Folder Title:	President Wolfensohn - Briefing Book for President's Meetings and Events - Petar Stoyanov - President - Bulgaria - February 10, 1998
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Dates:	08/28/1997 – 02/10/998
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Meeting: Mr. Petar Stoyanov
President, Bulgaria

Tuesday, February 10, 1998
2:00 - 2:30 p.m.
Blair House

CAS Annexes date from Dec '96.

CAS review mtg. w/SS in ~~Apr~~ May this year.

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Document Log

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A. CLASSIFICATION

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

B. SUBJECT: MEETING: MR. PETAR STOYANOV, PRESIDENT OF BULGARIA (B) (N) <VENUE: BLAIR HOUSE> TIME: 2:00 - 2:30 P.M. VENUE: BLAIR HOUSE // CONTACT: MARJOLEIN @ 82052 // IN CAR: JDW, (KOCH-WESER-NOT ATTENDING), LINN, K. LAY, STEK TO MEET THERE: H. ROSEN (IFC), L. PASSAMONTI
BULGARIA DELEGATION: Mr. Petar Stoyanov, President of Bulgaria; Mr. Krasimir Angarski, Advisor to the President; Mr. Muravei Radev, Minister of Finance; Mr. Pieter Stek, Executive Director
PRESS DELEGATION: ANTON HRISTOV, CAMERMAN, BULGARIAN NATIONAL TV, VALENTIN NIKOLOV, CAMERAMAN, NEW TELEVISION, VALENTIN VASSILEV, OFFICIAL PHOTOGRAPHER (2/6) ITEM MOVED FROM 4:30/WB - TO BLAIR HOUSE (JDW CLEARED) - EMAIL SENT TO ALL CONCERNED (B) BY LINN // DUE 5:30 P.M. THURSDAY, FEB. 5 (M) BY LINN // DUE WEDNESDAY, FEB. 18 // EXC: LP // ALI (1/6) (2/6)
Brief includes:
---Cover Letter to JDW from Kenneth Lay
---IBRD Brief
---IFC Brief
---Basic Facts and Figures
---Priorities in New CAS
---01/20/98 Minutes of Meetings (K.Lay & President Stoyanov)
---President Stoyanov's U.S. Itinerary
---Bios

DATE: 02/10/98

C. VPU

Corporate

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- [ ] SEC/Board
- [ ] TRE

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- [ ] MIGA

D. EXTERNAL PARTNER

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

KENNETH G. LAY
Director
Team for Bulgaria

February 9, 1998

Mr. James D. Wolfensohn

Jim:

Meeting with President Petar Stoyanov
Tuesday, February 10, 1998, 2:00pm

Enclosed are briefing materials for your meeting with President Petar Stoyanov next Tuesday, which will take place from 2:00 to 2:30 p.m. at Blair House. Pieter Stek, Lubomir Christov, Caio Koch-Weser, Harold Rosen, and I will accompany you.

President Stoyanov is on a state visit to the U.S. He met with Kofi Annan in New York and will meet with President Clinton on Tuesday at 4:30. He is lunching with Mr. Camdessus on February 11. He has an impressive itinerary (see attached list for more details of his visit). As you know, Bulgaria has made great strides in the past year in stabilizing the economy and in implementing the structural reforms needed to build a dynamic market economy. President Stoyanov's leadership as witnessed by his deft handling of the potentially violent 1997 political crisis has boosted his prominence in the region and enabled the current accelerated reform. He has also shown a genuine concern about the social fallout from the reforms and a commitment to working with civil society. He is participating in a Washington workshop with Bulgarian NGOs on Monday, sponsored by the German Marshall Fund and organized by The Open Society. In addition, Mr. Stoyanov has at the top of his agenda the reform of the state administration, civil service, and the judicial system. This and the battle against organized crime and official corruption are a dominant focus, as they are perceived as critical to completing structural adjustment in the economy and to creating an attractive investment climate for foreign investors.

This meeting offers an opportunity for you to build a strong relationship with him, applauding the personal effort he has made in implementing the reforms and encouraging him to capitalize on the window of opportunity presented by the stability under the currency board, established in July, 1997, to accelerate the pace of the structural reforms.

