

THE WORLD BANK GROUP ARCHIVES

PUBLIC DISCLOSURE AUTHORIZED

Folder Title: Masood Ahmed - Chronological File - January 1990 to June 1991

Folder ID: 30450197

Series: Sector and Operational energy and industry unit chronological files

Dates: 02/05/1990 - 06/21/1991

Sub-Fonds: Masood Ahmed files

Fonds: Records of Individual Staff Members

ISAD Reference Code: WB IBRD/IDA STAFF-19-02

Digitized: 12/01/2022

To cite materials from this archival folder, please follow the following format:
[Descriptive name of item], [Folder Title], Folder ID [Folder ID], ISAD(G) Reference Code [Reference Code], [Each Level Label as applicable], World Bank Group Archives, Washington, D.C., United States.

The records in this folder were created or received by The World Bank in the course of its business.

The records that were created by the staff of The World Bank are subject to the Bank's copyright.

Please refer to <http://www.worldbank.org/terms-of-use-earchives> for full copyright terms of use and disclaimers.



THE WORLD BANK

Washington, D.C.

© International Bank for Reconstruction and Development / International Development Association or

The World Bank

1818 H Street NW

Washington DC 20433

Telephone: 202-473-1000

Internet: www.worldbank.org

PUBLIC DISCLOSURE AUTHORIZED

**DECLASSIFIED
WITH RESTRICTIONS**
WBG Archives



30450197

R1998-232 Other # 12 Box # 145373B

Masood Ahmed - Chronological File - January 1990 to June 1991

OFFICE MEMORANDUM

DATE: June 21, 1991

TO: Mr. Kemal Dervis, Director, EM2

FROM: Masood Ahmed, Chief EM2IE 

EXTENSION: 32340

SUBJECT: ALGERIA - Operational Mission
Back-to-Office Report

I visited Algeria from June 14-18 with the principal objective of obtaining the new Government's confirmation for the program of economic reforms supported by the proposed Enterprise and Financial Sector Loan which is scheduled for Board Presentation on June 21. I also took the opportunity to say my own "good byes" to our principal interlocutors prior to my departure from the Department. During my stay I was received by the new Prime Minister, Mr. Ghazali and also met with Mr. Hadj Nacer, the Governor of the Central Bank, and Mr. Brachemi, the Délégué au Plan. I had informal meetings with Mr. Benissad, the new Minister of Economy and Finance (with whom we have worked closely in the past) and Mr. Benbitour, the recently appointed economic advisor to the President (with whom we have also worked closely in his previous professional and private capacities). Mr. Benhocine, who was in Algeria over the same period, participated in all the official meetings.

The basic message that was conveyed to me in these discussions, in regard to the Government's commitment to the enterprise and financial sector reform program, and the Bank's support for it through the proposed EFSAL, was a unanimously positive one. Everyone I met, including the Prime Minister, reaffirmed that:

- (i) The program of economic reforms would continue and indeed be accelerated where possible;
- (ii) the enterprise and financial sectors were key components of the reform program and the Bank's support for this program was much appreciated;
- (iii) there was an urgency to undertake the work supported by the EFSAL and therefore its Board presentation date should be maintained; arrangements for loan signature and effectiveness would be accelerated on the Algerian side with a view to achieving loan effectiveness by early July.

There was also a more general concern expressed that the change of Government on the one hand and the staff in Departmental management on the other, should not slow down the preparation and processing of other Bank operations. In particular, the proposed Trade and Fiscal Adjustment Loan and joint work on a project to address the

social dimensions of reform were singled out as being of high priority for the Government.

The meeting with the Prime Minister was extremely cordial and warm. Apart from confirming his support for the project, as indicated above, he asked me to transmit the following messages after having read Mr. Conable's letter which I handed to him:

- (a) He thanked Mr. Conable for his kind wishes and renewed the invitation he had made to Mr. Conable at Aruba to visit Algeria on a personal visit with his family at his convenience.
- (b) He expressed his appreciation for the support and professional contribution made by the Bank and the Fund to Algeria's reform and development efforts. He had personally placed great emphasis on collaboration with the two institutions when he was Minister of Finance and now, as the head of Government, he had exactly the same "état d'esprit".
- (c) The proposed loan was a key element in the collaboration. He was happy to see that it would be presented to the Board on the 21st and he hoped it could be signed immediately thereafter. The preparation of other operations on which we were working together should proceed as planned.
- (d) He was only sorry to see that when he was returning to the economic aspects of Government, some of the old faces on the Bank side were moving on. He warned us that he planned to find ways to invite both you and I to Algeria in some capacity in the future! He also expressed his full confidence that the new team would rapidly establish the same working relationship.
- (e) Insofar, as his Government's program was concerned, his first priority was to ensure fair and free elections as soon as possible (the general consensus is that elections will be held between October and December 1991). He wanted to replace a Government of legality by a Government of legitimacy. Without this legitimacy, which could only come from the electoral process, no sustainable progress could be achieved in any country.
- (f) On the economic front, the economic reform program remained a priority. For him the twin imperatives of the reform were to increase the level of efficiency of the Algerian economy [we have many resources but they have been badly utilized]. And second, to protect the poorer and disadvantaged sections of society [without a social safety net, no reform could be implemented].

He hoped the Bank would work with the Government in both dimensions.

The gist of these messages is reiterated in the written reply that he is sending to Mr. Conable with Mr. Benhocine. On the basis of this letter and the firm assurances that we have received, in my view the Board presentation of the EFSAL and its subsequent effectiveness can proceed as scheduled.

Notwithstanding the reassurance of continued high level commitment to economic reform and to the Bank's support for it, it is important to note that the general political situation and its evolution over the coming months is far from settled. Law and order appears to have been restored, although a military presence is still visible in the streets of Algiers and a strict curfew is in force after 11:00 p.m. each night. Politically, there is now a general consensus that the electoral law will be revised before the elections but it is not yet clear as to how precisely this will be done (the law can only be changed by a vote of the existing assembly, which would have to be recalled and whose approval for the change in the law cannot be guaranteed ex ante). Moreover, the FLN has suffered a serious setback and will decide on its future course of action (and leadership) at a meeting of the Central Committee on the 26th of June, to be followed by an extraordinary party congress. The other parties, including the FIS, are also positioning themselves for the elections. No one that I met was able to predict with any confidence the results of the elections to be held later in the year, but there was a general consensus that no single party would emerge with enough votes to form a Government by itself. The elections will thus likely be followed by a period of coalition Governments, whose durability is hard to gauge. Moreover, much will depend on when precisely the presidential election is held; there is an agreement to hold the election before it is due in 1993 but different views on how much before. In the meantime, the external payment situation will continue to be tight, with large refinancing needs that have to be met from both official and private sources. In short, the situation will continue to require skilled management on both the political, economic fronts and some delays and compromises should be expected along the way.

cc. Messrs./Mme. Wapenhans, Hasan, Blanchi, Bottelier, Ayub, Parks,
Brizzi, Kjellstrom, Coudol, Kumar

MAhmed:cg



Record Removal Notice

File Title Masood Ahmed - Chronological File - January 1990 to June 1991		Barcode No. 30450197		
Document Date May 23, 1991	Document Type Memorandum			
Correspondents / Participants To: Ms. Nina Ruivivar, POPRT From: Masood Ahmed, Chief EM2IE				
Subject / Title Mr. Fujii - Interview Report				
Exception(s) Personal Information				
Additional Comments		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td>Withdrawn by Shiri Alon</td><td>Date November 14, 2022</td></tr></table>	Withdrawn by Shiri Alon	Date November 14, 2022
Withdrawn by Shiri Alon	Date November 14, 2022			



Record Removal Notice

File Title Masood Ahmed - Chronological File - January 1990 to June 1991		Barcode No. 30450197
Document Date May 23, 1991	Document Type Memorandum	
Correspondents / Participants To: Ms. Majida Martha, PREPE From: Masood Ahmed, Chief EM2IE		
Subject / Title Mr. Jean-Pierre Charpentier - Interview Report		
Exception(s) Personal Information		
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.
		<table border="1"><tr><td>Withdrawn by Shiri Alon</td><td>Date November 14, 2022</td></tr></table>
Withdrawn by Shiri Alon	Date November 14, 2022	

The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street, N.W.
Washington, D.C. 20433
U.S.A.

