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President Wolfensohn - Briefings Books for Presidents Meetings - Meeting Materials
Press Conference - Africa Trip - February 5, 1997

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A. CLASSIFICATION

☒ Meeting Material
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☐ Communications with Staff

☐ Phone Logs
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☐ Press Clippings/Photos

☐ JDW Transcripts
☐ Social Events
☐ Other

B. SUBJECT: PRESS CONFERENCE: AFRICA TRIP (B) (N)

VENUE: J-1-050

CONTACT: KLAS BERGMAN @ 33798

IN ATTENDANCE: JDW, MMB, KLAS, MADAVO & SARBIB, ATSUKO

(B) EXTVP & AFRVP// DUE: THURS. JAN. 30

EXC: ATSUKO // ALI (1/14) Press Conference: Africa Trip

DATE: 02/05/97

Includes Briefing Book: "Consolidating our Partnership with Africa - Press Conference Talking Points" with the following tabs:

- Senegal (Basic Facts & Figures)
- Ghana (Basic Facts & Figures)
- South Africa (Basic Facts & Figures)
- Mozambique (Basic Facts & Figures).

C. VPU

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D. EXTERNAL PARTNER

☐ IMF

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☐ MDB/Other IO

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☐ Part I

☐ Part II

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E. COMMENTS:

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SENEGAL

PRESS CONFERENCE

**Monday, February 10, 1997
(1100-1200)**

Issues Likely to be Raised

How do you view the privatization of parastatal enterprises?

- The overall objective of economic growth in any country is the alleviation of poverty of the masses.
- An important element of poverty alleviation is to achieve a high and sustainable growth rate that assures rising per capita income.
- Private sector is critical to the achievement of a high growth rate.
- The development of private sector needs several ingredients:
 - ⇒ appropriate macroeconomic framework
 - ⇒ simple and efficient regulatory framework
 - ⇒ access to affordable credit
 - ⇒ good infrastructure
 - ⇒ privatization of parastatal enterprises
- The Bank Group does not push privatization per se and at all costs. Our emphasis is on encouraging competition and efficiency.
- But it is also clear from world-wide experience that there are many services that are best provided by the private sector.
- The State's role in social sectors is far too important to be diluted by involvement in activities where it has no comparative advantage.
- The Government of Senegal has made a very good start in the privatization process, and we hope that this effort continues.

What, in your opinion, has been the impact of the 1994 devaluation on the Senegalese economy?

As with most stabilization measures, there were winners and losers. But, based on a review of the performance of the Senegalese economy during the last three years, the impact has been predominantly positive:

- After an average annual 1% growth rate of GDP during the four years preceding the devaluation (1990-93), a recession was avoided in 1994, and an average annual growth of about 5% was recorded during 1995-96.
- One of the objectives of the devaluation was to limit the induced inflationary impact of the devaluation to 50% to achieve a real devaluation of about 25% in terms of foreign currencies. Three years later, this objective has been achieved, with inflation rate down to less than 3% in 1996, compared to 32% in 1994.
- Despite import liberalization, exports have been growing more rapidly than imports, leading to a reduction of the external current account deficit from 10.3% in 1993 to 8% in 1996.
- The fiscal deficit has come down from almost 6% of GDP in 1994 to less than 2% in 1996.
- In the real sectors, partly also helped by better accompanying policy changes and good rainfalls, agricultural production increased by about 11% in 1996. There were also significant income effects of increases in production of "poor farmer" crops such as millet and sorghum as opposed to rice.

Clearly there were also some losers:

- Public servants were the main losers. On the eve of the devaluation, for the CFA zone as a whole, the cost of a civil servant averaged 11 times per capita GDP. This ratio was abnormally high by international standards. The ratio fell from 11 in 1993 to 8.5 in 1994 and declined further in the following two years. Between 1993 and 1996, the share of wages and salaries in total expenditures declined from 41% to 36%.
- In terms of the impact on poverty, the devaluation may have aggravated the problem of poverty in urban areas, especially Dakar, but the impact was positive in the rural areas, where most of Senegal's poor reside.

Is the volume of World Bank assistance to Senegal adequate? (Vietnam received about US\$2 billion dollars in 1995, whereas Senegal has received US\$1.6 billion over the past 28 years (1966-94).

- First, there is the fact that the population of Senegal numbers about 8 million, whereas that of Vietnam is nearly 75 million.
- More importantly, however, international comparison is not unfavorable to Senegal. In fact, Senegal has long been a privileged recipient of international financial aid: in 1991, for example, official development assistance to Senegal amounted to US\$84 per inhabitant, which is more than double the average for Sub-Saharan Africa. Some have even argued

that part of the reason for delays in reform implementation in Senegal has been excessive foreign aid.

- An important criterion for the level of Bank's lending is the pace of reform and absorptive capacity of the country.
- I am pleased to see that over the last three years our lending volume to Senegal has increased, reflecting the better reform environment.

What are the objectives of the President's visit to Senegal?

As you know, I have insisted upon the importance of Africa since I assumed leadership of this institution. Indeed, my first official visit as President of the World Bank was to Africa. I visited Mali, Côte d'Ivoire, Uganda, and Malawi. I promised to be continually active in the search for solutions to Africa's development problems, and my visit to Senegal and, next, to Ghana, are part of that effort. Like Ghana, Senegal is in the process of carrying out economic reforms. The Government has undertaken several courageous measures and the question now is : what measures are needed to re-energize the economy and ensure a rate of growth acceptable to the population? **The objective of my visit is to deepen our dialogue with the Government, to seek solutions and concrete ways to strengthen the private sector, boost analytical capabilities, prepare and implement economic recovery projects, listen carefully to all sections of the civil society, and support the educational sector.**

What are the World Bank's priorities in Senegal?

- The overall objective of the Bank's assistance strategy in Senegal is to help the country achieve a high and sustainable economic growth with equity and targeted poverty reduction.
- This requires that we support the development of a modern, competitive economy in which the private sector is the engine of growth.
- It also requires the strengthening of the Government's ability to facilitate the development of the private sector and to deliver efficiently essential services such as education, health, infrastructure, environmental protection, enhanced role for women and capacity building for public sector management.
- Finally, a central aspect of our partnership with Senegal is the strengthening of the quality of our dialogue with various actors—Government officials, NGOs, entrepreneurs, trade unions, the press—to enhance participation and facilitate internalization and ownership of the programs and projects.

What is your impression of the economic reforms carried out in Senegal up to now under World Bank guidance?

- The World Bank's Operations and Evaluation Department prepared an exhaustive study of its relations with Senegal from 1960 to 1987.
- Between 1987 and the present, the Bank has conducted regular retrospective evaluations of its various interventions in Senegal.
- The results have been mixed, depending on the sector and the time period.
- The restructuring of the banking sector is one example of a successful reform.
- I am very pleased with reforms that have followed the devaluation of the CFA franc. These reforms must remain on track, however, as this is a condition of growth.

THE SENEGALESE PRESS

Background

Since independence in 1960 until 1976, the print and broadcast media were always a state monopoly. There was only one government daily (**Dakar-Matin** which later became **Le Soleil**) and a single radio station, **Radio-Senegal**.

In 1976, a satirical journal, **Le Politicien**, was authorized.

The print media were truly liberalized for the first time in 1987, with the appearance of independent newspapers. All were weeklies at first, and some later became dailies.

The main independent daily papers are : **Sud-Quotidien** (print run of 20,000 to 40,000); **WalFadjri** (15,000 copies) and, most recently, **Le Matin** (17,000 copies).

Senegal's weekly papers are **Le Cafard Libéré**, a satirical journal with a print run of 11,000 - 12,000, and **Le Témoin** (7,000 copies).

The government daily **Le Soleil** has a print run of 50,000 copies.

With the increase in pluralistic democracy in Senegal, newspapers linked to political parties have made their appearance. Examples include **l'Unité**, **Combat pour le Socialisme**, **le Débat** (linked to the ruling Socialist Party), **Takusan**, and **Sopi** (from the Senegalese Democratic Party, PDS) published by Mr. Abdoulaye Wade. These papers normally appear only during pre- and post-electoral periods, and have fairly limited print runs.

In 1994, a specialized economic weekly was created : **Le Journal de l'Economie** (2,500 copies).

Private radio stations did not appear until 1994 (**Sud FM**, **Radio Duniyaa**, **Radio Nostalgie**). Foreign radio stations (**Radio France Internationale**, **Africa N° 1** and, soon, **BBC radio**) also have their frequencies. Only the national station (**RTS**), **Sud FM** and **Radio Duniyaa** cover the entire country.

There is no private television network in Senegal. Government television has only one national station. Satellite broadcasts are omnipresent, however, especially in Dakar, where **CNN**, as well as French, Arab, Portuguese and North African broadcasts are received via direct digital satellite antennas. **Radio Duniyaa** and **Sud FM** are expected to launch television broadcasts shortly.

SYNPICS (the union of information and communications professionals) has as members all those who are involved in the profession (journalists, technicians, etc.). Founded in 1984, it now has 500 members, and is a fairly strong and active union.

What kind of press?

In general, the independent print and broadcast media strive to be apolitical. Articles cover all subjects: politics, economics, society, culture, etc. There are practically no taboo subjects in Senegal.

Press agencies

The Senegalese Press Agency (APS) distributes information received from outside or inside the country to the various media outlets in Senegal.

The Pan Africa News Agency (PANA), whose main office is in Dakar, distributes information among African countries, and news from Africa to the rest of the world. The agency has 48 correspondents across Africa, and is the primary source of information about Africa on the Internet.

The Union des radios et télévisions nationales d'Afrique (URTNA), also based in Dakar, deals mainly in information of a cultural nature. It is also active in the training of personnel from its member countries, through the organization of seminars.

Audience

In general, newspapers target an intellectual population. Radio stations, on the other hand, and especially the private ones, address themselves to intellectuals as well as to illiterate segments of the population, by means of national-language broadcasts which are gaining in popularity.

Press-Government relations

Relations between the press and the government are generally good. Newspapers have rarely been censored. However, journalists are occasionally sued for libel by political personalities or by persons judged to be close to the seat of power.

In addition, there is a fund for support to the press, but its resources are still negligible.

Relations between the press and the World Bank

This relationship is open and cordial. Information flows in both directions. The Resident Mission often organizes press conferences, and articles about World Bank projects often appear in newspapers. Economic journalists often come at their own initiative to get information about Bank activities, which they then analyze and publish in their own outlets.

There is a network of African economic journalists (RAJEC) which was created following a seminar organized in Dakar by the World Bank. This network is unfortunately not very active, however.

The foreign press in Senegal

The foreign press is well represented in Senegal by several press agencies (Agence France Presse, Algérie Presse Service, Reuters, Maghreb Agence Presse, Xinhua, Chine nouvelle, Agence télégraphique Suisse, BBC, RFI, Africa n° 1). There is a foreign press association in Senegal.

Newspapers and magazines such as Jeune Afrique, Jeune Afrique Economie, Le Monde, Herald Tribune, Paris-Match, Le Point, and Le Nouvel Observateur are available in Senegal, as are the panafricain, foreign and international women's magazines.

Distribution

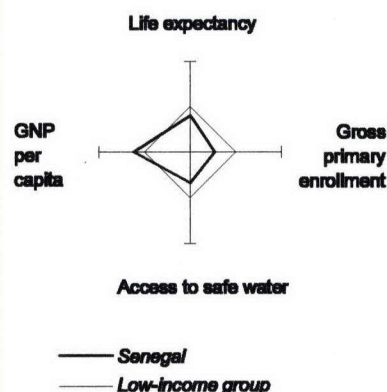
There are two distribution agencies: ADP (Agence de distribution de la Presse) and Marketing Press (part of the Sud Communication group).

Senegal at a glance

POVERTY and SOCIAL

	Senegal	Sub-Saharan Africa	Low-income
Population mid-1995 (<i>millions</i>)	8.5	589	3,188
GNP per capita 1995 (<i>US\$</i>)	570	490	460
GNP 1995 (<i>billions US\$</i>)	4.8	289	1,466
Average annual growth, 1990-95			
Population (%)	2.7	2.8	1.8
Labor force (%)	2.6	2.8	1.9
Most recent estimate (latest year available since 1989)			
Poverty: headcount index (% of population)	..	..	..
Urban population (% of total population)	42	31	29
Life expectancy at birth (years)	50	52	63
Infant mortality (per 1,000 live births)	62	92	58
Child malnutrition (% of children under 5)	20	..	38
Access to safe water (% of population)	51	47	75
Illiteracy (% of population age 15+)	67	43	34
Gross primary enrollment (% of school-age population)	56	71	105
Male	67	77	112
Female	50	64	98

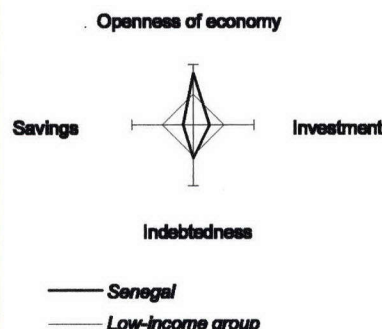
Development diamond*



KEY ECONOMIC RATIOS and LONG-TERM TRENDS

	1975	1985	1994	1995	
GDP (<i>billions US\$</i>)	1.9	2.6	4.0	4.9	
Gross domestic investment/GDP	17.8	10.5	13.6	15.6	
Exports of goods and non-factor services/GDP	36.6	33.0	32.9	31.6	
Gross domestic savings/GDP	12.5	-1.6	7.2	10.4	
Gross national savings/GDP	9.1	-7.4	4.4	7.7	
Current account balance/GDP	-9.4	-18.0	-9.3	-8.0	
Interest payments/GDP	1.0	2.0	1.4	1.1	
Total debt/GDP	18.4	99.4	91.2	79.1	
Total debt service/exports	5.8	20.8	14.6	..	
Present value of debt/GDP	..	..	60.0	..	
Present value of debt/exports	..	..	179.2	..	
	1975-84	1985-95	1994	1995	1996-04
(average annual growth)					
GDP	2.0	2.5	2.0	4.8	4.2
GNP per capita	-1.2	-0.7	14.7	23.9	..
Exports of goods and nfe	2.9	1.8	4.3	-9.1	6.8

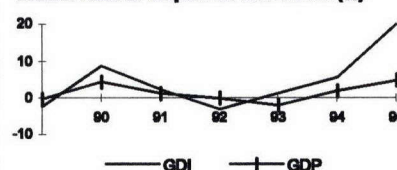
Economic ratios*



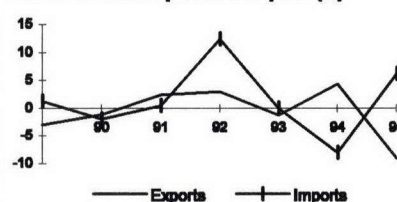
STRUCTURE of the ECONOMY

	1975	1985	1994	1995
(% of GDP)				
Agriculture	30.2	20.8	21.8	21.0
Industry	22.8	17.2	18.6	19.5
Manufacturing	18.4	11.7	12.3	12.9
Services	47.0	62.0	59.6	59.6
Private consumption	72.2	84.9	80.4	78.5
General government consumption	15.2	16.8	12.4	11.2
Imports of goods and non-factor services	41.8	45.2	39.3	36.9
(average annual growth)				
Agriculture	-1.5	0.1	11.5	0.9
Industry	2.4	3.5	1.8	9.7
Manufacturing	2.7	2.8	0.6	9.6
Services	3.4	2.1	-1.1	4.7
Private consumption	3.0	2.0	1.5	2.3
General government consumption	5.7	-0.5	-11.8	-5.4
Gross domestic investment	-4.8	3.8	5.6	20.0
Imports of goods and non-factor services	3.8	1.6	-8.1	6.2
Gross national product	1.6	2.2	1.1	..

Growth rates of output and investment (%)



Growth rates of exports and imports (%)

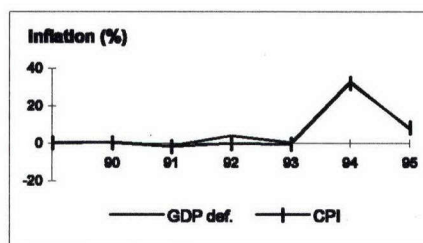


Note: 1995 data are preliminary estimates. Figures in *italics* are for years other than those specified.

* 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.