Behind the various tabs you will find a briefing note and other background. We expect that this will be a very positive meeting, and I know that Mr. Stoyanov will be grateful for your support.

Ken

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Briefing Book for Mr. Wolfensohn
President Stoyanov's visit to Washington DC
February 10, 1998

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IBRD Brief

Bulgaria
Briefing for Meeting with President Petar Stoyanov

Other attendees:	Assoc. Prof. Krassimir Angarski, Economic Sec. to the President H.E. Muravei Radev, Minister of Finance Mr. Ilian Vassilev, President, Foreign Investment Agency Mr. Lubomir Christov, Advisor to the ED for Bulgaria

Principal Objectives of the Meeting:

The meeting is an opportunity, in the context of President Stoyanov's state visit to the U.S., for a top-level exchange on the status of Bulgaria's economic and administrative reform program and prospects for Bank Group support. It is also an opportunity to strengthen our relationship with one of the more dynamic of the younger generation of leaders in Eastern Europe who has been widely recognized for his deft settlement of the potentially violent situation last year that produced early elections and the advent, in May, of a new, reform-minded government led by the President's UDF party.

Messages to Convey:

* congratulations for Bulgaria's **success in stabilizing the economy** via a Fund-supported currency board arrangement and the **progress in enterprise restructuring and privatization and banking sector reform** as signalled in **Bank approval in October of the first of two financial and enterprise sector adjustment loans (FESAL 1, $100 mn.**, disbursing this month)

* **strong support for President Stoyanov's and the Government's initiatives to address a serious corruption and organized crime problem** at its roots, through a broad program comprising reform of the state administration, civil service and customs reform, judicial reform and freedom of information; legislation in several of these areas is in preparation or pending - a **Bank team is working with Government to develop a comprehensive package of support** coordinated with the European Union, bilateral donors and private foundations - at Government request, this is **one of the top priorities in our evolving Country Assistance Strategy** (due to go to Board in April)

* **need to take advantage of the stability achieved through the currency board to accelerate completion of structural reforms**, especially privatization and/or closure of large and loss-making state enterprises (e.g., steel, airlines, mines) and privatization of the remaining state-owned banks; note a risk of complacency that President Stoyanov has already acknowledged implicitly in his public remarks; **Bank is continuing to support the process with FESAL 2** (Board in CY98Q3, $70 mn.) and ongoing technical and advisory support

* **compliments on President Stoyanov's acute awareness of the need for a strong social safety net** to mitigate the harsher measures of the transition; a **Bank team is working with the Ministry of Labor to prepare a Social Protection Adjustment Loan (Board end-March '98, $80 million)** to support improvements in the social protection scheme and the first stages of pension reform - we are also preparing a **social development fund program** to support local intitiatives

* point out **that project implementation is a major problem**; while improving, the rate of disbursement, at 12%, is way below Bank and ECA averages due both to administrative inefficiencies and delayed policy reforms

* note the **dramatically more open government** that President Stoyanov has stimulated - **civil society now has extensive access** and influence, and **we are partnering with them** on important

initiatives (e.g., primary/secondary education, where Open Society will prepare a comprehensive reform/rehab program with Government and local authorities which we will substantially finance)

* reiterate for President Stoyanov the **close collaboration between the Bank Group and the EU (both in Brussels and Sofia) to ensure that our support is applied most effectively to advance the program in the National Accession Action Plan** announced by the Government last week; this is a central thrust of the evolving CAS

May be Raised by the Delegation:

Status of CAS process? In Bulgaria, the CAS has been evolving in discussions with Government and civil society since the new administration took office last spring, and will continue to evolve as progress is made in the programs comprising it; we plan to report to our Board in April based on a paper to be prepared over the next several weeks.

Can the Bank provide additional support for infrastructure as part of the CAS? We already have loans on the books in railways ($95 mn., of which $60 mn undisbursed), power ($93 mn., $61 mn. undisbursed), water ($57 mn. after restructuring, $50 mn. undisbursed) and telecoms ($30 mn., of which $13 mn. undisbursed). $180 million is undisbursed - there is a lot of room for improved implementation of existing projects. Nevertheless, CAS incorporates proposed activities in **energy conservation** (District Heating - $100 mn.) and **comprehensive urban development** (Sofia "Livable City") that would incorporate urban infrastructure, **cultural heritage**, social development, etc. We are also stressing possible use of **IFC finan cing** and **IBRD partial risk guarantees** to facilitate private investment, especially in power. But keep in mind - we, too, have a hard budget constraint - if we add infrastructure activity, we'll have to cut out activities in other areas.

