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THE WORLD BANK

Washington, D.C.

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President G.D. Woods Briefs - 18th Annual Meeting, - 1963
Africa

Vol. II



The World Bank Group
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1 folder

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ALGERIA

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ALGERIA
BRIEFING PAPER

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APR 23 2012
WBG ARCHIVES

I. MEETING WITH DELEGATION

Wednesday, September 25 Mr. Knapp Lunch
Mr. Woods and Mr. Knapp Meeting: 2:30 P.M.

II. MEMBERS OF DELEGATION

Mr. Bachir Boumaza, Minister of National Economy
Mr. S. Mostefai, Governor, Central Bank of Algeria
Mr. L. Yaker, Director, Economic and Financial Affairs,
Ministry of Foreign Affairs
Mr. A. Moumane, Director of Cabinet, Ministry of National
Economy
Mr. A. Temame, Director of National Planning
Mr. Simon, Advisor

III. STATE OF RELATIONS AND TOPICS FOR DISCUSSION

(a) State of relations, including lending prospects

Relations with independent Algeria have been good. The Government expects to complete membership in the Fund, Bank and IDA before the Annual Meeting. Negotiations are well advanced for a loan of \$18.3 million to CAMEL, a foreign private company building a liquefied gas plant at Arzew, with Government guarantee. We are also asking for the guarantee of CAMEL's stockholders, which are well-established oil and other industrial concerns.

We have been sounded out about help for the third oil pipeline and for an ambitious gas pipe connecting Algeria and Europe via Spain. It might be more satisfactory for relations with Algeria if our next operation assisted the internal development of Algeria more directly, for example in agriculture or education. But the shortage of staff is such that the Government will have difficulty preparing such projects. Algeria should qualify for IDA, if it makes enough progress in domestic organization to satisfy performance criteria.

Algeria has asked the Bank to provide a top advisor and a project appraisal expert to help establish the Caisse Algérienne de Développement

(CAD), an agency created this year to finance investment, public and private. Algeria has many unsettled debts to the French Treasury, public agencies and private sector, and it will be some time before the various claims and counter-claims can be sorted out. Most stubborn are likely to be claims of French ex-residents for property they abandoned or which the Algerian Government or local authorities have expropriated.

(b) Topics likely to be raised by delegation

Further lending: agriculture, education, third oil pipeline, gas pipeline, fertilizer plant may be mentioned; technical assistance to CAD; possibly a general survey mission. The third pipeline would probably raise many of the same problems with the Board which the SOPEG loan raised. The fertilizer plant would have a high proportion of French and Algerian Government capital, and procurement procedures so far followed appear unacceptable. We should express willingness to consider others, subject to further review of IDA-worthiness by economic mission, perhaps near end of year. General survey mission premature.

(c) Topics to be raised by Bank

If the atmosphere of the meeting is appropriate, we should inquire what steps the Government contemplates for settlement of outstanding debts and other claims, and explain why the Bank is interested.

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IV.

BACKGROUND INFORMATION

(a) Bank loans as of August 31, 1963

<u>Year</u>	<u>Borrower</u>	<u>Purpose</u>	<u>Amount (equivalent in \$ million)</u>
1955	Electricité et Gaz d'Algérie 1/	Electric power	10.0
1959	SOPEG 1/	Oil pipeline	<u>50.0</u>
	Total		60.0
	of which has been repaid		<u>13.8</u>
	Total now outstanding		46.2
	Amount sold	29.6	
	of which has been repaid	<u>8.0</u>	<u>21.6</u>
	Net amount now held by Bank		24.6

1/ France is guarantor

(b) IDA credits as of August 31, 1963

None

(c) 18% Capital Subscription

Will be \$7.2 million. Algeria could not now afford release.

(d) Holdings of World Bank Bonds

None

(e) IFC

Membership not sought

(f) IDA

Membership procedures in progress.

Capital subscription will be \$4.03 million.

V. POLITICAL SITUATION

Considering the extreme political, economic and administrative disorganization in which Algeria started its independent existence in mid-1962, the accomplishments of the Ben Bella Government have been considerable. Law and order have been restored, new administrative institutions have been created and a start made at staffing them, a climate of cooperation (albeit sometimes uncomfortable) has been established with France, public services have been restarted, and an effort made to bring order into public finances. But the turbulent political climate, made worse by heavy urban unemployment and rural discontent, has made it necessary for Ben Bella to steer a tricky course between the radical objectives of the revolutionary movement and the less appealing, more practical steps which are needed to get the economy moving. As a consequence, some of Ben Bella's support on both left and right has splintered off. Whether this has affected the broad popular support which he seemed to have gained (particularly in rural areas) by the end of 1962 is hard to say, but with the approval of the army command, Ben Bella is still in full control of the FLN (the only legal party), the trade unions, and the constituent assembly. The latter has just voted a new constitution sponsored by the party, establishing a strong presidential (some say dictatorial) system. The constitution was overwhelmingly approved by a popular referendum on September 8, and Ben Bella (the only candidate) was elected President for a 5-year term on September 15.

Algeria has been active in pan-African politics, standing with more radical states, though Ben Bella's refusal to attend the proposed Marrakech meeting in May contributed to the breaking up of the Casablanca Group. The concept of a united "Maghreb" (North Africa) has strong popular appeal, but in spite of present correct relations with Morocco and Tunisia, the considerable tensions between the three governments are likely to make progress very slow.

VI. ECONOMIC SITUATION

Population 10 million

GNP per capita about \$280 (before independence; now lower).

The Algerian economy faces a hard process of conversion and re-organization. With a large inflow of French capital, development was rapid up to 1961, and the modern sector was entirely comparable to a European economy. Now the structure of population and of demand has changed. Production has decreased drastically through depletion of technical skill and management, of credit, and especially of markets. The massive emigration of Europeans, the sharp fall in public investment, the decrease in military expenditures and the financial difficulties of the Algerian Government (tax revenues are low) have combined to depress activity in most sectors. The consequent unemployment has been made even more serious by the return of refugees, the demobilization of the army, and the failure of people previously living in military controlled camps and villages to return to their former villages and resume farming. Thanks to a popularly supported "Operation Plough" and to good weather, the 1963 wheat crop will be good, but an extension to 1964 of the U.S. grain gift program has been arranged. Oil production is increasing steadily (20 million tons in 1962). Once the economy has been readapted to the new circumstances, there is no reason why a satisfactory rate of growth should not be achieved, but several years will be needed. The new government would like to complete the public investment program of the 1958 Constantine Plan with some modifications. However, skilled staff shortages will make it difficult to prepare and execute projects. For that reason, the promised French assistance of \$200 million a year for three years (available for investment only to the extent it is not diverted to cover current budget deficits) and loans offered by other countries (over \$100 million to date) should meet most of Algeria's public investment expenditure in the foreseeable future. Because of uncertainty about the size of future debt service, and because of severe public finance problems, Algeria should borrow abroad on conventional terms only in exceptional circumstances.

BURUNDI

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WBG ARCHIVES

BURUNDI

BRIEFING PAPER

I. MEETING WITH DELEGATION

none

II. MEMBERS OF DELEGATION

none

III. STATE OF RELATIONS AND TOPICS FOR DISCUSSION

(a) State of Relations including lending prospects:

Applied for membership in Bank and IDA, not in IFC. Suggested capital subscriptions: Bank \$15 million, IDA \$760,000. The documents are in order, but we are awaiting dollar payments for both Bank and IDA capital subscriptions.

In 1957 the Bank made a \$4.8 million loan to the then Ruanda-Urundi UN Trust Territory, administered by Belgium (which is also a guarantor for this loan), in order to help financing the construction of a lake port at Usumbura (now the capital of Burundi) and a 20-mile highway.

The first repayment of principal and interest after Burundi's independence fell due on January 15, 1963. At that time, Rwanda informed the Bank that it considered itself discharged from its obligations since all investments were made in Burundi. However, the installments due on January 15 and June 15, 1963 were paid by Burundi. The Bank's position is that legally, Burundi and Rwanda are jointly and severally liable for the entire debt service, but that we would be prepared, if so requested, to negotiate with the successor states and Belgium formal arrangements for future payments.

The road in Burundi, partly financed by the Bank loan, was seriously damaged. The Government when informing the Bank in February 1963 attributed the poor condition to faulty construction and asked an investigation by Bank staff. T.O.D.'s opinion is that inadequate maintenance is the reason for the present condition of the road. U.N. contributes about \$400,000 to the cost of repairing the road (total estimated at \$840,000 over the next 4 years).

It was also suggested to the Bank that repair costs should be financed by utilizing the amount due for amortization and interest on the Bank loan. Mr. Knapp informed Mr. Amachree (Undersecretary of the U.N.) that we could not send an expert and that he very much doubted if the Bank would be able to make any contribution to the repair of the road.

(b) Topics likely to be raised by delegation:

Financing repairs of highway: We should say that we cannot accept financing repairs with payments due as amortization and interest.

Fact-finding mission: We should say that we will send a fact-finding mission as soon as availability of staff permits, that is, early in 1964.

(c) Topics to be raised by Management:

nil

IV. BACKGROUND INFORMATION

(a) Bank loans as of August 31, 1963:

<u>Year of Loan</u>	<u>Borrower</u>	<u>Purpose</u>	<u>Amount (equivalent in \$ million)</u>
1957	Ruanda-Urundi	Road-Port construction	<u>4.8</u>
		Total (net of cancellation and refundings)	4.8
		of which has been repaid	<u>0.5</u>
		Total now outstanding	4.3
		Amount sold	1.5
		of which repaid	<u>0.5</u>
		Net amount held by Bank	<u>1.0</u>
			3.3

(b) IDA Credits as of August 31, 1963:

nil

(c) 18% Capital Subscription:

Will be \$1,350,000.

(d) Holdings of World Bank Bonds:

nil

(e) I.F.C.

Not a member. See III (a).

(f) I.D.A.

Not a member yet. See III (a).

V. POLITICAL SITUATION

A small country, formed with Rwanda one Belgian administered trust territory and became independent July 1, 1962.

The ruling Watusi class, a minority, has never been too autocratic in this country, in contrast with the situation in Rwanda, and the population accepted a constitutional monarchy where the Mwami (King) Mwambutsa IV (50 years of age) has broad powers. The government has a rather liberal attitude which appears also in the approach to economic factors. The central force however remains the king.

Relations between Burundi and Rwanda are not good and there seems to be an increasing tendency for a complete separation.

VI. ECONOMIC SITUATION

Population	2,300,000
GDP per capita	\$60

In view of the scarcity of land, the general poverty of the soil, the inadequate resources of the country, the absence of industrialization, and the high population growth, the demographic situation in Burundi and in Rwanda is one of clear over-population.

Coffee of an excellent quality is the main cash crop of the territory and accounts normally for about 70% of total export value. This product is marketed by a common organization. Since the 1959 top year, coffee production decreased rapidly to 1/5 in 1963, due to bad weather conditions and decreasing interest of the farmers as the coffee production became less remunerative. A small cotton production and restricted mining activities represent the rest of the economic activities. Burundi and Rwanda form a Customs Union, trade balances are continuously in deficit as are the balances of payments.

Burundi and Rwanda have a common Central Bank, which issued the RB franc (50 RB francs equals one US dollar). Both have also the same ceiling for the amount to be issued, Burundi, however, exceeded this ceiling whereas Rwanda still remains within its quota. The budget structure of both countries has many common factors and Belgian subsidies, which are decreasing, are required to balance revenues and expenditures.

CAMEROON

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FEDERAL REPUBLIC OF CAMEROON

BRIEFING PAPER

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APR 25 2012

WBG ARCHIVES

I. MEETING WITH DELEGATION

Mr. Wilson

Thursday, October 3, 1963

9:00 - 9:10 a.m.

II. MEMBERS OF DELEGATION

Charles Onana Awana (F) - Minister assigned to the Presidency, in charge of Finance, Planning and National Equipment

François N'Liba N'Guimbous, Director General, Banque Camerounaise de (B) Développement

Jacques Kuoh Moukouri - Ambassador of the Federal Republic of (B-F) Cameroon to the United States.

Advisers

Alfred Ekoko Mpondo - Director, Banque Centrale des Etats de l'Afrique Equatoriale et du Cameroun, Yaounde

Louis Franklin Essengue - Chief of the Comptrollership of Banking and Financial Institutions, Ministry of Finance

François Giscard d'Estaing - Director, Banque Centrale des Etats de l'Afrique Equatoriale et du Cameroun, Paris

III. STATE OF RELATIONS AND TOPICS FOR DISCUSSION

(a) State of relations, including lending prospects:

Member of the Bank since June 10, 1963, capital subscription: \$20 million. IDA and IFC membership with capital subscription of respectively \$1.01 million and \$111,000 have been approved, payments of IDA and IFC still to be made.

Mr. Rist visited Cameroon in October 1961. An economic fact-finding mission visited the country in June. The conclusions are that the country has a very small rate of growth, about 2-3% in the past and of which it is doubtful if this can be maintained in view of the export prospects. Foreign aid, most of which in the form of grants from France and the E.E.C. is substantial and averages actually about \$20 million per year.

The Bank has been asked to finance \$8 million of a rehabilitation program for cocoa, the country's most important agricultural export product (25% of total export value). Information received so far indicates, however, that the bulk of the amount would be utilized as working capital of the marketing board.

We expect further requests to finance the asphaltting (improvement) of the N'Gaoundere-Garoua road in East Cameroon (almost 150 miles), a program for agricultural development in West Cameroon (Cameroon Development Corporation), and the harnessing of the Ekom falls (a limited hydro-electrical project of \$2.8 million), and perhaps a port development. Much work remains to be done on the preparation of these projects and the country has asked for Bank's help.

TOD staff will visit the country this fall to study - and if possible to help in preparation - the road, cocoa and port projects, which appear to offer some promise.

Financial assistance to the publicly-owned Cameroon Development Bank has also been requested. The request is being studied by IFC.

(b) Topics likely to be raised by delegation:

Financing of Cocoa Rehabilitation Program: We should say that a preliminary study in the field will be made this fall and that financing of marketing operations in an amount as requested is not possible. Other elements of the program could however qualify for financing.

Cameroon Development Corporation (West Cameroon): Proposals for Bank cooperation in financing the agricultural development program have not been clearly formulated. We should say that the Government policy on (a) the role of plantations generally and of the Corporation, (b) the function and responsibility of the Corporation, and (c) the capital structure and management of the Corporation, would need to be clearly determined before the Bank would be in a position to arrive at discussions on the nature and scope of Bank's Assistance. There appears to be a good case for a general loan for agricultural development subject to satisfactory arrangements conditioned on above factors.

Cameroon Development Bank: IFC has informed the Development Bank of its interest in a possible expansion of the private participation in the Bank's capital structure. During the Annual Meeting they intend to discuss the matter with the delegation.

(c) Topics to be raised by Management:

nil

IV. BACKGROUND INFORMATION

(a) Bank Loans as of August 31, 1963:

nil

(b) IDA Credits as of Aug. 31, 1963:

nil

(c) Holdings of World Bank Bonds:

nil

(d) 18% Capital Subscription

\$1,800,000. No release.

(e) I.F.C.

Not a member yet. See III (a).

(f) I.D.A.

See III (a).

V. POLITICAL SITUATION

The Federal Republic exists since October 1, 1961 and is composed of two former trust territories, French Cameroon, independent since January 1960 and British (Southern) Cameroon, which chose for federation with the Eastern part in 1961.

The President of ex-French Cameroon became the Federal President while the Prime Minister of ex-UK Cameroon became Vice-President. Their terms will end in 1965. The integration of the Eastern and Western states is still only in its beginning and there is still a strong rivalry between the two parts. There is one political party and an extremely strong presidential type of Government. Members of a Federal Parliament will constitutionally have to be elected directly by the people in 1964. Besides the President, Mr. Ahmadoun Ahidjo, the most important personalities are:

Mr. John Ngu Foncha	- Vice-President and Prime Minister of West Cameroon
Mr. Charles Awana Onana	- Federal Minister of Finance and the Plan
Mr. Victor Kanga	- Federal Minister of National Economy
Mr. Charles Assala	- Prime Minister of East Cameroon

IV. ECONOMIC

Population	4.2 million (East: 3.3; West: 0.9)
GNP per capita	approximately \$120 (East: \$125; West \$50)

Although internal security is no longer hampering economic development, serious economic problems remain to be solved. The Cameroon economy is predominantly agricultural (75% of its exports being agricultural and forestry products). Cocoa, main export product (6% of world exports) is produced by about 700,000 small African planters. Careless management by producers and lack of Government control have caused serious diseases resulting in a sharp decrease in quantity and quality of the crop. Realization of a rehabilitation program is therefore of a national urgency.

Bananas, the main export crop (35%) for the Western region, will lose their preference in the UK in September of this year. No provisions have yet been made to offset the decreasing export to the UK markets.

Production of other agricultural products like coffee, rubber, cotton and timber is constantly increasing. Manufacturing industries are still of very limited importance, excluding the Alucam aluminum plant at Edea, which, using imported alumina, produces 52,000 tons, representing about 1% of the world production of aluminum and 25% of the country's export value.

The transportation network of the Federation needs to be expanded and improved. Roads are most urgently needed in West Cameroon and between the two States. The construction of a 200-mile extension from Yaounde to Goyoum of the Cameroon railway will start in the beginning of 1964. AID, FAC (French), and FED (European) funds, \$29 million, have been committed for this purpose. Further extensions of the railroad of 300 miles to N'Gaoundere in the north and eventually to the Chad Republic are under study. Further bilateral and European financial assistance is likely to be forthcoming, mostly in the form of grants.

In the past serious budget deficits were balanced by French subsidies. Most recently serious efforts to reduce public expenditures combined with the introduction of new taxes have paid off and the 1963/64 current budget is in balance. Virtually all investment expenditure is however financed by foreign resources.

The Republic is a member of the franc area and shares a monetary system with the CAR, Congo (Brazzaville), Chad, and Gabon. One central bank in Paris issues the CFA franc (1 CFA = 0.02 Frs. F. = 0.4 US cents). The country is also a member of the Equatorial African Customs Union and belongs to the group of African countries associated with the E.E.C., as well as to the OAMCE (African and Malagasy Organization for Economic Cooperation).

In addition to France and EEC, AID and Germany provide financial assistance in the form of grants and soft term loans. Foreign debt amounts to about 11 billion CFA francs (45 million); foreign debt service paid to abroad in 1963/64 fiscal year is less than 2% of export earnings. Cameroon should be considered primarily as an IDA country.

CENTRAL AFRICAN REP.

CENTRAL AFRICAN REPUBLIC

DECLASSIFIED

APR 25 2012

WBG ARCHIVES

BRIEFING PAPER

I. MEETING WITH DELEGATION

Mr. Wilson

Thursday, October 3

9:20-9:30 a.m.

II. MEMBERS OF DELEGATION

Charles Bornou (B-F)
Pierre Salamate (F)

Minister of Finance
Director, Banque Nationale de
Developpement
Director of National Economy

Louis Kpado (B)

Adviser

Francois Giscard d'Estaing

Director, Banque Centrale des
Etats de l'Afrique Equatoriale
et du Cameroun, Paris

III. STATE OF RELATIONS AND TOPICS FOR DISCUSSION

(a) State of relations, including lending prospects:

Status of Membership: A new member of the Bank since July 10, 1963, with a capital subscription of \$10 million, and of IDA since August 27, with a capital subscription of \$500,000.

Applied for membership in IFC. Suggested capital subscription of \$55,000. But the government requested that processing of IFC application be deferred.

Mr. Rist visited the Republic in June 1951. The Government asked for a Bank mission to visit the country at the time of the recent mission to Cameroun.

The CAR government considers the rail connection between the country's capital (Bangui) and the coast (i.e. Douala in Cameroon) a top priority investment project. The link could be established by a branch from the projected Trans-Cameroon railway at Goyoum to Bangui. The Bank has received preliminary information on the project (estimated to cost about \$75 million); feasibility studies in progress but economic justification of project is doubtful. Government exerts great pressure on several aid institutions (FED, FAC, AID) to help in financing its national project, most of them appear however reluctant.

(b) Topics likely to be raised by delegation:

Bangui-Goyoum railway: We should tell the delegation that while we are happy to be kept informed about the progress of the project, we cannot take any position until results of feasibility studies are available.

Bank mission: We expect to send an initial fact-finding mission in November.

(c) Topics likely to be raised by Management:

Nil

IV. BACKGROUND INFORMATION

(a) Bank Loans as of August 31, 1963

Nil

(b) IDA Credits as of August 31, 1963

Nil

(c) Holdings of World Bank Bonds

Nil

(d) 18% Capital Subscription

\$900,000. No release.

(e) I.F.C.

Not yet a member. See III (a).