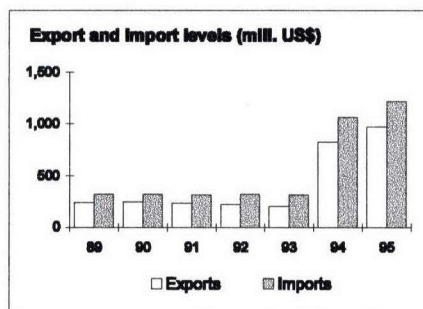
PRICES and GOVERNMENT FINANCE

	1975	1985	1994	1995
Domestic prices				
(% change)				
Consumer prices	31.7	13.0	32.1	8.0
Implicit GDP deflator	11.5	9.1	33.2	7.6
Government finance				
(% of GDP)				
Current revenue	..	17.6	14.0	15.1
Current budget balance	..	-1.3	2.8	4.6
Overall surplus/deficit	..	-4.0	-1.8	-0.2



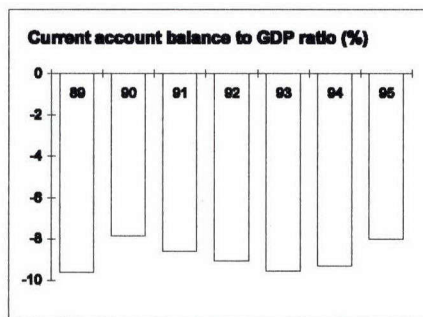
TRADE

	1975	1985	1994	1995
(millions US\$)				
Total exports (fob)	..	515	825	969
Fish	..	113	225	275
Fuel	..	51	15	18
Manufactures	..	..	..	..
Total imports (cif)	..	796	1,066	1,217
Food	..	163	268	332
Fuel and energy	..	274	438	504
Capital goods	..	..	..	..
Export price index (1987=100)	..	..	..	..
Import price index (1987=100)	..	..	..	..
Terms of trade (1987=100)	..	..	..	..



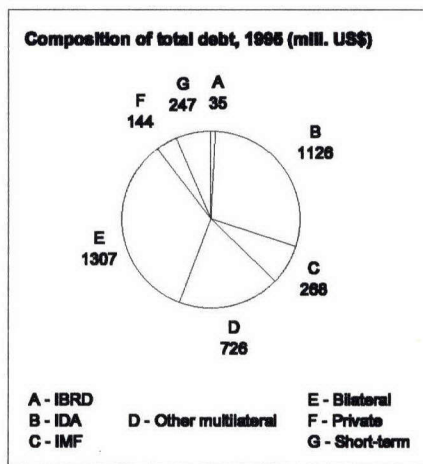
BALANCE of PAYMENTS

	1975	1985	1994	1995
(millions US\$)				
Exports of goods and non-factor services	688	851	1,326	1,540
Imports of goods and non-factor services	782	1,165	1,585	1,797
Resource balance	-94	-314	-259	-258
Net factor income	-76	-127	-140	-152
Net current transfers	-9	-22	24	23
Current account balance, before official transfers	-179	-463	-375	-387
Financing items (net)	175	361	624	472
Changes in net reserves	5	103	-250	-85
Memo:				
Reserves including gold (mill. US\$)	31	15	23	..
Conversion rate (local/US\$)	214.3	449.3	555.2	499.1



EXTERNAL DEBT and RESOURCE FLOWS

	1975	1985	1994	1995
(millions US\$)				
Total debt outstanding and disbursed	349	2,563	3,678	3,853
IBRD	10	89	44	35
IDA	43	232	1,004	1,126
Total debt service	42	190	187	205
IBRD	1	10	15	16
IDA	0	4	13	14
Composition of net resource flows				
Official grants	44	96	476	495
Official creditors	39	130	45	144
Private creditors	19	-5	-9	-8
Foreign direct investment	23	-16	0	1
Portfolio equity	0	0	0	0
World Bank program				
Commitments	31	25	32	216
Disbursements	19	33	54	107
Principal repayments	0	6	16	18
Net flows	19	27	38	89
Interest payments	1	8	12	12
Net transfers	18	19	26	77



Senegal - Selected Indicators of Bank Portfolio Performance and Management

Indicator	1994	1995	1996	1997
<i>Portfolio Performance</i>				
Number of Projects under implementation	14	17	19	16
Average implementation period (years) ^a	4.39	3.63	4.15	5.17
Percent of problem projects rated U or HU ^b (for past years, rated 3 or 4)				
Development Objectives ^c	21.43	5.88	15.79	6.25
Implementation Progress (or overall status for past years) ^d	28.57	5.88	15.79	12.50
Cancelled during FY in US\$m	2.18	.28	3.73	0.00
Disbursement ratio (%) ^e	12.65	15.31	15.81	18.28
Disbursement lag (%) ^f	29.95	33.49	21.37	16.38
Memorandum item: % completed projects rated unsatisfactory by OED	40.54	34.09	34.04	34.04
<i>Portfolio Management</i>				
Supervision resources (total US\$ thousands)	820.57	781.05	1,305.13	513.63
Average Supervision (US\$ thousands/project)	58.61	45.94	68.69	32.10
Supervision resources by location (in %)				
Percent headquarters	0.00	0.00	27.80	65.34
Percent resident mission	0.00	0.00	72.20	34.66
Supervision resources by rating category (US\$ thousands/project)				
Projects rated HS or S	56.34	50.53	56.65	28.23
Projects rated U or HU	64.28	23.15	132.89	59.21
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.

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.

Senegal - Bank Group Fact Sheet IBRD/IDA Lending Program

Category	Past		Current		Planned ^a		
	1994	1995	1996	1997	1998	1999	2000
Commitments (US\$m)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sector (%)^b							
Other	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Specific investment loans and others	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
Disbursements (US\$m)							
Adjustment loans ^c	25.6	35.0	34.8	16.8	0.0	0.0	0.0
Specific investment loans and others	35.1	35.5	54.4	54.6	54.3	38.4	29.1
Repayments (US\$m)	15.2	17.2	17.1	7.9	0.0	0.0	0.0
Interest (US\$m)	11.3	12.2	11.3	5.5	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.

Senegal - IFC and MIGA Program, FY94-97

Category	Past			
	1994	1995	1996	1997
IFC approvals (US\$m)	1.18	0.00	1.37	0.00
Sector (%)				
	0.00	0.00	0.00	0.00
Financial Services	100.00	0.00	100.00	0.00
TOTAL	100.00	100.00	100.00	100.00
Investment instrument (%)				
Loans	87.00	0.00	0.00	0.00
Equity	13.00	0.00	13.00	0.00
Quasi-Equity ^a	0.00	0.00	0.00	0.00
Other	0.00	0.00	87.00	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

^aIncludes quasi-equity types of both loan and equity instruments.

Status of Bank Group Operations in Senegal 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/ Development Objectives Implementation Progress	
					IBRD	IDA	Cancellations	Undisbursed			
Number of Closed Loans/credits: 84											
Active Loans											
SN-PE-2335	C19100	1988	GOVT OF SENEGAL	TA DEVT MGMT	0.00	17.00	0.00	2.54	2.03	S	S
SN-PE-2339	C18680	1988	REP. OF SENEGAL	INDUSTRY SECTOR	0.00	33.00	0.00	15.48	12.16	S	S
SN-PE-2327	C19920	1989	GOVT OF SENEGAL	SMALL RURAL OPS. II	0.00	16.10	0.00	6.54	6.08	U	U
SN-PE-2331	C21080	1990	REPUBLIC OF SENEGAL	AG. SERVICES	0.00	17.10	0.00	2.98	1.66	S	S
SN-PE-2342	C22660	1991	GOVT OF SENEGAL	TRANSPORT SEC. SECAL	0.00	65.00	0.00	19.57	13.04	S	S
SN-PE-2352	C22550	1991	GOVT OF SENEGAL	HUMAN RES I (POP/HEA	0.00	35.00	0.00	7.13	5.42	S	S
SN-PE-2371	C23690	1992	GOVERNMENT	PUBLIC WORKS & EMPLO	0.00	39.00	0.00	7.02	4.22	S	S
SN-PE-2357	C24730	1993	GOVERNMENT	HUMAN RES DEV'T II	0.00	40.00	0.00	21.89	-8.27	U	U
SN-PE-2376	C27590	1995		PRIV.SCTR.CAP.BLDG	0.00	12.50	0.00	9.40	1.35	S	S
SN-PE-2346	C27580	1995	REP. OF SENEGAL	WATER SECTOR	0.00	100.00	0.00	90.68	32.51	HS	U
SN-PE-2356	C27380	1995	GOVERNMENT OF SENEGAL	AG SECAL	0.00	45.00	0.00	1.39	.99	S	S
SN-PE-35615	C27230	1995	GOVT OF SENEGAL	COMM NUTRITION	0.00	18.20	0.00	15.63	5.21	HS	HS
SN-PE-35621	C28730	1996	GOVT OF SENEGAL	PILOT FEMALE LITERAC	0.00	12.60	0.00	12.01	-.48	HS	HS
SN-PE-2373	C28720	1996	GOVERNMENT	HIGHER EDUC I	0.00	26.50	0.00	25.94	-.48	HS	HS
SN-PE-2356	C27381	1996	GOVERNMENT OF SENEGAL	AG SECAL	0.00	2.80	0.00	2.58	0.00	S	S
SN-PE-2356	C27382	1997	GOVERNMENT OF SENEGAL	AG SECAL	0.00	1.80	0.00	1.87	0.00	S	S
Total					0.00	481.60	0.00	242.64	75.45		
				Active Loans	Closed Loans	Total					
Total Disbursed (IBRD and IDA):				243.10	1,045.25	1,288.35					
of which has been repaid:				0.00	157.59	157.59					
Total now held by IBRD and IDA:				481.60	846.69	1,328.29					
Amount sold :				0.00	5.46	5.46					
Of which repaid :				0.00	5.46	5.46					
Total Undisbursed :				242.64	6.54	249.18					

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.

GHANA

PRESS CONFERENCE

**Accra, Ghana
(Wednesday, Feb. 12)
12:00 - 12:45 pm**

POSSIBLE QUESTIONS

Q 1. Following your visit, can you tell us how well Ghana is doing in relation to other countries in Africa? What do you see as the critical areas that the country must focus on in the short/medium term?

A. Ghana's story is rare in a continent where policy reversals, economic instability, lack of commitment to make difficult changes have tended to be the norm. One of the key results of the Adjustment in Africa report (World Bank, 1994) was that countries that have undertaken and sustained major policy reforms have improved their economic performance. While many African countries look to Ghana for lessons in how to do things the right way, Ghana looks to the East Asian countries to emulate their strategies for economic success. **But there are still critical areas for focus in the short-medium term:**

Bringing inflation down and stabilizing the economy.

- Restraining/rationalizing public investment, particularly in roads, power, and health.
- Rationalizing the public service.
- Managing expenditures more efficiently, and (iv) mobilizing more revenues.

Promoting private investment through.

- Improving infrastructure services through greater private sector participation.
- Improving financial services.
- Developing an export-oriented strategy for agriculture.
- Reducing the costs of doing business in Ghana.

Investing more in human resources.

- Designing a social sector strategy to better target the poor and improve the quality of services.
- Strengthen the implementation of the social sector strategy through increased expenditures on non-wage items.

Q2. You spent quite a lot of time with the African Ministers for Education. Why? What is the current state of education in Africa and how does Ghana compare in this sector?

A. The latest available statistics indicate that Africa faces grave challenges in education, with **enrollments growing at slower rates than population growth and quality deteriorating**. The Caucus of African Ministers of Education, with Minister Sawyerr currently serving as President, is taking leadership in organizing efforts to deal with this crisis. **Investing in education is one of the keys to economic growth and social progress**. I welcome the invitation to discuss these critical issues with the African Ministers and explore options for bringing about substantial improvements to the education sector in the Region.

Ghana has one of the most developed education sectors in Africa. Primary enrollment, at about 80%, compares favorably with the Sub-Saharan average of around 70%. However, tertiary enrollment is still low, at about 2%. Comprehensive reform programs since 1987 has laid the foundation of a restructured education system. **However, learning outcomes have yet to improve. Regional and gender disparities remain significant, and enrollment among the poorest income groups has declined**. Like many other African countries, **Ghana will need to focus on improving the quality of education** so that the system will be more responsive to the needs of society and will produce the skills needed for accelerated growth. It will also need to **reduce inequities of access, enhance efficiency in the use of resources, and develop sustainable mechanisms for financing education**.

STRUCTURAL ADJUSTMENT:

Q 3. What are the Bank's views on adjustment now, after it has evaluated and learnt lessons on the success or failure of such operations? In your view, has adjustment been a success in Ghana?

A. The answer is a **qualified "yes"**. Ghana is a front-runner in adjustment. The benefits of the reforms have been large, very visible, and widely shared. The results are remarkable given the initial economic conditions and the repeated external shocks during the reform period.

What was achieved?

- Inflation brought down to 10 percent by 1992 and has since crept up again.
- The large fiscal deficits of the crisis years were overturned.
- Revenue collection rose dramatically.
- Public investment in physical and social infrastructure increased.
- Exchange rate reforms introduced and the exchange rate floated.
- Most domestic price controls abolished.

- Import regime liberalized.
- New investment code introduced.
- Major financial sector reforms introduced.
- Taxes reduced and rationalized.
- Ambitious privatization program (Ashanti Goldfields, Ghana Commercial Bank, Ghana Telecom).
- Black market premia on exchange rate has disappeared.

As a result

- GDP per capita has averaged +2 percent growth.
- Poverty fell between 1988-92 from 36 percent of the population to 31 percent. Benefit of growth have been broad-based since most of the poverty reduction occurred in the rural areas.
- Income inequalities have not worsened.
- Merchandise exports grew, particularly cocoa, gold and timber. Cocoa output in the 1995/96 crop season the highest in two decades (395,000 tones).
- Heavy economic activity in the service sector which is the largest economic sector now.

But we should not pretend that everything in the garden is rosey

- Fiscal indiscipline has re-emerged as an issue.
- Public service is inefficient and too large.
- Health and education outcomes are low.
- Agricultural growth remains inadequate to propel aggregate growth.
- Foreign direct investment has been limited.
- Manufacturing response has been slow.

So, there is still a lot to be done

DEBT RELIEF:

Q 4. What are the measures being taken by the World Bank to reduce debt in African countries? Why does not Ghana feature in any of the international debt relief programs?

A. Ghana has **not experienced any difficulties** in meeting its debt service obligations. An integral element of the Government's external debt management strategy is to avoid recourse to debt relief as that would have precluded access to new credits of benefit to the country. IMF/World Bank calculations of Ghana's external debt burden suggest that **Ghana's debt burden is sustainable** given current expectations about future levels of external financing and continued strong policy performance.

Q 5. Studies have shown that poverty is pervasive in Ghana, and there has been relatively little improvement despite the Economic Reform Program. What is the Bank's intention and what are the main elements of the Bank's strategy for poverty reduction as it is?

A. Poverty is widespread in Ghana. Most Ghanaians recognize that the **situation is not improving quickly enough**, and is even **getting worse in Accra**. The Economic Reform Program is working well in the areas where it has been boldly implemented, less well in the areas where implementation has been too timid. We have to work together on **three big challenges**. First, with 3% population growth, we obviously **need much more buoyant growth** than the 4-5% rates of today. The 8-10% target in Ghana 2000 is where we need to aim. The private sector can achieve this if it's given the right environment and incentives. Second we **need to give people the education and skills** that will allow them to take part in and add to this growth. Every child -- girl and boy -- needs to get a quality education, and there need to be opportunities to advance for those who are capable. Third, we **need to make sure no-one is left out**. There are big gaps in opportunity between regions, between men and women, between rich and poor. These gaps need to be closed. IDA is willing to work with the Ghanaian people, their Government and their community and non-governmental organizations to on all three big challenges.

Q 6. How can the World Bank Group in general and you in particular, help attract more foreign direct investment in Ghana especially from the private sector? Can the Bank and IFC play a meaningful role in this critical area? What more does Ghana have to do to attract Foreign Direct Investment?

A. Ghana needs to **focus on its comparative advantages** which are obviously **mining and agriculture**. Mining is already a success story. The next stage should be **agribusiness**. The Bank and IFC can help in this regard by helping to identify strategic areas of agribusiness and work with Ghana to bring the right parties together. It has already happened with Heinz in tuna canning in Tema. We need to see if we can interest more companies of that type in investing in Ghana.

HEALTH:

Q 7. "User-pays" policy in health care has been regressive - (encouraged by World Bank) - What is current policy of the Bank on cost sharing?

A. User financing of primary health care has been introduced in the context of the **Bamako Initiative** to overcome the widespread **under-resourcing** of primary health care and **consequent poor quality** of services. The rationale being that the poor stand to benefit the most from improved public health care quality because they cannot afford

private care. It is true, however, that **cost sharing** (however small the fee) **may exclude the very poor** from access to care, although this has not been demonstrated with absolute certainty. The World Bank is concerned about the impact of charges on the poor and has **encouraged cost sharing in a flexible way** such as charging zero or lower fees in facilities in urban slums and rural areas, exempting from payment those certified as poor by local management committees, community leaders, or facility staff.