Need for **support for state-sector reform and anticorruption**. See above; this is a central element of the CAS as it is now evolving and we are preparing a support program.

Current Economic Situation

Macroeconomic conditions much improved since the introduction of the currency board in July 97. **Bulgaria has met, and in some areas exceeded, IMF targets**

Inflation declined dramatically, from triple-digit levels in early 1997 to less than 1% per month today.

Macroeconomic stabilization achieved for the moment, and Bulgaria has outperformed the performance criteria agreed under the IMF Standby Arrangement. But, **GDP declined by 7.5% in 1997 (although there was a rebound in the fourth quarter).**

Standards of living badly reduced in the economic crisis during the winter of 1996-97, but the humanitarian emergency has not reappeared this winter.

Economy has stabilized, but **structural adjustment is far from complete**:

* Privatization of state-owned enterprises and land restitution is accelerating, but about 75% of industrial assets and 61% of banking system assets remain in government hands.

* Major state-owned industries (steel, mining, airlines) continue to incur losses. Price and trade liberalization, especially in agriculture, is only partial, and ~~the energy sector~~ remains highly inefficient.

IFC Brief

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February 6, 1998	Briefing Paper

Correspondents / Participants

Subject / Title

IFC Brief for Mr. James D. Wolfensohn
Bulgaria
(Member since July 1991)

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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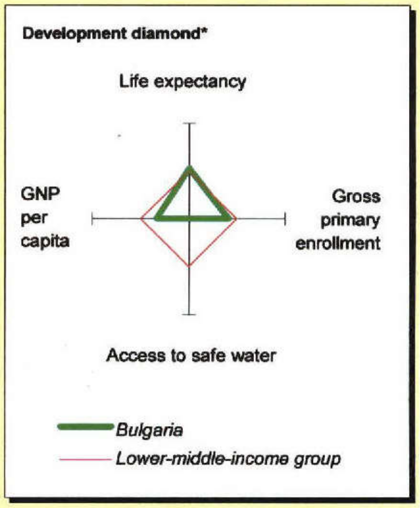
S. Thompson	August 11, 2025

Bulgaria at a glance

8/28/97

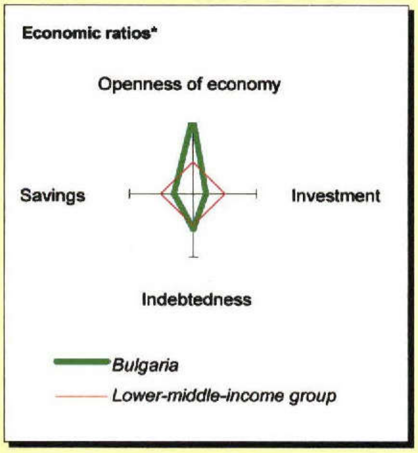
POVERTY and SOCIAL	Bulgaria	Europe & Central Asia	Lower-middle-income
Population mid-1996 *(millions)*	8.4	479	1,125
GNP per capita 1996 *(US$)*	1,190	2,180	1,750
GNP 1996 *(billions US$)*	10.0	1,043	1,967
Average annual growth, 1990-96			
Population *(%)*	-0.7	0.3	1.4
Labor force *(%)*	-0.6	0.5	1.8
Most recent estimate *(latest year available since 1989)*			
Poverty: headcount index *(% of population)*	..	..	..
Urban population *(% of total population)*	71	65	56
Life expectancy at birth *(years)*	71	68	67
Infant mortality *(per 1,000 live births)*	15	26	41
Child malnutrition *(% of children under 5)*	..	..	..
Access to safe water *(% of population)*	..	..	78
Illiteracy *(% of population age 15+)*	..	..	..
Gross primary enrollment *(% of school-age population)*	86	97	104
Male	88	97	105
Female	84	97	101