(202) 477-1234
Cable Address: INTBAFRAD
Cable Address: INDEVAS

May 8, 1991

Mr. Fumio Hoshi
Exim Bank Japan
Washington D.C.

Mr. Hoshi:

Further to our recent meeting, I am pleased to enclose for your internal use a copy of the Initiating Memorandum describing the objectives and context for the above operation. As you know, this is a preliminary document for the Bank's own management and has not been circulated to the Algerian authorities. I would, therefore, appreciate your cooperation in keeping it confidential.

Negotiations for this project are scheduled for May 20, here in Washington. As I had indicated to you, we would welcome participation from your institution in the negotiations. Please call me or let me know by Fax (202-477-1998) if you would like any further details.

Best regards.



Masood Ahmed
Division Chief
Industry and Energy Division
Europe, Middle East and North Africa Region

April 30, 1991

Mr. Koji Kashiwaya

Mr. Kashiwaya:

Re: Algeria - Macro-economic Projections
and Financing Requirements

Kemal has asked me to fax the attached tables to you.

Please note that the Algerians are in the process of revising the 1991/92 financing plan to take account of the fact that the \$2 billion commercial bank refinancing operation now being managed by Credit Lyonnais is likely to have to be downsized. This would result in a somewhat higher financing need from other sources (including Japanese Exim Bank) but the total financing flows are not expected to change. In any event, even on the basis of the existing numbers, the expected disbursements from Exim Bank for EFSAL cofinancing would be on the order to \$150 million this year, followed by the same amount next year in association with the release of the second tranche of the EFSAL.

Please call me if you have any questions.

Regards,



Masood Ahmed
Ext. 32340

ALGERIA

KEY MACROECONOMIC INDICATORS

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
	Actual										Prelim.	Projection				
GDP Growth Rate	0.9%	3.0%	6.4%	5.4%	5.6%	5.4%	1.2%	-0.7%	-2.1%	3.4%	1.1%	3.0%	3.5%	3.6%	4.0%	4.4%
GDY Growth Rate	67.5%	8.1%	0.5%	6.0%	4.9%	6.0%	-14.4%	2.7%	-9.4%	3.1%	4.8%	0.4%	1.2%	2.8%	3.9%	4.1%
GNP/Per Capita Growth Rate	-4.9%	-0.1%	3.1%	2.4%	2.4%	2.3%	-1.7%	-3.5%	-6.0%	0.6%	-1.3%	-1.7%	0.3%	1.1%	1.6%	2.0%
Consumption/Per Cap. Growth Rate	7.0%	5.1%	-0.5%	4.8%	2.5%	0.5%	-2.1%	-10.6%	-0.6%	1.7%	-5.2%	5.7%	0.9%	1.4%	1.9%	2.2%
MLT DOD incl. IMF (US\$)	17052	16090	14977	14328	14185	16512	19644	23433	23454	24208	23814	26960	27887	27342	27370	27151
Short Term Debt (US\$) 1/	806	831	796	790	794	746	1000	1315	1621	1840	1820	1467	1467	1467	1467	1322
Total Debt (incl. ST & IMF)	17858	16921	15773	15118	14979	17259	20644	24748	25075	26063	25700	28501	29427	28837	28884	28518
MLT DOD (incl. IMF)/XGS 2/	111.8%	98.8%	101.6%	101.2%	100.9%	117.1%	225.4%	234.5%	265.8%	232.3%	172.9%	210.0%	194.4%	178.8%	165.9%	148.9%
Short Term DOD/XGS	9.0%	6.9%	7.0%	7.1%	7.5%	7.5%	15.5%	16.3%	21.3%	25.8%	21.0%	17.7%	15.9%	14.9%	13.8%	11.7%
Total DOD/XGS	120.9%	105.8%	108.6%	108.3%	108.4%	124.6%	240.9%	250.8%	287.0%	258.2%	193.9%	227.7%	210.3%	193.7%	179.7%	160.6%
MLT Debt Service (incl. IMF)	3917	3913	4381	4591	4984	4913	5149	5416	6292	7071	8030	8300	7623	7431	7310	7436
Debt Service (incl. IMF)/XGS	25.7%	24.0%	29.7%	32.4%	35.5%	34.8%	59.1%	54.2%	71.3%	67.9%	58.3%	64.6%	53.1%	48.6%	44.3%	40.8%
Gross Investment/GDP	39.1%	37.0%	37.3%	37.6%	35.1%	33.2%	33.6%	30.2%	30.5%	31.0%	32.6%	32.3%	31.4%	29.7%	28.5%	27.7%
Gross Domestic Saving/GDP	43.1%	40.7%	39.2%	38.8%	36.2%	34.5%	27.7%	30.9%	27.7%	28.2%	36.1%	33.0%	31.5%	31.2%	30.7%	30.2%
National Savings/GDP	40.8%	38.6%	36.9%	37.6%	35.2%	34.7%	28.4%	30.4%	27.0%	28.0%	35.3%	31.0%	29.8%	29.8%	29.5%	29.2%
Marginal Nat. Savings Rate	-16.5%	60.0%	-34.0%	50.7%	17.0%	27.7%	-998.4%	-745.7%	186.7%	40.6%	370.3%	-452.4%	-22.0%	8.6%	11.8%	13.5%
Central Gov't Investment/GDP	11.0%	11.9%	16.2%	18.4%	16.9%	15.5%	14.0%	12.2%	13.7%	11.8%	10.0%	14.6%	14.5%	14.0%	13.8%	13.5%
Central Gov't Savings/GDP	20.9%	25.5%	17.6%	16.9%	17.7%	18.8%	9.7%	8.8%	5.4%	9.7%	13.6%	17.1%	19.0%	20.3%	19.5%	19.4%
Non-Gov't Investment/GDP	28.1%	25.1%	21.0%	19.1%	18.2%	17.7%	19.6%	17.9%	16.8%	19.2%	22.6%	17.7%	17.0%	15.7%	14.8%	14.2%
Non-Gov't Savings/GDP	18.7%	11.7%	19.3%	20.5%	17.6%	16.2%	20.4%	21.6%	21.2%	19.1%	22.2%	14.3%	10.9%	9.5%	9.9%	9.7%
ICOR (5 year average)	6	7	7	8	8	6	7	10	17	21	49	28	14	8	8	6
Non-oil ICOR (5 year average)	5	5	5	6	7	6	7	9	16	20	46	40	24	11	10	7
Government Revenues/GDP	37.9%	42.7%	37.4%	36.2%	37.5%	37.2%	31.2%	29.7%	29.5%	31.1%	31.7%	38.2%	43.8%	45.7%	45.7%	46.4%
Government Expenditures/GDP	28.0%	29.0%	36.0%	37.7%	36.8%	34.0%	35.5%	33.2%	37.8%	33.3%	28.1%	35.6%	39.3%	39.4%	40.0%	40.4%
Deficit(-)/GDP (Dinars)	9.9%	13.6%	1.4%	-1.5%	0.8%	3.3%	-4.3%	-3.5%	-8.3%	-2.2%	3.6%	2.5%	4.5%	6.3%	5.8%	5.9%
XGNFS Growth Rate	-12.9%	0.3%	10.2%	6.2%	5.7%	3.1%	1.0%	5.4%	3.3%	6.7%	5.6%	0.6%	6.0%	6.3%	5.3%	5.5%
XGNFS/GDP	34.3%	34.6%	30.9%	28.0%	25.7%	23.5%	13.1%	14.7%	15.7%	20.3%	24.8%	31.1%	38.4%	41.2%	41.5%	42.6%
MGNFS Growth Rate	3.4%	16.3%	-1.7%	9.9%	4.0%	3.5%	-15.2%	-17.4%	-2.0%	5.3%	-5.7%	2.4%	1.7%	2.0%	4.4%	5.1%
MGNFS/GDP	30.4%	30.9%	29.0%	26.7%	24.5%	22.2%	19.0%	13.9%	18.5%	23.2%	21.3%	30.4%	38.3%	39.7%	39.3%	40.2%
Current Account (BOP US\$)	241	127	-183	-85	74	1015	-2230	141	-2040	-1088	1710	-320	-537	34	338	572
Current Account/GDP	0.6%	0.3%	-0.4%	-0.2%	0.1%	1.7%	-3.5%	0.2%	-3.8%	-2.2%	3.2%	-0.8%	-1.6%	0.1%	0.9%	1.5%
Algerian Crude Price (US\$ bbl)	35.1	39.5	35.9	30.5	29.7	29.0	14.8	18.5	16.2	18.5	24.2	20.0	20.1	20.1	20.4	21.2
Terms of Trade (1980=100)	100	122	109	109.1	104.2	104.7	49.4	57.1	48.9	47.9	57.7	50.7	47.0	46.3	46.9	47.2

1/ Algerian Government preliminary estimates through 1986.