(f) I.D.A.

Member since August 27, 1963 (capital subscription of \$500,000).

V. POLITICAL SITUATION

The CAR became independent in August 1960. Its constitution provides for a presidential type of government. The President, David Dacko, is in firm control of the country. His present term ends in 1965. He is also the leader of the single party (since in 1960, the opposition was dissolved by the government) and which controls all seats of the legislative assembly. The trade unions have, as a result of this, also been regrouped into one organization. Relations to neighboring countries are good, in particular to Cameroon.

Important personalities are besides the president David Dacko:

Jean-Christophe Mackpayen
Charles Bornou

Minister of Foreign Affairs
Minister of Finance

VI. ECONOMIC

Population	1,250,000
GNP per capita	\$100

Cotton and coffee account for more than half of the country's annual export value, but production has been declining in recent years and there are no indications of an early recovery. There is a constant and growing trade deficit amounting in 1962 to 76% of export value.

The country depends on French financial and technical assistance even more so than its neighbors. Despite increased taxation and a policy of austerity, this year's budget might again prove to have a deficit at the end of the year. As in the past direct subsidies and grants will have to make up the deficit.

Industrial activity is negligible and limited almost exclusively to the processing of agricultural products.

CAR is a member of the franc area and shares its monetary system with Cameroon, Congo (Brazzaville), Gabon and Chad. One central bank in Paris issues the CFA franc. (1 CFA = 0.02 Fr. F. = 0.4 U.S. cents). The country is also a member of the Equatorial African Customs Union and belongs to the group of African countries associated with the EEC, as well as to the OAMCE (African and Malagasy Organization for Economic Cooperation).

Besides French and EEC investment aid, AID provides financial and technical assistance, Germany provides technical assistance only.

The country will have to be considered as exclusively IDA.

CHAD
BRIEFING PAPER

DECLASSIFIED
APR 25 2012
WBG ARCHIVES

I. MEETING WITH DELEGATION

Mr. Wilson

Thursday, October 3, 1963

9:10 to 9:20 a.m.

II. MEMBERS OF DELEGATION

Michel Djidingar (B-F)
Georges Diguimbaye (B)

- Minister of Finance
- Director of Planning and President of the Development Bank of Chad
- Director, Banque Centrale des Etats de l'Afrique Equatoriale et du Cameroun, Fort Lamy

Adviser

François Giscard d'Estaing

- Director, Banque Centrale des Etats de l'Afrique Equatoriale et du Cameroun, Paris

III. STATE OF RELATIONS AND TOPICS FOR DISCUSSION

(a) State of relations, including lending prospects:

Membership Status: Member of the Bank since July 10, 1963, with a capital subscription of \$10 million.

Also applied for membership in IDA and IFC. Suggested capital subscriptions: IDA \$500,000 and IFC \$55,000. Agreed to suggested subscriptions, but we are still awaiting documents and actual payments.

(b) Topics likely to be raised by delegation:

nil

(c) Topics likely to be raised by Management:

nil

IV. BACKGROUND INFORMATION

(a) Bank loans as of August 31, 1963:

nil

(b) IDA credits as of August 31, 1963:

nil

(c) 18% Capital Subscription:

\$900,000. No release.

(d) Holdings of World Bank Bonds:

nil

(e) I.F.C.

Not yet a member. See III (a).

(f) I.D.A.

Not yet a member. See III (a).

V. POLITICAL SITUATION

Chad became independent on August 11, 1960. After the first elections President Tombalaye's party (PPT - Chad Progressive Party, formerly affiliated with Ivory Coast Houphouet-Boigny's party RDA) controlled about 57 of the 85 seat National Assembly. In March 1962 all political parties were abolished except PPT and a new Assembly was elected on the basis of a single party.

The elections greatly strengthened the position of the President and the April 1962 Constitution has provided for a semi-presidential regime, with a strong President responsible to the National Assembly. New elections should normally take place by 1964.

Important Government personalities are:

François Tombalbaye	- President
Michel Djidingar	- Minister for Finance and Economy

× Mr. Babe Hassane, previously Minister of Economy and then Commissioner for Planning does not belong any more to the Government.

VI. ECONOMIC

Population	2.8 million
GNP per capita	\$80

Great distance from the sea makes connections with the outside world difficult and expensive. To improve communications to the sea, the Government is considering a rail link with the future "trans-Cameroon" railway.

Agriculture and nomadic animal husbandry are the mainstays of Chad's economy. These activities occupy about 90 percent of the active population and account for most of the domestic product.

About three-fourths of the annual production represents subsistence farming. Principal food crops are sorghum, millet and ground nuts.

Cotton is the only agricultural export commodity (approximately 22,000 metric tons per year) representing about 75-80 per cent of the country's total export value.

Except for some cotton ginning plants the country has no industry. Lack of mineral and power resources, together with the difficult accessibility of the country, are major obstacles to its industrial development.

Chad is a member of the franc area and shares a monetary system with Cameroon, the C.A.R., Congo-Brazzaville and Gabon. One Central Bank in Paris issues the CFA franc (1 CFA = 0.02 Fr. F. = 0.4 US cents).

The country is also a member of the Equatorial African Customs Union and belongs to the group of African countries associated with E.E.C.

Chad relies on external aid of France and E.E.C. for its capital expenditures. Priority is being given to agriculture and animal husbandry.

CONDO (Brazzaville)

CONGO - BRAZZAVILLE

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APR 25 2012

WBG ARCHIVES

BRIEFING PAPER

I. MEETING WITH DELEGATION

Mr. Wilson

Thursday, October 3

9:30-9:40 a.m.

II. MEMBERS OF DELEGATION

Edouard Babackas (F)
Paul Kaya (B)
Nicaise Samba (F)

Minister of Finance
Minister of Economic Affairs
Head Staff Director of Office
of Minister of Finance
Director of the Development
Bank

Bernard Banza Bouity

Advisers

Emmanuel D. Dadet

Ambassador of the Republic
of the Congo (Brazzaville)
to the United States

Francois Giscard d'Estaing

Director, Banque Centrale des
Etats de l'Afrique Equatoriale
et du Cameroun, Africa

III. STATE OF RELATIONS AND TOPICS FOR DISCUSSION

(a) State of relations, including lending prospects:

Member of the Bank since June 10, 1963; capital subscription \$10 million.

Also applied for membership in IDA, not in IFC. Suggested capital subscription for IDA \$500,000; we are awaiting documents and actual payment.

Mr. Rist visited Brazzaville in June 1961.

The Bank has been approached to help finance the exploitation of potash deposits in the Holle area, the most promising in size and location. A Bank loan of about \$24 million might be requested. The project is being promoted by the "Mines Domaniales de Potasse d'Alsace" (a French Government-owned mining company) which seeks to interest French private investors and foreign participations. Initially German and Canadian participation was likely to be forthcoming but after their withdrawal, MDPA is looking for other (possibly Israeli and American) partners. The Bank had indicated its desire to see the operating company owned by less French and

less public participation than the existing exploration company. An agreement signed between the Congo and the promoters of the project refers to a possible loan and is subject to the Bank's approval. The Bank (on July 5) asked MDPA to provide itself with a letter indicating whether the government of Congo is willing to guarantee a Bank loan, if and when such a loan were made. Further action will have to await the outcome of MDPA's efforts to interest foreign capital.

The Kouilou hydroelectric project first came to the attention of the Bank in 1957 and has since become a national symbol. The Kouilou river provides an exceptional dam site capable of providing up to 7 billion Kwh a year at around 2 US mills.

Plans for the aluminum and other electrometallurgical industries having fallen through, in the absence of a firm lead, the prospective donors and creditors, including the Bank, have been very reserved, although France has continued to make small grants for additional studies and minor preparatory works.

COMILOG - Congo is one of the three guarantors of the \$35 million loan to COMILOG, since the port and railway are located in Congolese territory. (See Gabon).

(b) Topics likely to be raised by delegations:

If the financing of Kouilou is raised, we should repeat the position stated above.

The potash project: We could explain that we are in touch with the MDPA and will appraise the project when it is sufficiently advanced, subject to assurances from the Congolese Government that it would be prepared to negotiate a possible guarantee.

The delegation might ask when a Bank mission will visit the country. They may be informed that a fact-finding mission has been foreseen, the date will be fixed by the Department of Operations in concert with the delegation.

IV. BACKGROUND INFORMATION

(a) Bank Loans as of August 31, 1963

Nil.

(b) IDA Credits as of August 31, 1963

Nil.

(c) Holdings of World Bank Bonds

Nil.

(d) 18% Capital Subscription

\$900,000. No release.

(e) I.F.C.

Not a member. See III (a).

(f) I.D.A.

Not yet a member. See III (a).

V. POLITICAL SITUATION

Congo became independent in August 1960 and was until recently considered as one of the most stable of the new African states. There is a presidential type of government and a multi-party system was functioning. The former president, Mr. Youlou, however, intended to install a one-party system to be proclaimed on August 15, 1963, in which he promised labor (organized in three trade unions) a role since a rapid rise of prices of consumer goods had caused unrest under the largely unemployed urban population.

A serious popular upheaval caused by concern of the workers that promises would not be kept (Union leaders were arrested) and by the general opposition to a single party system, forced the President to resign on August 15, 1963.

The Army, which now controls the situation, chose as provisional premier, Mr. Alphonse Massamba-Debst, a moderate leftist and former Minister of the Plan who earlier had been expelled from the Government. Presumably elections will be held shortly. The present Cabinet consists of seven technicians, but does not include a trade union leader.

Relations with Congo (Leopoldville) are friendly.

VI. ECONOMIC

Population	800,000
GNP per capita	\$150

Agriculture provides approximately 50% of the Congo's income and involves more than 60% of the population. However, forestry and services (among them particularly administration and transit trade from Central African Republic and Chad) are the country's most important sources of money income. Under normal conditions timber accounts for about 60% of export value. The COMILOG railway will open up rich forest regions. The 1962 foreign trade figures, when exports increased by 78%, are heavily inflated because they include the value of diamonds smuggled into the country from Congo (Leopoldville).

Heavy unemployment in the two main cities where more than 20% of the total population lives is a serious problem in a country where the economy in general stagnates. Direct budgetary subventions from France

have been decreasing since independence but foreign and technical assistance continue to be high and of great importance for the economy.

The Republic is a member of the franc area and shares its monetary system with Cameroon, Gabon, Chad and CAR. One central bank, in Paris, issues the CFA franc (1 CFA = 0.02 Fr. F. = 0.4 US cents). The country is also a member of the Equatorial African Customs Union and belongs to the group of African countries associated with the E.E.C. as well as to the OAMCE (African and Malagasy Organization for Economic Cooperation). Besides French and E.E.C. investment aid, AID also provides financial assistance. Congo would have to be considered an IDA country although it is not excluded that the potash project would be set up for a self-liquidating type of Bank loan.

CONGO (Leopoldville)

CONGO - LEOPOLDVILLE

BRIEFING PAPER

DECLASSIFIED

APR 25 2012

WBG ARCHIVES

I. MEETING WITH DELEGATION

Mr. Knapp

Monday, September 30

4:00 - 4:40 p.m.

II. MEMBERS OF DELEGATION

Observers

Emmanuel Bamba	- Minister of Finance
Mr. Mondjobe	- Head of Cabinet of Minister of Finance
Walter Jenssen	- President, Monetary Council
Albert Ndele	- Governor, Banque Nationale du Congo

III. STATE OF RELATIONS AND TOPICS FOR DISCUSSION

(a) State of relations including lending prospects:

Membership Status. Applied for membership in Bank and IDA, not in IFC. Suggested capital subscriptions: Bank \$60 million, IDA \$3,020,000. Agreed to suggested subscriptions. Formalities and actual payments not yet completed.

The Bank made five loans totalling \$120 million to the Congo for various projects in transport and agriculture: \$40 million in 1951, another \$40 million in 1957 and a group of three loans amounting to \$40 million in March 1960, three months before Independence.

When the Congo became independent, in June 1960, nearly \$41 million remained undisbursed - \$7 million of the 1957 loan and \$34 million of the 1960 loans (nearly \$7 million on the agricultural loan 250 BE, about \$24.6 million on the transport loan 251 BE and \$2.7 million on a loan to a government-owned agency Otraco - 252 BE).

Since the political and economic situation was deteriorating rapidly, it soon became apparent that there was no early prospect that our projects could be carried out and in some cases it appeared that they had lost much of their original significance. We informed the borrowers in December 1960 and in January 1961 that we would not be able to resume disbursements at that time.

By the end of 1962 a Bank mission made a report on the situation of Otraco and recommended a number of reforms in its organization. In August 1963 a technical mission was sent to the Congo to review the present status of the loans and to see to which extent and for which amounts the Bank should consider resuming disbursements or cancelling the undisbursed balance of the loans.

In respect of the agricultural loan, the mission concludes that no attempt should be made to reactivate the paysannat scheme; however, the Bank might consider utilizing the balance of the loan for one element (tea production and processing in Kivu) of the original project.

In respect of the Otraco and transportation loans the situation is less clear. The possibility of disbursing the balance of the Otraco loan for the payment of cranes ordered in 1960 and for the purchase of spare parts may be further investigated. As regards other transportation loans, the mission found that some of the roads included in the Bank projects have been built by the Congolese Government. Consideration might be given to reimbursing the cost of these roads.

In any case the entire problem of disbursement on the Congo loans has to be examined in the light of the settlement of the Belgo-Congolese financial relationship, since it will be difficult for the Congo to further borrow on conventional terms, if the guarantor (the Government of Belgium) does not assume the major part of the debt service.

Negotiations on the settlement of the "contentieux" have resulted in a general agreement about the distribution of the debt service between the Belgium and Congo governments. It seems that the guaranteed debt (including the Bank's loans) would be entirely served by the Belgian Government, the non-guaranteed debt in Congo francs would be served by the Congo Government. The non-guaranteed debt in foreign currency would be converted in 3-1/2 per cent bonds and the debt service would be shared between the two governments. During the negotiations, the Congolese delegation was assisted by foreign advisers recruited by the Bank, Messrs. Frasca and Delmas.

(b) Topics likely to be raised by delegation :

Disbursements on the 1957 and 1960 loans.

(c) Topics to be raised by Management:

We should say that we are prepared to further study the possibility of financing tea production and processing in the Kivu and the construction of agricultural roads in support of the tea project. We are also prepared to study the possibility of financing cranes and spare parts for Otraco and of reimbursing the cost of roads included in the Bank projects already completed, or to be completed, with the

Government's own funds. The balance of the loans will be cancelled. The exact amounts to be reutilized or cancelled will be determined after another agricultural mission and when the Congo government and Otraco will have supplied all information and justifications needed. However, \$20 million may be immediately cancelled on loan 251 BE.

IV. BACKGROUND INFORMATION

(a) Bank loans as of August 31, 1963:

<u>Year of Loan</u>	<u>Borrower</u>	<u>Purpose</u>	<u>Amount (equivalent in \$ million)</u>
1951	Congo	Equipment for development	40
1957	Congo	Roads	40
1960	Congo	Agriculture	7
1960	Congo	Roads, waterways, ports	28
1960	Otraco	Transport equipment	<u>5</u>
		Total (net of cancellation and refundings)	119.8 ^{1/}
		of which has been repaid	<u>22.4</u>
		Total now outstanding	97.4
		Amount sold	50.7
		of which has been repaid	<u>22.3</u>
			<u>28.4</u>
		Net amount held by Bank	68.9

1/ After cancellation of about \$180,000 in April 1963, and including \$40.8 million not yet disbursed.

(b) IDA Credits as of August 31, 1963:

Nil

(c) 18% Capital Subscription

Will be \$5.4 million

(d) Holdings of World Bank Bonds

Nil

(e) IFC

Not a member. See III (a).

(c) IDA

Not a member. See III (a).

V. POLITICAL SITUATION

The political situation remains confused. Security is practically restored all over the country, except in Kasai. For the time being Katanga is untroubled (in September, 6000 tons of copper of Union Minière will have been exported via Matadi), but the possible withdrawal of the U.N. forces by the end of the year may be followed by renewed disturbances.

Congo was recently divided into 22 provinces. Although the Central Government has not yet issued the constitutional reforms which should confer to the provincial governments a large part of its legal powers, the Provinces are de facto self-governing and autonomous.

The Adoula Government is not strong and has little popular support. President Kasa Vubu makes no great effort to strengthen the position of the Prime Minister. It is therefore difficult for the Government to initiate the necessary administrative and financial reforms to match the budgetary deficit and to restore efficient administration.

A list of important political personalities follows:

Joseph Kasa Vubu	- President of the Republic
Cyrille Adoula	- Prime Minister
Emmanuel Bamba	- Minister of Finance
Albert Nyembo	- Minister of Economy
Cleophas Kamitatu	- Minister of Planning and Industrial Development
Alphonse Ilunga	- Minister of Transportation
Albert Delvaux	- Minister of Public Works
Constant Tshala-Muana	- Minister of Agriculture

VI. ECONOMIC SITUATION

Population	14.5 million
GNP per capita	\$90

The Congo is a large country with many natural resources well diversified. Palm products, rubber, coffee, cocoa, bananas and tea are grown in equatorial forest belt and the eastern highlands, largely on European-owned plantations, while African farmers grow cotton in the savannah. Union Minière du Haut Katanga produces copper, cobalt and other minerals. In Kasai two affiliates of the BCK-railroad company work a large manganese deposit and fields of industrial diamonds, of which Congo is the world's leading supplier. Bauxite was recently discovered in the Bas-Congo and the hydroelectric potential of the country is tremendous, particularly near the bauxite deposits.

The disturbances have adversely affected production but to a

different extent according to the regions and type of production. Agricultural production has severely decreased in Kasai, but somewhat increased in the former "Province de Léopoldville" and "Province Orientale". Foodcrop production has apparently been maintained, and perhaps increased, although insufficiently in relation to the growing population. Production of export crops declined and the present rate of exchange makes a prompt recovery of agricultural exports impossible, except in the border areas where the production can easily be smuggled out. As a general rule, the decline in production and export is relatively small for large plantation crops, such as palm products, rubber and bananas. It is particularly acute for cotton and other crops produced on small African farms.

The mineral production has not been notably affected and the production of manufacturing industries was stimulated by the growing demand for consumer goods; it increased by about 30% since 1959.

The first condition for the Congo's economic recovery is a rehabilitation of its currency, but the budgetary situation is still deteriorating and in view of the present lack of confidence, restoration of the monetary situation is not an easy task. In 1961, the rate of increase in prices was still moderate, as compared with that of money supply. Since 1962, prices have shot up faster and scattered efforts made by the Government to keep the prices have had little or no effect.

DAHOEY

DAHOMEY

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APR 25 2012

WBG ARCHIVES

BRIEFING PAPER

I. MEETING WITH DELEGATION

Mr. Wilson

Friday, October 4

3:40-4:00 p.m.

II. MEMBERS OF DELEGATION

Bertin Borna (B-F)
Marcel Tokpanou (B)

Minister of Finance and Labor
General Manager, Dahomey
Development Bank

Jean Charpentier (F)

Director, Banque Centrale des
Etats de l'Afrique de l'Ouest
Cotonou

III. STATE OF RELATIONS AND TOPICS FOR DISCUSSION

(a) State of relations, including lending prospects

Dahomey became a member of the Bank on July 10 and of IDA on September 16, 1963. Mr. Moussa paid a short visit to Dahomey in March of this year during which he met the President and most of the heads of the technical ministries. An initial economic mission will go to Dahomey in October together with members of the transport and agricultural divisions who will make a preliminary review of possible projects and help to advance the state of their preparation of any that seem possible candidates for Bank/IDA financing.

(b) Topics likely to be raised by delegation

None.

(c) Topics to be raised by Management

None.

IV. BACKGROUND INFORMATION

(a) Bank loans as of August 31, 1963

None.

(b) IDA Credits as of August 31, 1963

None.

(c) 18% Capital Subscription

\$0.9 million. No release requested.

(d) Holdings of World Bank Bonds

None.

(e) I.F.C.

Not a member.

(f) I.D.A.

Part II member.

V. POLITICAL SITUATION

Dahomey became independent in August 1960 under President Hubert Maga who is a moderate and very close to the political ideas of President Houphouet-Boigny of the Ivory Coast. He has maintained close relations with France on whose financial and technical assistance Dahomey still depends. Dahomey is a member of the Conseil de l'Entente, a loose association between it, the Ivory Coast, Niger and Upper Volta. Its most important feature is a Solidarity Fund, of which Dahomey is a net beneficiary. As head of a very small country, Maga would like to see cooperation between African states find more solid and broader foundations. Fearful of the political objectives of Ghana's Nkrumah, he is looking towards neighboring Nigeria for support and has maintained close and friendly relations with the new government of neighboring Togo.