KEY ECONOMIC RATIOS and LONG-TERM TRENDS

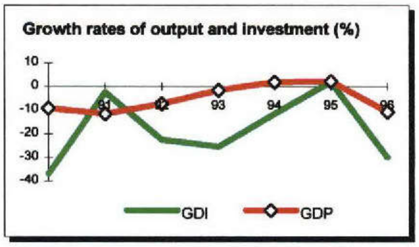
	1975	1985	1995	1996
GDP *(billions US$)*	..	17.6	12.9	9.3
Gross domestic investment/GDP	..	32.2	14.0	11.4
Exports of goods & non-factor services/GDP	..	42.8	52.4	67.2
Gross domestic savings/GDP	..	31.8	16.5	14.9
Gross national savings/GDP	..	31.7	13.9	12.7
Current account balance/GDP	..	-0.8	-0.5	1.3
Interest payments/GDP	..	1.2	4.0	5.2
Total debt/GDP	..	21.9	74.3	98.6
Total debt service/exports	..	9.9	18.0	15.7
Present value of debt/GDP	..	..	79.7	..
Present value of debt/exports	..	..	147.6	..

	1975-85	1986-96	1995	1996	1997-05
(average annual growth)					
GDP	..	-3.4	2.1	-10.9	2.2
GNP per capita	..	-2.6	-2.0	-10.7	2.1
Exports of goods & non-factor servic	..	-19.4	23.4	-9.5	4.5

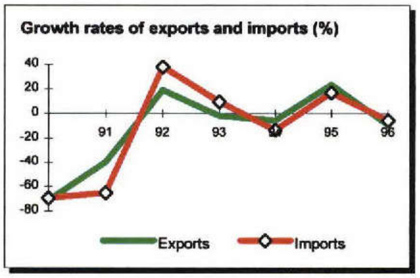


STRUCTURE of the ECONOMY

	1975	1985	1995	1996
(% of GDP)				
Agriculture	..	11.9	9.8	10.3
Industry	..	62.5	33.6	33.6
Manufacturing	..	..	..	..
Services	..	25.6	56.6	56.1
Private consumption	..	59.8	69.6	72.7
General government consumption	..	8.5	13.9	12.3
Imports of goods & non-factor services	..	43.2	50.3	63.8



	1975-85	1986-96	1995	1996
(average annual growth)				
Agriculture	..	-2.6	-1.0	-7.0
Industry	..	-5.1	0.0	-10.9
Manufacturing	..	..	..	..
Services	..	-1.1	6.7	-13.1
Private consumption	..	-3.7	-2.5	-3.9
General government consumption	..	4.2	-14.1	-11.1
Gross domestic investment	..	-13.6	2.0	-30.1
Imports of goods & non-factor services	..	-23.5	16.8	-5.5
Gross national product	..	-3.4	-2.3	-11.3

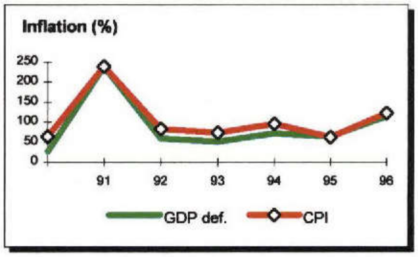


Note: 1996 data are preliminary estimates.

* 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.

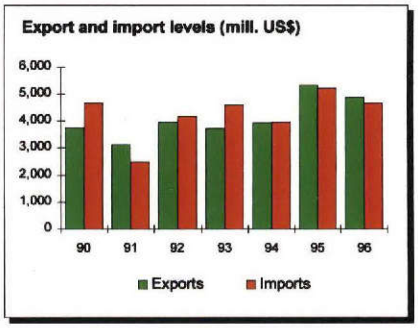
PRICES and GOVERNMENT FINANCE

	1975	1985	1995	1996
Domestic prices				
(% change)				
Consumer prices	..	..	62.6	123.0
Implicit GDP deflator	..	0.2	63.0	115.0
Government finance				
(% of GDP)				
Current revenue	..	55.2	36.1	33.7
Current budget balance	..	9.2	-4.6	-10.4
Overall surplus/deficit	..	..	-5.7	-11.0



