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Dates: 10/06/1986 - 01/10/1991

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THE WORLD BANK

Washington, D.C.

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PAPUA NEW GUINEA



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Papua New Guinea - President Barber Conable Country Files - Correspondence

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Papua New Guinea

MULTILATERAL INVESTMENT GUARANTEE AGENCY
OFFICE MEMORANDUM

DATE: January 10, 1991
TO: Mr. Barber B. Conable
THROUGH: Mr. Yoshio Terasawa
FROM: Leigh P. Hollywood *Leigh P. Hollywood*
EXT.: 36168
SUBJECT: Placer Dome, Inc. -- Papua New Guinea
Project Number: 069-89-PNG

1. Placer Dome Incorporated of Canada has applied to MIGA for insurance of its equity contribution and loans to Porgera Joint Venture. Placer Dome's investment will be made through its subsidiary, Placer Pacific Limited. The Project consists of the establishment and operation of a gold mining facility for the production of some 8.5 million troy ounces of gold over the project life.
2. Placer Dome has requested coverage against Currency Transfer, Expropriation and War and Civil Disturbance. Total amount of coverage requested amounts to US\$50 million.
3. It is not anticipated that any departures from the Operational Regulations will be required.
4. May I have your approval to proceed with this project?

Approval: *Barber B. Conable* Date: *1/11/91*
 Disapproval: _____ Date: _____
 Clearance: *[Signature]* Date: *1/10/91*

WORLD BANK OTS SYSTEM
OFFICE OF THE PRESIDENT

CORRESPONDENCE DATE : 90/05/03

DUE DATE : 00/00/00

LOG NUMBER : 900503016

FROM : M. Qureshi

SUBJECT : PAPUA NEW GUINEA: Mtg. with Prime Minister, the Honorable
Rabbie Namaliu on Wednesday, May 9 at 11:00 am.

OFFICE ASSIGNED TO FOR ACTION : Mr. B. Conable (E-1227)

ACTION:

____ APPROVED
____ PLEASE HANDLE
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____ FOR YOUR REVIEW AND RECOMMENDATION
____ FOR THE FILES
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____ AS WE DISCUSSED
____ RETURN TO _____

COMMENTS :cc: MH, AK, JV (FF)

OFFICE MEMORANDUM

DATE: May 3, 1990

TO: Mr. Barber B. Conable

THROUGH: Mr. Moeen A. Qureshi

FROM: Russell J. Cheetham

EXTENSION: 78342

SUBJECT: PAPUA NEW GUINEA: Visit of Prime Minister

1. You are scheduled to meet the Prime Minister of Papua New Guinea, the Honorable Rabbie Namaliu at 11:00 a.m. on Wednesday, May 9. He will be accompanied by the Ambassador of Papua New Guinea to the United States, Meg Taylor.

2. Prime Minister Rabbie Namaliu came to power following the fall of the Wingti Government in late 1988. Although he was not a major political figure before he became Prime Minister, he has successfully managed to hold together his coalition Government, despite its slim majority and the fluidity of party politics in PNG, and in the face of difficult political and economic circumstances. He has demonstrated a strong leadership role in responding to the events following the closure of the Bougainville mine in May 1989.

3. The closure of the Bougainville mine, one of the largest copper mines in the world, was brought about by the violent sabotage actions of landowners linked to a long-standing secessionist movement on the island. Prior to its closure, the mine contributed about 35% of export earnings and 15% of Government revenues. The effects of the mine closure have been compounded by sharp falls in the prices of most of PNG's exports and the disruption of other economic activity on Bougainville island, including cocoa plantations that account for the bulk of PNG's cocoa exports. A cease fire was announced between the Government and the rebels in December 1989, and Government troops have withdrawn from the island pending a negotiated settlement. However, it is unlikely that the mine will reopen in the foreseeable future, if at all. Other mining and oil projects remain on track, so that PNG is still likely to experience a mineral boom in the second half of the 1990s.

4. In response to the recent shocks, the Government has announced a strong set of stabilization measures that has included a 10% devaluation, fiscal cuts and monetary restraint. The Government also recognized that the prevailing financial difficulties underscored the need, as well as provided an opportunity, to undertake more fundamental structural adjustments to accelerate the development of the nonmining economy, and has initiated a program of structural reform. The Prime Minister has played a direct role in shaping the Government's stabilization and structural adjustment program, in particular in the areas of fiscal austerity and the promotion of the private sector. He has chaired the so-called "Razor Gang" that has just formulated major budgetary cuts as well as a civil service

restructuring program that will reduce and streamline the public sector. He has also provided the impetus on recent private sector initiatives of the Government, including the proposed deregulation of foreign investment and a program of privatization.