2/ XGS includes worker's remittances.

Source: Algerian authorities and World Bank estimates

ALGERIA

BALANCE OF PAYMENTS
(in million dollars)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
					Actual						Prelim.			Projection		
A. Exports of Goods & NFS	14257	14673	14145	13510	13447	13656	8697	9675	8162	10088	13340	12400	12838	13720	14852	16485
1. Merchandise (fob)	13652	14117	13510	12743	12792	13034	8066	9031	7626	9564	12730	11740	12115	12939	13959	15438
2. Non-Factor services	606	556	635	767	655	622	631	643	536	524	610	660	723	781	893	1047
B. Imports of Goods & NFS 1/	13061	13593	13278	12988	12811	12710	11380	9225	9810	11102	11210	12120	12821	13221	14066	15527
1. Merchandise (fob)	9596	10088	9889	9913	9800	9797	8940	7313	7756	9478	9400	10070	10697	11051	11767	13026
2. Non-Factor Services	3465	3504	3390	3075	3011	2913	2440	1912	2053	1624	1810	2050	2124	2170	2299	2500
C. Resource Balance	1196	1080	866	522	636	945	-2683	450	-1648	-1014	2130	280	17	500	786	958
D. Net Factor Income	-1198	-1253	-1313	-1225	-1337	-1347	-1429	-1534	-2012	-1893	-1940	-2200	-2007	-1941	-1975	-2000
1. Factor Receipts	372	522	328	186	180	191	171	110	71	111	90	100	115	157	177	203
2. Factor Payments	1570	1774	1641	1411	1517	1537	1601	1643	2084	2004	2030	2300	2123	2098	2152	2203
(MLT Interest Payments DRS)	1436	1361	1427	1274	1376	1409	1564	1576	1811	1851	1824	1700	1883	1852	1906	1952
E. Net Current Transfer	243	300	263	618	775	1416	1882	1225	1621	1819	1520	1410	1453	1475	1527	1614
1. Current Receipts	440	490	448	789	933	1567	2027	1327	1697	1876	1580	1470	1514	1535	1589	1678
a. Wages & Salaries Credit	334	424	427	327	291	263	310	434	332	306	320	340	1392	1414	1466	1550
b. Unofficial Transfers				440	622	1088	1159	752	1267	1313	1220	1010				
2. Current Payments	198	191	185	171	158	151	144	102	76	57	60	60	61	60	61	64
F. Current Account Balance	241	127	-183	-85	74	1015	-2230	141	-2040	-1088	1710	-320	-537	34	338	572
G. Long Term Capital Inflow	899	-32	-956	-868	-442	-36	364	20	969	241	-1330	860	1123	535	278	385
1. Direct Investment	280	-171	-307	-12	-14	-87	-64	-109	-48	-26	-20	160	200	199	202	210
2. Official Capital Grants	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3. Net MLT Loans	916	246	-338	206	567	484	960	735	1432	-197	-1319	1725	923	335	76	-111
a. MLT Disbursement (DRS)	3398	2798	2617	3523	4175	3988	4545	4575	5912	5024	4887	7300	6403	5514	5150	5144
b. MLT Amortization (DRS)	2482	2552	2954	3317	3608	3504	3585	3840	4481	5221	6206	5575	5481	5178	5074	5255
4. Other LT Inflow (net incl. DRS disc.)	-298	-107	-311	-1062	-995	-433	-532	-605	-415	464	9	-1025	0	0	0	286
H. Total Other Items (net)	201	113	37	502	1	43	384	-438	335	203	-700	138	0	0	0	-145
1. Net Short Term Capital	-1127	25	-35	-6	4	-48	254	315	339	270	-130	-353	0	0	0	-145
2. Capital Flow NIE	1340	97	89	502	-9	96	123	-765	-27	-11	-380	491	0	0	0	0
3. Errors & Omissions (net)	-12	-9	-17	6	6	-5	7	12	22	-56	-190	0	0	0	0	0
I. Change in Net Reserves (-=loss)	1341	208	-1101	-452	-366	1021	-1483	-276	-736	-644	-320	678	585	568	617	812

1/ Includes ISP

Source: Algerian authorities and World Bank estimates.

ALGERIA

EXTERNAL CAPITAL FLOWS AND DEBT
(Millions of Current US Dollars)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
					Actual						Prelim.			Projection		
EXTERNAL DEBT (DOD)																
Public & Publicly Guar. LT	17052	16090	14977	14328	14185	16512	19644	23433	23454	23604	23211	26039	27026	26807	27113	27091
1. Official Creditors	3513	3563	3658	3749	3533	3872	4300	5235	5622	6724	6765	7509	8592	9216	9678	9739
a. Multilateral	284	327	333	403	445	583	926	1203	1361	1459	1993	2643	3283	3804	4212	4427
o/w IBRD	253	275	280	323	284	479	693	924	895	960	1334	1779	2336	2792	3139	3404
o/w IDA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
b. Bilateral	3229	3236	3324	3347	3087	3289	3374	4032	4261	5265	4771	4866	5309	5411	5466	5312
2. Private Creditors	13539	12527	11319	10579	10652	12640	15344	18197	17832	16880	16446	18530	18434	17591	17435	17352
a. Bonds	410	365	297	258	232	680	777	823	1142	1342	1334	3286	3160	2480	2098	1714
b. Financial Credits	5534	4771	4457	4328	3941	4273	5891	6414	6083	5467	5071	4289	4428	3748	2974	2135
c. Commercial Credits	7596	7392	6566	5993	6480	7687	8676	10960	10606	10071	10041	10955	10846	11362	12362	13502
o/w Export Credits	3304	3344	2995	2745	3501	4937	6141	8353	8292	8194	8232	9006	8737	9178	10113	11349
o/w Suppliers' Credits	4291	4048	3571	3248	2979	2750	2535	2607	2315	1877	1591	1209	918	600	396	255
Private NonGuaranteed LT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total LT DOD	17052	16090	14977	14328	14185	16512	19644	23433	23454	23604	23211	26039	27026	26807	27113	27091
Use of IMF Credit	0	0	0	0	0	0	0	0	0	619	669	995	934	564	304	105
ShortTerm Debt 1/	806	831	796	790	794	746	1000	1315	1621	1840	1820	1467	1467	1467	1467	1322
Total External Debt	17858	16921	15773	15118	14979	17259	20644	24748	25075	26063	25700	28501	29427	28837	28884	28518

1/ Algerian Government preliminary estimates through 1986.

Source: Algerian authorities and World Bank estimates.