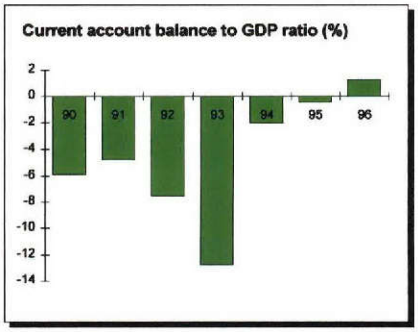
TRADE

	1975	1985	1995	1996
(millions US$)				
Total exports (fob)	..	10,688	5,344	4,881
Other metals	..	2,125	1,145	1,238
Other agriculture	..	1,791	1,266	1,326
Manufactures	..	..	..	..
Total imports (cif)	..	11,199	5,224	4,673
Food	..	545	1,181	1,056
Fuel and energy	..	2,217	1,285	1,150
Capital goods	..	4,532	2,220	1,986
Export price index *(1987=100)*	..	112	105	107
Import price index *(1987=100)*	..	66	143	137
Terms of trade *(1987=100)*	..	169	73	78



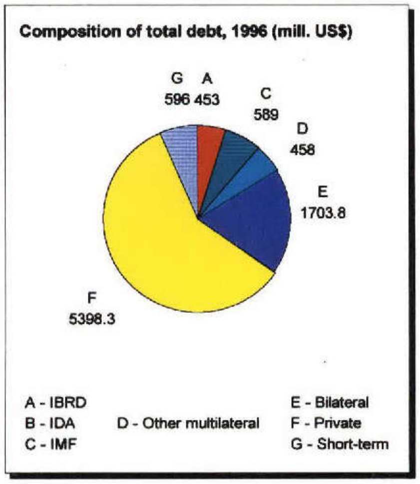
BALANCE of PAYMENTS

	1975	1985	1995	1996
(millions US$)				
Exports of goods & non-factor services	..	11,761	6,774	6,276
Imports of goods & non-factor services	..	11,872	6,496	5,954
Resource balance	..	-112	278	322
Net income	..	-101	-469	-375
Net current transfers	..	74	132	170
Current account balance, before official capital transfers	..	-139	-59	117
Financing items (net)	..	562	307	-881
Changes in net reserves	..	-423	-248	764
Memo:				
Reserves including gold *(mill. US$)*	..	..	1,545	781
Conversion rate *(local/US$)*	..	1.9	67.2	177.9



EXTERNAL DEBT and RESOURCE FLOWS

	1975	1985	1995	1996
(millions US$)				
Total debt outstanding and disbursed	..	3,852	9,597	9,198
IBRD	..	0	444	453
IDA	..	0	0	0
Total debt service	..	1,178	1,135	1,327
IBRD	..	0	31	43
IDA	..	0	0	0
Composition of net resource flows				
Official grants	..	0	19	0
Official creditors	..	74	5	27
Private creditors	..	887	-214	-401
Foreign direct investment	..	0	82	100
Portfolio equity	..	0	5	..
World Bank program				
Commitments	..	0	193	80
Disbursements	..	0	15	52
Principal repayments	..	0	0	13
Net flows	..	0	15	40
Interest payments	..	0	31	30
Net transfers	..	0	-16	10



Bulgaria - IBRD/IDA Lending Program

Category	Past			Current	Planned[a]		
	1995	1996	1997	1998	1999	2000	2001
Commitments (US$m)	125.0	121.0	94.3	200.0	250.0	250.0	250.0
Sector (%)[b]							
Agriculture	0.0	0.0	0.0	0.0	0.0	40.0	30.0
Education	0.0	0.0	0.0	0.0	20.0	0.0	0.0
Electric Pwr & Engy.	0.0	0.0	0.0	0.0	22.0	0.0	10.0
Environment	0.0	0.0	0.0	10.0	0.0	0.0	20.0
Finance	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Multisector	100.0	0.0	74.2	50.0	40.0	0.0	0.0
Popultn, Hlth & Nutn	0.0	21.5	0.0	0.0	0.0	20.0	0.0
Public Sector Mgmt.	0.0	0.0	0.0	0.0	10.0	10.0	20.0
Social Sector	0.0	0.0	25.8	40.0	8.0	30.0	20.0
Transportation	0.0	78.5	0.0	0.0	0.0	0.0	0.0
Urban Development	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Lending instrument (%)							
Adjustment loans[c]	100.0	0.0	74.2	90.0	40.0	40.0	0.0
Specific investment loans and others	0.0	100.0	25.8	10.0	60.0	60.0	100.0
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Disbursements (US$m)							
Adjustment loans[c]	161.0	0.0	30.0	40.0	40.0	50.0	50.0
Specific investment loans and others	16.8	17.0	43.7	45.0	48.0	45.0	52.0
Repayments (US$m)	0.0	6.2	13.0	43.3	50.9	52.0	52.9
Interest (US$m)	24.6	30.7	29.6	50.3	57.0	64.0	67.5