Q 8. World Bank seems to be focusing on primary health care in Ghana to the detriment of developing secondary and tertiary level facilities. Why?

A. The Bank is increasingly encouraging governments to develop health policies that **look at the health care system in its totality** and ensure coordination and complementarity among its various echelons. Hospital sector reforms are being increasingly supported in the context of World Bank Group-financed projects to **complement reforms that emphasize decentralized management of primary health care at the district level**. The main objective of hospital sector reforms is to **ensure that hospitals support the primary health care system** by providing secondary and tertiary referral services. This is currently not the case in many developing countries where hospitals largely perform the role of dispensaries, providing services that could be provided less expensively at other levels of the health care system. **Hospital reforms are thus an important element of a health strategy** that aims at improving the overall quality of health care services and a more efficient use of scarce financial resources.

EDUCATION:

Q 9. World Bank seems to be focusing on primary education in Ghana and denying development opportunities at the tertiary level. How does it justify this?

A. Over the past, World Bank lending for primary education absorbed 36% of total education lending, compared to 14% for secondary and 36% for post secondary education. **Basic education is critical for economic growth, poverty reduction, by reducing fertility rates and improving health, and equipping people with the skills they need to participate fully in the economy and in society**. This is why we are **steadily increasing our investment in basic education**. At the same time, the Bank **continues to support education at the tertiary level** - providing incentives for institutions to diversify, helping to reduce the load on government and encouraging public policies which focus on quality and equity. In Ghana, an ongoing IDA Credit of US\$45 million equivalent has supported the first phase of the governments reform program for tertiary education.

AGRICULTURE:

Q 10. We understand the World Bank Commissioned a study into the external manufacturing of cocoa which recommended that COCOBOD marketing monopoly remain intact and the World Bank does not agree with the consultant conclusions. What action is the World Bank now planning to take on cocoa marketing?

A. You may wish to respond by saying that the report was in fact **commissioned by the Government** (although the consultant were paid from a World Bank project) and that **we are yet to discuss the consultants' final recommendations with GOG**. Our aim is that Ghana should have the most effective and efficient marketing system that **maximizes farmers' returns and maintains cocoa bean quality** in the long run. In our discussions with the Government over the next few months, we hope to come to agreement on the form of this marketing arrangement that would achieve these aims, and best fit the particular circumstances of the Ghanaian cocoa industry.

Q 11. After subsidies were discontinued in Ghana, fertilizer usage dropped dramatically. Why does the Bank oppose subsidized credit and subsidies for fertilizers for agriculture? How can poor farmers finance their operations at such high interest rates without some form of support?

A. To ensure the efficient use of economic resources -- such as capital, or production inputs like fertilizers -- the Bank considers it essential that their **prices should reflect their true economic costs**. Subsidies distort their costs and cause misallocations, unless they are very carefully targeted and closely monitored to prevent abuse. In reality, this is rarely possible. As a result, the **benefits of subsidies** on credit or fertilizers (i.e., lower prices) are **usually misappropriated** and benefit not those for whom they were intended, but small groups of market intermediaries and economically influential.

To ensure that credit flows to agriculture and fertilizer use is profitable, the Bank considers it extremely important that **economic policies** make agricultural production and investment agriculture and agribusiness profitable. This means, for example, **bringing inflation under control, making markets for farm products more efficient, paying farmers better prices for their products**.

Q12. Why has agricultural growth in Ghana been so slow?

A. There are two aspects to this issue.

- First, there appears to be a measurement problem. All the information available indicates that the **production of food crops** (roots, tubers, cereals) **has increased quite rapidly** over the past decade, and that this has significantly improved the food

security, nutrition and poverty situation in rural Ghana. And this has been achieved, despite periodic set-backs caused by poor weather conditions, by some two million small farmers supported by increasingly more effective government support services such as extension and research. But this **very impressive achievement is not properly reflected in national accounts statistics**. (Work is now underway to correct this problem.)

- Second, the performance of the other agricultural subsectors -- forestry, fisheries, livestock -- has not been good. **And most disappointing has been the record with regard to industrial and export crops**. Here, Ghana has **very substantial and proven potential for rapid production and export growth**, but this potential has not been realized. This is a critical challenge, and it appears that Ghana is now poised to take it up. The divestiture of government-owned companies and the increasingly more inviting policy framework for private investment in agribusiness are very important steps in the right direction.

INFRASTRUCTURE/COMMUNICATIONS:

Q 13. It is well known that inadequate infrastructure is a bottleneck in Ghana — yet there are constraints on further spending in this sector, specially roads. How does Ghana get around the problem of improving infrastructure without being allowed to spend for it?

A. You may wish to respond that our concern is that the improvement of road infrastructure is not being undertaken in a **sustainable manner**, i.e. **insufficient funds are being allocated to maintain those roads** which have already been rehabilitated and which then subsequently again fall into disrepair, particularly in the feeder roads sector. We know from studies in Africa that it cost 2 to 3 times more to operate vehicles on poor roads than on roads in good condition. And high transportation costs are a real problem in Ghana, particularly in agriculture. Also, in some cases **overinvestment is occurring on certain roads** where it is not economically justified, placing a drain on the economy and causing inflation where overspending occurs. **Road sector expenditure is very important**, but it should be done in an **economically efficient manner**.

NGOS

Q14. While contacts by the Bank with NGOs in Ghana have increased, the Bank's assistance in helping NGOs is still small. NGOs suffer from inadequate resources to carry out their objectives on a larger scale. What has the World Bank done to help NGOs in Ghana?

A. One of the main ways the Bank has helped the NGOs carry out their objective is through involving them in **Government dialogue** in specific sectoral issues in which

NGOs are actively involved or have comparative advantage. For instance, the Bank has brought NGOs as key players in Government policy dialogue on **Health, Education, Agriculture and Rural Development, Poverty, and Gender Issues**. The role the NGOs played in these initiatives have helped the dialogue and in turn has **built NGO capacity**. It has also positively influenced the NGO perception in Ghana. In Poverty, the Bank helped train many NGO staff to do **Participatory Poverty Assessment (PPA)** which is now being carried out by NGOs without Bank assistance. In **Schooling Improvement Pilot Project** NGOs are providing technical assistance to communities to implement the project. In **Village Infrastructure Project** they are key players with communities in implementing projects. These and many other initiatives have ensured capacity building and strengthening of NGOs.

Q 15. What has happened to the initiative you proposed for building NGO Capacity?

A. Bank has continued to build NGO by supporting special training programs, attend international conferences and symposiums, and undertake studies. Also the Bank has sought their contribution as partners in identification, design and implementation of projects. The Bank sponsored *Regional Meeting of the NGO-World Bank Committee* was held in Accra in 1996 which helped Ghanaian NGOs to form themselves into a national group to host the regional initiative. The NGOs in Ghana are playing an active role in NGO-Government-Bank joint **"Structural Adjustment Past Review Initiative" (SAPRI)** as one of the four countries in Africa. All these are providing capacity strengthening and visibility for NGOs in Ghana. The Bank has provided advice and support in relation to the forthcoming **"Draft NGO law"** by meeting with key government and NGO officials to discuss the content and provide advice to ensure the Ghanaian NGOs will have the liberty to play an active role as national development partners.

Q 16. Why doesn't the Bank use NGOs more to implement projects -- and finance projects directly without going through the Government?

A. Bank Articles of Agreement do not lend themselves to by-pass government. However, the Bank has ensured increased participation of NGOs both in key government dialogue and investment operations. Currently the Board is considering a proposal for the **providing grants through IDA for NGOs** to (a) support NGO capacity building initiatives and (b) experiment pilot initiatives in community development projects. However, the NGOs also need to actively participate in development initiatives with the Bank and the Government in **changing Government perceptions about their capacity and role** to ensure an active role in the future.

Q17. What steps are being taken by the World Bank to assist GOG in maintaining a transparent and efficient institutional and regulatory framework that supports the growth and expansion in the mining sector?

A. The IDA credit, Mining Sector Development and Environment Project, has a significant training and capacity building component. Through this component, the Bank is **promoting targeted training and exposure of mining sector officials to international best practice** through exchange programs and study tours to mining countries in North America, Australia and Latin America. The credit is also funding several studies to identify **appropriate institutional arrangements and regulatory reforms** that should be undertaken to respond to current and future demands of the mining sector.

Q20. Is the World Bank taking any steps to ensure that effective inter-sectoral communication and linkages exist between the different governmental agencies - particularly the mineral sector agencies and those agencies responsible for environmental and social aspects? [This is important to the private sector, which needs environmental audits and environmental and social assessments approved by the EPA in a timely manner. The speed in the approval process would significantly be augmented if the linkages between the agencies were stronger].

A. The need to formulate closer working arrangements between the mining sector agencies and the agency responsible for environmental concerns had already been raised as an issue during a recent Bank mission and the GOG had duly noted the concern. Some steps had already been taken by GOG towards achieving such collaboration. The Bank is taking every effort to promote such synergies through **financing workshops** for responsible officials and **continued dialogue** with relevant authorities. **Study tours** to advanced mining countries are being encouraged to expose officials to institutional arrangements in these countries pertaining to these concerns.

Authors:

Questions: K. Framji

Answers: Country Team

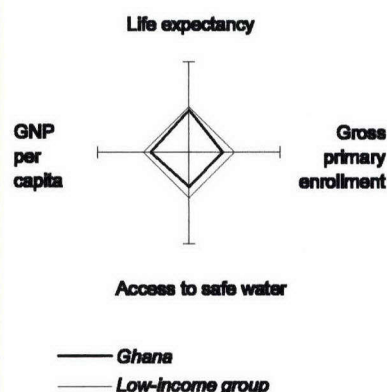
January 26, 1977

Ghana at a glance

POVERTY and SOCIAL

	Ghana	Sub-Saharan Africa	Low-income
Population mid-1995 (<i>millions</i>)	17.1	589	3,188
GNP per capita 1995 (<i>US\$</i>)	390	480	480
GNP 1995 (<i>billions US\$</i>)	6.7	289	1,486
Average annual growth, 1990-95			
Population (%)	2.8	2.8	1.8
Labor force (%)	3.0	2.8	1.9
Most recent estimate (latest year available since 1989)			
Poverty: headcount index (% of population)	31	..	..
Urban population (% of total population)	36	31	29
Life expectancy at birth (<i>years</i>)	59	52	63
Infant mortality (<i>per 1,000 live births</i>)	73	92	58
Child malnutrition (% of children under 5)	27	..	38
Access to safe water (% of population)	57	47	75
Illiteracy (% of population age 15+)	40	43	34
Gross primary enrollment (% of school-age population)	76	71	105
Male	83	77	112
Female	70	64	98

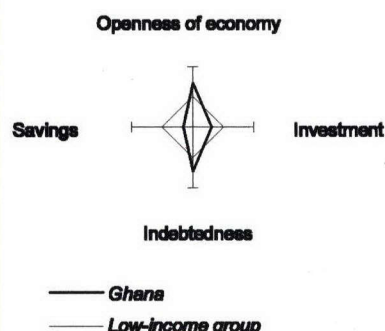
Development diamond*



KEY ECONOMIC RATIOS and LONG-TERM TRENDS

	1975	1985	1994	1995
GDP (<i>billions US\$</i>)	2.8	6.3	5.4	6.3
Gross domestic investment/GDP	12.7	9.6	15.9	18.6
Exports of goods and non-factor services/GDP	19.4	10.7	25.5	25.0
Gross domestic savings/GDP	13.7	6.6	4.5	10.1
Gross national savings/GDP	12.9	5.3	7.5	12.2
Current account balance/GDP	-0.1	-4.2	-8.4	-6.4
Interest payments/GDP	0.7	0.5	1.5	1.6
Total debt/GDP	25.6	35.6	99.4	89.1
Total debt service/exports	6.4	23.6	24.4	23.3
Present value of debt/GDP	..	..	61.7	..
Present value of debt/exports	..	..	238.2	..
(average annual growth)				
GDP	1975-84	1985-95	1994	1995
GDP	-0.3	4.4	3.8	4.5
GNP per capita	-2.6	1.1	0.5	1.4
Exports of goods and nfa	-10.0	8.0	0.4	3.4

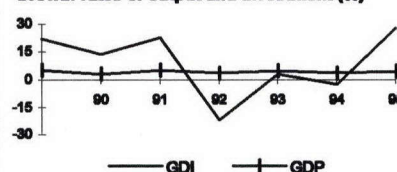
Economic ratios*



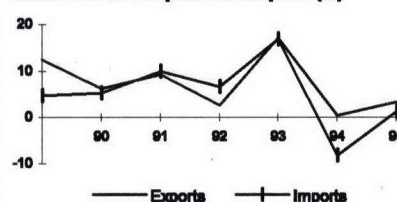
STRUCTURE of the ECONOMY

	1975	1985	1994	1995
(% of GDP)				
Agriculture	47.7	44.9	46.4	46.3
Industry	21.0	16.7	16.0	15.8
Manufacturing	13.9	11.5	8.5	8.3
Services	31.3	38.4	37.7	37.9
Private consumption	73.3	84.0	83.8	77.5
General government consumption	13.0	9.4	11.6	12.4
Imports of goods and non-factor services	18.4	13.6	36.9	33.5
(average annual growth)				
Agriculture	1.2	1.9	2.6	4.2
Industry	-8.2	5.4	4.3	3.3
Manufacturing	-9.3	3.6	4.0	1.8
Services	2.8	7.5	4.5	5.0
Private consumption	-0.3	3.7	4.2	1.0
General government consumption	3.2	6.6	-6.4	11.6
Gross domestic investment	-7.3	5.6	-2.6	27.8
Imports of goods and non-factor services	-10.3	6.5	-8.2	1.3
Gross national product	-0.3	4.2	3.5	4.4

Growth rates of output and investment (%)



Growth rates of exports and imports (%)

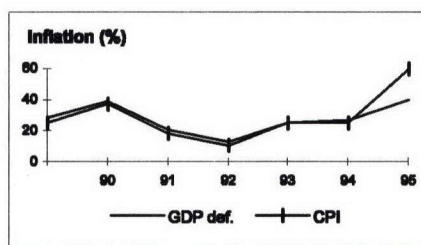


Note: 1995 data are preliminary estimates.

* 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.