VI. ECONOMIC SITUATION (Population approximately 2 million; per capita income less than \$70)

The economy is predominantly agricultural, producing foodstuff for local consumption, palm oil, palm kernels and peanuts for export. Livestock is of importance in the north. Exports, which averaged some \$18 million over the last few years, consist almost entirely of oil products, exported to France under preferential arrangements.

Budget support payments from France and the Solidarity Fund of the Entente financed about 15% of government recurrent expenditures for 1963, estimated at some \$28 million. Investment in the public sector is financed entirely by grant aid from France and the EEC. Dahomey appears to be an IDA only candidate.

ETHIOPIA

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APR 26 2012

WBG ARCHIVES

ETHIOPIA

BRIEFING PAPER

I. MEETING WITH DELEGATION

Messrs. Woods and Knapp
Thursday, October 3, 1963 4:20 - 4:40 p.m.

II. MEMBERS OF DELEGATION

Menasse Lemma (B)	- Acting Governor, State Bank of Ethiopia
Yawand-Wossen Mangasha (F)	- Vice Governor, State Bank of Ethiopia
Stanislaw Kirkov (F)	- Financial Adviser, Ministry of Finance

III. STATE OF RELATIONS AND TOPICS FOR DISCUSSION

(a) State of relations, including lending prospects

General: Relations have substantially improved during the past year with the signature of the \$2.9 telecommunications loan in May 1962 and the \$13.5 million credit for the third highway program in February 1963. Mr. Moussa visited Ethiopia in January this year. An economic mission (headed by Mr. Rivkin) visited Ethiopia March/April.

Power Project: After shopping around among other possible lenders, the Government recently requested the Bank for a loan for Awash II power project (total cost \$12 million, foreign exchange \$8-10 million). An appraisal report is being prepared and a Bank loan could be concluded before the end of this year. However, the appraisal may suggest that the project be expanded, in which case further discussion with the Government and EELPA could be necessary. A Bank loan (or loans) of as much as \$25 million may now be in view.

Development Bank of Ethiopia (D.B.E.): The Bank-nominated Managing Director (Dr. Buttkus) has resigned as of September 30, 1963; the resignation has been accepted. The Government wants to have an Ethiopian replace Buttkus. The appointment is subject to the Bank's approval. We have said that we have no objection in principle but that our agreement to any individual will depend on his qualifications. We expect to

E T H I O P I A

Addition to item III (b) of the Briefing Paper

The Development Bank of Ethiopia (DBE)

As a result of informal discussion with some members of the delegation it seems most likely that the delegation will submit that the Bank:

- i) assist the Government in an overall appraisal regarding Ethiopia's requirements for financial institutions engaged in development financing. The appraisal will include the review of the DBE's operations and its reorganization, if necessary.

It is suggested that the Management should agree in principle to this request.

- ii) agree to the candidacy of H.E. Ato Araya Ogbagay, Vice-Minister of Industry and Commerce as Managing Director. Such independent references as we have able to obtain on him are favorable.

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Dr. Buttus left DBE on September 30 and the State Bank of Ethiopia will supervise the activities of the DBE, at least until the new managing director has been appointed. It is suggested that the Management agree in principle to the nomination. Our argument should, however, be conditional to an understanding between us and the Ethiopians that DBE will arrange for employing such foreign supporting staff as may be found essential (both to assist the management of the DBE in the operations as well as in the training of the Ethiopian staff), in the light of any reorganization which may result from the appraisal referred to in (i) above.

The above recommendations represent joint IBRD/IFC's opinion.

receive a nomination shortly. We also expect to receive Government proposals to reorganize the DBE with a broader and (the Government hopes) a more active role, taking it into small, unsecured agricultural and cottage industry lending, as well as project promotion and study. Although we have no firm details yet of the Government's proposals, the intention seems to be to make DBE a rather more of a general development agency.

Because of the above-mentioned changes and because of the uncertainties regarding the future of the DBE we have notified the Ministry of Finance and Dr. Buttkus that we consider the \$5.0 million loan application inactive.

Addis Ababa Water & Sewerage Project: Bank/IDA has been in contact with Government regarding this project which is still in early stage. Preliminary study expected few months and feasibility study not before mid-1964.

(b) Topics to be raised by delegation

The Development Bank of Ethiopia (DBE): The delegation might ask for Bank/IFC help in connection with the organization of DBE. There would have been merit in reviewing the overall requirements for financial institutions; it appears that the Government has already made up its own mind. Therefore, while being generally willing to help, we have to reserve our position until the Government's intentions about DBE become clear. See addendum

Bank representation: At various times and in varying terms the Government has requested the Bank to provide a resident representative and/or economic adviser. Correspondence and conversations have failed to clarify precisely what the Government has in mind. There would be considerable advantage in re-establishing first hand contact with Ethiopia, provided the functions and responsibilities of a prospective adviser or representative were clearly determined. Addis Ababa is also the seat of the Economic Commission for Africa and the Organization of African Unity. As an interim step it is proposed to send a staff member to Addis Ababa for four months or so (in two spells), in the course of which both the Ethiopians and the Bank would determine the nature of a long term appointment.

(c) Topics to be raised by Management

We should inquire about the government's proposals for reorganising DBE, emphasizing our continued interest in the institution and willingness to do what we can to make it successful. We should also express our willingness to consider water supply or other projects as they become ripe for appraisal.

IV. BACKGROUND INFORMATION

(a) Bank loans as of August 31, 1963

Year of Loan	Borrower	Purpose	Amount equivalent in \$ million
1950	Empire of Ethiopia	Highway Rehabilitation	5.0
1950	Empire of Ethiopia	Development Bank	2.0
1951	Empire of Ethiopia	Telecommunications	1.5
1957	Empire of Ethiopia	Highway construction and improvement	15.0
1961	Development Bank	Development Bank	2.0
1962	Imperial Board of Telecommunications of Ethiopia	Telecommunications	<u>2.9</u>
	Total (net of cancellations and refundings)		28.4 ^{1/}
	of which has been repaid		<u>4.8</u>
	Total now outstanding		23.6
	Amount sold	1.6	
	of which has been repaid	<u>1.2</u>	<u>0.4</u>
	Net amount now held by Bank		<u>23.2</u>

^{1/} Includes \$3.4 million not yet disbursed.

(b) IDA Credits as of August 31, 1963

Year of Credit	Borrower	Purpose	Amount (equivalent in \$ million)
1963	Empire of Ethiopia	Highway construction	13.5
	(Became effective August 27; no disbursement yet)		

(c) 18% Capital Subscription

Entire amount released (\$0.9 million) available to be lent in dollars. As of June 30, 1963, \$0.8 million on loan.

(d) Holdings of World Bank Bonds as of August 31, 1963

\$2.5 million equivalent.

(e) I.F.C.

Member. Participations in a textile firm and a paper factory under preliminary consideration.

(f) I.D.A.

Member (see III).

V. POLITICAL SITUATION

After the abortive revolt of December 1960, the Emperor enjoys unchallenged authority. He is now 72, the succession is uncertain but another uprising is unlikely during his life time.

Eritrea became an integral part of Ethiopia in November 1962, when the local legislature voted to forego its federal status. Relations with neighboring countries are good, except with Somalia, because of Somali claims on Ogaden Province. The "Summit Conference" has improved the relations between the two countries somewhat.

Ethiopia maintains a neutral position politically between East and West, although commercial and political ties with the West are stronger; it is very sensitive to racial discrimination and one of the most active opponents of South African "apartheid" policy. Ethiopia and the Emperor continue to play a leading role in Pan-Africanism. The May 1962 "Summit Conference" in Addis Ababa, attended by 32 African countries and by 31 heads of the states, was a great personal success for the Emperor. The charter for an African organization (Organization of African Unity - OAU) was unanimously adopted and has already been ratified by most African States.

VI. ECONOMIC SITUATION

Population:	15-21 million
GNP per capita:	\$45

Ethiopia has large economic resources (mostly agricultural) which are not put to effective use, because of serious institutional and administrative weaknesses, lack of entrepreneurship and low domestic savings. The economy is nevertheless progressing with an estimated increase in GNP of about 3% a year over the last decade. Export income,

of which up to 50% is derived from coffee, has increased steadily since 1959 but so have imports and the trade deficit has been increasing. The prospects for any substantial increase in exports, at least in **coffee** are not very bright; although a modest increase should be possible.

Ordinary revenues and ordinary expenditures have been increasing at 8% a year during the past seven years. The capital expenditure has doubled between 1958 and 1962 and, according to the Plan, is expected to further increase substantially. Government financial policies are generally conservative and both Treasury and balance of payments positions have remained satisfactory. The foreign exchange reserves are at a comfortable level; at the end of 1962 the reserves were about E\$164 (\$65) million, or 65% of 1962 imports.

External debt service amounts to US\$7.2 million a year or 8% of export earnings. Ethiopia has an excellent debt service record.

The very low per capita income and a modest but steady growth rate would put Ethiopia in a "blend" category.

APR 26 2012

WBG ARCHIVES

GABON
BRIEFING PAPER

I. MEETING WITH DELEGATION

Mr. Wilson

Friday October 4, 1963

9:30 to 9:40 a.m.

II. MEMBERS OF DELEGATION

André-Gustave Anguilé	- Minister of Economic Affairs, Mines and Plan
Lubin Ntoutoume Obame	- Minister of Finance
Roland Bru	- Minister attached to the Presidency of the Republic
Daniel Nna Ekankan	- Technical Adviser of the Presidency of the Republic

III. STATE OF RELATIONS AND TOPICS FOR DISCUSSION

(a) State of relations, including lending prospects:

Membership Status: A new member of the Bank since September 10, 1963. Also applied for membership in IDA and IFC but requested at a later date that processing of IFC application be deferred.
Capital subscriptions: Bank \$10 million, IDA \$500,000. As regards IDA we are awaiting documents and actual payments.

On June 30, 1959, the Bank made a loan of US \$35 million to the Compagnie Minière de l'Ogooue (Comilog) for a project located in Gabon and Congo - Brazzaville territory. The loan is guaranteed by the governments of France, Gabon and Congo.

The project consists of exploitation of manganese ore in Moanda, including construction of railway, port and cableway facilities. Construction is now completed and mining operation and transportation of manganese ore ~~have~~ begun by October 1962.

In July 1962, the Bank and participants ~~have~~ agreed to the borrower commencing an additional project consisting of the production of battery-ore and to contracting obligations for additional financing of Fr. 50 million. In March 1963, that amount was reduced to Fr. 45 million.

The price of manganese ore has gone down from about Fr.133 per ton in 1962 to approximately Fr. 116 in 1963. But Comilog seems to be able to compensate decreasing prices by an increase of production to cover debt service and operating expenses.

In January 1963, the U.N. Special Fund approved a request of the Government of Gabon - prepared with the Bank's assistance - for the financing of technical and economic studies of the transportation of Mekambo iron ore.

This is one of the largest iron-ore deposits in the world. Bethlehem Steel and various European steel interests have formed a company (SOMIFER) to exploit the deposits. Studies of the transport costs are still necessary to determine whether the project is economically and technically feasible.

The U.N. Special Fund has allocated US \$2,092,000 to the study which is estimated to take about two years. The Bank is acting as Executing Agency. The Plan of Operation was signed on June 14, 1963.

Foley Brothers Inc., a consulting firm of New York, has been selected for the technical study. SEDES, a consulting firm of Paris, has been selected for the economic study. Contracts between the Government of Gabon and the consultants were signed on June 14, 1963 for the technical study, on July 10, 1963 for the economic study.

Parallel studies, financed by E.E.C., have been or are to be carried out by European consultants on the technical and economic feasibility of a mineral and commercial port near Libreville (probably in Owendo).

(b) Topics likely to be raised by delegation:

The delegation may ask for financing of road, port and power projects. However, we have no information on these projects and we will have to determine our position after a mission has visited the country.

(c) Topics to be raised by Management:

None.

IV. BACKGROUND INFORMATION

(a) Bank Loans as of Aug. 31, 1963:

<u>Year of Loan</u>	<u>Borrower</u>	<u>Purpose</u>	<u>Amount (equivalent in \$ million)</u>
1959	Compagnie Minière de l'Ogooue ^{1/}	Manganese project	<u>35.0</u>
	Total (net of cancellations and refundings)		<u>35.0</u>
	of which has been repaid		<u>1.0</u>
	Total now outstanding		<u>34.0</u>
	Amount sold	21.0	
	of which has been repaid	<u>0.6</u>	<u>20.4</u>
	Net amount now held by Bank		<u>13.6</u>

(b) IDA Credits as of Aug. 31, 1963:

Nil

(c) Holdings of World Bank Bonds:

Nil

(d) 18% Capital Subscription:

Will be \$900,000

(e) IFC

Not a member (see III (a)).

(f) IDA

Not a member yet (see III (a)).

V. POLITICAL SITUATION

Gabon became independent on August 17, 1960. In February 1961 the Gabonese people elected Prime Minister Leon M'Ba President of the Republic on a single National Union list, which represented a coalition of M'Ba's Gabonese Democratic Bloc and the principal opposition party, the Gabonese Democratic and Social Union.

^{1/} With guarantees by France, Gabon and Congo (Brazzaville).

The 40-member Legislative Assembly elected at the same time, enacted constitutional reforms under which the Government reverted from a parliamentary to a presidential system.

A list of important political personalities follows:

- Leon M'Ba, President of the Republic, Prime Minister, Minister of Information and Youth
- Paul Marie Yembit, Vice President, Minister of Justice
- André-Gustave Anguilé, Minister of National Economy Planning and Mining
- Lubin Ntoutoume Obame, Minister of Finance
- Aubame (leader of the Gabonese Democratic and Social Party) is now President of the Supreme Court.

VI. ECONOMIC SITUATION

Population	450,000
GNP per capita	more than \$200

Agriculture is primary subsistence farming, but lumbering has long been the basis of Gabon's economy and still accounts for seventy per cent of all exports. Gabon is the world's principal exporter of okoume (raw material for plywood).

Gabon's strongest economic expectations for the future derive from its great mineral resources (manganese, iron-ore, uranium) and perhaps its potential hydroelectric power.

Oil fields near Port Gentil are currently producing 800,000 tons a year. Proven reserves amount to 10 million tons.

The financial position of the country is sound and economic and financial policies are conservative. Gabon relies on external aid, mainly from France and E.E.C., for its capital expenditures.

Gabon is a member of the franc area and shares a monetary system with Cameroon, Chad, Congo-Brazzaville and the C.A.R. One Central Bank in Paris issues the CFA franc (1 CFA = 0.02 Fr. F. = 0.4 US cents). Gabon is also a member of the Equatorial African Customs Union and belongs to the group of African countries associated with E.E.C.

GHANA

BRIEFING PAPER

DECLASSIFIED
APR 26 2012
WBG ARCHIVES

I. MEETING WITH DELEGATION

Mr. Knapp

Saturday, October 5

12:00 a.m.

II. MEMBERS OF DELEGATION

- F. K. D. Goka (B-F) - Minister of Finance and Trade
- W. M. Q. Halm (B) - Governor, Bank of Ghana
- A. K. Kwateng (F) - Principal Secretary, Ministry of Finance and Trade (Finance Division)
- J. H. Mensah - Adviser Chief Economist, Office of the Planning Commission
- Albert Adomakoh - Adviser Managing Director, National Investment Bank

III. STATE OF RELATIONS AND TOPICS FOR DISCUSSION

(a) State of relations, including lending prospects

The Bank's relations with Ghana continue to be good but tenuous. The Bank's Resident Representative (Dr. Baranski) has established cordial working relationships, but is consulted and informed much less than we would wish. The assistant to the Resident Representative (Dr. Wignaraja) has completed his assignment: through no fault of his own, his services were little used and there was no ground for extending his stay in Ghana.

Progress on the Volta River project is on schedule. \$3.2 million has been disbursed by the end of June 1963. The Volta River Authority estimates, on the basis of progress to date and tenders received, that there might be a saving of £ 11 million in the cost of the project and one year in time. These revised estimates are, of course, subject to continuous revision over the next three years. There are no other lending prospects under consideration.

(b) Topics likely to be raised by delegation

The possibility of further Bank or IDA lending. We should take the position that before considering additional commit-

ments in Ghana we would wish to review the economy, developments proposals and particularly their external debt, on which our information is out-of-date.

(c) Topics to be raised by Management

Mr. Knapp invited the Minister of Finance to discuss Ghana's development program and external debt during the meeting and to send representatives to have prior discussions of these topics at staff level. The Minister has replied (copy of letter attached) that he is willing to discuss these matters immediately after the meeting (we have agreed to October 5) but he appears reluctant to have preparatory talks unless he is present. Release of remainder (\$1.5 million) of 18% subscription should be requested.

IV. BACKGROUND INFORMATION

(a) Bank loans as of August 31, 1963

<u>Year of loan</u>	<u>Borrower</u>	<u>Purpose</u>	<u>Amount (equivalent in \$ million)</u>
1962	Volta River Authority	Volta River project	47.0
		Total (net of cancellations and refundings)	47.0
		Total now	47.0 ^{1/}

^{1/} Includes \$42.0 million not yet disbursed.

(b) IDA Credits as of August 31, 1963

None.

(c) 18% Capital Subscription

\$4.2 million. Original 18% (\$2.7 million) released in annual installments of \$560,000 through July 1, 1963, convertible into any currency.

(d) Holdings of World Bank Bonds

\$0.78 million

(e) IFC

Member

(f) I.D.A.

Part II member.

V. POLITICAL SITUATION

President Kwame Nkrumah continues firmly in power despite several attempts on his life last year. Subsequent treason trials have involved former members of the cabinet as well as leading members of the opposition.

Ghana maintains its political non-alignment, which as heretofore, seems to involve frequent denigration of the West. But political and economic acts continue to be much less irrational than political orations and journalists' imaginations.

VI. ECONOMIC SITUATION (Population 6.7 million;
per capita income \$200)

Although the economy is basically sound and the growth rate fairly high, Ghana has experienced balance of payments difficulties arising from budgetary deficits which have been translated into rapidly increasing imports. In light of the rapidly falling foreign exchange reserves imports were however curtailed during 1962, falling from £127 m. to £108 m. The balance of payments deficit on current account was reduced from £53 m. in 1961 to £18 m. in 1962, but it has been increasing again since the last quarter of 1962. Foreign exchange reserves continued to decline in 1963 and at the end of June were \$17 million (10%) below the corresponding figure of last year. At mid-July they were sufficient to 7-8 months imports at the 1962 rate. The state of the world cocoa market offers little hope for substantial and continuing improvement in Ghana's balance of payments situation. The 1961/62 budget showed a minor surplus on current account. The 1962/63 budget foresaw increases of 25% of recurrent revenues and 10% of recurrent expenditure. However, actual revenue has not increased above the 1961/62 level and the budget is now running a small deficit on current account. Development expenditures which amounted to £G 40 million in 1961/62 are at present running at an annual rate of £G 44 million. The 1963/64 budget for the year beginning October 1 has not yet been made available.

The National Planning Commission has prepared and revised an outline for a new development plan to cover the seven years from October 1963. The document prepared in the Planning Office during the past year, while labelled a seven-year plan, was largely an apologia for proposals involving unrealistically high development expenditures. A foreign investment Act, passed this year, seems to be a serious attempt to encourage private investment.

GUINEA

CONFIDENTIAL

REPUBLIC OF GUINEA

BRIEFING PAPER

DECLASSIFIED

APR 26 2012

WBG ARCHIVES

I. MEETING WITH DELEGATION

Mr. Wilson

Monday, September 30

2:30 - 2:40 P.M.

II. MEMBERS OF DELEGATION

Mr. Ousman Baldet, Minister and Governor of the Central Bank of the Republic of Guinea.

III. STATE OF RELATIONS AND TOPICS FOR DISCUSSION

(a) State of relations, including lending prospects

Guinea applied for membership in the Fund and Bank in March 1962, and in IDA in September 1962, but has not applied for membership in IFC. Almost all formalities have been completed except payment of the subscriptions. Guinea hopes to become a member of the three institutions before the annual meeting. This depends on the willingness of France to advance the date of a French payment due to Guinea.

During Mr. Moussa's brief visit to Guinea in August 1963, the authorities expressed interest in possible financing for several infrastructure projects. Guinea is negotiating with Harvey Aluminum for development of Boké bauxite, and may seek our assistance in financing a railway from Boke to the coast and port facilities. Bauxites du Midi (Alcan), in association with U.S. aluminum companies, after having invested about \$14 million in railway and port facilities, stopped the Boké project in 1961 when U.S. Government investment guarantees needed for additional financing were not obtained. Bauxites du Midi's concession was then cancelled and its properties in Guinea were seized by the Government. Mr. Moussa pointed out that any Bank or IDA financing for Boké would have to be preceded by settlement of the claims of Bauxites du Midi.