[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.

Bulgaria - Selected Indicators of Bank Portfolio Performance and Management

Indicator	1995	1996	1997	1998
Portfolio Assessment				
Number of Projects under implementation[a]	8	8	11	9
Average implementation period (years)[b]	2.16	2.47	2.69	2.93
Percent of problem projects[a, c]				
by number	50.00	62.50	36.36	33.33
by amount	35.93	67.46	20.66	20.73
Percent of projects at risk[a, d]				
by number	66.67	87.50	37.50	50.00
by amount	75.22	94.40	43.68	43.64
Disbursement ratio (%)[e]	5.13	5.47	10.53	10.42
Portfolio Management				
CPPR during the year (yes/no)			yes	
Supervision resources (total US$ thousands)	580.33	549.22	608.04	255.76
Average Supervision (US$/project)	72.54	68.65	55.28	31.97

Memorandum item	Since FY80	Last five FYs
Projects evaluated by OED		
by number		
by amount (US$ millions)		
Percent rated U or HU		
by number		
by amount		

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

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

Project ID	Loan or Credit No.	Fiscal Year	Borrower	Purpose	Original Amount in US$ Millions: IBRD	IDA	Cancellations	Undisbursed	Difference Between expected and actual disbursements a/: Orig	Frm Rev'd	Last ARPP Supervision Rating b/: Dev Obj	Imp Prog
Number of Closed Loans/credits: 6												
Active Loans												
BG-PE-8307	IBRD 33840	1991	REPUBLIC OF BULGARIA	TA REFORM	17.00	0.00	0.00	5.73	5.75	0.00	U	S
BG-PE-8322	IBRD 35920	1993	GOVT. OF BULGARIA	TELECOMMUNICATION	30.00	0.00	0.00	12.65	12.13	0.00	S	S
BG-PE-8316	IBRD 35630	1993		ENERGY	93.00	0.00	0.00	60.71	60.71	0.00	S	S
BG-PE-8319	IBRD 37390	1994	GOVT. OF BULGARIA	WATER COMPANIES REST	98.00	0.00	41.00	50.31	34.62	10.26	S	U
BG-PE-8318	IBRD 40000	1996	GOVT. OF BULGARIA	HEALTH SECTOR RESTRU	26.00	0.00	0.00	24.77	11.66	0.00	S	U
BG-PE-8315	IBRD 39220	1996	BDZ	RAILWAY REHABILITATI	95.00	0.00	0.00	58.69	24.70	0.00	S	S
BG-PE-8323	IBRD 40810	1997	MOF	SOCIAL INSUR. ADMIN.	24.30	0.00	0.00	23.25	6.75	0.00	S	S
BG-PE-49531	IBRD 42390	1998	REPUBLIC OF BULGARIA	FESAL I	100.00	0.00	0.00	100.00	0.00	0.00		
Total					483.30	0.00	41.00	336.11	156.32	10.26		

	Active Loans	Closed Loans	Total
Total Disbursed (IBRD and IDA):	106.21	459.10	565.31
of which has been repaid:	4.28	24.16	28.44
Total now held by IBRD and IDA:	438.01	434.94	872.95
Amount sold :	0.00	0.00	0.00
Of which repaid :	0.00	0.00	0.00
Total Undisbursed :	336.11	0.00	336.11

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.