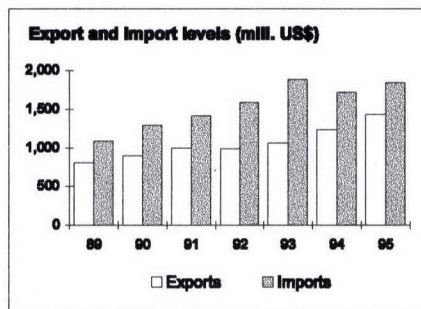
PRICES and GOVERNMENT FINANCE

	1975	1985	1994	1995
Domestic prices				
(% change)				
Consumer prices	29.8	10.4	24.9	59.5
Implicit GDP deflator	30.8	20.6	26.6	39.8
Government finance				
(% of GDP)				
Current revenue	..	11.3	23.7	22.3
Current budget balance	..	0.1	4.8	4.9
Overall surplus/deficit	..	-4.1	-6.8	-8.3



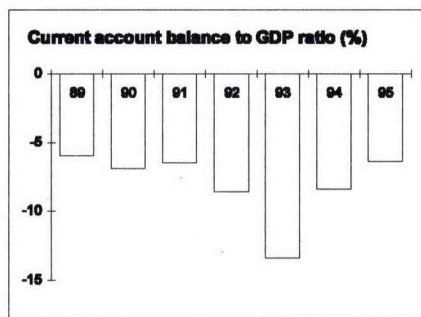
TRADE

	1975	1985	1994	1995
(millions US\$)				
Total exports (fob)	..	633	1,236	1,431
Cocoa	..	412	320	390
Gold	..	28	549	647
Manufactures	..	..	..	..
Total imports (cif)	..	729	1,724	1,842
Food	..	40	45	56
Fuel and energy	..	199	175	197
Capital goods	..	187	348	398
Export price index (1987=100)	..	93	90	100
Import price index (1987=100)	..	103	121	127
Terms of trade (1987=100)	..	90	74	79



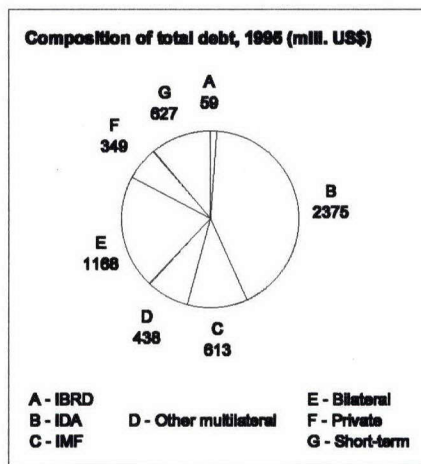
BALANCE of PAYMENTS

	1975	1985	1994	1995
(millions US\$)				
Exports of goods and non-factor services	891	672	1,384	1,582
Imports of goods and non-factor services	882	857	2,000	2,118
Resource balance	9	-185	-616	-536
Net factor income	-36	-111	-111	-130
Net current transfers	24	33	271	263
Current account balance, before official transfers	-3	-263	-456	-402
Financing items (net)	0	148	620	686
Changes in net reserves	3	116	-163	-284
Memo:				
Reserves including gold (mill. US\$)	147	552	593	780
Conversion rate (local/US\$)	1.9	54.4	956.7	1,199.8



EXTERNAL DEBT and RESOURCE FLOWS

	1975	1985	1994	1995
(millions US\$)				
Total debt outstanding and disbursed	721	2,243	5,389	5,629
IBRD	40	118	70	59
IDA	44	259	2,094	2,375
Total debt service	57	159	343	382
IBRD	5	18	20	21
IDA	1	3	21	25
Composition of net resource flows				
Official grants	8	75	218	235
Official creditors	13	93	230	259
Private creditors	-17	35	48	-38
Foreign direct investment	71	6	233	230
Portfolio equity	0	0	557	102
World Bank program				
Commitments	89	191	88	299
Disbursements	10	70	178	242
Principal repayments	2	10	19	23
Net flows	8	60	159	219
Interest payments	3	11	20	23
Net transfers	5	49	139	196



Ghana - Selected Indicators of Bank Portfolio Performance and Management

Indicator	1994	1995	1996	1997
<i>Portfolio Performance</i>				
Number of Projects under implementation	38	41	42	38
Average implementation period (years) ^a	3.68	3.81	4.08	4.49
Percent of problem projects rated U or HU ^b (for past years, rated 3 or 4)				
Development Objectives ^c	10.53	4.88	7.14	2.63
Implementation Progress (or overall status for past years) ^d	7.89	9.76	7.14	7.89
Cancelled during FY in US\$m	1.59	.41	.59	0.00
Disbursement ratio (%) ^e	13.09	16.86	19.30	12.03
Disbursement lag (%) ^f	28.21	32.54	23.10	21.67
Memorandum item: % completed projects rated unsatisfactory by OED	28.00	18.92	19.51	19.51
<i>Portfolio Management</i>				
Supervision resources (total US\$ thousands)	2,176.27	2,040.16	2,477.63	1,288.50
Average Supervision (US\$ thousands/project)	57.27	49.76	58.99	33.91
Supervision resources by location (in %)				
Percent headquarters	0.00	0.00	50.95	66.77
Percent resident mission	0.00	0.00	49.05	33.23
Supervision resources by rating category (US\$ thousands/project)				
Projects rated HS or S	53.56	49.65	60.33	35.01
Projects rated U or HU	100.54	50.76	61.49	25.87
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.

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.

Ghana - Bank Group Fact Sheet
IBRD/IDA Lending Program

<i>Category</i>	<i>Past</i>		<i>Current</i>		<i>Planned^a</i>		
	1994	1995	1996	1997	1998	1999	2000
Commitments (US\$m)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Sector (%)^b</i>							
Other	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
<i>Lending instrument (%)</i>							
Adjustment loans ^c	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Specific investment loans and others	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
<i>Disbursements (US\$m)</i>							
Adjustment loans ^c	75.1	25.0	65.6	15.6	25.0	0.0	0.0
Specific investment loans and others	112.0	143.8	195.3	121.0	188.7	131.3	82.4
Repayments (US\$m)	18.4	20.9	22.6	9.2	0.0	0.0	0.0
Interest (US\$m)	20.3	21.9	22.6	10.1	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.

Ghana - IFC and MIGA Program, FY94-97

Category	Past			
	1994	1995	1996	1997
IFC approvals (US\$m)	3.00	0.00	19.56	0.00
Sector (%)				
	0.00	0.00	0.00	0.00
Cement & Construction	100.00	0.00	0.00	0.00
Financial Services	0.00	0.00	26.00	0.00
Mining & Metals	0.00	0.00	74.00	0.00
TOTAL	100.00	100.00	100.00	100.00
Investment instrument (%)				
Loans	100.00	0.00	87.00	0.00
Equity	0.00	0.00	0.00	0.00
Quasi-Equity ^a	0.00	0.00	13.00	0.00
Other	0.00	0.00	0.00	0.00
TOTAL	100.00	100.00	100.00	100.00
MIGA guarantees (US\$m)	9.00	9.00	9.00	9.00
MIGA commitments (US\$m)	0.00	0.00	0.00	0.00

^aIncludes quasi-equity types of both loan and equity instruments.

Status of Bank Group Operations in Ghana

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/ Development Objectives Implementation Progress	
					IBRD	IDA	Cancellations	Undisbursed			
Number of Closed Loans/credits: 75											
Active Loans											
GH-PE-901	C20390	1989	REP OF GHANA	WATER SECTOR REHAB	0.00	25.00	0.00	7.75	5.21	U	S
GH-PE-905	C19960	1989	GOVT OF GHANA	SME/FINANCE	0.00	30.00	0.00	.77	-.67	S	S
GH-PE-900	C19760	1989	GOVT OF GHANA	FORESTRY	0.00	39.40	0.00	2.53	-2.09	S	S
GH-PE-910	C21570	1990	REPUBLIC OF GHANA	URBAN II (SEC CITIES)	0.00	70.00	0.00	19.70	12.32	S	S
GH-PE-925	C21090	1990	GOVERNMENT	VRA/SIXTH POWER	0.00	20.00	0.00	15.65	13.81	S	S
GH-PE-928	C22470	1991	GOVT OF GHANA	AGRIC RESEARCH	0.00	22.00	0.00	13.41	11.24	S	S
GH-PE-940	C22240	1991	GOVERNMENT	ECON MGT SUPPORT	0.00	15.00	0.00	2.07	1.63	S	S
GH-PE-897	C21930	1991	GOVT OF GHANA	HEALTH & POP II	0.00	27.00	0.00	5.49	4.14	S	S
GH-PE-895	C21920	1991	GOVT OF GHANA	TRANSP REHAB II	0.00	96.00	0.00	11.15	7.08	S	S
GH-PE-918	C21800	1991	GOVT OF GHANA	AGRIC DIVERS (TREE C	0.00	16.50	0.00	11.16	6.98	S	S
GH-PE-917	C23490	1992	GOVT OF GHANA	ADULT LITERACY	0.00	17.40	0.00	3.35	2.76	S	S
GH-PE-931	C23460	1992	GOVERNMENT	AGRIC EXTENSION	0.00	30.40	0.00	16.79	15.01	S	S
GH-PE-934	C23190	1992	GOVERNMENT	FEEDER ROADS	0.00	55.00	0.00	20.83	15.41	S	U
GH-PE-911	C23180	1992	GOVT OF GHANA	FINSAC	0.00	100.00	0.00	34.58	29.26	S	S
GH-PE-964	C25080	1993	GOVT OF GHANA	PRIMARY SCHOOL DEVEL	0.00	65.10	0.00	25.25	16.15	S	S
GH-PE-920	C25020	1993	GOVT OF GHANA	ENTERPRISE DEVT	0.00	41.00	0.00	33.85	27.02	S	U
GH-PE-956	C24980	1993	GOVERNMENT	URBAN TRANSPORT	0.00	76.20	0.00	60.83	36.67	S	S
GH-PE-953	C24670	1993	GOVT OF GHANA	NAT'L ELECTRIFICATIO	0.00	80.00	0.00	61.80	25.63	S	S
GH-PE-930	C24410	1993	GOVERNMENT	LIVESTOCK	0.00	22.45	0.00	7.86	5.60	S	S
GH-PE-933	C24280	1993	GOVERNMENT	TERTIARY EDUCATION	0.00	45.00	0.00	12.05	1.75	U	S
GH-PE-942	C24260	1993	GOVERNMENT OF GHANA	ENVIRONMENT	0.00	18.10	0.00	7.89	-.95	S	S
GH-PE-924	C26040	1994	GOVERNMENT OF GHANA	COMMUNITY WATER & SA	0.00	21.96	0.00	18.66	4.69	S	S
GH-PE-936	C25680	1994	GOVERNMENT	LOCAL GOVT DEV.	0.00	38.50	0.00	35.89	7.24	S	S
GH-PE-961	C25550	1994	TBD	AGRIC SECTOR INVEST	0.00	21.50	0.00	16.83	2.43	S	S
GH-PE-966	C27430	1995	GOVERNMENT	MINING SEC.DEV & ENV	0.00	12.30	0.00	11.06	2.22	S	S
GH-PE-967	C27180	1995	GOVERNMENT	PRIV.SCTR ADJ	0.00	70.00	0.00	23.98	-2.51	S	S
GH-PE-962	C27130	1995	REP OF GHANA	FISHERIES	0.00	9.00	0.00	8.53	.52	S	S
GH-PE-948	C26950	1995	GOVERNMENT	EDUC/VOC.TRNG	0.00	9.60	0.00	7.93	1.73	S	S
GH-PE-926	C26820	1995	GOVT OF GHANA	THERMAL (P-VII)	0.00	175.60	0.00	144.01	14.78	S	S
GH-PE-960	C26650	1995	GOVT OF GHANA	PRIV SECTOR DEV	0.00	13.00	0.00	11.90	3.55	S	S
GH-PE-975	C28850	1996	GOVERNMENT	BASIC EDUCATION	0.00	50.00	0.00	49.82	0.00	S	S
GH-PE-42516	C28770	1996		PUBLIC ENTERPRISE/PR	0.00	26.45	0.00	25.63	-.50		
GH-PE-957	C28580	1996	GOVERNMENT	HWY SECT INV.PROG	0.00	100.00	0.00	97.34	2.00	HS	HS
GH-PE-973	C28360	1996	MINISTRY OF FINANCE	URBAN ENV.SANITATION	0.00	71.00	0.00	65.37	.36	HS	HS
GH-PE-943	C27920	1996	GOVT OF GHANA	NON-BANK FIN INS AST	0.00	23.90	0.00	22.77	.88	S	S
GH-PE-45588	C29250	1997	GOVERNMENT	PUB. FIN. MGMT. TAP	0.00	20.90	0.00	20.67	0.00		
GH-PE-967	C27182	1997	GOVERNMENT	PRIV.SCTR ADJ	0.00	3.50	0.00	3.45	0.00	S	S
Total					0.00	1,578.76	0.00	938.58	271.36		

	Active Loans	Closed Loans	Total
Total Disbursed (IBRD and IDA):	682.36	1,935.70	2,618.06
of which has been repaid:	0.00	199.27	199.27
Total now held by IBRD and IDA:	1,578.76	1,656.09	3,234.85
Amount sold :	0.00	.38	.38
Of which repaid :	0.00	.38	.38

Total Undisbursed	:	938.58	28.09	966.67
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- 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.

SOUTH AFRICA

Press Briefing

Press Conference

In the difficult circumstances that South Africa faces, the role of the World Bank has been questioned. South Africans have been wary of the Bank's experience in the rest of Africa. The perception is that the Bank, through its structural adjustment policies, contributed to Africa's poor economic performance while aggravating its external debt. These views have been reflected by South Africans who were in exile in African countries during the apartheid era. In addition, there is a perception that Bank's lending is not cheap if one takes into account policy conditionality and foreign exchange risks.

Overview of Major Issues and Messages

South Africa faces daunting challenges which are virtually without precedent. How to achieve growth with equity that creates more employment in a context of almost unparalleled inequality? How to cope with the backlog in delivery of key services and the prevalence of crushing poverty? Our key messages are the following:

1. GROWTH WITH EQUITY

- Praise for restoration of growth, which was 3% last year.
- But stress concern that growth must be faster, more equitable and more labor-absorbing to have any lasting impact on poverty, redistribution and job creation. Note that growth *per capita* last year was less than 1%. At this rate, it will take 79 years for per capita incomes to double.
- Support for Government's GEAR document and emphasis on the need for rapid implementation. Need for a more open and globally competitive economy with higher savings, greater flexibility in the labor market, and higher foreign investment.

2. POVERTY AND DELIVERY OF SERVICES

- Affirm the centrality of poverty to the development agenda. South Africa is one of the most unequal societies in the world, which makes poverty reduction all the more urgent.
- Emphasize that delivery of key services needs to accelerate, both to improve people's lives now and to move the economy to a redistributive development path.
- Highlight the paramount importance of improving primary and secondary education, which is the single most effective measure Government can take to reduce inequality, expand opportunity, and lay the basis for broad-based growth.
- Support President Mandela's recent statement that implementation is now the most important challenge, especially in education, health and other basic services at provincial and local levels.

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3. REGIONAL ISSUES

- Note that South Africa is reintegrating rapidly into the region after long isolation.
- Encourage reintegration in a way that promotes regional growth.
- Cite the Maputo Corridor and Lesotho Highlands water projects as good examples.

4. ROLE OF THE BANK

- Note that Bank has been intensively involved in supporting South Africa through technical assistance, capacity-building and other means for more than five years.
- Highlight that this support has been participatory and demand-driven, focused on sharing lessons from global experience and building partnerships.
- Underscore the fact that the implementation issues now facing South Africa are the areas of greatest Bank experience and expertise, and that we would be happy to contribute more.

KEY ISSUES LIKELY TO ARISE

During the Press Conference, general questions may be fielded on **structural adjustment policies and their impact** on African countries, **the role of the Bank in countries undergoing political transitions**, and **the validity of borrowing from the Bank in general**. The Bank's economic analysis, the contributions made by individual country team members, and the Bank's NGO outreach program have significantly changed the perceptions about the Bank. Nevertheless, in public debates and meetings the Bank is often criticized based primarily on the public's perception of structural adjustment policies in Africa. To complicate matters, in public discussions the Bank is frequently confused with the IMF.

The South African press is independent, relatively sophisticated and well-integrated into major news channels internationally. In addition to questions about the Bank's role, therefore, there may well be questions on Bank issues worldwide and about the changes you are initiating. In particular, questions may be raised about **the debt initiative** and an **assessment of your first year and a half in office**.

On purely domestic issues, it is expected that questions will focus on your **visit to South Africa**, the **potential of Bank lending**, and your **assessment of Government's handling of economic affairs**. Examples of questions that may be raised are attached.

Press Briefing

Questions and Answers

Bank/South Africa Relationship

Overall

Q. What has been the focus of Bank activities in South Africa? What is the status of the relationship between the Government and the World Bank?

- The relationship between South Africa and the World Bank Group is based on a strong partnership. The IBRD wing of the World Bank Group has focused on providing analytical support and advice in key sectors—macro, land reform, poverty, health, education, water, small business, urban and intergovernmental fiscal relations. The objective is to bring international experience in development to bear on the issues of poverty, inequality, and economic growth faced by South Africa.
- The relationship is evolving, and Government is currently looking into the prospect of borrowing from the IBRD to finance a program in the Department of Trade and Industry. IFC has invested over \$45 million and MIGA has provided \$20.8 million in guarantees directly in private ventures as part of their effort to strengthen the contribution of the private sector to economic growth. We have, in particular, focused on assisting the new entrepreneurs in the economy.
- Finally, through the activities of EDI which include workshops and training programs, the Bank has contributed to capacity building in the country.
- Overall, the relationship has been demand-driven—determined by South Africa, focused more on knowledge transfer rather than on lending, and based on widespread consultation with government, South Africa's rich spectrum of non-governmental organizations, and the private sector.

Lending

Q. What are the details of the possible first World Bank loan to South Africa? What is the status of the negotiations? Are other loans being discussed?

[It may be advisable to allow the Finance Minister, Trevor Manuel, to take a lead in answering this question.]

- Government is currently exploring the possibility of borrowing from the IBRD to finance a program in the portfolio of the Department of Trade and Industry. The program is aimed at improving the international competitiveness of firms, with a particular focus on small, micro, and medium

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sized enterprises (SMMEs). The objective would be to increase the supply response of SMMEs, thus increasing prospects for sustainable job-creating growth. The project builds on the international experience which has shown that SMMEs geared to the export markets can contribute significantly to economic growth. The project would also help reverse to some extent the lack of experience South African firms have had with international competition.