Other projects mentioned were modernization of the railway Conakry-Kankan (a long stretch of which would require complete reconstruction probably at prohibitive cost), and various sections of a road linking Conakry to the East end of the country. Guinean officials also asked whether the Bank could give technical assistance in setting up a road program and in studying the extension of rice production.

We have agreed with the Government that as a first step a mission (expected to be headed by Mr. Williams) would visit Guinea in November to become acquainted with the economic and financial situation and review the status of projects.

(b) Topics likely to be raised by delegation

The delegation will probably want to know about lending prospects for the Boké project and for the railways and road programs. They should be told we will examine lending proposals in the light of the findings of the preliminary economic mission. They would have to be reminded that the Bank or IDA could not consider financing linked to the completion of the Boke project as long as claims from the former investors were outstanding. (This matter is delicate, however, because the Guineans consider, with some justice, that the Canadians are themselves at fault.)

(c) Topics to be raised by management

None

IV. BACKGROUND INFORMATION

(a) Bank loans as of August 31, 1963

None

(b) IDA credits as of August 31, 1963

None

(c) 18% Capital Subscription

Will be \$3.6 million. Guinea presumably feels too poor to afford release.

(d) Holdings of World Bank Bonds

(e) IFC

Guinea has not applied for membership.

(f) IDA

Will be Part II member.

V. POLITICAL SITUATION

President Sekou Touré rules the country without opposition and no change is to be expected after the next election, September 15, 1963. A major France-Guinea rapprochement took place in May when Guinea and France signed financial, commercial and cooperation agreements providing inter alia for the settlement of various financial disputes which resulted from the accession of Guinea to independence in 1958. However, detailed application of the agreements is presenting difficulties. President Sekou Touré is an ardent supporter of African unity. The unhappy experience of the Casablanca Group has led him to believe and proclaim that regional regroupings within the unity of the whole continent must be based on geographical realities and not, as at present, on vague common political attitudes. As the Dakar Foreign Ministers Meeting showed, such a position will embitter Guinea's relations with the existing Brazzaville group (UAM). Relations with the Soviet bloc are deteriorating, owing partly to the ineffectiveness of their financial help and technical assistance. In a very difficult situation, Guinea is seeking to improve its relations with the West, without, however, necessarily abandoning a desire to be neutralist.

VI. ECONOMIC SITUATION

Population 3 million

GNP per capita nearly \$100.

Progress under the 1960-63 plan has been very slow. The investment effort has been concentrated on spectacular new projects to the detriment of maintenance of existing facilities. Agricultural production is stagnant. The Government is trying to manage the Guinea franc carefully, and claims not to have resorted to Central Bank financing. Foreign exchange reserves are very low. An exchange of bank notes was carried out in March, and some reduction in the prices of certain mass consumption goods has been obtained.

The Government seems to want to reach agreement with foreign investors for the completion of the Boké project, but considers the compensation claims of Bauxites du Midi (Alcan) to be too high. It is now studying proposals of Harvey Aluminum. We do not know how seriously the Harvey bid is to be taken.

An international financial group is examining the possibility of developing iron ore deposits at Mount Nimba and Simandou, near the Liberian frontier, but if the Guinea Government persists in requiring the ore to be exported through Conakry, instead of using the short route through Liberia, the project may not come off.

Public investment is likely to fall considerably short of the \$168 million planned for the three years, 1961-1963. Foreign aid to Guinea has been provided mainly by Communist China, Czechoslovakia, USSR, United States and Yugoslavia. Guinea is likely to be a serious candidate for IDA, although conceivably some lending on conventional terms to Guinea might be considered for large industrial projects which could be set up on a self-liquidating basis. Technical assistance for working out projects is badly needed.

IVORY COAST

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APR 26 2012

WBG ARCHIVES

IVORY COAST

BRIEFING PAPER

I. MEETING WITH DELEGATION

Mr. Wilson

Thursday, October 3

9:40 - 9:50 a.m.

II. MEMBERS OF DELEGATION

Jean-Baptiste Amethier (F)

Chief of the Service of Foreign
Finance and Credit

Mohamed Diawara (B)

General Administrator of the Plan

III. STATE OF RELATIONS AND TOPICS FOR DISCUSSION

(a) State of relations, including lending prospects

The Ivory Coast became a member of the Bank, IDA and IFC on March 11, 1963. An economic mission which included an IFC staff member visited the Ivory Coast in November/December 1962. No specific projects were put forward for Bank/IDA; the Government expects IFC to participate in the share capital of a proposed Industrial Development Bank.

At the time of the mission the Ivory Coast was preparing a development plan expected to cover the 1965-70 period. Like other French-speaking countries in Africa associated with the EEC, the Ivory Coast is now receiving financial assistance from both the EEC and France and in addition is able to make its own substantial contribution to investment financing in the public sector.

President Houphouet-Boigny expressed his personal wish for having a general economic survey and we have written him on January 29, 1963 that we would consider such a request favorably. The Department of Public Works, which is responsible for the power sector appeared interested in associating Bank/IDA with the power expansion program. This program will be of high priority if demand for electric power continues to increase at present high rates. However, the Minister of Finance seems to count on suppliers' credits or on such sources as the Export-Import Bank for financing the foreign exchange cost of the power expansion program.

(b) Topics likely to be raised by delegation

Prospects for Bank/IDA lending. We should take the position that we would consider favorably any good project proposal

put forward to us for which financing from other sources is not yet fully assured.

(c) Topics to be raised by Management

Wemy inquire whether there is still any interest in a general survey mission or in the visit of a plan review team.

IV. BACKGROUND INFORMATION

(a) Bank Loans as of August 31, 1963

None.

(b) IDA Credits as of August 31, 1963

None.

(c) 18% Capital Subscription

\$1.8 million. No release requested.

(d) Holdings of World Bank Bonds

None.

(e) I.F.C.

Joined on March 11, 1963, IFC participation in the share capital of the proposed Industrial Development Bank is under consideration.

(f) I.D.A.

Part II member.

V. POLITICAL SITUATION

The Ivory Coast became independent in August 1960 under President Houphouet-Boigny, who stands out as a liberal and a moderate in African politics. His leadership appears to have firm popular support. Only a well-organized opposition could challenge it seriously. An attempt on his life earlier this year failed.

The President is resisting pressures for a too rapid Africanization of the administration and of key economic sectors and hopes that his policy of cooperation with France and Europe and his economic liberalism will produce tangible results before long, proving him right and allay criticism by younger more radical elements.

He created in 1959 the Conseil de l'Entente, a loose association between the Ivory Coast, Dahomey, Niger and Upper Volta, whose most important feature is a Solidarity Fund to which the Ivory Coast is the only net contributor.

VI. ECONOMIC SITUATION (Population 3.3 million;
per capita income \$170)

The Ivory Coast is one of the most prosperous countries in Africa south of the Sahara formerly associated with France. The economy is predominantly agricultural, but it is changing. Industry and mining, quite negligible 7 to 8 years ago are now contributing about 10% to domestic output. The Ivory Coast is an important coffee and cocoa producer. These products together with bananas and tropical woods account for about 90% of its exports. Most of them are sold to France where they enjoy a guaranteed market, and, in the case of coffee, a guaranteed price which is substantially above world market. The adjustment of the French support price for coffee to world market level over a 3-year period as required by the Association Agreement with the EEC may create some difficulties. The country plans to expand production and export of palm oil and natural rubber.

The financial and monetary situation is sound. Budget revenues which are now about \$125 million or approximately 20% of national product have been sufficient to cover recurrent expenditures, finance over 40% of investment in the public sector, and in addition contribute to the budgets of the 3 other Entente countries - Dahomey, Niger and Upper Volta.

Although the prospects for raising export earnings and hence for continued economic growth are less favorable than in the past, external debt is still low and the Ivory Coast should be able to service some additional debt on conventional terms. The Ivory Coast appears to be a candidate for both Bank and IDA financial assistance.

KENYA

KENYA

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APR 28 2012

WBG ARCHIVES

BRIEFING PAPER

I. MEETING WITH DELEGATION

Mr. Wilson

Tuesday, October 1, 1963

9:00-9:20 a.m.

II. MEMBERS OF DELEGATION

Observer

The Honorable James S. Gichuru, M.P.

Minister for Finance and
Economic Planning

III. STATE OF RELATIONS AND TOPICS FOR DISCUSSION

(a) State of relations, including lending prospects

Kenya will become independent, assuming agreement is reached on certain constitutional changes, in December 1963, and in anticipation of this event its application for membership in the Bank, IDA and IFC will be submitted to the Board of Governors at the Annual Meeting. The United Kingdom has indicated that subscriptions of \$33.3 millions, \$1.68 million and \$184,000 respectively, would be acceptable to Kenya.

The Government of Kenya has published its "observations" on the 1962 General Survey Mission's report. It "accepts the general approach" of the mission but states its desire to go ahead with two major projects, the Nairobi-Mombasa road and the Seven Forks hydroelectric scheme, which the mission did not consider justified.

Agriculture and Road Loan. In 1960, the Bank made its first loan of \$5.6 million to Kenya for agriculture and roads. About \$5 million of this loan has been disbursed, but following the most recent end-use inspection, we wrote to Kenya deploring deficiencies in the construction of some of the roads. We asked the Ministry of Public Works to conduct a detailed appraisal of the roads, and to inform the Bank of its findings and the corrective measures proposed. We pointed out that no further consideration can be given to a new road application recently submitted to us until the Bank is satisfied with the condition of the existing project. The Ministry's response to our letter, including the requested appraisal report, are now being studied by TOD, and we have promised an early reaction.

Land Settlement and Development Loan. No disbursements have yet been made on this \$8.4 million loan, signed in November 1961. Although a first sub-project was submitted to the Bank and CDC (in conjunction with whom the loan was made) and was considered per se

acceptable, approval was withheld because of a number of more general issues arose which will require renegotiation of the loan; in particular, (i) the massive expansion of other, largely politically motivated settlement schemes in Kenya, (ii) the deterioration of the marketing prospects of some of the major cash crops to be grown (coffee, pyrethrum), (iii) new organizational arrangements for settlement have been made very different from those initially agreed by the Bank, and (iv) the efficiency of various provisions will depend on the form of the future constitution which has still to be decided (see below). It is now hoped that when a revised project description has been submitted to the Bank, and the new constitution and its associated administrative structure have been formulated and appear workable, we can renegotiate the loan.

An application for road development has been submitted for an IDA credit of \$5.6 million, which we have said we cannot proceed with until the problems faced by the existing roads project have been solved to our satisfaction. In addition, since feeder and local roads are to become the responsibility of the Regional authorities under the new constitution, the project has in any case to be revised to concentrate on main roads, and an appropriate economic justification has to be made.

Tea Project: An application for a loan or credit of \$5 million for tea development and processing has also been received. An appraisal mission is in Kenya for the second half of September.

(b) Topics likely to be raised by delegation

Disbursements on Land Settlement Loan: to any questions raised on particular points on this loan - see under (a) - we should indicate our desire to consider and settle all issues together.

Tea Project: We have sent an appraisal mission and will move as quickly as possible. We cannot give any assurances that a loan or credit could be concluded before Independence, but will continue working on the project as expeditiously as possible on the assumption that there will be little delay in membership.

(c) Topics to be raised by Management

Development Plan: We might ask about the state of preparation of the next three year Development Plan, and its broad relationship to the public sector program (£56 million over 5 years, including £21 million for land settlement) recommended by the survey mission.

IV. BACKGROUND INFORMATION

(a) Bank Loans as of August 31, 1963 (with U.K. guarantee)

<u>Year of Loan</u>	<u>Borrower</u>	<u>Purpose</u>	<u>Amount (equivalent in \$ million)</u>
1960	Kenya	Agriculture and roads	5.6
1961	Kenya	Land Settlement and Development	<u>8.4</u>
		Total now outstanding	14.0 <u>1/</u>
		Amount sold	<u>3.25</u>
		Net amount now held by Bank	<u>10.75</u>

1/ Includes \$9.2 not yet disbursed.
Kenya is a sole and joint guarantor of the \$24 million loan to the East African Common Services Organization in 1955 for railroads.

(b) IDA Credits as of August 31, 1963

None.

(c) 18% Capital Subscription

Will be \$2,997,000.

(d) Holdings of World Bank Bonds

None.

(e) I.F.C.

Application to be submitted to the Governors at the Annual Meeting.

(f) I.D.A.

Application to be submitted to the Governors at the Annual Meeting.

V. POLITICAL SITUATION

Kenya became internally self-governing on June 1, 1963, when a new constitution came into effect and a new Government entered office. The constitution, which took a year in negotiations and drafting, reserves responsibility for defense, external affairs and security to the Governor

until independence (although the Governor has in practice assigned them to the Prime Minister) and establishes regional assemblies with legislative and administrative powers in specified fields, particularly agriculture. The new Government was formed by the Kenya African National Union, with Mr. Jomo Kenyatta as Prime Minister, which holds 83 of the 124 seats in the House of Representatives and 20 of the 38 seats in the Senate.

A conference is to be held in late September to settle the form of Kenya's constitution after independence, which is planned for December 12. The major outstanding issue, significant for the political future of Kenya, is whether KANU will demand, and the opposition will accept, any diminution of the status of the Regions, and whether what is agreed politically will prove administratively workable. The prospects are that neither side will wish to be so intransigent as to cause a delay in attaining independence.

VI. ECONOMIC SITUATION (Population: 8.6 million)
(GNP per capita: \$80)

The economy has begun to recover from its depressed condition of the past two years caused by a politically engendered lack of confidence among European and Asian interests, and severe drought and flood conditions in 1961. So far, however, this seems to be more a change of atmosphere than of actual performance. Production in the subsistence sector increased by 30% in 1962 when weather conditions returned to normal, but the mere 2% growth of the cash economy was smaller than the increase in population. The value of cash crop agriculture remained stagnant, and unemployment in most sectors continued to rise, although at a slower pace.

More hopefully, investment appears to be reviving, and the Government now expects that with only minor tax changes this year it may be able to balance the current budget for the first time for many years, though it still has to find ways of financing the additional expenditures that it will have to bear after independence.

For the future, the growth of production will depend largely and uncertainly on the success in maintaining production of the schemes for settling Africans on formerly European land, on the promotion of new cash crops in place of coffee and pyrethrum and on encouraging outside investment in other sectors.

Debt service and other external liabilities (chiefly pension payments) amount to more than 10% of export earnings and government revenues, and will increase in the next few years. Given continuance of what appear to be good budgetary efforts, Kenya would probably qualify for assistance at least mainly on IDA terms.

LIBERIA

LIBERIA

BRIEFING PAPER

DECLASSIFIED
APR 26 2012
WBG ARCHIVES

I. MEETING WITH DELEGATION

Mr. Knapp

Monday, September 30

5:00-5:20 p.m.

II. MEMBERS OF DELEGATION

Charles Dunbar Sherman (B-F)

Secretary of the Treasury

J. Milton Weeks (B-F)

Director-General of National
Planning

III. STATE OF RELATIONS AND TOPICS FOR DISCUSSION

(a) State of relations, including lending prospects

Liberia became a member of the Bank, IDA and IFC in March 1962. A Bank mission visited Liberia in January 1963 to study the economy and appraise a road project. An IFC mission was there at the same time. Mr. Moussa also visited Monrovia in July 1963.

Liberia has been informed that we would be prepared to open negotiations for a \$3 million Bank loan for the road project after their public debt has been rearranged. For the proposed loan we hope to offer a grace period longer than is customary. Secretary Sherman reported in July 1963 that agreement had been reached with all the main U.S. creditors and most other creditors, but it is believed that some important European creditors are still not prepared for a rearrangement. The pattern at which Liberia has aimed is to spread principal payments on all short-term debt over a period of 15 years. IMF has entered into a stand-by agreement with Liberia authorizing drawings up to the equivalent of \$5.7 million over the twelve months ending May 1964.

IFC participation in the Liberian Bank for Industrial Development and Investment is still subject to discussion since the conditions for German participation are not settled.

(b) Topics likely to be raised by delegation

Progress of resettlement of the external debt. We require a detailed account of all rearrangements before we can decide whether to open negotiations for a road loan.

Other Bank activity. None. No other suitable projects in prospect.

(c) Topics to be raised by Management

Topic under (b) if not raised by delegation.

IV. BACKGROUND INFORMATION

(a) Bank Loans as of August 31, 1963

None.

(b) IDA Credits as of August 31, 1963

None.

(c) 18% Capital Subscription

\$1.35 million. Release not requested; in view of Liberia's financial situation there is little point in pressing for release now.

(d) Holdings of World Bank Bonds

None.

(e) I.F.C.

Discussions continue on possible I.F.C. participation in Industrial Development Bank.

(f) I.D.A.

Part II member.

V. POLITICAL SITUATION

President Tubman who has been in power since 1944 is now 67 years old. He was re-elected for a fifth four-year term of duty in May 1963. As long as he lives no changes are expected in the general policy of the Government, including the "open door" policy toward foreign investment. The Government is still run mainly by the descendants of the settlers but is now trying to distribute some of the benefits of development to the indigenous people. The future after President Tubman goes is hardly predictable. Liberia played a prominent role in the Addis Ababa conference.

VI. ECONOMIC SITUATION (Population 1 million (guess);
per capita GNP \$150-170)

The population of Liberia is mostly subsistence farmers. The Liberian economy is booming, with considerable investment in iron ore, rubber, timber, housing and other sectors. The Government is also rebuilding a large part of Monrovia on contractor finance. In 1961 approximately \$75 million of foreign capital flowed into the country:

\$60 million for iron ore mines, perhaps \$10 million for government buildings and road projects and \$5 million for other purposes. The biggest iron ore investment (\$215 million) has been made by Liberian-American-Swedish Minerals Company (LAMCO). Production by this company started in 1963, and total iron ore exports may rise from 3 million tons in 1961 to 17 million tons in 1967. This should raise government revenues from iron ore profits from \$6 million in 1961 to \$10 million in 1967 and possibly \$19 million in 1971.

The Government is facing a serious financial problem. The outstanding external public debt at September 30, 1962 (including undisbursed) was \$133.6 million, of which almost half (\$63 million) was suppliers' credits. Full debt service payable on this debt in 1963 would be \$26 million - over 70% of the Government's estimated recurrent revenues, but the Government has been negotiating a postponement of some of these payments. Although revenues increased from \$4 million in 1950 to around \$35 million in 1961/62, expenditures also rose to \$42 million. For some years the Government has been trying to build up the framework for a modern country as quickly as possible. Construction has been financed largely by Exim-bank loans, other bank loans and suppliers' credits covered by short-term government notes. The expected increase in government revenues no doubt seemed to the Government in principle to justify this policy.

If satisfactory rearrangement of debt can be achieved, the reasonably good economic prospects would allow some lending on conventional terms which should however be adjusted to conform with the present difficult financial situation.

CONFIDENTIAL

L I B Y A
BRIEFING PAPER

DECLASSIFIED
APR 26 2012
WBG ARCHIVES

I. MEETING WITH DELEGATION

Mr. Wilson
Tuesday, October 1, 1963 4.20 - 4.40 p.m.

II. MEMBERS OF DELEGATION

Mansur BEN GADDARA	Minister of Finance
Ali A. ATTIGA	Head Research Department, Bank of Libya
Khalil BENNANI (F)	Governor, Bank of Libya

III. STATE OF RELATIONS AND TOPICS FOR DISCUSSION

Relations with Libya were strained when the Government's request in 1960 for Dr. Prasad as Economic Adviser was not granted because of previous commitments. After two years, the request for Bank-appointed advisors was revived but, because of reservations on the part of Libyan officials, it took until the Fall of 1962 before a suitable and acceptable candidate as Economic Adviser to the Prime Minister could be found. Mr. Nespoulous Neuville is working in this capacity in Libya since January 1963.

The request for a Bank nominated Chief Planning Expert for the Development Council has also a cumbersome and protracted history, and not until August 1963 could an agreement, in principle, on a candidate (Mr. Dhar) be reached. A formal proposal for the appointment of Mr. Dhar was sent to Libya early September; an answer is awaited.

The Libyan Government invited Dr. Prasad in May 1963 for a short period to advise on the draft development plan. After completion of Dr. Prasad's assignment the Government repeated its request to appoint Dr. Prasad as Economic Adviser and pursued the matter with United Nations after the Bank had replied that arrangements for Dr. Prasad's next assignment elsewhere had been completed. It is obvious that, as far as Libyan officials are concerned, Dr. Prasad would be entrusted with greater authority than any other candidate. The present Prime Minister has nevertheless declared himself satisfied with Mr. Neuville, who plans to take the initiative to stay closer to the Prime Minister than hitherto.