Priorities in New CAS

FOR DISCUSSION PURPOSES ONLY

INDICATIVE PRIORITIES - BULGARIA PARTNERSHIP STRATEGY

Horizon: 3 years

Area	Weighting (as share of Bank admin. budget[2])	New Financing[1] (Inv/Adj) (USD mlns.)
Legal, administrative and judicial reform (including anticorruption, anticrime)	10%	30/0
Social sectors (health, social protection, pension reform, social development funds, poverty - including SPAL)	25%	70/80
Agriculture/rural finance	10%	30/70
Financial sector/privatization/private sector development (including FESAL II)	10%	50/70
Public expenditure review/tax administration	8%	20/0
Environment (mitigation)	10%	100[3]/0
Energy (district htg., NEK restructuring)	12%	80[4]/0
Infrastructure		
Railways (ongoing)	3%	0
Water companies (ongoing)	2%	0
Sofia "Livable City" Program	7%	50/0
Public information/communications	2%	5/0
TOTAL		435/220 = **$655 mn.**

Note: Indicative financing is High Case, and assumes scheduled implementation progress.

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1 Financing amounts are WB only; total costs for projects in the program would likely be substantially higher, with additional financing from other sources.

2 Administrative budget shares do not incorporate trust funds or other outside contributions; unless otherwise indicated, supervision of ongoing operations is included.

3 Environment financing includes both Pirdop pilot financing and future mitigation facility.

4 Financing in energy sector would emphasize guarantees for private involvement in district heating and/or power generation/distribution (as part of NEK restructuring/privatization).

)1/20/98 Minutes of Meeting
K. Lay & President Stoyanov)

MINUTES OF THE JANUARY 20, 1998 MEETING OF MR. KENNETH LAY, COUNTRY DIRECTOR FOR BULGARIA WITH MR. PETAR STOYANOV, PRESIDENT OF REPUBLIC OF BULGARIA

The meeting between Mr. Kenneth Lay and President Stoyanov was held on January 20, 1998. It was attended also by Messrs. Krassimir Angarski, Economic Advisor to the President, Peter Andonov, Coordinator of the Council for Economic Development to the President, Sanjay Pradhan, Sector Leader, ECSPE, and Ms. Adriana Damianova, Project Officer, ECCBG.

Following a general presentation made by Mr. Lay on the purpose of his visit to Bulgaria, the discussion covered four major topics:

- macroeconomic stabilization in Bulgaria;
- progress in structural reform implementation;
- WB Assistance Strategy for Bulgaria - priority areas in the new CAS;
- corruption.

Macroeconomic stabilization: Kenneth Lay stated that Bulgaria is moving steadily towards macroeconomic stabilization. The signs of economic improvement (low inflation rate, improved tax collection, returned confidence in the banking system and the national currency) are becoming visible. These facts are encouraging that the reform in Bulgaria is taking off. Mr. Lay noted that there is an underlying optimism in the population for the reform. He added that the present stabilization, due to the introduction of the Currency Board, strengthened the monetary and fiscal discipline and needed further efforts to develop a coherent framework of broad range of reform measures to meet the challenges ahead. Kenneth Lay emphasized on the need to further accelerate privatization which is essential for the reform, as well as on the need for the state to withdraw from the economy. He underlined that the Bank praises very high the efforts of the Government to implement legal and administrative reforms and to fight corruption and crime and voiced the readiness of the Bank for support. Mr. Sanjay Pradhan was given the opportunity to make a brief presentation based on Bank experience in transition economies on implementing anti-corruption strategies.

Expressing his consent to the statement made by Kenneth Lay, President Stoyanov further highlighted some aspects of the reform in Bulgaria. He noted that politicians are conscious about the psychological aspects of the reform concerning vulnerable group of the population as down the road they will need the support of all Bulgarians to implement the democratic reform. Further President Stoyanov underlined that the success of the reform in the country is the deed of Bulgarians themselves, and the external assistance is seen as support to their efforts for getting better and sooner results. He recognized that the momentum gained in the reform is considerable and noted that the politicians must be aware that at this point the outcome of reform is dependent on the persistence of their actions in fighting crime and corruption. Being pleased by the presentation of Sanjay Pradhan, President Stoyanov added that an anti-corruption strategy for Bulgaria must take into account specific regional aspects and focus on neighboring customs relations and programs against money-laundering. He underlined that the assistance of the Bank on all aspects of the legal and administrative reform, including anti-corruption programs, would be highly estimated.