5. The Bank's strategy is to provide strong support to the Government in its immediate adjustment efforts through a proposed structural adjustment loan and through our role as Chairman of the Consultative Group. The Bank will also support the Government in its medium-term objectives of sustainable and broad-based growth through policy advice, underpinned by a strong economic and sector work program, and a focussed but limited lending program. Apart from support for the Government's adjustment program, the priorities reflected in the proposed lending program are: human resource development, institutional strengthening, and the sustainable use of natural resources, particularly forests.

Issues for Discussion

6. Structural Adjustment Loan. Negotiations for a US\$50 million SAL to support the Government's adjustment program were completed last week and the loan will be presented to the Board on June 5. (The SAL was appraised in parallel with an IMF stand-by loan. The IMF Board approved the stand-by arrangement and a Compensatory and Contingency Financing Facility drawing totalling US\$90 million on April 27.) You may wish to note the successful completion of negotiations of the SAL and commend the Government on the strong adjustment program on which it has embarked. As this is the first SAL (and IMF stand-by) for PNG, it will be particularly important to ensure a strong record on the Government's adjustment program. This will require close and careful monitoring of the various elements of the program in the coming months and the implementation of further policy measures on a timely basis. One important immediate action in this regard is the proposed deregulation package on foreign investment. You may wish to enquire where this initiative stands.

7. Special Investment Program. In parallel with the SAL, a World-Bank led multi-donor mission has helped the Government identify a special program of seven projects to alleviate the adverse effects of recent events on incomes and employment and offset the social costs of adjustment. The Government has now requested the Bank to appraise an umbrella project with cofinancing from other donors. A Bank appraisal mission, hopefully with participation of other donors, will visit PNG later this month. You may wish to note the importance of this special program in ensuring the sustainability of the Government's adjustment efforts. In view of the urgency of implementing this program as quickly as possible, it is important to initiate a number of specific actions by the authorities and to secure the necessary financing from external donors.

8. MIGA. As part of its private sector initiative, the Government has decided to join MIGA. A formal endorsement by the Cabinet is expected before the Prime Minister's visit so that he can sign the Convention when he is in Washington. You may wish to express your pleasure that the Government has decided to join MIGA. This will provide an important boost to the Government's campaign to promote foreign private investment. In the

event the Prime Minister is not able to sign the Convention while he is here, we would urge that an authorized representative sign on behalf of the Government prior to the Consultative Group meeting.

9. Consultative Group Meeting. The Consultative Group for Papua New Guinea was established in 1988 and has emerged as an important forum for discussion of the Government's programs and securing coordinated support from the donor community. The third meeting of the Consultative Group will be held in Singapore on May 17-18, 1990. Singapore will attend as an observer, the first such meeting it has attended. In view of the importance of this meeting, you may wish to express your appreciation that the Prime Minister will lead the PNG delegation. This will certainly provide a boost in securing support from the donor community for the Government's adjustment and development programs.

10. Forestry Donor Conference. A donor conference was held in early April in Port Moresby based on a Tropical Forest Action Program (TFAP) Review prepared by a multi-donor team led by the World Bank. PNG has one of the last remaining large areas of tropical forest in the world. A noteworthy feature of the Bank's recommendation was to set aside areas of forest under a World Heritage Foundation program. The conference was attended by representatives of 6 countries and 6 multilateral agencies, as well as a number of NGO groups. The Government announced major policy and legislative decisions at the conference, including its willingness to designate specified areas for conservation under the World Heritage Foundation. The Government has asked that we take the lead in working out the details for the latter. You may wish to congratulate the Prime Minister on the successful outcome of the conference and offer the Bank's support to the Government in implementing its action program.

cc: Messrs. Karaosmanoglu (o/r), Burki, El-Rifai and Bhattacharya

Office of the President

June 6, 1988

Mr. Karaosmanoglu
Mr. Cheetham
Mr. Calderisi
Mr. Zia Qureshi

Attached is a copy of a note from Mr. Sherwin, Executive Director, thanking you and the ASV team for your work in organizing the first consultative group meeting for Papua New Guinea. Mr. Conable wanted you to be aware of Mr. Sherwin's comments which have also been copied to Personnel.

Linda McLaughlin
Linda McLaughlin

cc: Mr. Cosgrove (with attachment)



Record Removal Notice

File Title Papua New Guinea - President Barber Conable Country Files - Correspondence	Barcode No. 1779838
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Document Date Jun 2, 1988	Document Type Memorandum
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Correspondents / Participants
To : Mr. Conable
From : Murray A. Sherwin

Subject / Title
Papua New Guinea : Consultative Group

Exception No(s).

1 2 3 4 5 6 7 8 9 10 A-C 10 D Prerogative to Restrict

Reason for Removal

Additional Comments
Declassification review of this record can be initiated upon request

The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website.