- The terms of the proposed loan have not yet been determined and the specific components of the project are still being discussed. **[The Resident Representative can provide greater project details.]**
- The Bank stands ready to respond to Government's wishes for financing projects in other areas as well. The option is Government's to exercise. It should be emphasised that along with competitive finance, a Bank loan offers the opportunity for South Africa to access our experience in project implementation. In considering future requests for financing, Government may also wish to focus on sectors that would need support in terms of project implementation.

Q. Why is the Bank doing this project and why isn't it lending for a project in one of the social sectors such as health or education?

- Our activities in South Africa are driven by the country's requests and needs for our assistance. The Bank has been very active in the past five years in the social sectors in South Africa despite the absence of a lending program. We have collaborated on technical papers, participated in workshops, and provided technical assistance—in education and health as well as many other sectors.
- We consider sound investment in education and health of the highest importance for South Africa's development and would accord very high priority to projects in these areas should Government seek them. But we are also prepared to continue offering our assistance through non-lending services.

Q. What is the Bank doing to help reduce poverty in South Africa?

- From the start of our re-engagement in South Africa, the Bank has focused on poverty issues. For example, one of our first pieces of technical assistance was in connection with the SALDRU survey [the first quantitative identification of the poor] carried out in collaboration with University of Cape Town. Most recently, we are a principal supporter of the Poverty and Inequality Report being led by Deputy President Mbeki. Our contribution to this task is, in fact, the single largest and most important activity in our support to South Africa this fiscal year.

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- In addition, the Bank-supported work on delivery of urban services, health and education, small businesses, rural restructuring, land reform, and so forth should contribute to key elements of a poverty reduction strategy.

Q: There has been some talk of the Bank lending in Rands rather than in hard currency. What is the rationale for a Rand-denominated loan and what is the status of the discussion on this issue?

- The chief advantage of borrowing in part in Rands would be to limit Government's foreign exchange risk.
- The issue of authorizing a rand-denominated loan has been discussed at some length with the Bank's Treasurer, Legal and Financial Policy Departments, and some groundwork has been done. It is likely that the issue will ultimately have to be decided by the World Bank's Board of Executive Directors, since it would represent a "new financial product" for the Bank.
- Even if the Board were to approve Rand lending, however, South Africa would probably need to select another currency option as well. This is because a rand loan would have a shorter maturity than the 15-year option available in our standard currencies and might cover only a part of the loan volume.

Q: Does South Africa have to undergo structural adjustment to borrow from the World Bank? Is Government discussing an adjustment program with the Bank?

- South Africa does not need an adjustment program to borrow, and no such program is under discussion. The Bank has excellent relationships in many countries without adjustment programs, such as China and India.

Q: Concerns have been raised that the Bank has played too dominant a role in many of Government's policy positions, in particular with regards to the GEAR document and the Municipal Infrastructure Framework. Are you concerned that Government has lost its autonomy in policy making?

- Absolutely not. The dialogue between South Africa and the Bank Group is demand-driven, with South Africa fully in the driver's seat. The Bank is simply responding to Government's own programs and policy agendas. The Bank is only one voice in the policy debate in this country.
- Our objective is to bring global experience to bear on the policy problems facing South Africa. In the final analysis, Government has the responsibility and the option to accept or reject the implications of these lessons. It would be naïve to believe that this Government and this Finance Minister in particular are capable of losing their autonomy to anyone!

*Press Briefing***“Apartheid Debt”**

Q. What is the level of debt that was incurred during the apartheid period and should the Bank not consider cancelling these “apartheid obligations”?

- The last World Bank loan was made in 1968. Soon thereafter the Bank, in support of the movement against apartheid, ceased to have any interaction with the government then in power. All loans prior to 1968 have been paid off and there is nothing called “apartheid loan.”
- During the 1980s, we interacted with the then-South African government in the context of assisting two of our clients, Namibia and Lesotho. It was only in the 1990s—at the invitation of the ANC and the democratic movement—that we re-engaged with South Africa, and it was only after the historic elections of 1994 that we formally re-established official ties.

Q. Is the loan for the Lesotho Highlands Water Project not in effect a loan to South Africa and therefore should it not be considered as apartheid debt?

- The loan for phase 1A of the LHWP was made to the Lesotho Highlands Development Authority with a guarantee from the Kingdom of Lesotho and indirectly from the Government of South Africa. Both Minister Asmal [of Water Affairs] and President Mandela have indicated that they fully support the project and its objectives as fully consistent with the policies and objectives of the current Government.
- Indeed, one of the major benefits of the LHWP for South Africa is to ensure that there is sufficient bulk water in the Gauteng area to meet the needs of the millions that were without water in the past, and to ensure that water shortages do not constrain economic growth. Both the South African and Lesotho Governments have also asked the Bank to become involved in phase 1B. Hence it would not seem appropriate for the LHWP debt to be seen as “apartheid debt.”

[CONFIDENTIAL BACKGROUND: *Although Minister Asmal now fully supports the project, while in exile in the late 1980's he was vehemently opposed to the project - not because of any fundamental issues with the project itself, but rather because he considered international support for the project to be “sanction busting”. At the time of appraisal (1989/90) the project was discussed informally with the ANC in exile in Lusaka and the Bank obtained an informal “no objection” to our involvement from their Economics Department. There is no paper trail on this issue and we have never raised this with Asmal.*]

*Press Briefing***Government's Economic Management**

Q. Based on the international experience of the Bank, what is your assessment of Government's macroeconomic framework as outlined in the Growth, Economic and Redistribution (GEAR) document? Is such a framework, with its emphasis on tight control on the budget deficit, applicable in the context of a country with significant back-logs in the delivery of basic services such as water and education?

- International experience is very clear that without a sound macroeconomic program in place, economic growth, sound delivery of services, and ability to address the problems of poverty may be jeopardised. Effective control over public expenditures is a core component of such a program. Indeed, without a sound macro framework, it is doubtful that sustainable development and sustained delivery of services can be achieved at all.
- From this perspective, the macroeconomic program of Government as outlined in the GEAR document deserves, and has received, international praise. Indeed, one of the success stories of the ANC Government has been its ability to create a sound economic framework—something that has often eluded many governments world-wide.
- Now it is true, as implied in the question, that complex challenges remain in the field of delivery. But, the problems of delivery do not necessarily emanate from the GEAR document. They may be related more to the institutional challenges of restructuring government at all tiers, understanding better the potential partnerships between the public and private sector, and seeking better mechanisms for targeting the poor. These issues, of course, form the core of the economic challenge being addressed by Government. Without the fundamentals of GEAR in place, it would be very difficult to tackle the urgent issue of delivery of services. Implementing the GEAR framework and ensuring sustained delivery of basic services are therefore not contradictory but complementary.

Q. What advice has the Bank been giving the policy-makers about managing the currency crisis? How would you assess Government's handling of the depreciation of the Rand?

- The Bank does not advise governments on exchange rate matters. The IMF has that mandate. However, the Bank does advise governments on macroeconomic issues that may have an effect on exchange rates. From that perspective, one can say that the macro framework is well-focused on the fundamentals and therefore bodes well for growth of the economy.

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- In that context, the so-called "currency crisis" and the subsequent depreciation actually provide a window of opportunity for the economy. The depreciation has injected a degree of international competitiveness that can benefit the economy as long as the macro fundamentals are kept in line. The GEAR framework is designed to achieve that objective.

*Attachments: Industrial Competitiveness and Job Creation Project Brief
Rand Borrowing Note
Lesotho Highlands Water Project Brief
Maputo Corridor
Meeting Notes—1995 Press Conference*

South Africa: Industrial Competitiveness and Job Creation Project

IBRD Loan Amount (US\$ million):	46.0
Total Cost (US\$ million):	66.0
Board Approval:	May 1997
Implementing Agency:	The Department of Trade and Industry
Status (as of January 27, 1997):	Project appraisal scheduled for early-February 1997

Project Objectives

- Increase competitiveness of small, micro and medium-sized firms (SMMEs) and broaden their participation in the economy.
- Make firms better placed to take advantage of export opportunities following trade liberalization.
- Accelerate job creation as firms increase their sales and exports.

Components

- **Competitive Fund:** Firm-level matching grant scheme to help SMMEs access business support services and travel to enhance technology and productivity adjustments (\$20.6 million)
- **Sector Partnership Fund:** Sector-level matching grant scheme to foster networking & information-sharing (\$3.8 million).
- **Export finance guarantee** facility to reduce perceived risks associated with exporting for SMMEs (\$21.5 million)

Project Benefits

The firm and sector-level matching grant schemes are expected to accelerate a process of enterprise restructuring, that will result in productivity gains at both the firm and sector level; to increase the rate of return to investment by firms; broaden the participation of SMMEs in the economy. The Export Finance Guarantee will reduce the uncertainty associated with financing export production for small- and medium-sized firms, and enable them to exploit South Africa's competitive potential in world markets.

Project Background

- The three project components are part of an encompassing industrial strategy, developed and being implemented by the Government of South Africa.
- Two of the three components of this project were prepared using PHRD (Japan) Grant Funds that the government received in 1994 to examine supply-side measures to enhance industrial competitiveness. The third (Sector Partnership Fund) is linked through PHRD support for subsector cluster initiatives.
- Preparation proceeded in a highly collaborative manner, and also involved extensive consultation within South Africa through the tripartite forum involving business, labor and government (NEDLAC).
- The South Africans have raised concerns about the Bank's "cumbersome" procedures. We addressed these concerns by including procurement, disbursement, legal and accounting/auditing specialists on the pre-appraisal mission team who worked closely with their South African counterparts to ensure a smooth and streamlined process.

Task Team Members:

Yvonne M. Tsikata	Task Team Leader	Brian Levy	Industrial Economist
Mark Dorfman	Financial Analyst	Andrew Singer	Management Consultant
acomina de Regt	Operations Support	Uche Mbanefo	Auditing
Jaime Roman	Procurement	Marcos Sugar	Disbursement

Prospects for Rand-Denominated Lending

South African request

- During the Annual Meetings the South African delegation headed by Maria Ramos (Director General, Department of Finance) indicated that the Government of South Africa would like the option of rand-denominated loans from the Bank. This request was re-iterated in October 1996 during the Bank mission to appraise the Industrial Competitiveness and Job Creation Loan.
- The request appears to be driven by two factors: a political one (desire to work with the World Bank on their own terms and a fear of falling into a Bank-driven external debt trap) and a consciously risk-averse debt-management strategy.
- South Africa has not yet responded to our query about its preferences and flexibility with respect to: maturity, disbursement and amortization patterns, interest-rate basis (fixed or floating), and market source of rand funds.

Bank response

- A Bank loan denominated in local currency would constitute a "new financial product" because it would entail changes in Bank guidelines.
- Bank staff in Treasurers' and Legal are addressing funding, liability-management and product-design issues, as well as important legal and financial policy issues (e.g. pertaining to the Bank's Articles of Agreement).
- Pursuant to advice from the Bank's Treasurers and Legal units, the attached December letter to Ms. Ramos indicates that we are following up on these issues. As they will take some time to resolve, a rand loan cannot be an option for the Industrial Competitiveness and Job Creation Loan. We also are assessing the trade-off between embarking on the development of a new financial product and determining that the terms and conditions for a rand-loan might prove to be financially unattractive to South Africa (due to shorter maturity and wider spread than a conventional Bank loan now being processed).

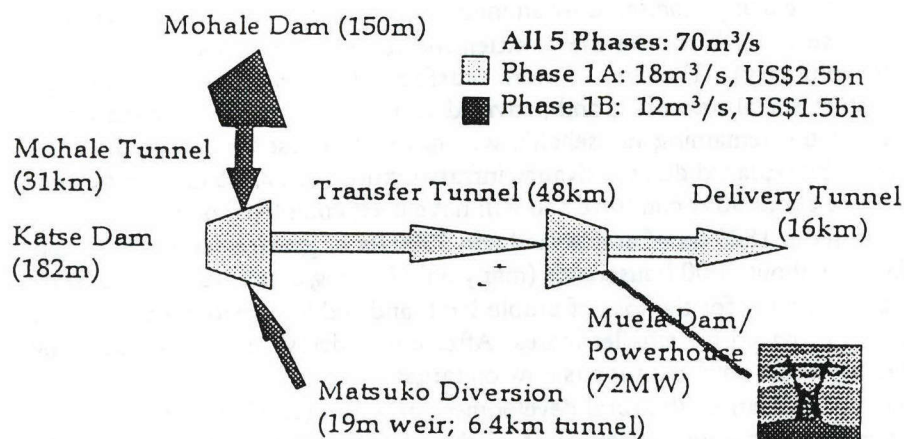
Issues arising from a rand denomination

- South Africa's domestic indebtedness (51% of GDP) would need to decline to a sustainable level. The South Africans are well aware that they are in a "debt trap" (primary domestic) and their fiscal policy has been designed accordingly.
- The Bank could fund the rands in the Euromarket, the domestic market or the swap market, all of which currently offer different terms and conditions. The lending rate to South Africa would comprise the Bank's own funding cost plus a lending spread of 50 b.p. and a risk margin to be determined.
- Cost indications as of early December 1996:
 - ♦ Gilts less 50 b.p. for Eurorand; 2-5 year maturity; availability of funds has been sporadic. To date (1/23/97) the Bank Group has raised ZAR 1,100 mn in the Eurorand market, virtually all proceeds have been swapped into U.S. dollars. (see note on Eurorand transactions)
 - ♦ Gilts flat for swaps; up to 10-year maturity; cost indications have been very volatile.
 - ♦ Gilts plus 5 b.p. for domestic rand; the Bank has never tapped the domestic market, but would work in partnership with the Department of Finance to address capital market development issues to improve the attractiveness of a Bank domestic issue.

LESOTHO HIGHLANDS WATER PROJECT

Background:

- The Lesotho Highlands Water Project (LHWP) will transfer water to Gauteng, the water-short economic heartland Region of South Africa (which has 60% of South Africa's GDP and just 8% of its water, and which ran out of water in the mid 1980's).
- Phases 1A and 1B of this five-phase project are governed by a treaty signed between Lesotho and South Africa in 1986.
- Both governments (now democratically-elected) fully support the project, and as a riparian state, Namibia re-affirmed it's no objection to the project after independence.
- Phase 1A is estimated to cost about US\$2.5 billion, 85% of which is to transfer 18m³/sec of water to Gauteng, and 15% to install 72 MW of hydropower capacity.
- South Africa bears the full cost and associated debt of the water transfer portion of the project, which is financed mainly through contractor arranged export credits and commercial finance.
- The project is the lowest cost alternative, by about US\$1 billion, to meet the water needs of Gauteng
- South Africa will pay an average of about US\$55 million per annum in royalties to Lesotho (for Phases 1A and 1B). Between 1990 and 2044 these royalties are expected to account for 25% of Lesotho's export revenues, 14% of public revenues and about 3-5% p.a. of GDP. These revenues will be deposited into a Development Fund. The royalties were determined as 56% of the cost savings realized by South Africa. The balance (44%) is passed on to the South African water users in the form of lower water tariffs. In addition to royalties, Lesotho benefits from roads, clinics, telecommunications and about 3,000 jobs.



Press Briefing

Progress:

- The project is about 90% complete and is projected to be within 10% of cost at completion. The dam was impounded in October 1995. Water is expected to start flowing in early 1998, with electricity expected to be generated by late 1998.
- The impoundment has been accompanied by "Reservoir Induced Seismicity" but this has been found by a panel of experts to be no threat to the structure of the dam. Additional compensation of effected communities has been made and enhanced seismic monitoring has been put in place.

Development Fund:

- Cumulative deposits to date from Customs Union Revenues amount to M 155 million. In December 1996 a further M 120 million was transferred to Lesotho, representing the first of the fixed annual water royalty payments.
- The Fund was initially plagued with delays in disbursements and an initial lack of transparent criteria and procedures for utilization of the money. The Government of Lesotho (GOL) has now placed the Development Fund at the center of its poverty alleviation strategy. To date it has disbursed over M100 million on over 200 labor based, poverty targeted infrastructure works - including 650km of rural roads, 200 small dams, 40 foot bridges and assorted community forestry and soil conservation projects. GOL is in the process of developing detailed operating procedures for the Fund.
- While some issues remain to be addressed, progress in this regard is now satisfactory. It has been agreed with GOL that any appraisal of a phase 1B loan will only take place once the structure, staffing and operating procedures of the Fund have been strengthened.