ALGERIA

EXTERNAL CAPITAL FLOWS AND DEBT
(Millions of Current US Dollars)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
	Actual										Prelim.	Projection				
NET FLOWS																
Public & Publicly Guar.LT	916	246	-338	206	567	484	960	735	1432	-197	-1319	2595	923	335	76	-111
1. Official Creditors	322	228	262	347	179	-95	-160	101	654	787	-128	701	1066	795	398	15
a. Multilateral	13	45	9	72	115	41	210	80	256	130	525	642	635	560	406	177
o/w IBRD	26	22	5	43	30	106	87	50	58	92	374	442	552	487	351	227
o/w IDA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
b. Bilateral	309	183	253	275	64	-136	-370	21	398	657	-654	60	431	235	-8	-162
2. Private Creditors	595	18	-600	-141	389	579	1120	634	778	-984	-1191	1893	-144	-459	-322	-126
a. Bonds	15	-31	-56	-33	-15	429	65	-9	339	234	-63	1948	-130	-645	-402	-386
b. Financial Credits	-27	-629	-236	-97	-341	174	1353	-42	-255	-322	-616	-757	108	-529	-856	-860
c. Commercial Credits	606	678	-308	-11	744	-75	-298	685	693	-896	-512	702	-121	715	936	1120
o/w Export Credits	525	515	-36	149	822	530	293	990	845	-534	-335	582	-278	592	893	1218
o/w Suppliers' Credits	82	163	-272	-160	-78	-555	-591	-304	-152	-362	-395	-393	-294	-272	-227	-138
Private NonGuaranteed LT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total LT Net Flows	916	246	-338	206	567	484	960	735	1432	-197	-1319	2595	923	335	76	-111
Net IMF Credit	0	0	0	0	0	0	0	0	0	604	0	317	-60	-325	-279	-197
Net ShortTerm	-1127	25	-35	-6	4	-48	254	315	339	270	-130	-353	0	0	0	-145
Total Net Flows	-211	270	-372	200	572	436	1214	1050	1771	677	-1449	2559	862	10	-203	-453
	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
	Actual										Prelim.	Projection				
INTEREST																
Public & Publicly Guar.LT	1436	1361	1427	1274	1376	1409	1564	1576	1811	1851	1824	1700	1883	1852	1906	1952
1. Official Creditors	161	181	200	224	261	275	318	313	386	392	398	398	448	527	599	673
a. Multilateral	29	27	30	29	46	49	70	88	100	92	112	151	202	247	289	321
o/w IBRD	25	25	26	24	24	30	46	62	72	70	80	107	141	180	216	244
o/w IDA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
b. Bilateral	132	154	171	196	216	226	248	226	286	300	285	247	247	280	309	351
2. Private Creditors	1275	1180	1226	1050	1115	1134	1246	1262	1425	1459	1426	1303	1435	1325	1307	1279
a. Bonds	45	35	29	23	22	42	58	60	74	81	105	102	256	227	180	154
b. Financial Credits	674	611	621	487	530	445	446	473	517	497	421	362	332	315	273	209
c. Commercial Credits	556	534	576	540	564	648	742	729	834	880	901	838	847	783	855	916
o/w Export Credits	211	217	239	233	243	343	449	493	625	717	753	705	704	635	693	751
o/w Suppliers' Credits	345	317	337	306	321	305	293	237	209	163	148	113	85	60	42	27
Private NonGuaranteed LT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total LT Interest	1436	1361	1427	1274	1376	1409	1564	1576	1811	1851	1824	1700	1883	1852	1906	1952
IMF Service Charges	0	0	0	0	0	0	0	0	0	39	67	82	93	75	51	33
Interest Paid on ST Debt	116	404	184	136	140	128	36	66	272	114	129	517	147	147	147	147
Total Interest Paid	1552	1765	1611	1410	1517	1537	1600	1641	2083	2004	2020	2300	2123	2074	2104	2131

ALGERIA

EXTERNAL CAPITAL FLOWS AND DEBT
(Millions of Current US Dollars)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
	Actual										Prelim.	Projection				
DISBURSEMENT																
Public & Publicly Guar.LT	3398	2798	2617	3523	4175	3988	4545	4575	5912	5024	4887	8170	6403	5514	5150	5144
1. Official Creditors	566	480	549	774	837	599	622	1001	1623	1969	1487	2051	2052	1723	1391	1091
a. Multilateral	54	66	35	97	215	184	314	263	478	348	757	901	855	781	662	515
o/w IBRD	39	42	29	65	70	148	138	129	170	204	508	601	710	655	556	499
o/w IDA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
b. Bilateral	512	414	514	677	621	415	308	738	1145	1621	730	1150	1197	942	729	576
2. Private Creditors	2832	2317	2068	2748	3339	3388	3923	3574	4289	3055	3399	6119	4352	3790	3759	4053
a. Bonds	30	0	0	0	0	500	93	50	437	296	0	2000	0	0	0	0
b. Financial Credits	891	258	664	932	609	1023	1920	389	514	145	206	293	1012	350	100	0
c. Commercial Credits	1911	2060	1404	1816	2729	1865	1911	3135	3338	2613	3194	3826	3340	3440	3659	4053
o/w Export Credits	942	1035	722	892	1654	1363	1490	2386	2648	2098	2648	3025	2350	2348	2462	2852
o/w Suppliers' Credits	969	1025	681	924	1076	502	421	749	691	515	327	138	82	7	3	0
Private NonGuaranteed LT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total LT Disbursements	3398	2798	2617	3523	4175	3988	4545	4575	5912	5024	4887	8170	6403	5514	5150	5144
IMF Purchases	0	0	0	0	0	0	0	0	0	604	0	317	106	0	0	0
Net ShortTerm Capital	-1127	25	-35	-6	4	-48	254	315	339	270	-130	-353	0	0	0	-145
Total Disbursements	2271	2822	2582	3516	4180	3940	4799	4890	6251	5898	4757	8134	6509	5514	5151	4999
	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
	Actual										Prelim.	Projection				
REPAYMENTS																
Public & Publicly Guar.LT	2482	2552	2954	3317	3608	3504	3585	3840	4481	5221	6206	5575	5481	5178	5074	5255
1. Official Creditors	244	253	287	427	658	694	782	901	969	1182	1616	1350	985	929	993	1076
a. Multilateral	42	22	26	26	100	143	104	184	222	218	232	259	220	221	256	338
o/w IBRD	13	20	24	22	40	42	51	79	112	112	134	159	157	168	206	273
o/w IDA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
b. Bilateral	203	231	261	402	558	551	678	717	747	964	1384	1090	766	707	737	738
2. Private Creditors	2237	2300	2668	2889	2950	2810	2803	2939	3512	4039	4590	4226	4495	4250	4081	4179
a. Bonds	15	31	56	33	15	71	27	58	97	62	63	52	130	645	402	386
b. Financial Credits	918	887	900	1029	950	849	566	431	769	467	822	1050	904	880	956	860
c. Commercial Credits	1305	1382	1712	1828	1985	1890	2209	2450	2645	3509	3705	3123	3461	2725	2723	2933
o/w Export Credits	417	520	759	743	831	833	1197	1396	1803	2632	2983	2443	2628	1756	1569	1634
o/w Suppliers' Credits	888	863	953	1084	1154	1057	1012	1053	843	877	722	531	376	279	231	138
Private NonGuaranteed LT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total LT Repayments	2482	2552	2954	3317	3608	3504	3585	3840	4481	5221	6206	5575	5481	5178	5074	5255
IMF Repurchases	0	0	0	0	0	0	0	0	0	0	0	0	166	325	279	197
Total LT Repay. & IMF Repur.	2482	2552	2954	3317	3608	3504	3585	3840	4481	5221	6206	5575	5647	5503	5353	5452