WB Country Assistance Strategy. Kenneth Lay briefed President Stoyanov on the priority areas where the Bank would direct resources and funds during the next three years, based on the preliminary talks with the Government. He informed the President that the Bank's advisory and financial assistance to the overall macroeconomic stability in Bulgaria will more specifically focus on support to the Government to: (a) eliminate the budgetary burden resulting from state-owned enterprise sector losses; (b) establish competitive banking system; (c) complete land reform and raise efficiency and competitiveness of agriculture; (d) raise levels and standards of social services and protection for the poor; (e) build up an efficient legal and administrative system; (f) reduce corruption; (g) improve environment; and, (h) upgrade and modernize infrastructure and urban environment.

President Stoyanov informed Kenneth Lay that he is preparing for his visit to the United States where the meetings with President Wolfensohn and other Bank and IMF officials stay high on his agenda.

President Stoyanov's
U.S. Itinerary

Itinerary for President Stoyanova's Trip to the United States

President Stoyanova will be visiting Missouri, New York , Washington DC and West Palm Beach, Florida. His itinerary is very full and quite impressive!

Saint Louis:

- Dinner with Mel Carnahan, Governor of Missouri and Clarence Harmon, Mayor of Saint Louis.
- Official Opening of the special exhibit Ancient Gold: The Wealth of the Thracians, organized at the saint Louis Art Museum by the Trust for Museum Exhibitions in Washington, DC.
- Press conference at the Saint Louis Art Museum.
- Luncheon with the Director of the Saint Louis Art Museum and representatives of the local business community.
-

New York

- Meeting with Bulgarian students at the Bulgarian Mission to the United Nations.
- Meeting with Bulgarian immigrants at the Bulgarian Church St. Cyril and Methodius.
- Working breakfast the Board of Forbes, Inc.
- Meeting with Richard Grasso, President of the New York Stock Exchange.
- At the New York Stock Exchange President Stoyanov will ring the bell marking the start of the day.
- Meeting with the Editorial Board of the New York Times.
- Meeting with the Board of the Institute for East West Studies.
- Meeting with Kofi Annan, Secretary-General of the United Nations.

Washington D.C.

- Accommodation at Blair house, official presidential guest house since 1943
- Dinner with representatives of Bulgarian and American NGOs at Ritz-Carlton Washington. Address by President Stoyanov.
- Breakfast with the Editorial Board of the Washington Post at the Blair House.
- Meeting with Janet Reno, Attorney General of the United States, at Blair House.
- Lecture/luncheon at the Council on Foreign Relations.
- Meeting with President Clinton at the White House.
- Meeting with James D. Wolfensohn, President of the World Bank Group, at Blair house.
- Dinner with the Committee for the expansion of NATO and the Ministers of Foreign Affairs of Hungary, Czech Republic and Poland at the Metropolitan Club.
- Working breakfast with Senator John McCain and leading businessmen.
- Meeting with leading businessmen organized by Deloitte and Touche at Four Seasons.
- Live interview with CNN.
- Press conference at the National Press Club.

- Lunch with Michael Camdessus, Managing Director of the International Monetary Fund
- Meeting with members of US Senate committee on Foreign Relations and NATO Observer Group-Senator Joseph Bidden, Senator William Roth and Senator Gordon Smith.
- Visit/speech to the United States Holocaust Memorial Museum.
- Freedom House is hosting a dinner in honor of President Stoyanov.
- Visit to the Allied Command Atlantic (ACLANT).
- Lunch with Madeleine Albright, Secretary of State.
- Official greeting and plenary meeting at the Pentagon.
- Meeting with Dr. John Hamre, Deputy Secretary of Defense.
- Meeting with representatives of the Bulgarian community in Washington DC
- Meeting with the Bulgarian-American Society. Former American Ambassadors to Bulgaria will be present .
- Reception hosted by the Bulgarian Ambassador to the US at the Cosmos Club.
- Wreath-laying at the Arlington national Cemetery.

West Palm Beach

- Speech at the Annual Session of the Anti-Defamation League.
- President Stoyanov will receive the Anti-Defamation League Courage to Care Award on behalf of the Bulgarian nation.

Bios

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Correspondents / Participants

Subject / Title
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