Social and Environmental Issues:

- Both governments are committed to ensuring that no household is left worse off as a result of the project.
- Over 35 baseline environmental studies were conducted for phase 1A and detailed environmental action plans prepared. These are being monitored by an independent Social and Environmental Expert Panel.
- Project works for phase 1A will require the resettlement about 75 families from the Katse Reservoir (25 involuntary, 50 voluntary). The first 25 were satisfactorily resettled prior to impoundment of the dam, mostly with intact social networks, and provided with latrines, spring protection and one year's health services. All of the remaining households will have been resettled by mid-1997. In addition about 200 houses will be replaced due to advance infrastructure such as roads and power lines. These replacement houses are about 90% complete and will have been completed by mid-1997.
- In total for phase 1A about 1800 ha of arable land and 3000 ha of grazing land will be appropriated for project works, affecting about 3000 households (many only losing access to grazing land).
- Grain and pulses are provided for the loss of arable land, and fodder is provided for lost grazing land. Cash compensation is provided for smaller losses. After initial delays in compensation deliveries, and other related problems, direct compensation is now on target.
- In addition to direct compensation, the rural development program (RDP) is aimed at the restoration of incomes and the general economic improvement of the project areas. After initial delays, 35km of feeder road construction are almost complete, with another 54km planned to be completed by labour based methods in the next 3 years. Village water supply and sanitation has been supplied to 7 villages, with supply well advanced in another 10 and planned in another 35. Advance installation of 157 latrines in project area schools is complete. Community infrastructure in six villages worth US\$3m will be completed by the end of February.
- Specific income restoration plans have been developed for 340 households and training has begun for the 90 most seriously affected families. However, progress remains slow in restoring incomes.

Press Briefing

- A revised compensation policy, driven by significant consultation with the communities is in the process of being finalized. If approved this would ensure that each household could at least access, as an option, an indefinite annuity equal to the full value of their lost crops.
- The project is making good progress dealing with the natural environment impacts of the project (although some residual risk remains to the Maluti Minnow), and its progress is satisfactory in the Public Health program.

Labour Unrest:

- During 1996 labor unrest occurred on some of the LHWP sites. On September 14, 5 workers were killed by police after violence erupted at the 'Muela site.
- Workers have since returned to work at most sites, but not all of the labor issues have yet been fully resolved.
- An internal inquiry has been completed into the deaths. This was inconclusive on the question of whether or not the police action was justified.
- The Bank has been assured by the Minister of Natural Resources that an independent commission of inquiry into these events will be established. Progress in this regard will be a condition of the appraisal of any phase 1B loan.
- In the interim LHDA is modifying the contract documents for phase 1B to ensure that in future the consultant and the contractor have sufficient Industrial Relations expertise on site.

Phase 1B:

- Investigations and initial designs are well advanced for Phase 1B, which will add about 12m³/s, and which is projected to cost about US\$1.5 billion. It is expected that the project will be primarily financed through Export Credit Agencies, private banks and the South African capital markets.
- A draft environmental impact assessment (EIA) has been completed and reviewed by various international panels. A draft Environmental Action Plan is being developed. About 300 households will be resettled (about 70 of which are voluntary). About 1,300 ha of arable land and 1,600ha of grazing land will be lost to the project (affecting an additional 300 households). Significant public consultation has taken place to develop the resettlement and compensation options for the effected communities. A major associated rural development program is planned.
- The Bank has been asked to help finance phase 1B.

Role of the Bank:

- In phase 1A the Bank has made a \$110m loan to the Lesotho Highlands Development Authority, with an indirect guarantee from South Africa. This covers consultant services (including the environmental and engineering expert panels) and training. The Bank participates in a pari-passus security arrangement with the other lenders.
- \$58m disbursed and \$20m canceled. Effective 5/92. Closing 3/98 but likely to be extended 1 year.
- For phase 1B a US\$50m loan has been requested along the same lines as for 1A, but with a direct South African guarantee. A Partial Credit Guarantee may be considered for the Mohale Dam component if any pre-qualified firms do not have access to Export Credit Financing. Appraisal is planned for the 4th quarter of FY97.
- The Bank's support is valued by both governments as playing the following roles: (i) providing comfort to other lenders through our appraisal and supervision process, (ii) playing a facilitation role between South Africa and Lesotho, (iii) ensuring that the Bank's environmental and social policies are adhered to, and (iv) helping Lesotho maximize benefits of project.

Press Briefing

- In addition to the Bank's normal EIA requirements, such participation will require satisfactory evidence of progress on the social issues (both resettlement and development fund) in phase 1A. The project's independent Environmental Expert Panel supports continued Bank involvement in phase 1B.

NGOs:

- International NGOs started to raise concerns about 2-3 years ago over the slow pace of implementation of social elements of the project, and the lack of responsiveness of the project authorities.
- The Bank shared these concerns, but has noted a significant improvement in performance in the last 12-18 months.
- We are continuing to work with local NGO's and the project authorities to accelerate progress and increase the role for local NGOs in project monitoring and implementation.
- The Lesotho Council of NGO supports the Bank's continued involvement in the project.
- We have an active and open dialogue with many of the key international NGOs, including regular post mission debriefings and other sharing of information and concerns.

MOZAMBIQUE AND SOUTH AFRICA

MAPUTO CORRIDOR

The Maputo Corridor links the port of Maputo in Mozambique and Gauteng, the industrial heartland of South Africa. It is the shortest import/export route to and from Gauteng and in the early 1970s was a major export corridor for South Africa and a major generator of foreign exchange for Mozambique (about \$200 million per annum in 1996 prices). The corridor also has sub-corridors serving Zimbabwe and Swaziland. After Mozambique's independence, political considerations led to the establishment of alternative export routes within South Africa (primarily through Natal). Combined with inefficiency in Mozambique's state-run ports and railways system disruption because of civil war, this led to a decline in the Maputo Corridor's traffic. Port volumes fell from about 10 million tons per annum in the early 1970s to a low of about 1.6 million tons per annum in the mid-1980s. (At the same time, Maputo's share of Gauteng's exports and imports fell from 40% to 5%). Traffic has since recovered to about 3.2 million tons per annum.

The Maputo Corridor development is a joint initiative of the new government in South Africa and the Mozambican Government, with the full support of SADC (the Southern African Development Community). The initiative focuses on upgrading the transport corridor, but also aims to develop ancillary projects within the corridor area. It has a strong element of private sector participation throughout. More specifically, this includes:

- Constructing a private sector-financed toll road (with possible financing from IFC) from Witbank in South Africa to Ressano Garcia on the Mozambique border and on to Maputo. This would be the first such toll road in Africa. Negotiations have recently commenced with the preferred bidder;
- Improving the management and operations of the rail line from Johannesburg to Maputo - in particular on the Mozambican side through the concessioning of the rail system to private operators;
- Awarding a master concession for the port of Maputo covering both the sea side and land side operations and including specific concessions;
- Promoting tourism in Mpumalanga Province in northeastern South Africa and in southern Mozambique;
- Developing industrial projects in southern Mozambique, the most significant of which is an aluminum smelter (sponsored by the South African firm, ALUSAF) proposed for construction just outside Maputo. Other initiatives include the Pande Gas project (with ENRON as the key sponsor) and a proposed iron carbide plant.

South Africa's interest in the initiative seems to be driven by a combination of (i) an expectation of a low cost alternative to the already congested ports of Durban and Richards Bay; (ii) concern over potential instability in KwaZulu-Natal; (iii) a desire to promote development in the underdeveloped Mpumalanga and Northern provinces; and (iv) a hope that the development of Southern Mozambique will help stem the tide of illegal immigration into South Africa.

The Bank Group is indirectly or directly supporting a number of these efforts:

- The IDA-supported Second Roads and Coastal Shipping Project in Mozambique included the toll road in the original project design and has supported Mozambique's preparatory efforts. It is also financing the rehabilitation of feeder roads into the toll road. IFC has been approached by the preferred bidder for the toll road. Initial discussions have also taken place regarding a possible IBRD guarantee for the winning bidder. At present, the winning bidder's base financing plan does not include an IBRD guarantee, however.

- The IDA-supported Maputo Corridor Revitalization Project in Mozambique has the objective of upgrading the management of and increasing private sector participation in the operations of the Maputo port and railways.;
- IFC has been approached to finance the aluminum smelter;
- ENRON has approached the Bank regarding a possible guarantee for the Pande Gas project;
- The GEF Transfrontier Conservation Areas Project (approved in December 1996) aims to promote tourism and conservation in Mozambique;
- Both the Johannesburg and Maputo resident missions are actively involved in an ongoing dialogue with the government and private sectors in both countries.

The Maputo Corridor development is widely supported in both countries and is, by and large, non-controversial. Most of the initiative (especially the transport elements) is fully consistent with the Bank's Country Assistance Strategy for Mozambique. The concept also provides for an attractive private-public partnership - with the private sector providing most of the investment.

There are, however, a few **important issues** that need to be borne in mind:

- The Mozambican Government and the local private sector are concerned that they have a full voice in, and get a fair share of the benefits of, the initiative. The local private sector, in particular, is concerned that, given their weak position vis-a-vis the South Africans, they will be excluded by any completely open bidding procedures. Hence they are lobbying for (i) protection of existing rights and (ii) preferential access to contracts and concessions. They are a very vocal group. Within the port and rail sector it has now been agreed that: (i) existing legal rights (including those of the local companies who have been awarded concessions/leases) will be respected, and (ii) they will be eligible to form or join consortia to bid for the 51% private sector share of future concessions. At some date in the future, the Mozambican Government may decide to sell the residual state share in the concessions (33%, held by CFM) to private Mozambican interests.
- There are powerful entrenched parastatals in the rail and port sectors in both countries. There was previously a view, in some quarters, that quicker improvement in performance might be attainable through a stronger public sector involvement (specifically a joint venture between the two state-owned companies). However, the Mozambican and South African Governments have now endorsed the start of bidding for the concessioning of the port and the railways to private operators.
- Mozambique needs to ensure that the aluminum smelter project represents the best use of Mozambique's energy resources, that the price of electricity and the tax breaks provided under the project are appropriate, and that the environmental issues are adequately addressed;
- The viability of some of the ancillary projects proposed within the overall framework has yet to be proven.

The initiative also poses a number of **challenges and opportunities for the Bank Group**:

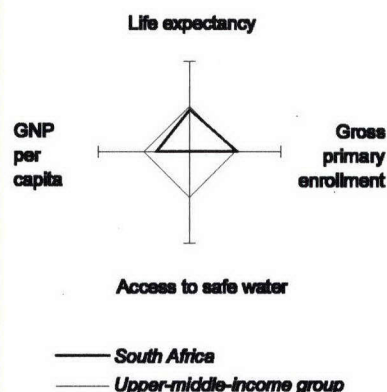
- This initiative is just one example of the broader political and economic integration that is now happening in a region that traditionally has been characterized by sharp differences and hostile relations. South Africa has explicitly asked that the Bank focus on a regional facilitating role, which includes an advisory and facilitating role in trans-national projects such as the Maputo Corridor Initiative. We have played this role in the past, but the nature of the role will need to evolve from one that explicitly supported various countries in their dealings with South Africa, to one that is even-handed.
- The Bank group is working to ensure that the full range of current and potential Bank group products are brought to bear in supporting this initiative (IDA, IBRD, IFC, Guarantees, MIGA, GEF).

South Africa at a glance

POVERTY and SOCIAL

	South Africa	Sub-Saharan Africa	Upper-middle-income
Population mid-1995 (millions)	41.5	589	440
GNP per capita 1995 (US\$)	3,160	480	4,300
GNP 1995 (billions US\$)	130.9	289	1,892
Average annual growth, 1990-95			
Population (%)	2.2	2.8	1.7
Labor force (%)	2.5	2.8	2.1
Most recent estimate (latest year available since 1989)			
Poverty: headcount index (% of population)	..	..	..
Urban population (% of total population)	51	31	74
Life expectancy at birth (years)	64	52	69
Infant mortality (per 1,000 live births)	49	92	36
Child malnutrition (% of children under 5)	..	..	..
Access to safe water (% of population)	..	47	89
Illiteracy (% of population age 15+)	18	43	13
Gross primary enrollment (% of school-age population)	111	71	107
Male	111	77	..
Female	110	64	..

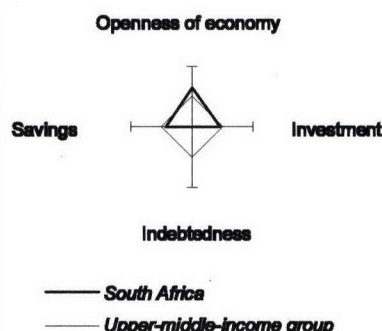
Development diamond*



KEY ECONOMIC RATIOS and LONG-TERM TRENDS

	1975	1985	1994	1995
GDP (billions US\$)	36.0	55.2	121.9	133.6
Gross domestic investment/GDP	31.7	20.1	17.7	19.3
Exports of goods and non-factor services/GDP	28.1	32.2	23.6	24.3
Gross domestic savings/GDP	29.2	29.2	18.7	18.7
Gross national savings/GDP	19.9	19.5	16.6	16.4
Current account balance/GDP	-7.3	4.8	-0.6	-1.9
Interest payments/GDP	..	..	0.6	1.2
Total debt/GDP	..	..	15.7	17.8
Total debt service/exports	..	..	8.3	7.0
Present value of debt/GDP	..	..	..	..
Present value of debt/exports	..	..	..	..
(average annual growth)				
GDP	2.8	0.8	2.7	3.3
GNP per capita	0.3	-1.1	1.9	0.7
Exports of goods and nfa	0.5	2.6	0.3	8.1

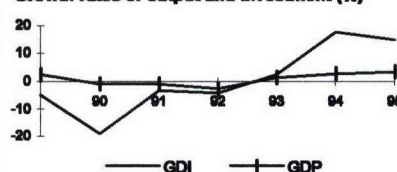
Economic ratios*



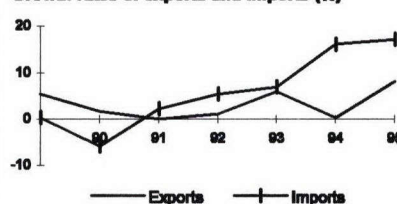
STRUCTURE of the ECONOMY

	1975	1985	1994	1995
(% of GDP)				
Agriculture	8.5	5.8	4.6	3.9
Industry	42.8	45.9	45.8	46.1
Manufacturing	23.7	23.1	20.9	21.6
Services	48.8	48.3	49.6	50.0
Private consumption	56.9	53.7	60.2	60.9
General government consumption	13.8	17.3	21.2	20.5
Imports of goods and non-factor services	30.5	23.2	22.7	24.7
(average annual growth)				
Agriculture	0.4	0.6	12.1	-14.9
Industry	2.6	-3.5	2.6	6.4
Manufacturing	3.4	0.0	3.7	7.6
Services	3.2	3.7	2.5	3.6
Private consumption	3.5	1.5	3.1	4.9
General government consumption	4.4	2.5	4.2	0.3
Gross domestic investment	-0.5	-0.7	17.7	14.9
Imports of goods and non-factor services	-0.8	4.9	16.1	17.2
Gross national product	2.8	1.1	4.2	3.0

Growth rates of output and investment (%)



Growth rates of exports and imports (%)

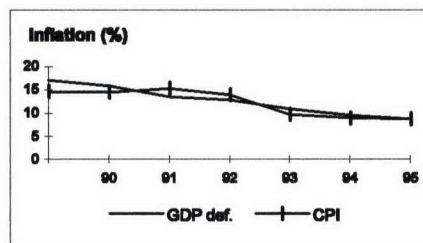


Note: 1995 data are preliminary estimates.

* 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.

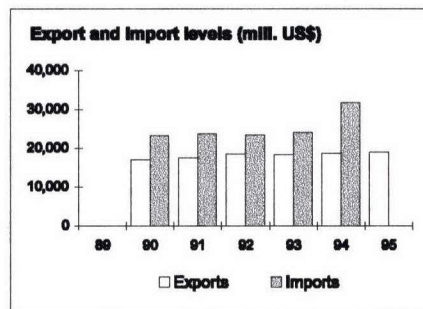
PRICES and GOVERNMENT FINANCE

	1975	1985	1994	1995
Domestic prices				
(% change)				
Consumer prices	13.5	16.3	9.0	8.7
Implicit GDP deflator	10.6	16.0	9.5	8.7
Government finance				
(% of GDP)				
Current revenue	..	..	28.2	27.6
Current budget balance	..	..	-4.2	-3.8
Overall surplus/deficit	..	..	-8.1	-6.0



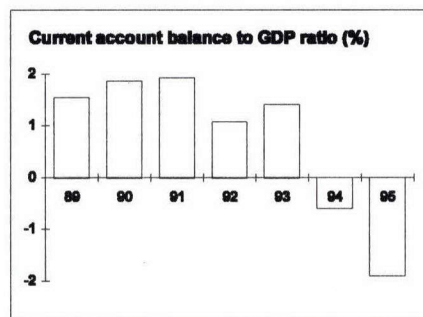
TRADE

	1975	1985	1994	1995
(millions US\$)				
Total exports (fob)	..	8,854	18,688	18,978
Gold	..	3,542	6,380	5,556
Chemicals	..	912	1,578	..
Manufactures	..	934	6,733	..
Total imports (cif)	..	10,416	31,804	..
Food	..	417	857	..
Fuel and energy	..	104	214	..
Capital goods	..	7,604	15,645	..
Export price index (1987=100)	..	..	..	..
Import price index (1987=100)	..	..	..	..
Terms of trade (1987=100)	..	..	..	..