ALGERIA

BALANCE OF PAYMENTS
(in million dollars)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
					Actual						Prelim.			Projection		
Foreign Exchange Reserves:																
1. Gold fine troy ounces (end period)	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6
2. Gold price UK/London	590	398	457	382	308	327	391	484	410	401	385	385	350	350	350	350
3. Int'l Reserves, Gold	3289	2218	2550	2129	1720	1825	2181	2701	2289	2238	2156	2156	1960	1960	1960	1960
4. Total Reserves excl. Gold	3773	3695	2422	1880	1464	2819	1660	1640	900	847	730	1530	2055	2298	2635	3250
5. Total Reserves incl. Gold	7062	5913	4972	4009	3184	4644	3841	4341	3189	3085	2886	3686	4015	4258	4595	5210
6. Gross Reserves in Months of Imports	3.1	2.9	2.0	1.6	1.2	2.3	1.5	1.9	0.9	0.8	0.6	1.3	1.7	1.8	2.0	2.2
Exchange Rates (DA/\$)																
1. Real Eff. Exch. Rate (base=1980)	100	111	116	125	133	144	133	117	97	83	75					
2. Nom. Off. Exch. Rate (IFS, AD/\$)	3.8	4.3	4.6	4.8	5.0	5.0	4.7	4.8	5.9	7.6	8.9	16.2				
Shares of GDP (current US\$)																
Resource Balance	2.8%	2.4%	1.9%	1.1%	1.2%	1.6%	-4.3%	0.7%	-3.1%	-2.1%	3.9%	0.7%	0.1%	1.5%	2.2%	2.5%
Total MLT Interest Payments	3.4%	3.1%	3.2%	2.6%	2.6%	2.4%	2.5%	2.4%	3.4%	3.8%	3.4%	4.3%	5.6%	5.6%	5.3%	5.0%
Current Account Balance	0.6%	0.3%	-0.4%	-0.2%	0.1%	1.7%	-3.5%	0.2%	-3.8%	-2.2%	3.2%	-0.8%	-1.6%	0.1%	0.9%	1.5%
LT Capital Inflow	2.1%	-0.1%	-2.1%	-1.8%	-0.8%	-0.1%	0.6%	0.0%	1.8%	0.5%	-2.5%	2.2%	3.4%	1.6%	0.8%	1.0%
Net Credit From IMF	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.2%	0.0%	0.8%	-0.2%	-1.0%	-0.8%	-0.5%
Memo: GDP at Current US\$	42347	44365	45197	48812	52947	57997	63065	64479	53554	49200	53940	39813	33449	33331	35765	38658
Change in Net Reserves (-=loss)	1341	208	-1101	-452	-366	1021	-1483	-276	-736	-644	-320	678	585	568	617	812
Valuation Changes (-=loss)	-79	118	-63	69	30	167	319	346	330	0	0	0	0	0	0	0
Change in Net Foreign Assets (CB)	1262	326	-1165	-382	-336	1188	-1163	69	-406	-644	-320	678	585	568	617	812
Change in Gross Reserves (CB)	1115	-78	-1273	-542	-416	1355	-1159	-20	-740	-53	-117	800	525	243	338	615
Net Credit from IMF	0	0	0	0	0	0	0	0	0	604	0	317	-60	-325	-279	-197
Change in Other Liabilities (CB)	-147	-404	-108	-160	-80	167	4	-89	-334	-13	203	-195	0	0	0	0
Memo:																
Total DOD ST (US\$) 1/	806	831	796	790	794	746	1000	1315	1621	1840	1820	1467	1467	1467	1467	1322

1/ Algerian Government preliminary estimates through 1986.

Source: Algerian authorities and World Bank estimates.



Record Removal Notice

File Title Masood Ahmed - Chronological File - January 1990 to June 1991		Barcode No. 30450197
Document Date April 30, 1991	Document Type Memorandum	
Correspondents / Participants To: Mr. Kemal Dervis, Director, EM2 From: Masood Ahmed, Chief EM2IE		
Subject / Title EM2IE Staffing Situation and Prospect		
Exception(s) Personal Information Corporate Administrative Matters		
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.
		<table border="1"><tr><td>Withdrawn by Shiri Alon</td><td>Date November 14, 2022</td></tr></table>
Withdrawn by Shiri Alon	Date November 14, 2022	

OFFICE MEMORANDUM

DATE: April 19, 1991

TO: Mr. Kemal Derviş, Director, EM2

FROM: Masood Ahmed, Chief EM2IE

EXTENSION: 32340

SUBJECT: ALGERIA - EFSAL - Processing Schedule



I am pleased to attach for your information the revised processing schedule for the above operation.

cc. Messrs. Brizzi, Kjellstrom, Parks, Saltoglu
Ms. Kumar
MAhmed:cg

April 18, 1991

ALGERIA

Enterprise and Financial Sector Adjustment Loan

Processing Schedule (April - June, 1991)

April 19, Friday:	Initiating Memorandum, Regional Review Meeting (15H00)
April 23, Tuesday:	Initiating Memorandum, Directors' Meeting (11H00)
April 24, Wednesday:	Initiating Memorandum to Operations Committee
April 26, Friday:	Draft Letter of Development Policy ready
April 30, Tuesday:	Revised President's Report ready
May 1, Wednesday:	Operations Committee Meeting to discuss Initiating Memorandum
May 2, Thursday:	Departure of Appraisal Mission (members: Kjellstrom, Kumar, El-Naggar,
May 4, Saturday:	Start of Appraisal Mission in Algiers
May 7, Tuesday:	End of Appraisal Mission in Algiers
May 9, Thursday:	Appraisal Mission back at Headquarters
May 10, Friday (cob):	Yellow Cover Package circulated
May 14, Tuesday:	Start of Negotiations
May 20, Monday:	End of Negotiations
May 28, Tuesday:	Final Agreement from GOA
May 30, Thursday:	Documents distributed
June 20, Thursday:	Board Presentation

TRANSMISSION CONFIRMATION REPORT

No. =000332

DATE/TIME	APR 18, 1991 9:04AM
DURATION	40s
TRANSMITTER (FROM)	WB EM21E 202-477-1998 202 477 1998
RECEIVER (TO)	----- 213 2 603777
PAGES XMITTED	01
PAGES ERRORED	
RESULT	OK
COMM. MODE	G3
RESOLUTION	NORMAL

5005508080

TELEFAX TRANSMITTAL SHEET

**Country Department II
Europe, Middle East and North Africa Region**

DATE: April 17, 1991

NUMBER OF PAGES: 1 (including this page)

TO: Mr. Hadj Nacer
Gouverneur
Banque Centrale d'Algérie
Alger, Algérie

FAX NUMBER: 213 2 60 37 77

FROM: Masood Ahmed, Chef de Division, Industrie et Energie

FAX NUMBER: (202) 477 1998

TELEPHONE: (202) 473-2340

MESSAGE

Re: ta prochaine visite à Washington

L'hôtel dont je t'avais parlé est le Four Seasons à Georgetown. Je ne sais pas si les réservations pour les participants au Comité Intérimaire sont faites directement par l'intermédiaire d'un bureau central du Fonds Monétaire. Si non, faites-moi savoir les dates précises de ton séjour et je ferai le nécessaire.

En tous les cas, il y a quatre chambres chez moi qui attendent les amis et le jardin est dans ses meilleurs couleurs. Ca sera la meilleure solution.

Amitiés.



Masood

If you experience problems with this transmission, call us back as soon as possible.
Our central facsimile number is (202) 477-6391.

OFFICE MEMORANDUM

DATE: April 16, 1991

TO: Mr. W.A. Wapenhans, EMNVP

FROM: Kemal Dervis, Director, EM2

EXTENSION: 32776

SUBJECT: ALGERIA - Enterprise and Financial Sector Adjustment Loan
(EFSAL) - Initiating Memorandum

Attached please find for your review and for consideration by the regional review group, the draft Initiating Memorandum for the above project.

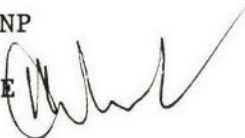
cc. Messrs./Mme. Costa, Coudol, Brizzi (EM2DR), Ahmed, Kjellstrom, Kumar, Saltoglu (EM2IE), Ayub, Parks, Khadr (EM2CO), Al-Khafaji (EM2IN), Krafft (EM2AG), Rogerson (EM2PH)

MAhmed:cg

OFFICE MEMORANDUM

DATE: April 15, 1991

TO: Mr. Hans Mehltrittter, EMNP

FROM: Masood Ahmed, Chief EM2IE 

EXTENSION: 32340

SUBJECT: Financial Sector Specialist Position

Thank you for sending me the applications received to our two VIS notices for financial Sector Specialists. I agree with you that the results are disappointing. Indeed, there is not a single candidate who would fit the requirements of the position.

I will get back to you in a few days to see how best we might move to fill this vacancy. I suspect that we may have to go for external recruitment, given the Bank wide shortage of financial sector specialists. In the meantime, I am sending simple "regrets letters" to the existing candidates who have taken the trouble to apply.