During the 1962 Annual Meeting Mr. Wilson requested the release of 18% (\$1.8 million) subscription in 2 installments. The then Minister of Finance promised to look into the matter which was followed up by correspondence and, most recently during Mr. Kruithof's visit to Tripoli. The Under Secretary of Finance is willing to introduce the necessary budgetary arrangements for release in three installments. Confirmation in writing is expected.

Topics likely to be discussed by the delegation

The delegation may again voice its disappointment about the bank's "refusal" to assign Dr. Prasad to Libya. We might repeat that previous commitments prevented us from granting the request, and confirm our confidence in Mr. Neuville with whom, we understand, the Prime Minister hopes to have a closer working relationship.

Topics to be raised by the Management

1. We might inquire whether Mr. Dhar's nomination as Chief Planning Expert is acceptable.

2. Release of 18% subscription:

We may inquire when formal announcement of the release in three installments may be expected.

3. Bank Bonds:

We may wish to express our appreciation for Libya having purchased Bank Bonds (approximately US\$2 million equivalent) in March of this year.

IV. BACKGROUND INFORMATION

(a) Bank loans as of August 31, 1963

Nil.

(b) IDA credits as of August 31, 1963

Nil.

(c) 18% Capital subscription

\$1.8 million; release in 2 installments requested; likely that amount will be released in 3 installments.

(d) Holdings of World Bank Bonds

Over US\$2 million as of August 31, 1963.

(e) I.F.C.

Project for a cement factory under study.

(f) I.D.A.

Member. No applications and not eligible for IDA funds.

V. POLITICAL SITUATION

A significant change in the internal political situation in Libya has taken place since the spring of 1963.

While previously most of the power resided with the provincial governments and the role of the federal government was fairly limited (in fact the country had four governments with three provincial capitals and two federal capitals with a third under construction), a change in the Constitution has transferred authority from the provincial governments to the federal government.

The new Prime Minister, Mr. Fekini (ex-Ambassador to the U.S.) has been instrumental in carrying the above changes through Parliament and consequently has not had time to devote much of his attention to economic and financial policies. As a result, progress in establishing and carrying out these policies has been slow but indications are that these are the points that the Prime Minister will concentrate on in the coming months.

Some caution, however, about the outcome is in order because a group of ultra conservative people surrounding the King is still very much opposed to introducing new features. As a result, there are rumors circulating that the position of Mr. Fekini is weakening and, in some quarters, the resignation of Mr. Fekini is even reckoned with.

VI. ECONOMIC SITUATION

Export of crude oil rose from about 180,000 tons in February 1962 to 1.3 million tons in February 1963. Libya, until recently almost completely dependent on financial assistance from foreign governments, has now funds available for development purposes. In 1962/63 revenue from oil was £8 million, in 1963/64 it is estimated to be about £23 million and a conservative estimate for 1965 is about £45 million. Consequently, public revenue estimated at £65 million in 1963/64 is 50 percent more than the previous year's receipts.

Public current expenditure is rising rapidly; £44 million in 1963/64 as against £34 million in 1962/63 and less than £20 million in 1961/62. Development expenditure budgeted for 1963/64 is £22 million as against £9 million in the previous year.

The Five-Year Plan 1962/63 -1966/67 calls for total investment of £169 million, of which £44 million is allocated to public works, £29 million to agriculture, £28 million to communications, £22 million to education, £13 million to health, and £7 million to industry. While investment in agriculture, industry, education, health and social welfare in the three years 1960/61 - 1962/63 was £3.7 million, for the one year 1963/64 it is £5.9 million. 70 percent of oil revenue is allocated to the development budget.

In spite of very large trade deficits and declining non-oil exports, receipts from oil operations, US and UK military expenditures and foreign aid have been enough to pay for imports and increase the foreign exchange reserves to £42 million in July 1963 (currency cover £17 million, free reserves £25 million).

MALAGASY

MALAGASY REPUBLIC

BRIEFING PAPER

DECLASSIFIED
APR 26 2012
WBG ARCHIVES

I. MEETING WITH DELEGATION

NO MEETING SCHEDULED

II. MEMBERS OF DELEGATION

No representatives expected.

III. STATE OF RELATIONS AND TOPICS FOR DISCUSSION

(a) State of relations, including lending prospects.

The Malagasy Republic has applied for membership in the Bank, IDA and IFC. It has accepted a capital subscription of \$20 million in the Bank. Membership Resolution approved by the Board of Governors. Final documentation and payments to be completed.

Mr. Rist visited Madagascar in 1961. We have indicated that the Bank would send a mission for an introductory economic appraisal and to sound out possible projects after Madagascar joined the Bank, and such a mission has been provisionally scheduled for mid-winter 1963-64.

(b) Topics likely to be raised by delegation

None.

(c) Topics to be raised by Management

None.

IV. BACKGROUND INFORMATION

(a) Bank Loans as of August 31, 1963

None.

(b) IDA Credits as of August 31, 1963

None.

(c) 18% Capital Subscription

Will be \$1.8 million.

(d) Holdings of World Bank Bonds

None.

(e) I. F. C.

Membership applied for.

(f) I. D. A.

Membership applied for.

V. POLITICAL SITUATION

The Malagasy Republic became independent in June 1960, but its present Christian Socialist Government, under President Tsiranana has maintained close ties with France. The Government evidently believes that the economic benefits of this cooperation outweigh the political disadvantages stressed by the more radical opposition. Madagascar with its oriental antecedents remains somewhat apart from Black Africa. Its people are highly mixed, and possess a markedly decentralized form of government and a considerable degree of political and social tolerance. Tribal antipathies persist, particularly in the fear of the predominant Merina tribe, but Madagascar maintains a multi-party system with a parliamentary opposition. It remains to be seen whether resistance to centralizing tendencies in government will prove a serious brake on economic development.

VI. ECONOMIC SITUATION (population: 5.7 million)
(GNP per capita: roughly \$90)

Madagascar's economy is predominantly agricultural, though of a relatively diversified kind. The population is perhaps not as poor as many African countries, but income is unevenly distributed and, at least until 1962, showed little growth. The modernization of agriculture remains a high priority task. Other sectors are dominated by foreign-owned enterprises which have taken a reserved attitude toward new investment since independence. The location of the island - remote from its main export markets -, and the isolation of the different producing areas make transport costs a particularly difficult obstacle to development.

The Malagasy budget has been balanced by subsidies from France, which has also been the main source of development funds. The Government is reported to be in the process of drawing up its first real development plan - to cover a five year period. The Malagasy Republic would appear to be, if anything, an IDA country.

REPUBLIC OF MALI

BRIEFING PAPER

DECLASSIFIED
APR 26 2012
WBG ARCHIVES

I. MEETING WITH DELEGATION

No meeting scheduled.

II. MEMBERS OF DELEGATION

Not known.

III. STATE OF RELATIONS AND TOPICS FOR DISCUSSION

(a) State of relations, including lending prospects

Mali applied for membership in the Fund and the Bank in May 1962, and has until October 15 to complete formalities. We plan to propose that an initial economic mission visit Mali around the end of October.

(b) Topics likely to be raised by Delegation

None

(c) Topics to be raised by Management

None

IV. BACKGROUND INFORMATION

(a) Bank loans as of August 31, 1963

None (Part of the Bank's loan of 1954 to the Office Central des Chemins de Fer de la France d'Outre Mer was used to improve railways in what is now Mali).

(b) IDA credits as of August 31, 1963

None

(c) 18% Capital Subscription

Will be \$1,557,000. Mali probably feels too poor to make release.

(d) Holdings of World Bank Bonds

None

(e) IFC

Mali has not applied for membership.

(f) IDA

Has applied for Part II membership. Acceptance open until November 15, 1963.

V. POLITICAL SITUATION

The Republic of Mali was proclaimed in September 1960 by the Soudanese, after Senegal seceded from the former Federation of Mali. For two years thereafter, anger against Senegal and coolness towards France prevailed in Mali, it established closer relations with the Soviet bloc, and joined the Casablanca Group in order to alleviate its political and economic isolation. However, Mali's neutralism admits of collaboration with western countries. Diplomatic relations with France were not broken, French property was not seized, and the association with E.E.C. was maintained. More recently, in June 1963, reconciliation with Senegal was achieved and cooperation agreements with France were signed. Mali is ruled by a single party - the socialist-oriented Union Soudanaise - under the leadership of Mr. Modibo Keita, the President of the Republic. There is no opposition, the few potential opponents having been imprisoned after a trial before a people's court in October 1962. New elections are not required before 1965.

VI. ECONOMIC SITUATION

Population about 4.2 million;
GNP per capita about \$70.

Traditional agriculture and livestock are the main resources of the economy; subsistence farming representing more than one-third of total output. The interruption of the Dakar-Niger railway, after the break with Senegal, caused much economic dislocation, which the recent rapprochement should relieve. A major part of the government's investment resources had to be used for trucks and roads to carry imports and exports through the Ivory Coast. In 1962, Mali withdrew from the West African Monetary Union and issued its own currency (1 Mali Franc = 1 CFA Franc). A five-year plan emphasizing agriculture, transport and education was drawn up in 1961, and a considerable effort has been made to raise budget resources and increase popular participation in the development effort. An ambitious target of \$17 million yearly has been set for gross investment for the coming years. The meager statistical information shows little or no increase in output over the last three years. Apparently, the effort made under the plan has succeeded in preventing a decline in output, but not yet in bringing about expansion. The estimated external trade deficit in 1962 was \$12 million, financed by foreign aid, United Nations, E.E.C., France, United States, U.S.S.R., Czechoslovakia, Germany and other countries.

Mali received an allotment of foreign exchange of about \$9 million (two and a half months imports) in July 1962 after the settlement with the Central Bank of Western African countries. We have no information on Mali's external debt, but presumably the country would be a candidate for IDA assistance.

MAURITANIA

ISLAMIC REPUBLIC OF MAURITANIA

BRIEFING PAPER

DECLASSIFIED

APR 26 2012

WBG ARCHIVES

I. MEETING WITH DELEGATION

Mr. Wilson

Friday, October 4

3:50 - 4:00 P.M.

II. MEMBERS OF DELEGATION

Not yet known

III. STATE OF RELATIONS AND TOPICS FOR DISCUSSION

(a) State of relations, including lending prospects

Mauritania became a member of the Fund, the Bank and IDA on September 10, 1963.

Relations with Mauritania are good.

Last May, Mauritania inquired about a Bank loan of about \$8 million for rebuilding and hard-surfacing the road Nouakchott-Rosso, and we have supplied a questionnaire. Since then, French contractors have proposed to finance the project by a 12-year suppliers credit at 6% interest, but at last reports no decision had been taken. Other immediate lending prospects appear limited.

The MIFERMA iron ore project was inaugurated last June, and is expected to produce 5 million tons a year by 1965 and 6 million by 1967. With the consent of the Bank Mauritania is acquiring 5% of the capital stock of the company. MIFERMA has needed additional financing of about \$14 million to meet an increase in investment costs of first stage of the project, and another \$14 million to complete the second stage. The Bank has insisted that the former be provided through a long term advance from MIFERMA's guarantor-shareholders, but has agreed that for the second stage shortfall the company might contract a \$14 million medium term credit from a consortium of banks with rediscount facilities from the Credit National. The Bank has obtained satisfactory undertakings from MIFERMA's guarantor-shareholders to protect its position vis-à-vis the medium term credit.

(b) Topics likely to be raised by delegation

None.

(c) Topics to be raised by management

None.

IV. BACKGROUND INFORMATION

(a) Bank loan as of August 31, 1963

<u>Year of loan</u>	<u>Borrower</u>	<u>Purpose</u>	<u>Amount (equivalent in \$ million)</u>
March 17, 1960	MIFERMA	Iron ore mining	66.0
		Total now outstanding	66.0
		Amount sold	<u>38.7</u>
		Net amount now held by Bank	27.3

(b) IDA credits

None

(c) 18% Capital Subscription

Will be \$900,000. Release would be difficult as long as France subsidizes budget.

(d) Holdings of World Bank Bonds

None

(e) IFC

Mauritania has not applied for membership.

(f) IDA

Part II member.

V. POLITICAL SITUATION

President Moktar Ould Daddah and his People's Party has retained support both of Moors and Negroes, the two principal ethnic groups.

Mauritania's relations with Senegal and Spain are close, and good relations have been re-established with Mali after past difficulties. Relations with Morocco are embittered by the latter's claims that Mauritania should be part of Morocco. Hopes earlier this year of a rapprochement have waned since the general elections in Morocco in May.

VI. ECONOMIC SITUATION

Population 700,000;

GNP per capita probably around \$70.

With the beginning of MIFERMA's iron ore operation, the economy of Mauritania is no longer solely dependent on the product of subsistence agriculture and animal husbandry. Fishing is also likely to become important; FED is financing a fishing port and freezing plants at Port Etienne. Recently Canadian and American groups have displayed interest in the copper deposits at Akjoujt, and have had discussions with MICUMA, the French company that earlier considered the project and put it aside. The Government's new four-year plan 1963-66 emphasizes roads and other transport facilities to improve communications between Nouakchott (the new capital) and the rest of the country.

Public expenditures have risen very fast. Mauritania still receives a current budget subsidy from France, but as a first measure of austerity to bring the budget nearer balance, the number of governmental posts was reduced in July. Rising direct and indirect revenues from MIFERMA will help. In agreement with France the Government wants to devote part of the French subsidy to investment. The investment program amounts to \$113 million in the next four years, of which \$55 million will be invested by the Government, and \$21 million represents completion of the MIFERMA project. FAC and FED are expected to provide \$29 million.

In spite of its mineral resources, Mauritania's public finances are so weak that it will probably be a candidate for IDA assistance for some years.

MOROCCO

BRIEFING PAPER

DECLASSIFIED

APR 26 2012

WBG ARCHIVES

I. MEETING WITH DELEGATION

Mr. Woods

Tuesday, October 1

4:00 - 4:20 P.M.

II. MEMBERS OF DELEGATION

Governor of Bank

Mr. Driss Slaoui, Minister of Finance (visited
Bank in March, 1963)

Governor of Fund

Mr. M'Hammed Zeghari, Governor, Banque du Maroc

Alternate Governor of Bank

Mr. M. A. Bengeloun, Director General, BNDE

Alternate Governor of Fund

Mr. Ahmed Bennani, Secretary General, Ministry
of Finance

Advisers

Mr. Henry Chana, Director of the Treasury

Mr. François Bizard, Director General, Banque
du Maroc

Mr. Gilbert Pierre, Advisor, BNDE

III. STATE OF RELATIONS AND TOPICS FOR DISCUSSION

(a) State of relations, including lending prospects

Signing the \$15 million development bank (BNDE) loan in
December 1962 improved relations, but Moroccans may still feel
Bank's procedures are cumbersome, and Moroccan political changes
have made it difficult to preserve continuity in relationships.

A mission to appraise the Sidi Slimane agricultural project
(sugar beet production, coupled with improvement of livestock)

in November-December 1962 obtained only part of information needed, partly because of lack of cooperation on Moroccan side, partly because of language difficulties. Additional information has been requested and a second appraisal mission is scheduled for October. This would probably be for Bank rather than IDA assistance.

Moroccans have expressed interest in school construction finance, and we have given them questionnaires, but so far we do not know what exactly they have in mind. A UNESCO educational investment program mission went to Morocco in mid-August and may help clarify what are priority projects and what is ready for financing.

We expect to mount a General Survey Mission in early 1964, assuming the Government agrees to terms of reference we have proposed, and that the nomination of Mr. Rist as Mission Chief is confirmed. We are taking a chance that by the time the mission report is ready (end 1964) the Government then in office will be in a position to use its recommendations.

Foreign debt problem with France now largely settled. IFC reviewed position of Safi project in early 1963 and recommended major changes. Government appears to have taken report seriously. A new IFC mission is scheduled for Safi project.

(b) Topics likely to be raised by delegation

(Sidi Slimane, school construction, survey mission.)

Sidi Slimane: we should reaffirm readiness to send second appraisal mission.

School construction: we should examine sympathetically whatever Moroccans put forward, but must have concrete proposal.

Survey mission: Mr. Tazi has informed us that the Moroccan delegation will bring the Government's reply to our proposed terms of reference and composition of the mission.

(c) Topics to be raised by Bank

If the Government agrees with our proposals for the survey mission, we should ascertain whether Mr. Rist would be acceptable as mission chief.

If the atmosphere of the discussions is favorable, we should broach the subject of 18% release.

IV. BACKGROUND INFORMATION

(a) Bank loans as of August 31, 1963

<u>Year</u>	<u>Borrower</u>	<u>Purpose</u>	<u>Amount (equivalent in \$ million)</u>
1962	BNDE	Development Bank	15.0 ^{1/}
Total (net of cancellations and refundings) of which has been repaid			15.0 ^{1/} --
Total now outstanding			15.0 ^{1/}
Amount sold of which has been repaid			-- --
New amount now held by Bank			15.0

(b) IDA credits as of August 31, 1963

None

(c) 18% Capital Subscription

\$6.3 million. Release not so far requested, but the next opportunity should be taken to request convertible release over a few years.

(d) Holdings of World Bank Bonds

None

(e) IFC

IFC invested in development finance corporation (BNDE), \$1,485,692.

Safi chemical complex under study.

(f) IDA

Part II member.

V. POLITICAL SITUATION

Morocco adopted its first Constitution on December 7, 1962 by a large majority (95% of voters, 80% of registered electorate). Broad executive powers are retained by the King, while the functions of

^{1/} Includes \$15.0 not yet disbursed.

Parliament have been limited in such a way that the running of the economy will continue to be mostly the Government's regulative responsibility. In the elections to the lower house of the Assembly held in May 1963, the King's party, led by Mr. Guedira, received only 34% of the votes cast, and 48% of the seats; seven cabinet ministers (including Mr. Slaoui) were defeated for Parliament but remain in Government. The King's party is strong in rural areas, whereas most urban working class and intellectual votes go to the progressive Union Nationale des Forces Populaires (UNFP), the former left wing of the nationalist Istiqlal, the latter (led by Mr. Al Fassi and former Finance Minister Douiri) now appeals essentially to the traditional "bourgeoisie". The UNFP seems to be splitting up. More radical wing under Ben Barka (in exile in Egypt) does not want to collaborate with the King under any circumstances, while more moderate group of former Finance Minister Bouabid has left door open. Despite the UNFP and Istiqlal boycott of the municipal elections of July 1963, as a reaction against recent Government repression, voter out-turn was large, and the King is assured control of the upper house of the Parliament, to be chosen by and from the new municipal councils. Parliament is due to meet in the fall, but it may well be some time before relationships are crystallized between the King, ministers and Parliament. For the time being, the situation is rather confused.

Government economic policy is now more liberal than under the Istiqlal nationalist influence. The Government badly needs advice on economic policy and on organization and allocation of responsibilities among public agencies.

Morocco was a promoter of the Casablanca Group, which was dissolved in 1963. With the end of the Algerian war, relations with France and Spain have improved. Morocco has not yet decided its attitude toward EEC and would probably like to take a common position with Algeria and Tunisia.

VI. ECONOMIC SITUATION

Population 11.6 million

GNP per capita around \$150.

After an investment boom in the early fifties, the economy of Morocco has grown little since independence. The gradual departure of Europeans and a series of poor harvests has made it difficult to recover momentum. The Government has taken some steps to improve the climate for private investment, but so far there has been little response. An ambitious public investment plan for 1960-64 is far behind targets, chiefly because of inadequate administrative capacity and a shortage of technical skills. Unemployment is a serious problem

only partly alleviated by a large work relief program, helped by U.S. aid in kind. Public expenditures are increasing more rapidly than revenues, and in 1962 the treasury borrowed from the banking system, causing inflationary pressure, which is the more dangerous since the legal minimum wage is linked with the cost of living.

These difficulties have arisen despite a relatively abundant inflow of foreign aid, since 1958 from the U.S. and since 1962 again from France. Foreign exchange reserves have been maintained fairly well -- at April 30, 1963, they amounted to \$193 million equivalent, or equal to 5 months imports. Morocco's foreign debt was substantially reduced as a result of the June 1963 financial settlement with France, in which pre-independence debts to the French Treasury were cancelled and those incurred after independence were consolidated over 25 years. Morocco has a margin for further borrowing on conventional terms.

NIGER

NIGER

BRIEFING PAPER

DECLASSIFIED
APR 26 2012
WBG ARCHIVES

I. MEETING WITH DELEGATION

Mr. Wilson

Thursday, October 3

9:50-10:00 a.m.