Withdrawn by Chandra Kumar	Date May 6, 2014
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WORLD BANK OTS SYSTEM
OFFICE OF THE PRESIDENT

CORRESPONDANCE DATE : 88/06/02 DUE DATE : 88/06/10
LOG NUMBER : 880603008 FROM : Murray Sherwin
SUBJECT : Memo - Papua New Guinea: Consultative Group held May 19-20.

OFFICE ASSIGNED TO FOR ACTION : Mr. M. Qureshi (E-1241)

ACTION:

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- _____ AS WE DISCUSSED
- _____ RETURN TO _____

COMMENTS :

*just circulate to staff & Personnel.
file*

*Marianne - In a case like this, I think
a Thank you note to Sherwin is
appropriate, as well as a Thank you
to Mr. K, with cc's to MAQ and
personnel.*

*What do you think? Shall I
prepare something?*

L-

RTSanded:jk

cc: Mr. Dean
Mr. Kaji
Mr. Stephansen

The Honourable
Galeva Kwatara, M.P.
Minister for Finance and Planning
Department of Finance and Planning
Central Government Offices
Post Office, Wards Strip
Waigani, Papua New Guinea

Barber B. Conable

(Signed) Barber B. Conable

Sincerely,

near future.

opportunity of greeting you here in Washington in the

On a personal note, I hope to have the

Bank.

forward to your participation in the affairs of the

join me in extending to you a warm welcome. We look

The Executive Directors, Officers and Staff

of Governors of The World Bank. Congratulations!

appointed Governor for Papua New Guinea on the Board

It is indeed good to know that you have been

Dear Mr. Minister:

March 4, 1987

X

OFFICE MEMORANDUM

DATE 11 February 1987

TO Mr. T.T. Thahane, SECGE

FROM R.H. Dean *RH Dean 2/11/87*

EXTENSION 75065

SUBJECT Papua New Guinea - Governor for the Bank

My authorities in Papua New Guinea have advised me that the new Minister for Finance and Planning, Hon. Galeva Kwarara M.P. has been appointed Governor of the World Bank for Papua New Guinea.

ETToBolton:bsm

DISTRIBUTION

Executive Director
TO- Programs Dir., Bank
Investments Dir., IFC
File
Credential

FROM - E. T. Sanidad
SECRETARY'S DEPARTMENT

OFFICE OF THE VICE PRESIDENT
AND SECRETARY

1987 FEB 12 AM 9:23

RECEIVED

OFFICE MEMORANDUM

DATE October 6, 1986

TO Memorandum for the Record

FROM Devbrat, Dutt, ^{J. Dutt} Chief, AEASP

EXTENSION 72271

SUBJECT PNG: Meeting of Sir Julius Chan with Mr. Conable

1. Sir Julius Chan accompanied by Sir Henry ToRobert, Governor Bank of PNG, called on Mr. Conable on October 1, 1986. Mr. Dean (Executive Director) was present. Also present were Messrs. Karaosmanoglu, Kaji, Sam and Dutt.
2. Mr. Conable welcomed Sir Julius and referring to the Minister's remarks in the plenary said that at the request of Mr. Dean he had looked into the proposal for opening an office in the South Pacific and was inclined to feel that the Bank's activities for the South Pacific were not large enough to justify an office for the present. He assured Sir Julius that the situation will be kept under review and the proposal considered when justified.
3. Mr. Conable then said that there seems to be an impression that when compared to the Caribbean Islands the Pacific Islands are not adequately cared for. There is greater homogeneity in the Caribbean; the Pacific Islands are widely dispersed with diverse set of problems. In the circumstances, the organisation of Bank activities in these two areas were different.
4. Referring to the fact that Mr. McNamara was the last Bank President to visit PNG, Sir Julius invited Mr. Conable to visit his country. Mr. Conable thanked him for the invitation and said he would be beginning his travels to the countries soon but perhaps visit first some Latin American and African countries where the problems are greater.
5. Mr. Conable encouraged Sir Julius to build up a solid pipeline of projects for Bank support. Mr. Karaosmanoglu stated that about \$75 m was loaned in FY86 and 5 - 6 projects are currently under study. The Bank could lend \$90 - 100 m a year as the budgetary situation in PNG improves. In addition, some regional studies, such as for energy, telecommunications and training issues have been undertaken. However, follow-up of these studies generally has proved to be difficult and slow.
6. Sir Julius said that there was a good dialogue with the Bank staff. The countries in the South Pacific have a good deal of diversity, his own with 700 different languages being a case in point, but the Pacific Forum coordinated their common problems and

solved issues in the "Pacific way". Mr. Conable encouraged Sir Julius to keep him informed if not totally satisfied with the Bank response to the development needs of the country. He would like to see a good synergistic relationship develop between the Bank and PNG, which is potentially a rich country.

Cleared with & cc: Mr. Kaji

cc: Messrs. ~~Conable~~, Stern, Karaosmanoglu, van der Meer, Davar, Yenal, Yusuf, Calkins, Struben

DDutt:bjw

A