MAhmed:cg



Record Removal Notice

File Title Masood Ahmed - Chronological File - January 1990 to June 1991		Barcode No. 30450197
Document Date April 15, 1991	Document Type Memorandum	
Correspondents / Participants To: Mr. Philippe Callier, EDIFI From: Masood Ahmed, Chief EM2IE		
Subject / Title Financial sector Specialist		
Exception(s) Personal Information		
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.
		<table border="1"><tr><td>Withdrawn by Shiri Alon</td><td>Date November 14, 2022</td></tr></table>
Withdrawn by Shiri Alon	Date November 14, 2022	



Record Removal Notice

File Title Masood Ahmed - Chronological File - January 1990 to June 1991		Barcode No. 30450197		
Document Date April 15, 1991	Document Type Memorandum			
Correspondents / Participants To: Mr. Paul Anthony Nickson, IENEE From: Masood Ahmed, Chief EM2IE				
Subject / Title Financial sector Specialist				
Exception(s) Personal Information				
Additional Comments		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td>Withdrawn by Shiri Alon</td><td>Date November 14, 2022</td></tr></table>	Withdrawn by Shiri Alon	Date November 14, 2022
Withdrawn by Shiri Alon	Date November 14, 2022			



Record Removal Notice

File Title Masood Ahmed - Chronological File - January 1990 to June 1991		Barcode No. 30450197		
Document Date April 15, 1991	Document Type Memorandum			
Correspondents / Participants To: Mr. Bahram Mahmoudi, ITFFM From: Masood Ahmed, Chief EM2IE				
Subject / Title Financial sector Specialist				
Exception(s) Personal Information				
Additional Comments		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td>Withdrawn by Shiri Alon</td><td>Date November 14, 2022</td></tr></table>	Withdrawn by Shiri Alon	Date November 14, 2022
Withdrawn by Shiri Alon	Date November 14, 2022			



Record Removal Notice

File Title Masood Ahmed - Chronological File - January 1990 to June 1991		Barcode No. 30450197		
Document Date April 15, 1991	Document Type Memorandum			
Correspondents / Participants To: Mr. Vu M. Ngoc From: Masood Ahmed, Chief EM2IE				
Subject / Title Financial sector Specialist				
Exception(s) Personal Information				
Additional Comments		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td>Withdrawn by Shiri Alon</td><td>Date November 14, 2022</td></tr></table>	Withdrawn by Shiri Alon	Date November 14, 2022
Withdrawn by Shiri Alon	Date November 14, 2022			



Record Removal Notice

File Title Masood Ahmed - Chronological File - January 1990 to June 1991		Barcode No. 30450197		
Document Date April 15, 1991	Document Type Memorandum			
Correspondents / Participants To: Mr. Mark Charles Dorfman, LATTF From: Masood Ahmed, Chief EM2IE				
Subject / Title Financial sector Specialist				
Exception(s) Personal Information				
Additional Comments		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td>Withdrawn by Shiri Alon</td><td>Date November 14, 2022</td></tr></table>	Withdrawn by Shiri Alon	Date November 14, 2022
Withdrawn by Shiri Alon	Date November 14, 2022			

April 11, 1991

Mr. Koji Kashiwaya, CESVP

Koji:

Following the meeting you had on this issue with two officials from Tunisia last month, we have received a formal request from the Tunisian Minister of Planning for Bank assistance in the design and implementation of the next phase of their privatization program. The Tunisians have also asked for Bank help in mobilizing grant funds for this technical assistance, particularly citing the Japanese Grant facility.

I understand that the subject has subsequently been discussed amongst our staff. Our preference would be for CFS to take a lead in this matter given your obvious comparative advantage. We would, of course, provide support and the country focus as needed. We have suggested this approach in the attached draft memo to Mr. Wapenhans.

If you agree, please let me know so we can finalize the attached memo and letter and then arrange to meet amongst ourselves on how to handle the next steps.

Thanks.



Kemal Dervis

cc. Messrs. Elwan (CFSPC), Ahmed (EM2IE)

The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street, N.W.
Washington, D.C. 20433
U.S.A.

DRAFT
(202) 477-1234
Cable Address: INTBAFRAD
Cable Address: INDEVAS

Le 10 Avril 1991

Son Excellence Monsieur Mustapha Kemal Nabli
Ministre du Plan et du Développement Régional
Tunis, Tunisie

Monsieur le Ministre,

Je vous remercie de votre lettre du 1er Avril 1991. Les progrès accomplis par la Tunisie pour désengager l'Etat des secteurs productifs concurrentiels ont été remarquables, en particulier par le consensus social que les autorités tunisiennes ont su bâtir en sa faveur dans la société.

Je me félicite donc que vous m'indiquiez dans votre lettre que la Tunisie veut maintenant aborder une phase ambitieuse de son programme de privatisation, en passant à la privatisation d'entreprises de plus grande importance économique. Cette nouvelle phase de privatisation peut avoir un impact significatif sur l'économie de la Tunisie, car, comme vous le signalez, le passage au secteur privé de ces entreprises pourra y accroître la concurrence et la compétitivité, tout en dynamisant la Bourse de Tunis.

Le Groupe Banque Mondiale est tout prêt à aider les autorités tunisiennes dans cette démarche, soit pour trouver des formes de financement concessionnel pour le volet assistance technique, soit pour fournir son propre financement et son soutien technique aux opérations de privatisation proprement dites. Le Département des Cofinancements rest le mieux à même de vous assister dans la phase initial de mise en place du financement de l'assistance technique. La Société Financière Internationale (SFI), pour sa part, forte de son expérience en matière de privatisation, pourra assister vos collaborateurs dans la rédaction des termes de référence pour les consultants, et pour la définition précise du programme d'assistance technique. J'ai donc demandé au Département des Cofinancements et à la SFI de contacter vos collaborateurs pour organiser les étapes suivantes de la collaboration de la Banque avec la Tunisie sur ce dossier.

Haute considération.

Willi Wapenhans

OFFICE MEMORANDUM

DATE: April 12, 1991

TO: Mr. W. A. Wapenhans, EMNVP

FROM: Kemal Dervis, Director, EM2

EXTENSION: 32776

SUBJECT: Request from Tunisian Minister of Planning for Bank Assistance on Privatization Program

1. The Tunisian Minister of Planning and Regional Development, Mr. Mustapha Kemal Nabli, sent you on April 1, a letter requesting Bank assistance to implement a new phase of their ongoing privatization program.

2. The Minister's letter can be summarized as follows:

"As you know, the Tunisian Government is currently implementing a Bank-supported adjustment program, one component of which is a program to privatize a number of public enterprises, now well underway. The program's first phase is now almost complete, and aimed at privatizing enterprises in need of restructuring, in order to alleviate their impact on the State's finances. A second phase of disengagement of the State out of the productive sectors consisted of public enterprises selling their portfolios of stock in private enterprises, in 11 transactions, for a total amount of US\$26 million equivalent.

The Government now intends to broaden the scope of its privatization program to larger, profitable enterprises, with the aim of increasing competition in the private sector and making the country's Stock Exchange more dynamic.

For this purpose, the Tunisian authorities would need technical assistance in matters of evaluation of assets, financial engineering, and identification of potential foreign buyers.

As the Government intends to launch this third phase very soon, the possibility of finding financing for such technical assistance from the Japanese Grant Facility was already discussed by a Tunisian delegation here in Washington with Messrs. Kashiwaya and Elwan, who were favorable to the idea, provided you would approve of it. "

3. The Bank has been supporting the initial phases of Tunisia's successful privatization program through the 1989 Public Enterprise Reform Loan. This loan was made effective in early 1990, and release of the second tranche is pending. Under the privatization component of this loan, the Tunisian Government adopted the principle of privatization for all "non-strategic" public enterprises operating in competitive productive sectors. The Government has so far privatized 40 enterprises,

for a total amount of US\$150 million equivalent.

4. This letter follows a recent visit by two senior Tunisian officials involved in the public enterprise reform program. During that visit, they asked whether the Bank group could provide technical assistance to the Tunisian authorities in the design and supervision of the next phase of their privatization program and whether concessional funding for this could be mobilized. We advised them of the work that CFS was carrying out in this area and the possibility of asking for funding under the Japanese Grant Fund Facility. A subsequent meeting was also arranged with Messrs. Kashiwaya and Elwan. Following that meeting, the Tunisians proposed to send a formal request for Bank support and that is the purpose of the Minister's letter. We believe that CFS and IFC are best qualified to assist the Tunisian authorities with the implementation of the next stages of their proposed program. Should there be an opportunity for the Bank to finance a portion of the privatization program itself, we could study the possibility of integrating this into our lending program for Tunisia. In particular, a line of credit to the Tunisian banking system, currently under preparation, could be an appropriate vehicle for this purpose.