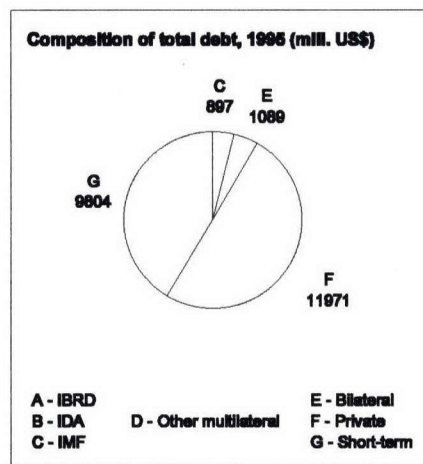
BALANCE of PAYMENTS

	1975	1985	1994	1995
(millions US\$)				
Exports of goods and non-factor services	9,548	17,703	28,927	30,121
Imports of goods and non-factor services	11,063	12,760	26,598	30,206
Resource balance	-1,515	4,943	2,329	-85
Net factor income	-1,116	-2,395	-3,048	-2,668
Net current transfers	0	84	-1	277
Current account balance, before official transfers	-2,631	2,632	-720	-2,476
Financing items (net)	2,720	..	-190	6,336
Changes in net reserves	-89	..	911	-3,860
Memo:				
Reserves including gold (mill. US\$)	2,978	1,897	4,371	8,231
Conversion rate (local/US\$)	0.7	2.2	3.5	3.6



EXTERNAL DEBT and RESOURCE FLOWS

	1975	1985	1994	1995
(millions US\$)				
Total debt outstanding and disbursed	..	24,539	19,084	23,761
IBRD	..	0	0	0
IDA	..	0	0	0
Total debt service	..	3,843	2,534	2,214
IBRD	..	0	0	0
IDA	..	0	0	0
Composition of net resource flows				
Official grants	..	0	146	250
Official creditors	..	0	250	839
Private creditors	..	0	1,550	2,725
Foreign direct investment	185	-450	5	15
Portfolio equity	..	0	219	303
World Bank program				
Commitments	..	0	0	0
Disbursements	..	0	0	0
Principal repayments	..	0	0	0
Net flows	..	0	0	0
Interest payments	..	0	0	0
Net transfers	..	0	0	0



South Africa - Selected Indicators of Bank Portfolio Performance and Management

Indicator	1994	1995	1996	1997
<i>Portfolio Performance</i>				
Number of Projects under implementation				
Average implementation period (years) ^a	0.00	0.00	0.00	0.00
Percent of problem projects rated U or HU ^b (for past years, rated 3 or 4)				
Development Objectives ^c	0.00	0.00	0.00	0.00
Implementation Progress (or overall status for past years) ^d	0.00	0.00	0.00	0.00
Cancelled during FY in US\$m	0.00	0.00	0.00	0.00
Disbursement ratio (%) ^e	0.00	0.00	0.00	0.00
Disbursement lag (%) ^f	0.00	0.00	0.00	0.00
Memorandum item: % completed projects rated unsatisfactory by OED	0.00	0.00	0.00	0.00
<i>Portfolio Management</i>				
Supervision resources (total US\$ thousands)	0.00	0.00	0.00	0.00
Average Supervision (US\$ thousands/project)	0.00	0.00	0.00	0.00
Supervision resources by location (in %)				
Percent headquarters	0.00	0.00	0.00	0.00
Percent resident mission	0.00	0.00	0.00	0.00
Supervision resources by rating category (US\$ thousands/project)				
Projects rated HS or S	0.00	0.00	0.00	0.00
Projects rated U or HU	0.00	0.00	0.00	0.00
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.

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.

South Africa - Bank Group Fact Sheet IBRD/IDA Lending Program

Category	Past		Current		Planned ^a		
	1994	1995	1996	1997	1998	1999	2000
Commitments (US\$m)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sector (%)^b							
Other	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Specific investment loans and others	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
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	0.0	0.0	0.0	0.0	0.0	0.0
Repayments (US\$m)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest (US\$m)	0.0	0.0	0.0	0.0	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.

South Africa - IFC and MIGA Program, FY94-97

Category	Past			
	1994	1995	1996	1997
IFC approvals (US\$m)	0.00	35.28	10.60	0.00
Sector (%)				
	0.00	0.00	0.00	0.00
Cement & Construction	0.00	0.00	46.00	0.00
Financial Services	0.00	100.00	54.00	0.00
TOTAL	100.00	100.00	100.00	100.00
Investment instrument (%)				
Loans	0.00	0.00	34.00	0.00
Equity	0.00	90.00	33.00	0.00
Quasi-Equity ^a	0.00	10.00	33.00	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	8.00	20.00	20.00
MIGA commitments (US\$m)	0.00	0.00	0.00	0.00

^aIncludes quasi-equity types of both loan and equity instruments.

Status of Bank Group Operations in South Africa 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	
					IBRD	IDA	Cancellations	Undisbursed		Supervision Rating b/ Development Objectives	Implementation Progress
Number of Closed Loans/credits: 11											
<u>Active Loans</u>											
Total					0.00	0.00	0.00	0.00	0.00		
					<u>Active Loans</u>	<u>Closed Loans</u>	<u>Total</u>				
Total Disbursed (IBRD and IDA):					0.00	241.80	241.80				
of which has been repaid:					0.00	241.80	241.80				
Total now held by IBRD and IDA:					0.00	0.00	0.00				
Amount sold :					0.00	162.56	162.56				
Of which repaid :					0.00	162.56	162.56				
Total Undisbursed :					0.00	0.00	0.00				

- 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.

MOZAMBIQUE

MOZAMBIQUE

Press Conference

5:30 p.m., Sunday, February 16, at the Maputo Airport

General

- Throughout the Press Conference, there is likely to be a tone in the questioning which suggests that the World Bank (together with the IMF) is "calling the shots", especially on economic matters, in Mozambique. This is not true; the economic team is committed to the reform program. The Bank's role as policy and technical adviser to the Government should be emphasized.
- Among the press, there are likely to be several journalists (among them, Carlos Cardoso of Mediafax, and Joseph Hanlon, a leftist free-lance writer who has published several books on Mozambique), who are well-mannered, but who will pursue a hostile line of questions.
- Mr. Hanlon is a longtime foe of the Bank, who has a small following in European circles. His thesis is that Mozambique is headed for deep trouble if it continues to follow the advice of the Bank and the IMF. He believes that: Bank decision makers do not have good access to accurate information; both institutions operate in a secretive fashion; Bank and Fund staff, along with other prominent western economists (e.g., Jeffrey Sachs), preach free market policies on blind faith; and wrong policies, coupled with the Bank's excessive power, spell disaster for countries like Mozambique.
- A list of invited journalists is attached.

Possible Topics

Q. What was the purpose of your visit?

A. This visit is part of a four-country trip through Africa which is designed to call attention to some of the great changes and progress that is being made on this continent. In Mozambique, and at the invitation of President Chissano, the objective was to see first-hand the remarkable achievements that this Government has made in the transition from war to peace, multiparty democracy, and a free market economy. It has also provided an opportunity to discuss with the President and other key policy makers future challenges and ways in which the Bank can be helpful. Some of the areas discussed were: education and capacity building, rural development, and development of high potential growth sectors -- energy, transport and agriculture -- by attracting the private sector.

Q. How do you see Mozambique's performance over the last few years and its prospects for the future?

A. Mozambique's record is very encouraging. It is one of the few countries which has managed to make a successful transition from war to peace. On the economic front, the Government's decision to stay the course of economic reform is paying off. Inflation has dropped from over 50% to just under 17% this year; interest rates are dropping; the exchange rate is holding firm --even rising against the Rand; growth will be over 6% this year; and exports are up a third. This combination of stability and growth bodes well for the future. However, there are also tremendous challenges ahead. Three-quarters of the population is poor; and there are tremendous social needs. Education, capacity-building and rural development are key investments for the future of Mozambique. These are some of the areas - among others - where the Bank has been assisting Mozambique and stands ready to do more.

Q. What are the plans for future Bank support for Mozambique?

A. Priority areas where the Bank would be happy to provide the Government with additional support include agriculture and rural development, capacity building and education, and private sector development. The Bank is also likely to continue its policy advice and aid coordination roles. More precise plans for Bank support are being firmed up as part of the development of a new Country Assistance Strategy for Mozambique. The development of the strategy will be done in close partnership with the Government and in close consultation with NGOs, the private sector, and other parts of Mozambique's civil society. To kick off the strategy preparation, the Bank's Mozambique Country Team and the Government have agreed to meet next week for a day and a half to begin discussing priorities and possible future plans.

Q. The Bank and the Government have announced that they are conducting a joint portfolio review to restructure the portfolio. What's wrong with the Bank projects?

A. The current portfolio in Mozambique consists of 21 operations, totaling over one billion dollars, with just over US\$500 million still undisbursed. In the past, in many countries, the Bank has tended to concentrate on developing new projects. This was certainly the case in Mozambique. Just after the war ended, the Bank, along with other donors, was anxious to help the people of Mozambique. In the meanwhile, over the last few years, things have changed very rapidly. Consequently, some of the projects no longer respond to the Government's priorities. Others have unrealistic targets or inadequate attention to capacity-building. Because the portfolio has funds which have not yet been spent, there is a great opportunity to rapidly increase the effectiveness of Bank-supported activities. So the Government and the Bank have decided to take a look at the portfolio to see which projects should be restructured, which should be canceled, and what new types of support the Bank can provide. This review is ongoing, but will be concluded in the next few months and should result in more concrete benefits on the ground.

Q. The IMF's tight targets -- with the Bank's approval -- are limiting the budgetary resources available for implementing investment and reconstruction projects and for social programs. Would you care to comment on this?

A. Most public investment in Mozambique is still financed by aid, and the IMF does not place a limit on external investment. **There is a need for investment for both growth and poverty reduction. The key limiting factor is not the IMF targets, but the scarcity of Government counterpart funds and, even more importantly, the funds needed in the future to sustain all the investments** (for example, salaries, operation and maintenance). There are several things that this Government is doing about this. First, it is trying to **attract more private investment** to take the burden off the public sector -- that is what the Maputo Corridor initiative, the Pande Gas project, and the privatization program are all about. Second, with Bank assistance, it has begun a Fiscal Management Review to **define more efficient procedures and spending priorities**. It has already made some progress by, for example, increasing social spending and decreasing defense expenditures. Third, the Government is beginning a strenuous effort to **increase revenues**. The recent customs reform (Crown Agents was awarded a contract to manage customs for the next three years) and the planned introduction of a Value Added Tax in 1998 are steps in this direction.

Q. The World Bank has been pressing the Government hard on eliminating quantitative restrictions and the export tax on unprocessed cashews. Does the World Bank realize that it is destroying the future of cashew in Mozambique?

A. In 1995, the Government adopted a new cashew policy which eliminated quantitative restrictions and called for a gradual phasing out of the export tax on raw cashews. The Bank strongly supports this policy because it has already brought substantial benefits to over one million poor farmers. For example, in the 1995/96 season when the export tax was reduced to 20%, prices paid to farmers for raw nuts increased by over 50% in real terms. Farmers' share in the export price went from 15% to 40%. The marketed output of raw cashews increased from 29,000 tons in 1993/4 to 65,000 tons in 1995/6. Export revenues from both raw and processed cashews jumped from US\$15 million in 1995 to US\$49 million in 1996. This year, because of weather and a falling world price, the crop may not be as good, but preliminary indications are that the price benefits to small farmers are still holding up. Aside from the welfare effects, this is precisely the kind of incentive farmers need to plant new trees.

The declining export tax, far from destroying the cashew industry, will result in the development of an efficient and competitive processing industry in Mozambique. Mozambican industry is now being subject to increased competition from export traders in the purchase of raw nuts. It is true that some plants, those with capital intensive and inefficient technology, may not be viable when subject to this competition. But there is evidence that those firms that adapt appropriate technology will be highly competitive.

Q. Privatization has caused widespread layoffs in many enterprises. How can this be good for Mozambique?

A. Mozambique has had one of the largest and most successful privatization programs on the continent. Since 1989 about 700 firms have been privatized. Privatization has caused some layoffs and some of the new companies may fail. But the newly privatized industries are the leaders in what has now become a strong recovery in the industrial sector. This recovery will lead to new jobs and new opportunities. Also, the situation of many of these firms prior to privatization needs to be kept in mind. Many had serious managerial, technical and financial problems; some could not even pay their employees' salaries. Privatization has also had a very positive impact on the overall economy. Budgetary resources which were sustaining unprofitable state enterprises are now being used, for example, to pay teachers and build schools. With the cutback in lending to these enterprises -- brought about by Central Bank credit ceilings and the privatization of BCM (the largest state bank) -- there has been tighter monetary control and a sharp decline in the rate of inflation. This benefits all Mozambicans.

Q. Many public enterprises are being sold to foreign interests. How will Mozambicans benefit?

A. Actually, the majority of privatized firms have been sold to Mozambican nationals. A recent joint study by the Government and the Bank found that close to 90% of firms were sold to nationals. These firms represented just under half of the value of all privatization sales (Total value = US\$110 million). Also, the benefits of foreign investment need to be recognized. Foreign investment can bring new jobs, new ideas, and increased tax revenues to Mozambique.

Q. What is the Bank doing to ensure that the interests of Mozambican businessmen are protected in the Maputo Corridor Development?

A. Primary responsibility for the Maputo Corridor initiative rests with the two involved Governments and their private sector partners. The Bank, so far, has played a role of technical adviser. On the specific question, the Government and CFM (the railway and port company) have agreed that existing legal rights (including those of local companies who have been awarded concessions/leases) will be respected. They have also agreed that local companies/operators will be eligible to form or join consortia to bid for the main 51% private sector share of future concessions. At some date in the future, the Mozambican Government may decide to sell the residual state share in the concessions (33%, held by CFM) to private Mozambican interests. On the toll road, in selecting the preferred tenderer, one of the evaluation criteria was the degree to which local contractors and other businesses would be included in the consortium itself, or as subcontractors. Negotiations are ongoing with the preferred tenderer.

Q. The war destroyed the private trading network in rural areas, and the economic reform program eliminated public support for agricultural marketing. In the meantime, millions of people have returned to the countryside and are planting. How are small

farmers going to sell their crops? Shouldn't the Government and the Bank be doing something?

A. Small farmer marketing is a problem in many parts of the world. Experience shows that there are some very important things that the Government can do. First, **building and rehabilitating access roads** is very important. To help, the Bank, along with many other donors, is supporting the large (about US\$900 million) ROCS (Roads and Coastal Shipping) program. Second, the Government can make sure farmers have **access to agricultural extension and market information**. The Government, with support from the Bank and several other donors, is preparing an agricultural sector investment program (PROAGRI) which will support these activities. Third, the Government can **facilitate a good business environment** for small traders and other small businessmen. Among other things, this means implementing sound macroeconomic policies which result in lower inflation and lower interest rates; encouraging an open and competitive financial system, and removing administrative barriers, such as excessive licensing requirements. The Government has made some significant progress in this area recently. Finally, **experience worldwide suggests that direct trading or marketing subsidies by the Government is not an effective way of helping small farmers to sell their produce and get the best price**. If the Government concentrates on roads, extension, market information and improving the business climate, a competitive private trading sector is likely to reestablish itself quickly in rural areas.

Q. Mozambican schools were recently delivered a stock of very poor quality textbooks purchased from an Indian supplier under a Bank-financed project. As the Bank gave its 'no objection' to the purchase, is it not partially responsible? And isn't this part of a pattern of accepting sub-par quality for Mozambique's schools, another example of which is a Bank-financed project that supported classrooms without windows and doors?

