine K. Albright

Not printed at government expense

A NATIONAL CONVERSATION ABOUT A CHANGING WORLD

GLOBAL CONNECTIONS

September 22, 1997

An initiative of InterAction

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Mr. Jim Wolfenson
President
The World Bank
1818 H Street, N.W.
Washington, DC 20433

Dear Mr. Wolfenson:

This may be the most unusual mailing you receive this year. We are not asking you for money, or to sign up for anything. Instead, we want your attention and your opinions — and for you to join us in a conversation about our nation's role in a rapidly changing world.

InterAction, the nation's largest coalition of international humanitarian aid groups, has received support from the Pew Charitable Trusts to start a national conversation about critical global decisions we face in the coming decades. We are focusing on a select group of opinion leaders like yourself — Americans who are active and influential in their communities. It is your views that will shape the next century.

The changes that are sweeping the world, especially the developing world, are enormously important and worthy of discussion and debate. Hence this package of "conversation starters" — a passport, a global brochure, a set of postcards — that we hope will get you thinking. You'll also find a special welcome from Secretary of State Madeleine Albright, and a reply card inviting you to share your views.

We are calling the program "Global Connections: A National Conversation About a Changing World." The approach is an unusual one; you don't have to join a group to participate. Just look these materials over and, if you like what you see, pass them along. Send a postcard to a friend. Share the passport with your co-workers. Read one of the books recommended in the globe brochure. Put Secretary Albright's letter on your office bulletin board. Consider how these issues might affect your life. And tell us what you think. Fill out the enclosed reply card, or call us toll-free at 1-800-485-9795 if you want to share your opinions.

If you have web access, visit www.interaction.org and click on "Global Connections." You'll find information and links that complement the mailing, and a private message board on which you can post messages and share ideas with other opinion leaders. Just enter "worldviews" when prompted for a password.

Over the next few months, you will receive more kits like this one, each full of information, insights and opportunities to shape the decisions that will shape our future. Welcome to Global Connections. I look forward to talking with you.

Sincerely,

Dr. Kathryn Wolford
Chairperson, InterAction
President, Lutheran World Relief

MM

No.: EXC-22439

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CHORUS

External Correspondence Profile

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CORRESPONDENCE DESCRIPTION:

From: Dr. Kathryn Wolford, Chairperson
Organization: InterAction, Washington

To: Mr. Wolfensohn
Dated: 09/22/97
Topic: Introducing the program "Global Connections: A National Conversation About a Changing World"

ACTION INSTRUCTIONS:

Due Date: 10/21/97

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Thank you.

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forwarded by Secretary of State, Madeleine Albright

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