5. As a first step, we suggest that CFS examine the possibility of using the Japanese Grant Facility to finance feasibility studies, as requested by Mr. Nabli; and that they make contact with the Tunisian counterpart (Mr. Jebali, Director General, Direction Générale des Entreprises Publiques, Premier Ministère) to discuss the means for financing the feasibility studies. We would, of course, provide support to CFS staff in this work as needed.

cc: Mssrs/Mmes Kashiwaya (CFSVP), Elwan, Saghir (CFSPC), Rahim, Pigato (EM2CO), Ahmed, Carrère, Kjellstrom, Patel (EM2IE)

MAhmed/JMDoublet

EM2IE

Financial Sector Work Program

MOROCCO

- (i) Financial Sector Adjustment Loan + Credit Line to 9 PFI's to be presented to the Board in June/July 1991.
- (ii) Three other credit line operations under implementation. Commitments mostly completed. Disbursements about \$100 million still to go.
- (iii) Active dialogue with Banks and central authorities on financial issues.

During FY92; specific tasks will include:

- (i) Declaring effectiveness of adjustment operation and review of performance leading to second tranche release in Spring 92.
- (ii) Supervision of sub-loans; principal load will be the approval of sub-project commitments on proposed new operation.
- (iii) Annual review of performance of banking sector (in February 1992) based on 1991 results; feedback on sub-project quality; administrative issues relating to Bank relationship.
- (iv) Clarification of Bank strategy for lending for agricultural and housing finance. Separate operations for CNCA and CIH are proposed by respective sector divisions but may run into difficulty with overall Bank strategy/standards for financial sector intermediation support.

Total FY92 CAM allocation for Morocco for above 50-70sw.

TUNISIA

- (i) Three industrial credit operations under supervision; two of which are fully committed and mostly disbursed, and the third is about half committed.
- (ii) Preparation of a new industrial finance credit line with multiple banks in association with a financial sector adjustment/restructuring program to be supported under a parallel SAL. This will be a complex operation in so far as it will need to address the difficult question of bank portfolio restructuring (something with which the Tunisians are not yet very familiar). It will also

be the first post-levy intermediation loan. Both operations should proceed through negotiations during FY92.

Total FY92 CAM allocation for Tunisia for the above work will likely be 100-120sw.

ALGERIA

- (i) One Financial Sector TA project was approved by the Board last year but still needs to take off in the field.
- (ii) A financial sector adjustment loan is to be presented to the Board in July 1991.
- (iii) A first credit line for the construction industry is under preparation (by the Infrastructure Division). This line is with only one Bank and may run into considerable difficulty with the new OD.
- (iv) A sector wide financial intermediary loan has to be prepared and appraised.
- (v) The dialogue with the Algerians is now quite open but difficult. Putting together a multi-foceted financial sector assistance program for this country and managing its implementation will likely require the same level and type of expertise as, say, for Poland or Czechoslovakia.

The CAM allocation for the above work in FY92 will probably be around 120sw.

STAFFING

The Division's own staff, once prospective departees are accounted for, will constitute:

- One experienced financial economist (Forestier).
- One junior economist with considerable promise (Doublet)
- One mid-level MBA/economist with good potential but no financial sector experience (Patel)
- One MBA operations assistant (Pham)
- Two vacancies.

March 28, 1991

Mr. F. Al-Sultan

Dear Mr. Al-Sultan:

The attached package has been sent to me to pass on to you by Mr. Ahmed Abdel Aziz, whom I met last December, when I was invited to speak at a meeting of the Mid-America Arab Chamber of Commerce in Chicago. Mr. Abdel Aziz works at Bear Stearns and is active in organizing events at the Arab Chamber of Commerce.

He mentioned to me on the phone that the contents of the package relate to a proposal on how his firm can assist in mobilizing financing for the reconstruction of Kuwait, but I am afraid he did not offer, and I did not ask for, any further details.

In any event, I am happy to pass it on to you for your appropriate disposition.

Regards,

A handwritten signature in dark ink, appearing to read "Masood Ahmed", with a stylized flourish at the end.

Masood Ahmed
Ext. 32340

OFFICE MEMORANDUM

DATE: March 26, 1991

TO: Mr. James Roan, EMNP

FROM: Kemal Dervis, Director, EM2

EXTENSION: 32340

SUBJECT: Ms. Barbara Lewis

DECLASSIFIED

NOV 14 2022

WBG ARCHIVES

CONFIDENTIAL

As you know Ms. Lewis has requested a two month extension to her termination date, currently agreed as March 31, 1991. Her justification for this request, relates primarily to the impact that the Gulf Crisis has had on recruitment and vacancy announcement decisions, both within the Bank Group and in regard to her job search efforts outside the Bank.

Given these special circumstances, the Department agrees to extend her termination date, on an exceptional and one time basis, to May 31, 1991. If you concur, could you please take steps to issue the appropriate notifications and make the necessary amendments to the documentation.

cc. Mr. Ahmed (EM2IE)

ROUTING SLIP		DATE:
NAME		ROOM NO.
Mr. Ayub.		
Mr. Khaliq		
APPROPRIATE DISPOSITION	NOTE AND RETURN	
APPROVAL	NOTE AND SEND ON	
CLEARANCE	✓ PER OUR CONVERSATION	
COMMENT	PER YOUR REQUEST	
FOR ACTION	PREPARE REPLY	
INFORMATION	RECOMMENDATION	
INITIAL	SIGNATURE	
NOTE AND FILE	URGENT	
REMARKS: Mahmood Pasha - the attached comments on the Trade/Escal loan matter from Sven/Ayali may be useful. Masood		
FROM: Masood Ahmed	ROOM NO.: H-4061	EXTENSION: 32340

OFFICE MEMORANDUM

DATE: March 21, 1991

TO: Mr Masood Ahmed, Division Chief, EM2IE
SPK

FROM: Sven Kjellstrom and Anjali Kumar, EM2IE

EXTENSION: 32288 and 32345

SUBJECT: ALGERIA - Proposed Trade and Fiscal Reform Loan

A. General Comments

1. Since we have both already commented on the proposed loan, and many of our comments have been taken into account, there is relatively little to add or reiterate here. As currently designed, the operation is ambitious, but also well thought through and hence to a large extent within the realm of the doable.

2. There is however a remaining important issue regarding the coverage of the operation. Whereas the two components of import liberalization and price liberalization are clearly defined and delineated, the third component of fiscal reform is more loosely defined and open-ended. Unless more narrowly defined, the fiscal reform component could become a not overly productive digression, thereby detracting from the loan, rather than adding to it.

3. The fiscal reform component covers actually three different sub-components: first, tax reform; second, budget expenditure; and third, surplus disposal or deficit financing. Tax reform is a natural complement to import liberalization, and might be considered as a means of making the whole reform package relatively revenue neutral, or, if need be, revenue enhancing. A review of budget expenditure is a very different matter, and a huge task by itself. There is no reason to single out the contentious issue of salary policy, nor would it seem wise to add a review of public investment. My recommendation is that we delete, or at least greatly circumscribe, the budget expenditure review subcomponent. If we want to review budget expenditure, and there might be good reasons for this, it would be better to do it as a separate exercise (and not link it up front to a loan, which could delay loan processing). An analysis of means of dealing with a budget surplus, or deficit, has some merit under the proposed loan, but it is not a central theme under the operation, and should thus not be given a prominent place. This topic could even be included under the discussion of an appropriate macroeconomic framework without which the proposed loan would not be able to go ahead.

4. A final general comment is that all components, and in particular the

third, will have to be closely co-ordinated with the IMF, both in terms of the stand-by foreseen for 1991 and a possible follow-up stand-by for 1992. This important co-ordination aspect should be mentioned and anticipated.

B. Specific Comments

5. On tax reforms (point 2a): it is unclear how much more needs to be done on direct taxes on enterprises (BIC); Algeria has already had a major reform in this area, with the consolidation of individual units' taxes at the enterprise level, and a lowering of the overall tax rate. What may be more relevant for enterprises are the indirect taxes, the TAIC (turnover tax) and the quasi-VATs (TUGP and TUGPS). The question of whether the former is necessary, given the existence of a profits tax, also leads to issues of the distribution of the tax bases between the center and the wilayas (we have been told that the justification of the TCA was that this goes to the latter, while the BIC, or profits tax, goes to the center). If possible, perhaps these issues could be added to the agenda.

6. On budgetary expenditures (point 2b): There is a potential overlap with the FISAL in the examination of expenditures on enterprise restructuring. It may be messy if these are monitored in both operations and we may need to decide, probably on the basis of timing, where they ought to go, assuming budget expenditure review is not deleted from the proposed loan.