II. MEMBERS OF DELEGATION

Courmo Barcourgne (B-F)

Minister of Finance and
Economic Affairs
Commissioner General of the Plan
Director, Banque Centrale des
Etats de l'Afrique de l'Ouest,
Niamey

Lucien Bayle (B)

Charles Godefroy (F)

III. STATE OF RELATIONS AND TOPICS FOR DISCUSSION

(a) State of relations, including lending prospects

Niger became a member of the Bank and IDA on April 24, 1963. An economic mission visited Niger in March/April 1963. The Government would like Bank/IDA to finance a small road project and to assist in livestock development. The proposed road construction estimated to cost between \$1.0 and \$1.5 million will establish for a small but important groundnut growing area in East Niger, a closer link with the transport system of Northern Nigeria. A technical and an economic report on the project were sent to us and we are planning to send an appraisal mission in October. As far as livestock development is concerned, much more preparatory work will have to be done by Niger before a project can be defined in all aspects. We hope to send an expert on livestock to Niger in connection with other visits in the area.

(b) Topics likely to be raised by delegation

Proposed appraisal mission for road project and possible timing of a credit. If the project is found to be justified, a credit could be put to our Board early in 1964.

(c) Topics to be raised by Management

None.

IV. BACKGROUND INFORMATION

(a) Bank Loans as of August 31, 1963

None.

(b) IDA Credits as of August 31, 1963

None.

(c) 18% Capital Subscription

\$0.9 million. No release requested.

(d) Holdings of World Bank Bonds

None.

(e) I.F.C.

Not a member.

(f) I.D.A.

Part II member.

V. POLITICAL SITUATION

Niger gained independence from France in 1960 under President Diouri Hamani, a moderate, who emerged from the ranks of Houphouet-Boigny's Rassemblement Democratique Africain Party. He realizes that to achieve some economic and social development Niger will still need French technical and financial assistance for some years to come. He would like to see cooperation between African states find more solid and broader foundations.

Niger is a member of the Conseil de l'Entente, a loose association between the Ivory Coast, Dahomey, Upper Volta and Niger, whose most important feature is a Solidarity Fund of which Niger is a net beneficiary.

There is no apparent political opposition. Djibo Bakary, a once influential political leader, has chosen voluntary exile. His influence in the country has diminished but apparently remains strong among the educated of the younger generation.

VI. ECONOMIC SITUATION (Population approximately 3 million; per capita income less than \$60)

Lying directly north of Nigeria and covering an area one-fourth as large, Niger is among the poorest countries in Africa formerly associated with France. With no obvious resources that can be developed quickly or easily, a thinly spread population, tremendous internal distances, long border lines over which goods move without much control and landlocked at an average distance of over 1,000 km. from the nearest seaport it is questionable whether the country can become a viable economic unit.

Before independence Niger received direct budget support from the West African Federation and since then from France and the Solidarity Fund of the Entente which during the 1960-62 period averaged close to \$4 million a year or almost 20% of current expenditures. Investment in the public sector is financed entirely by grant aid from France and the EEC.

Exports averaging some \$15 million a year consist of groundnuts which are sold to France under import quotas and a price slightly above world market level, livestock and some foodstuff. Livestock represents Niger's best hope for development and for increasing exports but the difficulties of organizing production for the market, the marketing itself and transport are tremendous. Niger appears to be a clear case for IDA lending.

NIGERIA

NIGERIABRIEFING PAPER

DECLASSIFIED
APR 26 2012
WBG ARCHIVES

I. MEETING WITH DELEGATION

Mr. Woods
 Mr. Knapp

Saturday, October 5

10:00-11:00 a.m.

II. MEMBERS OF DELEGATION

Chief Festus Sam Okotie-Eboh (B-F)	Federal Minister of Finance
R. A. Clarke (B)	Permanent Secretary (Special Duty), Federal Ministry of Finance
A. Mai-Bornu (F)	Governor, Central Bank of Nigeria
E. O. Ogbu (Temp.) (B)	Permanent Secretary, Federal Ministry of Finance
S. O. Adebo	Adviser Commissioner-General for Economic Affairs in the U.S.
Frederick R. Dahl	Adviser, Balance of Payments Adviser, Central Bank of Nigeria

III. STATE OF RELATIONS AND TOPICS FOR DISCUSSION(a) State of relations, including lending prospects

The Bank enjoys cordial relations with Nigeria and is held in high regard in that country.

In March 1962, at the Government's request, the Bank established a consultative group to coordinate external financial assistance to Nigeria. The group has held a number of meetings in the past year and, although it has disappointed Nigeria's expectations, it has performed usefully as a forum for the exchange of information and discussion of project financing.

Mr. Moussa visited Nigeria in March/April, at which time an economic mission was also in the country. An economic report and appraisal of the development plan is now being prepared by the Bank.

Although it is possible for Nigeria to increase its conventional debt considerably, its capacity to do so is substantially less than its total need for capital. Given also the low income level in the country, there is a case for IDA as well

as Bank assistance. The recent success of the Port Authority loan in London is an indication of Nigeria's good credit standing even though it was guaranteed by the two oil companies in addition to the Government. Negotiations for a loan of \$31.5 million to the Electricity Corporation were completed in August. We are awaiting confirmation that the terms are acceptable to ECN and the Government.

An appraisal of the Niger Dam project is now being put in final form. The Bank has already given firm indications that, subject to certain safeguards, it will help finance the project. Loan negotiations may begin before the end of 1963. Consultants are making a pre-investment study of the Northern Region road program: the Bank is paying half the cost of the study. Similar studies of roads in the Eastern and Western Regions are contemplated. The Bank and IDA have been approached for finance in the agricultural sector and in the field of education. For the latter we have proposed an appraisal mission and are awaiting the Government's agreement.

The proposed participation of IFC in the new **Nigerian** Industrial Development Bank was approved by the Board in September. An investment in a textile plant is under negotiation.

(b) Topics likely to be raised by delegation

Niger Dam project. When will the appraisal report be ready? What progress has been made in securing external finance? The Bank's full appraisal report will probably be ready in October. Tied loans have been promised from U.S., U.K., and Canada, and an untied loan from Netherlands. Nigeria might raise the question of the size of the domestic contribution to the finance of the dam. We are suggesting that Nigeria cover the local costs - about 40% of the total. This should not be too great a burden and we should stand firm on this point.

Consultative Group. Nigeria may wish for a general discussion of the functions, progress and prospects of the group. The Government originally had high hopes that the group would be of great value in financing its development plan. We should again warn the Nigerians not to expect too much and point to the achievements of the group in general coordination and in joint financing of the Dam. We should welcome Chief Festus' decision to address the group on progress with the plan in early October.

Transmission Lines. Timing of loan signing. Time depends on receiving clearance of draft loan documents by Government and ECN. If received by early October we could sign loan early November.

Bonny Bar project. We should congratulate Nigeria on the success of the London loan.

Agriculture, Education and Roads. Nigeria may ask what progress has been made towards Bank/IDA financing of Regional projects in these sectors. We are expecting to send an educational appraisal mission and a roads appraisal mission to Nigeria in late October, and hope that an agricultural mission will go out at about the same time to "work up" an agricultural project.

Technical Assistance. We should be prepared to respond sympathetically to a Nigerian request to provide assistance in **securing** experts, particularly for project appraisal/evaluation and agricultural **economics**.

(c) Topics to be raised by Management

Any of those under (b) not raised by the delegation.

IV. BACKGROUND INFORMATION

(a) Bank Loans as of August 31, 1963

Year of loan	Borrower	Purpose	Amount (equivalent in \$ million)
1958	Nigeria	railway development	28.0
1962	Nigerian Ports Authority	Apapa Wharf extension	13.5 ^{1/}
		Total (net of cancellations and refundings)	41.5 ^{1/}
		of which has been repaid	1.1
		Total now outstanding	40.4
		Amount sold	8.4
		of which has been repaid	1.1
		Net amount now held by Bank	33.1

^{1/} Includes \$13.0 million not yet disbursed.

(b) IDA Credits as of August 31, 1963

None.

(c) 18% Capital Subscription

\$5,943,000. No release. Minister of Finance said at 1961 Annual Meeting that he would recommend to cabinet a convertible release over 5 years. We should press for release.

(d) Holdings of World Bank Bonds

None.

(e) I.F.C.

I.F.C.'s Board has approved participation in the Nigerian Industrial Development Bank. Possible participation in a textile mill in Kaduna is under negotiation.

(f) I.D.A.

Member since 1961.

V. POLITICAL SITUATION

Federal elections are now due next year. The federal coalition of the Northern Peoples Congress and the National Council of Nigerian Citizens appears to remain firmly entrenched; it may gain from the splitting of the Action Group vote. There is no indication that the federal structure is weakening or that Nigeria is preparing to abandon neutrality between East and West. In May 1962, dissension within the Action Group, the ruling party in the Western Region and the opposition party in the Federal Parliament, led to the suspension of the Western Region Government and its replacement by a federally-appointed Administrator. The state of emergency ended at the end of 1962 and the former premier was returned to office by the Governor, without benefit of elections, at the head of a coalition government formed from the United Peoples Party (the dissident splinter group from the AG) and NCNC. The Region was also embarrassed in 1962 by an enquiry into misappropriation of the public funds of Regional corporations: the commission's report indicted the AG, and particularly its national leader, Chief Awolowo. Chief Awolowo has been further troubled by charges of treasonable felony laid against him and other AG leaders: after a prolonged trial the court has pronounced the charges proved and sentenced Chief Awolowo to 10 years imprisonment. His deputy, Chief Enahoro, has received a 15 years sentence.

The events have taken place in an atmosphere of surprising calm, and there is no sign of political disintegration nor any real evidence that the federal coalition parties are seeking to destroy their opponents.

Two major constitutional changes are in train. On October 1, Nigeria will become a republic within the Commonwealth. The President of the new Federal Republic of Nigeria will be elected by an electoral college and is expected to have powers similar to those of the President of India. Little more than titular changes are involved, although appeals to the Judicial Committee of the Privy Council will be ended and some changes will be made in the appointment of the judiciary. An attempt to introduce a preventive detention act was quickly with-

drawn in the face of public opposition. The second change concerns the establishment of a fourth Region, the Mid-West, formed from the Benin and Delta provinces of the Western Region. A referendum has overwhelmingly supported the creation of the new Region and Administrators have been appointed by the Federal Government to run the Region until after elections, it has its own (probably NCNC) government.

VI. ECONOMIC SITUATION (Population about 40 million;
per capita income about \$84)

The economy provides a sound basis for further development and there seems no reason why growth should not continue, as planned, at the recent average rate of 4% a year.

A National Development Plan for the period 1962-1968 has been prepared. Although ambitious, it does not appear overly so in the light of Nigeria's achievements and potential. The plan formulates reasonable objectives and priorities, and includes a careful analysis of the economy and its future trends. Public investment for the six-year period is set at £653 million. Nigeria hopes to finance half this total from increased domestic revenue and reserves, and half (£327 million) from external aid sources. Progress has been somewhat slow in the first year, and investment has not taken the direction indicated in the plan, but with concentration on project preparation and adherence to objectives, there should be a considerable improvement in the future.

Exports have been increasing in volume, and until 1962, in value. Imports have increased more rapidly than exports until 1962, when they fell sharply, resulting in the lowest trade deficit since 1959. The deficit on current account in the balance of payments has been increasing from year to year (except 1962) and external reserves have been run down to a point where, although still above the safe minimum, they offer little scope for use as a source of development finance. Petroleum resources have proved rich and the oil companies are increasing the rate of their investment in Nigeria. Oil should become increasingly important as an export and as an import substitute in the next few years. Other import substitutes are developing rapidly and the Government has demonstrated its ability and willingness to curb the flow of imports.

Public external debt is low, but can be expected to increase considerably as external loans are taken up to finance the development plan. There is a case for both Bank and IDA assistance to Nigeria.

RWANDA

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APR 26 2012

WBG ARCHIVES

RWANDA

BRIEFING PAPER

I. MEETING WITH DELEGATION

none

II. MEMBERS OF DELEGATION

none

III. STATE OF RELATIONS AND TOPICS FOR DISCUSSION

(a) State of relations, including lending prospects:

Applied for membership in Bank and IDA, not in IFC. Capital subscriptions: Bank \$15 million, IDA \$760,000. The documents are in order, but we are awaiting dollar payments for both Bank and IDA capital subscriptions.

In 1957 the Bank made a \$4.8 million loan to the then Ruanda-Urundi, UN trust territory administered by Belgium (which is also a guarantor for this loan). On the grounds that the project itself was made in Burundi, Rwanda considers itself discharged of its obligations. (See Burundi).

(b) Topics likely to be raised by delegation

Fact-finding mission: We should say that we expect to send a fact-finding mission early in 1964, as soon as availability of staff permits.

(c) Topics to be raised by Management

Nil

IV. BACKGROUND INFORMATION

(a) Bank loans as of August 31, 1963

\$4.8 million to former trust territory Ruanda-Urundi; actual investment has been made in Urundi. (See Burundi).

(b) IDA Credits as of August 31, 1963

nil

(c) 18% Capital Subscription

Will be \$1,350,000.

(d) Holdings of World Bank Bonds

nil

(e) I.F.C.

Not a member. See III (a).

(f) I.D.A.

Not a member yet. See III (a).

V. POLITICAL SITUATION

Rwanda formed together with Burundi one Belgian administered trust territory and became independent July 1, 1962. Before independence there was substantial emigration from the Rwanda territory into surrounding countries including Burundi. The refugees, Watusi, formed a minority and were the ruling class of the country before independence. In Rwanda the remaining population rejected in a voting in the fall of 1961 the idea of a monarchy led by Watusi. At independence the country became a Republic with a very conservative government.

Relations between Rwanda and Burundi are not good and there seems to be an increasing tendency for a complete separation.

Most important personalities are:

The President	Kayibanda
Minister of Finance	Gaspard Cyimana
Minister of Foreign Affairs	Habimenshi

VI. ECONOMIC SITUATION

Population	2,800,000
GDP per capita	\$40

In view of the scarcity of land, the general poverty of the soil, the inadequate resources of the country, the absence of industrialization, and the high population growth, Rwanda and Burundi are clearly over-populated.

Coffee of excellent quality is the main cash crop of the territory and accounts normally for about 70% of total export value. This product is marketed by a common organization. Since the 1959 top year, coffee production decreased rapidly to 1/5 in 1963, due to bad weather conditions and decreasing interest of the farmers as the coffee production became less remunerative. A small cotton production and restricted mining activities represent the rest of the economic activities. Rwanda and Burundi form a Customs Union, trade balances are continuously in deficit as are the balances of payments.

Rwanda and Burundi have a common Central Bank, which issues the RB franc (50 RB francs equals one US dollar). Both have also the same ceiling for the amount to be issued; Burundi, however, exceeded this ceiling whereas Rwanda still remains within its quota. The budget structure of both countries has many common factors and Belgian subsidies, which are decreasing, are required to balance revenues and expenditures.

SENEGAL

REPUBLIC OF SENEGAL

Briefing Paper

DECLASSIFIED

APR 26 2012

WBG ARCHIVES

I. MEETING WITH DELEGATION

Mr. Wilson

Thursday, October 3

4:10 - 4:20 P.M.

II. MEMBERS OF DELEGATION

Governor of Fund

Mr. André Peytavin, Minister of Finance and
Economic Affairs

Governor of Bank

Mr. Karim Gaye, Minister of Rural Economy

Alternate Governor of Bank

Mr. J.P. Duhamel, Director, Banque Centrale des Etats
de l'Afrique de l'Ouest

III. STATE OF RELATIONS AND TOPICS FOR DISCUSSION

(a) State of relations, including lending prospects

Senegal became a member of the Fund, the Bank, IDA and IFC
on August 31, 1962.

An economic mission led by Mr. Rist visited Senegal in December 1962. During a visit by Mr. Moussa in August 1963, Senegalese officials inquired about Bank or IDA financing an expansion of the Dakar water supply and improvement of port facilities at Dakar. A fertilizer plant, whose sponsors have already approached IFC, was also mentioned for Bank financing. Senegal may also apply for a line of credit for a new development finance institution, either a new creation or a merger of the present Banque Sénégalaise de Développement and the Banque du Crédit Populaire (both government-controlled).

Bank technical assistance might be requested for the formulation of agricultural projects.

(b) Topics likely to be raised by delegation

The delegation may want to know the Bank's position on a possible line of credit to a Senegalese industrial finance company. They may also ask whether the Bank would be interested in the water supply and port projects, possibly as joint operations with other credit insti-

tutions, like the French Caisse Centrale de Coopération Economique. We should agree to examine sympathetically any documentation submitted in support of those proposals.

(c) Topics to be raised by management

None

IV. BACKGROUND INFORMATION

(a) Bank loans

None. (Part of the Bank's loan of 1954 to the Office Central des Chemins de Fer de la France d'Outre-Mer was used to improve railways in Senegal.)

(b) IDA credits

None

(c) 18% Capital Subscription

\$2,997,000. Release not requested; we should request convertible release over a number of years.

(d) Holdings of World Bank Bonds

None.

(e) IFC

Project for fertilizer plant is under study.

(f) IDA

Part II member.

V. POLITICAL SITUATION

Since the crisis of November 1962 when Premier Mamadou Dia was removed, President Senghor has held power without major difficulty. Parliament is composed only of members of Mr. Senghor's party, the Union Progressiste Sénégalaise, but the party still contains partisans of Mr. Dia, and it is possible that an opposition will emerge. The next elections are to be held at the end of 1963. There is some discontent among civil servants and members of parliament at Mr. Senghor's austerity and anti-corruption drive. The removal of Mr. Dia has resulted in less emphasis on the party's socialist objectives.

Mr. Senghor is anxious to maintain good relations with all countries (except Portugal and South Africa). Relations between Senegal and Mali, interrupted after the Mali Federation broke up in 1960, were re-established in June 1963. Mr. Senghor has proposed a regional union with Mauritania, Mali and Guinea, but this idea is not likely to proceed very far, although there may be opportunities for practical collaboration in projects on the Senegal River, which flows through or borders on all four countries.

VI. ECONOMIC SITUATION

Population about 3 million;

GNP per capita \$185.

A worsening of the budget situation, brought about by stagnation of production and by expenditures incurred in establishing an army and a foreign service, has led in 1963 to some tax increases and curtailment of certain benefits to civil servants. These measures are expected to provide a current surplus of \$7 million in 1964, to contribute to the financing of public investment (budgeted at \$56 million, compared with \$40 million in 1962-63, but unlikely to reach anything like that figure).

Senegal expects \$5 - 6 million per year in soft loans from France, and substantial aid from the European Fund. The latter is examining 19 projects costing \$37 million. In addition, about \$47 million will be given by FED in the next five years for "diversifying production", i.e., compensating for the loss, due to occur by 1964/65, of protection in the French market for peanuts upon which the Senegalese economy is overwhelmingly dependent.

During the first years of the Four-Year Development Plan (1961-1964), public investment in buildings, education and health exceeded the targets, but public and private investment in directly productive sectors lagged behind. The Government is revising the program to try to place more emphasis on investment in industry and agriculture. New measures are being studied to stimulate private investments.

A major difficulty for the Senegalese economy arises from the present political division of West Africa, which reduced the hinterland of Dakar and the former outlets for Senegalese industry. The re-establishment of relations with Mali is likely to ease, but not to resolve, those difficulties. Despite the customs union among former French West African countries, each is pursuing separate industrialization policies.

Precise figures on debt service payments are not yet available, but the annual burden is still rather low. Bank lending could be considered if suitable projects are put forward.

SIERRA LEONE

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APR 26 2012

WBG ARCHIVES

SIERRA LEONE

BRIEFING PAPER

I. MEETING WITH DELEGATION

Mr. Knapp

Monday, September 30

5:20-5:40 p.m.

II. MEMBERS OF DELEGATION

A. M. Margai (B-F)
John Taylor (B)

Minister of Finance
Financial Secretary, Ministry
of Finance
Governor, Bank of Sierra Leone

G. E. Hall (F)

III. STATE OF RELATIONS AND TOPICS FOR DISCUSSION

(a) State of relations and lending prospects

Sierra Leone became a member of the Bank, IDA and IFC in September 1962. An economic mission (including a power engineer) visited Sierra Leone in July 1962. The Government has expressed interest in a loan (\$2-\$3 million) for the King Tom thermal power station in Freetown. We said that we hoped to appraise this project in due course, but that we could not begin until Sierra Leone had produced certain basic financial information which requires the services of an outside firm of accountants, and had passed legislation and begun the reorganization for turning the present Electricity Department into a public corporation. Valuation of assets is expected to start around October 1 and might be ready by the end of November (Cooper Brothers and a local firm proposed to do the job). CDFC are acting as advisers on the reorganization; an act setting up the public corporation is not expected to be passed until the middle of 1964. The project which is supervised by Preece, Cardew and Rider is now proceeding and the first payments were made in January 1963.