A. The Bank believes that education should be of the highest priority in Mozambique's development plans. On the specific procurement issue, the Bank's procurement rules are very stringent, designed to ensure the highest quality at the lowest price. It is on that basis that the Bank provides a 'no objection' to a proposed bid award. Sometimes, a supplier fails to meet the conditions of the contract, as apparently happened in this case. **The Bank is acting as it has in similar cases. It is encouraging the Government and the supplier to meet, to evaluate the extent of the problem, and to find a remedy that results in Mozambican children having acceptable school books.** In the case of the schools, based on cost considerations and the pressing need to build as many schools as possible, initial plans, which the Bank supported, called for schools of very modest design. The idea was that local communities could then improve on them as they wished. However, this proved to be unacceptable to the Mozambican people [there was a big debate in the National Assembly about it], who felt that a somewhat less modest design was preferable, even if that meant fewer schools. The Bank respected that decision and continued its support.

Jocelyn Mason, Country Director's Office
Phyllis Pomerantz, Country Director

January 24, 1997

Mozambique - List of Invited Journalists

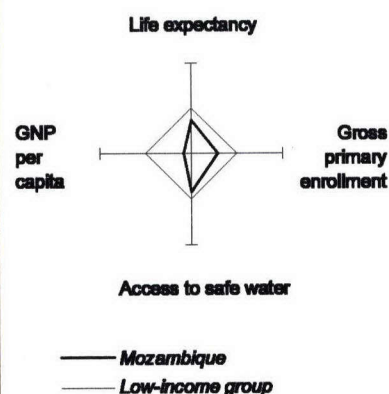
MEDIAFAX	Mr. Carlos Cardoso
SAVANA	Mr. Salomao Moiane
JORNAL NOTICIAS	Mr. Bernardo Gabriel Mavanda
JORNAL NOTICIAS (Pagina Economica)	Mr. Daniel Cuambe
JORNAL DOMINGO	Mr. Jorge Conceicao Matine
AIM	Mr. Paul Fauvet
freelance	Mr. Joseph Hanlon
TVM (television)	
RADIO MOZAMBIQUE	
AGENCIA LUSA (Portuguese)	
REUTERS	
BBC	
South African Press	

Mozambique at a glance

POVERTY and SOCIAL

	Mozambique	Sub-Saharan Africa	Low-income
Population mid-1995 (millions)	17.9	589	3,188
GNP per capita 1995 (US\$)	80	490	460
GNP 1995 (billions US\$)	1.4	289	1,466
Average annual growth, 1990-95			
Population (%)	4.7	2.8	1.8
Labor force (%)	2.7	2.8	1.9
Most recent estimate (latest year available since 1989)			
Poverty: headcount index (% of population)	..	..	..
Urban population (% of total population)	34	31	29
Life expectancy at birth (years)	47	52	63
Infant mortality (per 1,000 live births)	145	92	58
Child malnutrition (% of children under 5)	40	..	38
Access to safe water (% of population)	63	47	75
Illiteracy (% of population age 15+)	60	43	34
Gross primary enrollment (% of school-age population)	60	71	105
Male	69	77	112
Female	51	64	98

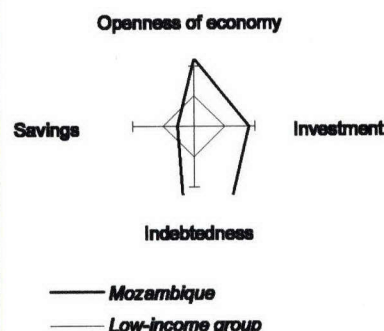
Development diamond*



KEY ECONOMIC RATIOS and LONG-TERM TRENDS

	1975	1985	1994	1995	
GDP (billions US\$)	..	2.6	1.5	1.5	
Gross domestic investment/GDP	..	17.0	60.4	53.9	
Exports of goods and non-factor services/GDP	..	5.6	23.3	27.0	
Gross domestic savings/GDP	..	3.8	4.7	17.5	
Gross national savings/GDP	..	-0.2	2.7	8.9	
Current account balance/GDP	..	-17.2	-60.9	-45.6	
Interest payments/GDP	..	0.7	3.4	3.2	
Total debt/GDP	..	104.5	374.3	370.2	
Total debt service/exports	..	29.0	23.0	23.0	
Present value of debt/GDP	..	..	334.4	..	
Present value of debt/exports	..	..	1,240.8	..	
	1975-84	1985-95	1994	1995	1996-04
(average annual growth)					
GDP	..	6.0	5.4	3.0	6.5
GNP per capita	..	3.8	2.1	-2.6	2.3
Exports of goods and nfs	..	8.8	7.3	-1.7	11.0

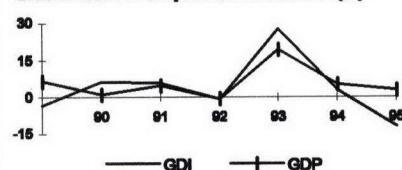
Economic ratios*



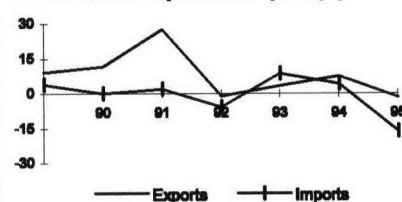
STRUCTURE of the ECONOMY

	1975	1985	1994	1995
(% of GDP)				
Agriculture	..	47.5	32.8	33.7
Industry	..	10.4	12.3	12.3
Manufacturing	..	..	..	..
Services	..	42.1	54.9	54.0
Private consumption	..	75.3	75.3	70.0
General government consumption	..	21.0	20.0	12.5
Imports of goods and non-factor services	..	18.8	79.0	63.4
(average annual growth)				
Agriculture	..	2.2	5.0	..
Industry	..	3.2	-3.3	..
Manufacturing	..	..	..	..
Services	..	6.0	12.0	..
Private consumption	..	4.2	0.4	4.7
General government consumption	..	5.8	28.4	-36.6
Gross domestic investment	..	5.0	3.0	-11.8
Imports of goods and non-factor services	..	3.1	4.1	-16.3
Gross national product	..	5.2	3.9	6.8

Growth rates of output and investment (%)



Growth rates of exports and imports (%)

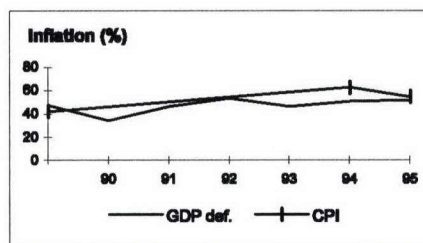


Note: 1995 data are preliminary estimates. Figures in *italics* are for years other than those specified.

* 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.

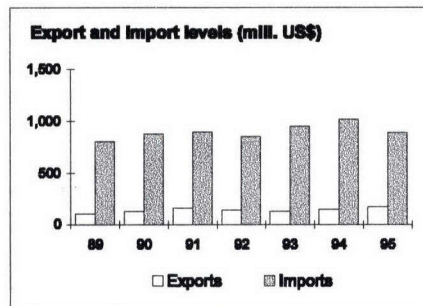
PRICES and GOVERNMENT FINANCE

	1975	1985	1994	1995
Domestic prices				
(% change)				
Consumer prices	..	47.7	63.1	54.5
Implicit GDP deflator	..	33.1	50.8	51.8
Government finance				
(% of GDP)				
Current revenue	..	17.3	17.6	17.9
Current budget balance	..	-12.5	-5.2	1.2
Overall surplus/deficit	..	-18.5	-29.6	-22.3



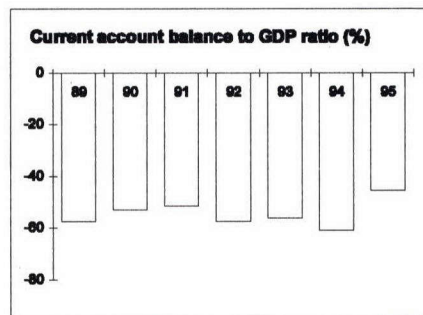
TRADE

	1975	1985	1994	1995
(millions US\$)				
Total exports (fob)	..	77	150	170
Groundnuts	..	12	15	20
Fish	..	33	63	65
Manufactures	..	..	..	..
Total imports (cif)	..	381	1,018	890
Food	..	121	248	135
Fuel and energy	..	75	83	82
Capital goods	..	49	333	340
Export price index (1987=100)	..	92	96	111
Import price index (1987=100)	..	65	109	112
Terms of trade (1987=100)	..	142	88	100



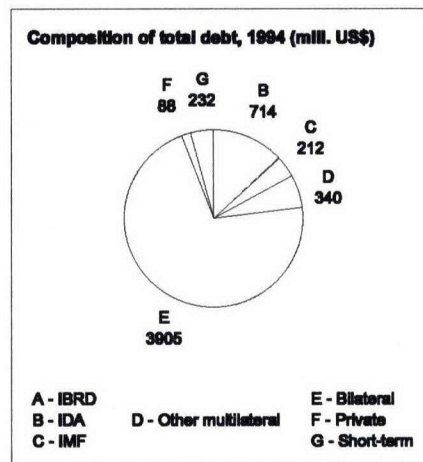
BALANCE of PAYMENTS

	1975	1985	1994	1995
(millions US\$)				
Exports of goods and non-factor services	..	143	341	411
Imports of goods and non-factor services	..	481	1,155	965
Resource balance	..	-339	-814	-554
Net factor income	..	-117	-218	-230
Net current transfers	..	16	138	100
Current account balance, before official transfers	..	-440	-894	-684
Financing items (net)	..	420	947	754
Changes in net reserves	..	21	-52	-70
Memo:				
Reserves including gold (mill. US\$)	..	41	428	499
Conversion rate (local/US\$)	25.6	43.2	5,918.1	8,890.0



EXTERNAL DEBT and RESOURCE FLOWS

	1975	1985	1994	1995
(millions US\$)				
Total debt outstanding and disbursed	..	2,677	5,491	5,553
IBRD	..	0	0	0
IDA	..	5	714	890
Total debt service	..	53	91	113
IBRD	..	0	0	0
IDA	..	0	4	6
Composition of net resource flows				
Official grants	16	174	637	684
Official creditors	..	308	231	235
Private creditors	..	54	-1	-41
Foreign direct investment	..	0	35	45
Portfolio equity	..	0	0	0
World Bank program				
Commitments	..	46	427	99
Disbursements	..	5	176	160
Principal repayments	..	0	0	0
Net flows	..	5	176	160
Interest payments	..	0	4	6
Net transfers	..	5	172	154



Mozambique - Selected Indicators of Bank Portfolio Performance and Management

Indicator	1994	1995	1996	1997
<i>Portfolio Performance</i>				
Number of Projects under implementation	25	24	24	22
Average implementation period (years) ^a	3.03	3.94	4.59	5.45
Percent of problem projects rated U or HU ^b (for past years, rated 3 or 4)				
Development Objectives ^c	8.00	8.33	25.00	27.27
Implementation Progress (or overall status for past years) ^d	8.00	12.50	16.67	13.64
Cancelled during FY in US\$m	1.02	0.00	1.57	3.00
Disbursement ratio (%) ^e	9.21	13.20	16.09	9.17
Disbursement lag (%) ^f	22.43	19.93	23.52	20.68
Memorandum item: % completed projects rated unsatisfactory by OED	0.00	0.00	0.00	0.00
<i>Portfolio Management</i>				
Supervision resources (total US\$ thousands)	1,437.30	1,774.46	1,711.12	770.42
Average Supervision (US\$ thousands/project)	57.49	73.94	71.30	35.02
Supervision resources by location (in %)				
Percent headquarters	0.00	0.00	75.88	68.25
Percent resident mission	0.00	0.00	24.12	31.75
Supervision resources by rating category (US\$ thousands/project)				
Projects rated HS or S	57.08	78.89	76.31	34.69
Projects rated U or HU	62.22	39.27	46.21	37.07
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.

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.

Mozambique - Bank Group Fact Sheet
IBRD/IDA Lending Program

<i>Category</i>	<i>Past</i>		<i>Current</i>		<i>Planned^a</i>		
	1994	1995	1996	1997	1998	1999	2000
Commitments (US\$m)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Sector (%)^b</i>							
Other	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
<i>Lending instrument (%)</i>							
Adjustment loans ^c	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Specific investment loans and others	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
<i>Disbursements (US\$m)</i>							
Adjustment loans ^c	63.1	105.8	46.6	101.2	0.0	0.0	0.0
Specific investment loans and others	44.4	91.2	104.6	54.2	143.9	79.2	44.7
Repayments (US\$m)	0.0	0.0	.7	.3	0.0	0.0	0.0
Interest (US\$m)	3.7	5.0	6.3	3.4	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.

Mozambique - IFC and MIGA Program, FY94-97

Category	Past			
	1994	1995	1996	1997
IFC approvals (US\$m)	0.00	0.00	28.00	0.00
Sector (%)				
	0.00	0.00	0.00	0.00
Cement & Construction	0.00	0.00	36.00	0.00
Financial Services	0.00	0.00	54.00	0.00
Food & Agro-Business	0.00	0.00	11.00	0.00
TOTAL	100.00	100.00	100.00	100.00
Investment instrument (%)				
Loans	0.00	0.00	82.00	0.00
Equity	0.00	0.00	18.00	0.00
Quasi-Equity ^a	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

^aIncludes quasi-equity types of both loan and equity instruments.

Status of Bank Group Operations in Mozambique 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	
					IBRD	IDA	Cancellations	Undisbursed		Supervision Rating b/ Development Objectives	Implementation Progress
Number of Closed Loans/credits: 10											
Active Loans											
MZ-PE-1793	C20330	1989	GOVT	HSEHOLD EGY CREDIT	0.00	22.00	0.00	10.82	-13.39	S	S
MZ-PE-1787	C19890	1989	GOVT	HEALTH & NUTRITION	0.00	27.00	0.00	3.52	-26.79	S	S
MZ-PE-1784	C20810	1990	GOVT	INDUSTRIAL ENTERPRIS	0.00	50.10	0.00	36.53	29.02	S	S
MZ-PE-1762	C20660	1990	GOM	ECONOMIC & FINANCE M	0.00	21.00	0.00	3.62	.89	S	S
MZ-PE-1770	C20650	1990	GOVT. OF MOZ	BEIRA CORRIDOR	0.00	40.00	0.00	14.18	9.78	S	S
MZ-PE-1776	C22000	1991	GOVT	EDUCATION II	0.00	53.70	0.00	21.43	10.87	S	S
MZ-PE-1765	C21750	1991	GOVT	AGRI.REHAB.&DEV	0.00	15.40	0.00	10.82	7.12	S	U
MZ-PE-1790	C23740	1992	GOVT OF MOZAMBIQUE	FIRST ROAD & COASTAL	0.00	74.30	0.00	39.83	-3.01	S	S
MZ-PE-1781	C23370	1992	GOVT.	AGR.SER. REHAB.	0.00	35.00	0.00	27.70	12.60	S	S
MZ-PE-1791	C25300	1993	GOVT	LOCAL GOVERNMENT EN	0.00	23.20	0.00	17.52	8.25	S	S
MZ-PE-1801	C24870	1993	GOVERNMENT	FOOD SECURITY	0.00	6.30	0.00	4.90	3.33	S	S
MZ-PE-1796	C24790	1993	GOVERNMENT	RURAL REHABILITATION	0.00	20.00	0.00	15.30	13.03	U	U
MZ-PE-1802	C24540	1993	GOVERNMENT	MAPUTO CORRIDOR	0.00	9.30	0.00	5.25	-3.10	S	S
MZ-PE-1810	C24370	1993	GOM	LEG & PUB SEC. CAPAC	0.00	15.50	2.93	8.83	7.35	U	U
MZ-PE-1797	C24360	1993	GOM	CAPACITY BUILDING(HU	0.00	48.60	0.00	39.89	25.02	U	U
MZ-PE-1780	C26290	1994	GOVT	GAS ENGINEERING(ENGY	0.00	30.00	0.00	15.80	3.35	S	S
MZ-PE-1811	C26070	1994	GOM	FINANCE SECTOR CAPAC	0.00	9.00	0.00	6.63	3.29	U	S
MZ-PE-1804	C25990	1994	GOVERNMENT	2ND ROAD AND COSTAL	0.00	188.00	0.00	139.46	21.55	S	S
MZ-PE-1792	C27880	1996	GOVT	HEALTH SEC RECOVERY	0.00	98.70	0.00	95.18	15.10	S	S
Total					0.00	787.10	2.93	517.19	124.28		

	Active Loans	Closed Loans	Total
Total Disbursed (IBRD and IDA):	307.06	753.04	1,060.10
of which has been repaid:	0.00	.99	.99
Total now held by IBRD and IDA:	784.17	726.90	1,511.07
Amount sold :	0.00	0.00	0.00
Of which repaid :	0.00	0.00	0.00
Total Undisbursed :	517.19	15.57	532.76

- 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.