From time to time in the past the Government has expressed interest in a general survey mission. It is doubtful whether a full survey mission would be justified at this time, but technical assistance in development planning and in special fields such as agriculture might be useful.

(b) Topics likely to be raised by delegation

Bank loan for King Tom thermal power station. Possible timing of appraisal mission. We should be able to appraise in December or January, depending upon timing of Cooper Brothers' work. Our willingness to disburse against payments already made. We should agree to backdate to January 1963.

Other Bank or IDA activity. There are no other projects in prospect at present.

(c) Topics to be raised by Management

None.

IV. BACKGROUND INFORMATION

(a) Bank Loans as of August 31, 1963

None.

(b) IDA Credits as of August 31, 1963

None.

(c) 18% Capital Subscription

\$1.350 million. No release requested. Request should be deferred until we have agreed to make our first loan.

(d) Holdings of World Bank Bonds

None.

(e) I.F.C.

Joined on September 10, 1962.

(f) I.D.A.

Part II member.

V. POLITICAL SITUATION

Sierra Leone became independent in 1961. The 1962 election returned to power the party that has ruled since 1951, the Sierra Leone People's Party under Sir Milton Margai. The next election is due in 1967. Sir Milton is now 68 years old. His younger brother, Albert Margai, the present Minister of Finance, appears to be the strong man of the cabinet. There is an active opposition in the country led by a former trade union leader Mr. Siarko Stevens. The Government has been embarrassed lately by the findings of the Cole Commission which although not yet released are believed to criticize a number of cabinet members for inefficiency and even corruption. The Government has retained expatriates in most key positions in the administration. Sierra Leone maintains good relations with the United Kingdom. Relations with Liberia have recently improved. Sierra Leone took an active part in the Addis Ababa conference.

VI. ECONOMIC SITUATION (Population 2-2.5 million; per capita income about \$50-75)

Although most of the population are subsistence farmers, mining of diamonds and iron ore plays an important role in the economy. Of total

exports in 1961 of about £25 million, £16 million were derived from diamonds and £5 million from iron ore. Diamond production is not expected to increase as reserves are limited. Iron ore production is expanding moderately. Production in the agricultural sector (palm kernels, cocoa, coffee, rubber, foodstuffs) has not been sufficient to cover domestic demand and net imports of foodstuffs have been increasing. Prospects for rapid economic growth are not good; diamond production is likely to taper off towards the end of the 1960's, most cash crops have dim prospects except possibly rice, fisheries hold out some hope for progress.

Budget receipts amount to £13 million a year. The public sector is undertaking a development effort amounting to about £6 million a year financed mainly by foreign aid. However, development planning is just beginning. A £152 million 10-year development "plan" thrown together at the beginning of 1962 is completely unrealistic; the Government was so informed by the economic mission.

The present external debt is not unduly large and would allow some further borrowing on conventional terms. However, poor growth prospects in export income mean that room for such borrowing is limited, and if the country receives more than a modest amount of foreign capital, part of it should be on IDA terms.

SOMALIA

S O M A L I A

BRIEFING PAPER

DECLASSIFIED
APR 26 2012
WBG ARCHIVES

I. MEETING WITH DELEGATION

Mr. Wilson
Thursday, October 3, 1963 4:00 - 4:20 p.m.

II. MEMBERS OF DELEGATION

Abdulcadir Mohamed ADEN	- Minister of Finance (B)
Francesco PALAMENGGHI-CRISPI	- Managing Director, Somali National Bank (B)
Abdi Aden MOHAMED	- President, Somali National Bank (F)
Ali Said ARRALE	- Permanent Secretary, Ministry of Finance (F)

III. STATE OF RELATIONS AND TOPICS FOR DISCUSSION

(a) State of Relations including lending prospects:

Joined Bank August 31, 1962; subscription \$15 million.

A reconnaissance mission (Moussa, Jentgen, Burney and Volmuller-consultant) visited Somalia in July/August. Officials are still quite sensitive to the Bank's pessimistic 1957 report to the Trusteeship Council, but are anxious to develop close relations.

Bank/IDA prospects:

Somalia is essentially an IDA country. It should be possible to finance within the next twelve months one or possible two projects:

Baidoa-Afgoi road (200 km.). Total cost \$7 million (foreign exchange \$5 million). An all-weather road link between an important agricultural area and the capital and principal port of Mogadiscio. High priority and ready for appraisal. Project should probably include maintenance facilities and possibly a feasibility study of Harghesia-Berbera road in the north.

Medium-draft Port of Mogadiscio. Total estimated cost \$7 million (foreign exchange cost \$6 million). At present all cargo is handled by lighter. The U.S. Corps of Engineers have recently completed a favorable feasibility study of a small deep water port. Engineering plans and specifications should be ready for appraisal within the next four to six months. Common Market has unofficially indicated interest in a possible joint financing.

(b) Topics likely to be raised by delegation:

Economic Adviser: The Government has informally asked us for an economic adviser. Mr. Moussa said in Mogadiscio that a decision would depend on a well-defined need (which exists) and the willingness of Somalia to share costs (which the Government had not appreciated). Since we would have to clear our position with the U.N., which is able and willing to find a successor for the present incumbent, we should be cautious if the request is renewed.

(c) Topics to be raised by Management:

Bank/IDA operations: i. We could say that we expect to send an appraisal mission before the end of the year to appraise the Baidoa-Afgoi road project and that in so doing we would pay particular attention to road maintenance.

ii. We could also indicate willingness to appraise the Port of Mogadiscio as soon as engineering is sufficiently advanced: design costs could be included in the project.

IV. BACKGROUND INFORMATION

(a) Bank loans as of August 31, 1963:

Nil.

(b) IDA Credits as of August 31, 1963:

Nil.

(c) Holdings of World Bank Boards as of August 31, 1963:

Nil.

(d) 18% Capital Subscription

\$1.35 million; no release (see III (c) above).

(e) I.F.C.

Joined August 31, 1962; subscription \$83,000, paid.

Government has approached I.F.C. about possible investment in Gohar Sugar estate which has \$4 million expansion program. Government acquired 50% of equity from Italian private interests in May 1963, but claims to be willing to give up all its share if foreign capital forthcoming on reasonable terms.

(f) I.D.A.

Joined August 31, 1962; subscription \$760,000 (see III (a), (b)).

V. POLITICAL SITUATION

On July 1, 1960, British Somalia and Italian Somaliland became independent and together formed the Somali Republic. It has an area of about 250,000 square miles and a largely nomadic, predominantly Moslem, population of 2 to 3 million. The overriding interest of foreign policy is to expand the national boundaries to include all territories inhabited by Somalis, i.e. French Somaliland, the Ogaden Province in Ethiopia and the Northern Frontier District of Kenya. Relations with Ethiopia and Britain are particularly strained on this issue. Diplomatic relations with U.K. were broken off in February 1963 when no provision was made for the Northern Frontier District of Kenya to become part of Somalia, a decision strongly supported by the new African Government in Nairobi.

Elections scheduled for March 1964 are expected to bring in many new faces in the Parliament and in the cabinet. Although political power has not been concentrated hitherto in the hands of one party or one person the possibility of a military or a civilian strongman cannot be ruled out. The people in ex-British region are unhappy with increases in taxes and downward adjustment in their salaries, resulting from unification.

Some of the prominent Government personalities are:

Osman Aden Abdullah	- President
Abdirashid Ali Scarmache	- Prime Minister
Issa Mohammed Abdullahi	- Foreign Minister
Aden Mohamed Abdulcadir	- Finance Minister

VI. ECONOMIC SITUATION

Population: 2-3 million
GNP per capita: \$45

Somalia is a poor country, and has primarily a subsistence agrarian, nomadic, economy. There are no known minerals, except for some gypsum (now exploited) and some poor quality iron ore.

There is, however, scope for the expansion of agricultural production (banana, corn, durra, groundnuts, grapefruit) and livestock production.

Bananas account for 50% of export and cattle 38%. Somali bananas are not competitive in the world market but continue to enjoy a protected market in Italy. It is quite likely that, with the introduction in Somali of the poyo banana from West Africa, improvement in packaging and land transport, port facilities and shipping, the Somali banana will become competitive, at least within the Common Market; some possibilities exist in the Middle East countries.

Somalia continues to rely on foreign assistance for 20% of the current budget and all its capital budget. There has been some improvement in revenues, the Government is behaving fairly responsibly and the budget deficit in the near future is at least unlikely to increase.

Somali has recently adopted a \$200 million five-year (1963-1967) plan. The size of the plan is quite ambitious in view of a rate of public expenditure of about \$5 million annually during the past 3-4 years but foreign commitments of \$93 million have already been obtained, half from Eastern countries and the remainder mainly from the U.S., Italy, the EEC and Germany. A large number of projects included in the plan are not yet ready and, therefore, many of them will not be executed during the plan period. Even a modest increase in investment will, however, strain the already scarce manpower resources.

Somalia is essentially an IDA country.

SUDAN

CONFIDENTIAL

T H E S U D A N

BRIEFING PAPER

DECLASSIFIED

APR 26 2012

WBG ARCHIVES

I. MEETING WITH DELEGATION

Mr. Knapp
October 7, 1963 4:00 - 5:00 p.m.

II. MEMBERS OF DELEGATION

Abdel Magid AHMED (B)	Minister of Finance and Economics
Abdel Rahim MIRGHANI (B)	Under Secretary for Economic Planning, Ministry of Finance and Economics
Mamoun BEHEIRY (F)	Governor, Bank of Sudan
Abdalla Abdel WAHAB (F)	Under Secretary of Finance, Ministry of Finance and Economics

III. STATE OF RELATIONS AND TOPICS FOR DISCUSSION

(a) State of relations, including lending prospects.
Relations satisfactory; effective cooperation continues with regard to the progress of Bank/IDA financed projects.

Roseires Irrigation Project - Phase II: The Bank, IDA and Germany finance most of the foreign exchange (\$56 million) cost of Part I (the dam). The Bank promised to assist the Government in obtaining external financing for Part II which involves the development of 200,000 feddans of gravity irrigation (referred to as Managil Phase V) and 670,000 feddans of pump irrigation as well as intensification of the cropping pattern of Gezira at an estimated total cost of \$90 million (foreign exchange \$40 million). Completion of the dam is scheduled for mid-1966. This means that arrangements for financing of Part II should start early in 1964. The Bank/IDA was hoping for joint financing of Part II with Germany. Latest indications are that Germany will not participate and, unless other parties are interested, the Bank/IDA will have to consider financing most or all of the \$40 million.

The Government went ahead (before soil surveys were completed) with the development of 50,000 feddans of Managil Phase V. Latest information indicates that the soil is of poor quality. The Government has decided not to develop the rest (150,000 feddans) in the area originally selected. However, the possibility of finding suitable land in the same area, by either amending soil standards or water management or both should not be ruled out. This is now being investigated. It will probably take until the spring of 1964 before a modified project can be prepared, which would mean that a loan or credit agreement can not be concluded until the summer of 1964.

Roseires Hydro-Power Generation: Roseires Part I provided for essential works for future power generation. Government is now considering to construct the foundations of the power station simultaneously with the construction of the dam. This would involve additional foreign exchange expenditure of about \$3 million. In an interim report submitted in July, Consultants carrying out a power study in the Sudan financed by the Special Fund with the Bank as Executing Agency, recommended installation at Roseires of two 25 MW units by 1970, with 5 more 25 MW units scheduled during the years to 1980. The Bank has not yet had the opportunity to evaluate whether this program is the most economic way to meet the Sudan's power needs.

Railway Mission: The SOFRERAIL (Paris report on Sudan Railways prepared for the Bank was sent to Khartoum in late July. At present the inadequacy and unreliability of surface transport is the most critical problem facing the country. Steps to increase the effective capacity of railways must take top priority. The SOFRERAIL report concludes that this can be achieved primarily by organizational and personnel changes designed to obtain a higher level of operating efficiency. The Bank agrees with the recommendations of SOFRERAIL and will take up the subject with the representatives of the Government before the Annual Meeting when they will come to Washington to discuss the Bank Mission's report on the Plan.

Rural Water Supply: The program consists of the construction of a large number of water yards, small dams and hafirs in different provinces, especially in those where shortage of water for human consumption is particularly acute. The original submission to the Bank/IDA covered the whole period of the Ten-Year Plan. Since much of the information needed for appraisal was lacking and the submission represented a general allocation of funds rather than cost of specific projects, we asked for the program to be carried out in the next three or four years. The second submission called for a total expenditure of £S 3 million with foreign exchange component of £S 1.9 million. A Bank/IDA mission was sent to the Sudan in July to collect further information and help the Sudanese in their project preparation so that the Bank/IDA could proceed with the appraisal of the project. It is expected that the project will be prepared according to the suggestions of the mission and sent to the Bank/IDA about October 15th.

Land Clearance: This project involves the preparation of land in the Nuba Mountain and Gedaref areas for the cultivation of American type cotton: total estimated cost £S 5.5 million, foreign exchange £S 3.4 million. The project will not be ready for appraisal for a long time. The Government should make an aerial survey, soil survey and investigate the most economical method of land clearance before it can submit the project to the Bank for financing.

Consultative Group: Last year, during the Annual Meeting, the Minister of Finance asked the Bank to sponsor a Consultative Group to help to coordinate financial assistance for the Ten-Year Development Plan. We replied that the Bank's role would be determined by the findings of an economic mission that would visit the Sudan after the Plan had been submitted to the Bank. Early this year, the Plan was sent to the Bank, an economic mission visited the country and the report of the mission was sent in August to the Sudan for their comments. In June, the Management of the

Bank approved the organization of a consultative group for the Sudan. We have informed the Minister of Finance of this decision, pointing out at the same time that final decision would be taken only after the report of the mission has been discussed with the representatives of the Government. A preliminary meeting of potential members of a consultative group was held at the Bank in July, in which they were asked to let the Bank know before the Annual Meeting whether they would be prepared to participate. To-date, Germany, Sweden, U.K., and U.S. have informed us of their interest in participating in the Consultative Group.

Technical Assistance: Mr. Scheltema, Dutch, on the staff of the Ministry of Finance for the last five years, joined DAS and will, from October 1st be assigned for at least one year as advisor to the Ministry of Finance on development planning.

(b) Topics likely to be raised by Delegation

Roseires Part II financing: The delegation might express the wishes of the Government to start discussion on financing Part II. We should be willing to do so subject to adequate project preparation. Even though the German Government has stated that it would not participate in the financing of Part II we should suggest to the delegation to approach the German Government again before other possible sources of financing are considered.

Roseires Hydro-Power Financing: The Consultants making the power survey have recommended strongly in favor of power generation from Roseires by 1970. We need to look at the consultants' report more carefully, and if we agree with their recommendation we should be prepared to finance the additional \$3 million involved for the construction of the foundations of the power station.

Consultative Group: The representatives of the Government have been asked to come to Washington about September 15 to discuss the Bank mission's report on the Ten-Year Plan. We expect to go ahead with organizing the consultative group unless discussions of the Plan Appraisal Report with the Sudanese bring out changes in plans and policies which would be inconsistent with the report's generally favorable judgement.

(c) Topics to be raised by Management

Railways: We should express our concern about the operation of the railways, find out the reaction of the Government to the SOFRERAIL report, and the steps that are being taken to improve the efficiency of the railways.

Public Savings: We should express concern about the possibility that the public savings projected in the Plan would not materialize and sound out the delegation's reaction to our recommendation of higher tax collection.

IV. BACKGROUND INFORMATION

(a) Bank Loans as of August 31, 1963

Year of Loan	Borrower	Purpose	Amount equivalent in \$ million
1958	Republic of Sudan	Railways & Water Transport	39.00
1960	Republic of Sudan	Managil Irrigation Project	15.50
1961	Republic of Sudan	Roseires Irrigation Project	<u>19.50</u>
	Total (net of cancellations and refundings)		74.00 ^{1/}
	of which has been repaid		<u>2.80</u>
	Total now outstanding		71.20
	Amount sold	2.5	
	of which has been repaid	2.0	<u>0.50</u>
	Net amount now held by Bank		70.70

^{1/} Includes \$20.4 million not yet disbursed.

(b) IDA Credits as of August 31, 1963

Date	Borrower	Purpose	Amount equivalent in \$ million
June 14, 1961	Republic of Sudan	Roseires Irrigation Project	13.00 ^{2/}

^{2/} Includes \$9.7 million not yet disbursed.

(c) 18% Capital subscription

\$1.8 million; fully released and fully convertible.

(d) Holdings of World Bank Bonds

Nil.

(e) I.F.C.

The dom sack and textile mill projects are under study.

V. POLITICAL SITUATION

President Abboud's benevolent military dictatorship continues in full control. Military governors have been appointed to all provinces. Old political parties remain dissatisfied. A new political system analogous to the "basic democracy" in Pakistan is now in the process of formation. At all levels two thirds of the representatives are elected and one third appointed. No change is expected in the near future.

Sudan maintains its non-alignment policy between the major power groups and has tactfully maintained a neutral position among the Arab states and newly independent African States. It does not belong to any of the newly formed African groups.

Some of the prominent Government Officials are:

General Ibrahim Abboud	- President, Prime Minister, Commander in Chief and Minister of Defense
Ahmad Khayl	- Foreign Minister
Abdel Majid Ahmad	- Minister of Finance and Economics (included in the delegation)

VI. ECONOMIC SITUATION

Population: 12.6 million
GNP per capita: \$90

The Ten-Year Development Plan was approved by the Government at the beginning of this year and it has as of last July entered its third year of implementation. The objectives of the Plan are sound and realistic, the priorities established in the Plan are in accord with the objectives and the magnitude of investment proposed lies well within the financial capabilities of the country. The Plan calls for gross investment of £S 565 million, 60% of which would take place in the public sector. It is estimated that as the result of this investment gross domestic product would rise by 5.2% per annum. Total external financial assistance required by public sector is about £S 170 million, £S 85 million of which has not yet been finalized. In the first two years of the Plan the achievements were slightly better than the Plan projections.

Current expenditure of the government has been rising at a rate higher than planned, but public savings have kept up with projections.

At the beginning of the Plan the foreign debt was £S 26 million, with service requiring about 4% of the annual export earnings of the country.

If all of the remaining £S 85 million of the foreign financing now forecast by the Plan were obtained in loans on conventional terms the outstanding foreign debt would reach the level of £S 120 million, with annual debt service equivalent to about 12 to 14% of its forecast export earnings in the last year of the Plan.

Because of this, and taking into account Sudan's low per capita income, its record of sound financial policy and very satisfactory development efforts, it would seem appropriate that some part of the foreign financing should be made on easy terms.

PANGANYIKA

TANGANYIKABRIEFING PAPER

DECLASSIFIED

APR 26 2012

WBG ARCHIVES

I. MEETING WITH DELEGATION

Mr. Wilson

Tuesday, October 1, 1963

9:20-9:40 a.m.

II. MEMBERS OF DELEGATION

The Honorable Paul Bomani, M.P. (B-F)
 Mr. C. de N. Hill, C.M.G., O.B.E. (B-F)

Minister for Finance
 Permanent Secretary to
 the Treasury

Adviser

Mr. G. M. Rugarabamu

Deputy Secretary to the
 Treasury

III. STATE OF RELATIONS AND TOPICS FOR DISCUSSION(a) State of relations, including lending prospects

Relations between Tanganyika and the Bank have been close and cordial for a number of years. The report of the 1960 general survey mission was well received by the Government, and formed the basis for the current Three-Year Development Plan.

IDA has received three credit applications from Tanganyika: for roads, secondary schools, and agricultural credit. These fields are all given high priority by the survey mission and the Government.

The roads project was appraised by TOD in May and is now being put into final shape. Provided the remaining cost estimates are received, as promised, by October, and satisfactory arrangements for supervising staff are made, negotiations for a credit of \$10-\$12 million could take place by the end of 1963.

The school-building project for a credit of \$4.6 million for the expansion of secondary schools was appraised in May-June and it should be possible to hold negotiations in the week following the Annual Meeting.

Agricultural Credit project: after a preliminary appraisal of the project, further action has been deferred until the Government has considered proposals by an FAO mission and is ready to define its position. The agricultural program to which credit needs are related is judged reasonably sound, and should it prove possible to overcome the organizational and other weaknesses of this project, it might provide the basis for a \$2-3 million credit.

(b) Topics likely to be raised by delegation

1. Tanganyika is likely to seek an expression of our support for financing the next five year plan (1965-1970) now in the process of preparation. In particular, the Government may ask for assurances that IDA would look favorably at credit applications concerning the further road and school-building programs. We could say that if the current projects prove successful, we should be willing to give a sympathetic hearing to new proposals.
2. Agricultural credit - We should listen to what further progress the government has made in its attitude towards the project, and declare our readiness to discuss the next step with them in detail.
3. Extension of the railway from Kitadu towards the Southern Highlands. The Bank found little economic justification for earlier proposals to extend the railway down the Kilombero Valley. We would therefore have strong reservations about supporting any development plans of the East African Railways which include this project. The whole question has recently become more complicated because of the proposal by the N. Rhodesian Government, which the Tanganyika Government has welcomed, to build the 1,000-mile link between their two railway systems. Since it may be necessary to include at least a review of the proposal as it affects Tanganyika in the study of Northern Rhodesian transport problems in which the Bank may become involved, we should try to avoid any particular comment at this time.
4. Irrigation - We may be sounded out with regard to financing a number of pilot irrigation schemes on a commercial scale, to be undertaken as an extension of a possible Special Fund project. We could not react without more information.

(c) Topics to be raised by Management

None.

IV. BACKGROUND INFORMATION

(a) Bank Loans as of August 31, 1963

None. Tanganyika is a sole and joint guarantor of the \$24 million loan to the East African Common Services Organization in 1955 for railways.

(b) IDA Credits as of August 31, 1963

None.

(c) 18% Capital Subscription

\$2,997,000. Release not requested.

(d) Holdings of World Bank Bonds

None.

(e) I.F.C.

Member. \$2.8 million investment in Kilombero Sugar Company, June 1960.

(f) I.D.A.

Member.

V. POLITICAL SITUATION

Following independence in 1961, Tanganyika became a republic within the commonwealth in December 1962, adopting a Presidential regime. Mr. Julius Nyerere, the President, is the leading political figure, also head of the only political party, the Tanganyika African National Union (TANU). There is no significant opposition to the policies of the Government, and no great tribal dissensions. Extremists are kept in check and Europeans are welcome, but the standard of administration and efficiency in government has suffered and is likely to suffer further from rapid Africanization.

VI. ECONOMIC SITUATION (population: 9.6 million)
(GNP per capita: \$56)

After the droughts and floods in 1961 and early 1962, there was a considerable recovery in the latter half of 1962. With high demand, prices for sisal and other export crops also doing rather well, Tanganyika should experience a 5% growth this year. Population will increase by about 2% annually, however, and even if long-term export prospects could be assumed to be bright, the country will remain very poor for a long time. The budget for 1963/64 provides for a substantial development effort to be financed mainly by foreign aid, but partly by increased taxes on sisal. It is hoped that the shortfall of development expenditures over the first two years of the Three-Year Plan caused by the failure to secure overseas finance on time can be made good this year. The debt service burden remains significant, and Tanganyika would still be essentially an IDA country.



TOGO

DECLASSIFIED

APR 26 2012

WBG ARCHIVES

BRIEFING PAPERI. MEETING WITH DELEGATION

Mr. Wilson

Thursday, October 3

3:50 - 4:00 p.m.

II. MEMBERS OF DELEGATION

Antoine Meatchi (B-F)

Vice-President of the Republic;
Minister of Finance, Economic
Affairs and Planning

Paulin Eklou (F)

Director of Planning

Jean Tevi (B)

Directeur Service Financement
Programmes, Cabinet du Vice-
PresidentIII. STATE OF RELATIONS AND TOPICS FOR DISCUSSION(a) State of relations, including lending prospects

Togo became a member of the Bank and IDA in August and of IFC in September 1962. A small economic mission visited the country in May/June 1962. No specific projects were proposed. The Special Fund is about to undertake a study of the Mono River, which forms part of the border with Dahomey, to determine the feasibility of a power and irrigation project. Foreign assistance from various sources was available in substantial amounts and the difficulties of the administration to absorb it were already apparent at every level. The mission recommended that first priority should be given to strengthening agricultural, technical and extension services and the road maintenance organization in the Ministry of Public Works. A staff member tried to visit Togo in January of this year to discuss with the Government their agricultural problems, needs and prospects, but could not enter the country because of political upheaval at that time. We have had no contact with the new Government, and we have to make a fresh start in our relations with Togo.

(b) Topics likely to be raised by delegation

Relations with Bank/IDA in general.

(c) Topics to be raised by Management

Expression of general interest in closer relations and desire to be helpful.

IV. BACKGROUND INFORMATION

(a) Bank Loans as of August 31, 1963

None.

(b) IDA Credits as of August 31, 1963

None.

(c) 18% Capital Subscription

\$1.35 million. No release requested.

(d) Holdings of World Bank Bonds

None.

(e) I.F.C.

No projects under review.

(f) I.D.A.

Part II member.

V. POLITICAL SITUATION

Togo, which was a UN Trusteeship Territory under French administration, became independent in 1960 under President Sylvanus Olympio, who was a moderate nationalist, but jealously independent. Although he looked to continued cooperation with France, he was opposed to any agreement that would have recalled Togo's former Trusteeship status. Nicolas Grunitzky, who was, upon President Olympio's assassination in January 1963, recalled from exile to head a provisional government was elected President in May, is likely to lean towards closer cooperation with France and other French-speaking African countries. He was the chief of the opposition party which was defeated in the 1958 elections. The acceptance of his regime by other African states has made headway lately.

VI. ECONOMIC SITUATION (Population approximately 1.2 million;
per capita income about \$70)

The economy is predominantly agricultural, producing various foodstuffs, and coffee and cocoa for export. Over half of total exports, amounting to some \$19 million in 1961, are with France. Industry, mainly handicraft, centered around the capital, Lome. Mining of high grade phosphate deposits has started recently and phosphate already accounts for some 5% of total exports. Under President Olympio a deliberate effort was made to balance the ordinary budget and a small surplus was achieved in both 1961 and 1962. Total recurrent revenues and expenditures were about \$13 million in 1962. Foreign aid commitments from France, Germany, the U.S. and Yugoslavia for the 1960-62 period are estimated at around \$45 million, of which some \$12 million were spent. Togo appears to be an IDA country. It is however unlikely that IDA financial assistance will be needed for some time.

TUNISIA

TUNISIA
BRIEFING PAPER

DECLASSIFIED
APR 26 2012
WBG ARCHIVES

I. MEETING WITH DELEGATION

Mr. Woods

Friday, October 4

3:00 - 3:20 P.M.

II. MEMBERS OF DELEGATION

Mr. Ahmed Ben Salah, Secretary of State for Planning
and Finance

Mr. Hedi Nouira, Governor, Banque Centrale de Tunisie

Mr. Abdesselam Ben Ayed, Director of the Budget,
Secretariat of State for Planning and for Finance

Mr. Ali Hedda, Manager of External Relations, Banque
Centrale de Tunisie

III. STATE OF RELATIONS AND TOPICS FOR DISCUSSION

(a) State of relations, including lending prospects

Relations with Tunisia are good, clouded only by the Tunisian failure to reach agreement on the amount of compensation for nationalized power properties. Because of our inability to finance power expansion in these circumstances, they have requested and obtained finance from Kuwait.

Information is awaited to complete appraisal of La Goulette port project; if all goes well we should be able to negotiate \$6 million loan around November. We will need assurances on future ports organization.

Technical assistance for school building design and construction has started. Arrangements had been made for Bank-financed advisor on capital markets (M. d'Ailly) to start work in October. Sickness may delay his arrival and in any case there is some possibility of duplication of effort with AID. The whole question is under review.

Tunisian Consultative Group has considered the generally favorable Bank appraisal of Three-Year Plan and explanation by Tunisians of difficulties in absorbing all aid offered. There is some concern in the group (particularly U.S.) that recourse to Central Bank credit is building up to dangerous proportions. The picture is not quite clear; we propose to send an economist (probably Kamarck) in November.

(b) Topics to be raised by delegation

Port loan, possible agricultural projects, possible road project, results of the last meeting of the Consultative Group. We should agree to examine any further projects the Tunisians wish to put forward. We should inform the Tunisians about Kamarck's proposed mission.

(c) Topics to be raised by Bank

We should express the hope that the settlement of outstanding disputes with the French Government will lead to early settlement of the nationalized power properties compensation issue, noting that our continued willingness to lend was bound to depend on a satisfactory outcome.

IV. BACKGROUND INFORMATION

(a) Bank loans as of August 31, 1963

None

(b) IDA credits as of August 31, 1963

<u>Date</u>	<u>Borrower</u>	<u>Purpose</u>	<u>Amount (equivalent in \$ million)</u>
September 17, 1962	Republic of Tunisia	Education	5.0 ^{1/}

^{1/} of which \$5 million not yet disbursed.

(c) 18% Capital Subscription

\$2.7 million. Release not yet requested, but Government should be asked to contemplate convertible release, perhaps over fairly long period.

(d) Holdings of World Bank Bonds

(e) IFC

Member since July 28, 1962. Investment of \$3.5 million in the "NPK Engrais, S.A.T.", producing superphosphate.

(f) IDA

Part II member.

V. POLITICAL SITUATION

Wide popular support for President Bourguiba and the Neo-Destour Party continues to prevent the rise of an organized opposition. The conspiracy against the President at the end of 1962 was the work of extremists and cannot be considered significant. However, criticism of the Government, particularly among students abroad, seems to be increasing. After a poor start, political relations with Algeria have improved. Relations with France are becoming closer as negotiations on various outstanding financial and property questions proceed. Agreements were reached in January 1963 on Tunisian debt to the French Government, in March on the timing of the hand-over of the land by French farmers, and in August on French financial assistance to Tunisia and on Tunisian guarantees to French investment. So far as we know, however, an agreement on the amount of compensation for power properties taken over is still to be reached, although the Tunisian Government does not contest the right of the shareholders to compensation.

VI. ECONOMIC SITUATION

Population 4.3 million

GNP per capita about \$170.

Tunisia achieved a fair rate of economic growth (about 4.3% per annum) over the past two years in large part through efforts under the three-year plan 1962-64, one of the best conceived and administered plans in Africa. In 1962, investment increased by 34% over the previous year. Foreign aid lagged behind Tunisian expectations, and about 2/3 of investment financing was provided out of domestic resources. A fiscal reform and other measures were applied to raise domestic saving, but a residual budget deficit was covered by the Central Bank. Prices were fairly stable, but the balance of payments deficit increased. The capital inflow did not cover the current deficit, and foreign exchange reserves declined by \$21 million to \$34 million at the end of 1962 (less than 2 months imports). Pursuit of the plan in 1963 is again putting a strain on domestic resources, but the Government is determined to carry out the Plan to the limit permitted by the maintenance of monetary stability. Tunisia is receiving a comparatively large amount of foreign aid, but complains, with some justice, that much that has been promised is not in usable form.

Public external debt (excluding not-yet-determined compensation for power plants) was \$101 million at the end of May. Service payments will be about \$6 million per year until 1966, or about 12% of 1962 foreign exchange receipts. Tunisia still has some margin for borrowing on conventional terms, but in view of the large new borrowing in prospect and the considerable domestic effort, a blend of conventional and soft terms is appropriate.

UGANDA

UGANDA

BRIEFING PAPER

DECLASSIFIED
APR 26 2012
WBG ARCHIVES

I. MEETING WITH DELEGATION

Mr. Wilson

Tuesday, October 1, 1963

9:40-10:00 a.m.

II. MEMBERS OF DELEGATION

Observers

The Honorable A. Kalule Sempa
Mr. J. G. Huddle

Minister of Finance
Assistant Secretary to
the Treasury

III. STATE OF RELATIONS AND TOPICS FOR DISCUSSION

(a) State of relations, including lending prospects

Uganda became independent in October 1962. It has applied for membership in the Bank, IDA and IFC, and agreed to subscriptions of Bank \$33.3 million, IDA \$1.68 million, and IFC \$184,000. Application approved by Governors; awaiting payments and final acceptance. Uganda apparently does not intend to join IFC at the moment as no membership documents have been transmitted together with those for the Bank and IDA.

The Report of the Bank's General Survey Mission published in 1961 was well received in Uganda, and was adopted almost entirely as its own by the previous Government. The present Government has recently announced a new Five-Year Plan, with public expenditures 40% larger, but with a large financing "gap". We have made no economic appraisal mission to Uganda since the Survey Mission was there in 1960.

The 1961 power loan for \$8.4 million has been about three-quarters disbursed. The project presents some problems in view of Kenya's desire to terminate the purchase of power from Uganda in favor of its own power development, and Uganda's desire to raise the price of electricity sold under bulk contract to Kenya. Also, concern is felt in Uganda that the tariff increase on which the Bank insisted has been followed by a decline in the rate of increase in domestic sales of electricity. U.E.B. has been asked to explain its most recent financial forecasts showing lower revenues per unit than projected in 1961.

A mission visited Uganda briefly in April and May, and discussed the possibility of Bank/IDA assistance for education, roads and the Local Authorities Loans Fund. No project is yet ready. Education: the draft development plan for 1966-70 has been sent to us, but we are

waiting for its approval by the Government and for further information. Roads: at the request of the Government, the Bank found and shared the costs of a transport economist, Mr. Hans Meyer, who spent May and June in Uganda. Unfortunately his report was not per se sufficient support for a project submission to Bank/IDA. We are waiting for a formal application for a project, but it is probable that we shall have to send Bank staff to pull a satisfactory project together. Local Authorities Loans Fund: the possibility of an IDA credit was discussed, but the Uganda Government has not yet decided on a lending program nor on the administrative structure of the Fund.

(b) Topics likely to be raised by delegation

To any inquiries about the Education or Road projects, we should indicate we are awaiting information as under 3(a).

(c) Topics to be raised by Management

If not raised by delegation, we should ask about progress in formulating the road project, and on the success of the Public Works Department in maintaining qualified staff, which we consider a prerequisite for properly administering a project, in the face of losses of expatriates.

IV. BACKGROUND INFORMATION

(a) Bank Loans as of August 31, 1963 (with U.K. guarantee)

Year of Loan	Borrower	Purpose	Amount (equivalent in \$ million)
1961	Uganda	Electric power	8.4
	Total now outstanding		8.4 ^{1/}
	Amount Sold		8.3
	Net amount now held by Bank		0.1

^{1/} Includes \$1.5 not yet disbursed.

Uganda is a sole and joint guarantor of the \$24 million loan to the East African Common Services Organization in 1955 for railroads.

(b) IDA Credits as of August 31, 1963

None.

(c) 18% Capital Subscription

Will be \$2,997,000.

(d) Holdings of World Bank Bonds

None.

(e) I.F.C.

Not a member.

(f) I.D.A.

Application approved by Governors.

V. POLITICAL SITUATION

Uganda became independent in October 1962. The Government is formed of an uneasy coalition between the Uganda Peoples Congress, led by Mr. Obote the Prime Minister, and the Kabaka Yekka, the Royalist party of Buganda. The difficult relationship between the four traditional Bantu kingdoms of the south, of which Buganda is the most powerful and wealthy, and the Central Government threatens the political stability of Uganda, and weakens prospects for national unity and an East African federation. The Kabaka has flatly refused to yield any land in Buganda's border dispute with Bunyoro, which the Central Government is committed to resolve by a plebiscite next year. This is likely to force a showdown between national and traditional regional interests.

VI. ECONOMIC SITUATION (population: 7 million)
(GNP per capita: \$62)

The economy is now recovering from the severe setback caused by the droughts and floods of 1961-62. The major export crops, cotton and coffee, are expected to be at or near record levels in the current season, although there are difficulties in disposing of all the coffee due to quota limitations under the International Coffee Agreement. GNP may be 5% higher than in 1962, but with population growing at $2\frac{1}{2}\%$ p.a., per capita income may only regain the level of 1961.

Development plans lagged in 1962 because of shortage of funds from both domestic and overseas sources. The newly revised and expanded Five-Year Plan represents the first major effort of the new Government toward development, having until now been preoccupied with political and constitutional questions. A quick review suggests that it will be difficult to finance or implement the ambitious new programs, and that certain items (e.g. the West Nile railway extension) would be difficult to justify economically.

Debt service is relatively light, but the recurrent budget is tight, export earnings uncertain and most prospective projects slow-yielding. Uganda will be mainly an IDA candidate.

UPPER VOLTA

UPPER VOLTA

BRIEFING PAPER

DECLASSIFIED
APR 26 2012
WBG ARCHIVES

I. MEETING WITH DELEGATION

Mr. Wilson

Thursday, October 3

3:30 - 4:00 p.m.

II. MEMBERS OF DELEGATION

Francois Bouda (F)	Minister of Finance
Moise Traore (B)	Minister of National Economy
Pierre Damiba (B)	Director of the Plan

III. STATE OF RELATIONS AND TOPICS FOR DISCUSSION

(a) State of relations, including lending prospects

Upper Volta became a member of the Bank and IDA in May 1963. A small Bank mission visited the country in June 1963. No projects are ready for consideration, and finding suitable projects adequately prepared will be a major obstacle to lending.

(b) Topics likely to be raised by delegation

Bank mission conclusions. Upper Volta is one of the poorest countries in Africa. Agriculture is primitive, industry is insignificant. Foreign trade and the budget are balanced only with foreign subsidies. Upper Volta would be a case for IDA if there were suitable projects but the country needs help in completing studies and project preparations, especially in agriculture.

(c) Topics to be raised by Management

None.

IV. BACKGROUND INFORMATION

(a) Bank Loans as of August 31, 1963

None. Subscription to Bank \$10 million.

(b) IDA Credits as of August 31, 1963

None.

(c) 18% Capital Subscription

\$900,000. No release requested.

(d) Holdings of World Bank Bonds

None.

(e) I.F.C.

Membership not applied for.

(f) I.D.A.

Part II member. Subscription \$500,000.

V. POLITICAL SITUATION

Upper Volta became independent in 1960. President Yameogo who took office in 1959, enjoys a strong backing in the country. Most members of the present Government belong to the Union Democratique Voltaique (UDV), the leading party in the country. Upper Volta is a member of the Council of the Entente, a loose association with Ivory Coast, Niger and Dahomey. It has also kept fair relations with Mali and Ghana. As Upper Volta is landlocked good relations with neighboring countries, which provide outlets for her products and workmen, are somewhat of a necessity. Relations with France are good.

VI. ECONOMIC SITUATION (Population 4.4 million;
per capita income \$40)

Upper Volta is a very poor country and has no obvious basis for rapid growth. Lack of water is the country's biggest problem. Agricultural production, however, is sufficient to feed the population, livestock is of some importance, and some of the more active of the population work in surrounding countries, thus providing Upper Volta with a substantial source of income. Total exports in recent years have varied between \$3.5 million and \$7 million a year (livestock, fish, cotton, peanuts) and go mainly to Ghana.

Development efforts have concentrated on agriculture with the help of finance from FIDES, FAC and FED. A temporary "development plan" for 1963-64 has just been adopted. A number of studies are now being initiated for the long-range development. The most important is the Sourou Valley project consisting of irrigation of 40,000 ha. at an estimated cost of \$18 million. It will probably be three or four years before this study is completed.

Further studies are expected to indicate the need for road improvements and electric power development. The budget is balanced only with the help of foreign, principally French, subsidies averaging 15-20% of total current expenditures.

EAST AFRICAN COMMON
SERVICES ORGANIZATION

EAST AFRICAN COMMON SERVICES ORGANIZATION

DECLASSIFIED

APR 26 2012

WBG ARCHIVES

BRIEFING PAPER

I. GENERAL

The East African Common Services Organization, which provides a number of services of common interest to the three East African countries and a means for coordinating certain economic policies among them, is likely to be substantially affected by the plans for an East African Federation now under discussion. There is a strong political desire among many leaders to establish a Federation (probably including Zanzibar) at about the same time as Kenya becomes independent (December 1963), although separatist tendencies, particularly in Uganda, may yet prove a stumbling-block. The drafting of a federal constitution and the reorganization of the EACSO services have been referred to working parties which have still to report to a full conference of East African leaders.

The Bank/IDA have been approached by the East African Railways and Harbours, a self-contained service of EACSO, for a loan of £1.25 million (\$3.5 million) to help finance the rolling stock requirements under Phase I of the Railways' development plan for 1963/67, and we are expecting applications covering other equipment requirements. While the project, at first sight, is probably well justified, there is a major problem arising out of heavy maturities on the Railways' outstanding debt within the next few years on which we would have to reach satisfactory understandings with the Railways and the various guarantors before the Bank would be in a position to conclude further lending.

II. BACKGROUND INFORMATION

Bank Loans as of August 31, 1963

<u>Year of Loan</u>	<u>Borrower</u>	<u>Purpose</u>	<u>Amount (equivalent in \$ million)</u>
1955	East African Common Services Organization	Railways and harbours	24.0
	Total (net of cancellations and refundings)		24.0
	of which has been repaid		6.4
	Total now outstanding		17.6
	Amount sold	23.76	
	of which has been repaid	6.27	17.5
	Net Amount now held by Bank		0.1