7. On price liberalization (point A): In terms of the monitoring of the shifts of products from one category to another in the CPI, the Algerian authorities have already set this up, at a finer level of disaggregation, I think, than us (3-digit v 2-digit), and we could ask them to feed in recent changes to evaluate their impact. There is a larger issues in this area, however, which is the possibility of moving away from the CPI, in our analysis of price movements. While this was the only system of weights available to us at the time of the ERSI, the CNP had already by then begun to compile an index of industrial production and had begun to talk of restoring the defunct wholesale price index. These would be very useful, as the CPI virtually ignores highly significant (and mostly controlled) intermediate goods. There may be a substantial amount of work to be done in this area.

8. In terms of the matrix and loan negotiation, there may be other areas to explore, in price reform, besides the shift from 'marge plafonné' to 'prix déclaré'. These include (i) the relaxation of some margins (producer or grossist) without the relaxation of retail margins, to promote competition at the production and distribution levels, while still maintaining safeguards for the consumer; (ii) lengthening or relaxing of notification requirements; and (iii) improved implementation of remaining price controls to promote competition and safeguard against monopoly (by preventing the setting of unique, cartelized prices by producers in certain industries). The reasons for raising these issue now is that, if they are to be possibly included later, the Bank may begin to explore the Algerian reactions early on, and familiarize them with the ideas involved.

March 19, 1991

TO: Mr. Jacques Artus (IMF)

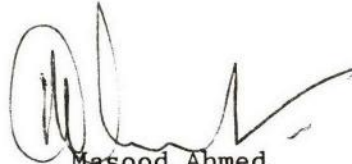
Re: Foreign Exchange Risk Coverage Schemes

Jacques:

When we spoke on this subject some weeks ago, I had said to you that I thought that foreign exchange risk coverage schemes were in place in a number of countries outside the Maghreb. Since then I asked one of my colleagues to collect the relevant pages from the most recent Bank financial sector project appraisal reports, to see more clearly what the situation was. The attached dozen or so excerpts provide a wide range of examples from projects that have already gone to the Board. I am now getting together similar information for projects that are still under preparation, to see if there is some discernable evolution in the apparently widespread use of such schemes.

I thought this information may be of interest to you.

Regards.



Masood Ahmed

The World Bank/IFC/MIGA
O F F I C E M E M O R A N D U M

DATE: 08-Mar-1991 01:57pm

TO: Mahmood Ayub (MAHMOOD AYUB)

FROM: Masood Ahmed, EM2IE (MASOOD AHMED)

EXT.: 32340

SUBJECT: Input for the Messrs. C Meeting

Mahmood Pasha

For Algeria, you might wish to include something along the following lines.

"A high level Algerian delegation has just left Washington after two weeks of discussions with the Fund and ourselves. Following these discussions, there is now substantial agreement on the various elements of the proposed Fund program, with the exception of a couple of important points (speed and scope of price liberalization; nature and timing of mid 1991 additional exchange rate adjustment). Mr Camdessus is scheduled to meet with Minister Hidouci and the Governor of the Central Bank in Paris next tuesday to agree on these points and to discuss the question of the form in which the fund will be provided "assurances" that the actions agreed for in mid/late 1991 will indeed be adhered to , particularly if a new Government is in place. This question has become even more relevant after President Chadli's announcement yesterday that the elections will take place in June.

You may wish to ask Mr Camdessus as to the results of his meeting of tuesday. As to our own program and the proposed enterprise and financial sector adjustment loan in particular, following the recent discussions there are now no major policy obstacles to appraisal and Board presentation. However, we have stressed to the Algerians and you might wish to also let Mr Camdessus know, that Board Presentation in June/July 1991 is only feasible if the Algerian side adheres to a rather tight timetable for initiating a series of enterprise restructuring studies and preparing certain concrete implementation plans for financial sector reform. The Algerians are pressing for an early Board date, and we are ready to move at full speed, but the ball is now very much in their court, and we hope that the timetable will not suffer because of pre-electoral malaise. (For your own information: if the elections do indeed go ahead in June, it is quite likely that the Board Presentation of the adjustment operation will slip into July since it will be difficult to get final commitment on the Pre Board package from the Government in the month leading up to the elections."

Please let me know if you need any further info/input.

CC: Carmen A. Gad

(CARMEN A. GAD)

The World Bank/IFC/MIGA
O F F I C E M E M O R A N D U M

DATE: 08-Mar-1991 02:33pm

TO: Carmen A. Gad (CARMEN A. GAD)

FROM: Masood Ahmed, EM2IE (MASOOD AHMED)

EXT.: 32340

SUBJECT: action

Carmen

This is a vis announcement for aFinancial Sector
Specialistlevel23/24

Para1. copy from other vis about the division's role

2. In support of its operational program in the financial sector, the division is seeking to recruit an experienced financial sector economist or banking specialist. This person will be expected to play a key role in the following areas:

- providing technical support to client countries in the design and implementation of financial sector reform and restructuring programs;

- participating in, and leading, the preparation of Bank lending operations in the financial sector of these countries; the division's existing and planned operations include a mix of adjustment and financial intermediation operations;

- preparing formal and informal paper on various aspects of the financial sector for both an internal Bank audience, and, more importantly, in response to requests for such work by counterpart officials.

3. The selected candidate is likely to have hands on experience in the design and implementation of similar work in the Bank Group. To the extent that he/she is not already experienced in certain aspects of financial sector operational work, a high premium will be placed on the demonstrated ability and willingness to learn and apply new concepts and ideas.

4. Fluency in French is essential. Equally important is the ability to put this fluency to good use in terms of the ability to present ideas and recommendations clearly and concisely, for audiences of different backgrounds. Personal interaction skills are also going to be a determining factor in the rating of candidates.

Pls put this on a vis form and let me have it back for signature before I leave. Should go to Hans by Monday. Thanks.

OFFICE MEMORANDUM

DATE: March 4, 1991

TO: Mr. Moeen A. Qureshi, OPNSV

FROM: W.A. Wapenhans, EMNVP

EXTENSION: 32676

SUBJECT: MOROCCO: Proposed Modification in FY91/92
Adjustment Lending Strategy

1. You will recall that during the OC Meeting of February 7 on the proposed SAL II for Morocco, the Region was authorized to proceed with the appraisal of the project under certain conditions. These included: (i) an assurance that a Fund program (preferably but not necessarily an EFF) would be in place prior to Board presentation; (ii) given the Bank's high exposure, broad-based financial support from the IMF, the private sector, the IFC, the Gulf Coordination Council and other lenders should be sought, and Morocco should be encouraged to proceed to the second part of the London Club agreement; and (iii) the Region would sharpen the focus of the core conditionality to be sought in the operation.

2. Shortly after the OC Meeting, Kemal Dervis went on a brief visit to Morocco to ascertain the position of the authorities on the above issues, in particular on the prospects for an agreement with the IMF. The purpose of this memorandum is to report to you on his findings and to seek your guidance on a somewhat modified lending proposal for Morocco.

3. Mr. Dervis' discussions with the Government confirmed our worst fears about the economic impact of the Gulf crisis and its political fallout in terms of greater hesitation of the authorities in taking needed but unpopular measures.

4. The war has already had a direct effect on tourist arrivals and, more importantly, tourist bookings for the summer season. Even assuming some pick up later in the year, the best guess estimates are a drop of between \$700 million and \$1 billion in 1991 tourism revenues. There is also a slowdown in export activity, but this can hopefully be recouped later in the year. Nevertheless, in the aggregate the direct and indirect effects on the 1991 balance of payments could be in the order of 5% of GDP.

5. These losses can be offset against the roughly \$750 million or so of Saudi, Kuwaiti and Emirates' grants that Morocco has received in the last few months, but the balance of payments position will still be very tight for the rest of the year.

6. Equally tight will be the Government's own financial situation, where the fiscal losses stemming from lower economic activities have been compounded by the recent decision of the King, in the face of mounting social pressure and political discontent, to revise public sector salaries and accept other related union demands. Even with the additional grant money, the resulting budget deficit this year could be around 3.5%.

7. A budget deficit of 3.5% of GDP and an overall growth rate of 3%, are not in themselves macroeconomic results that would preclude us from policy-based lending. Rather the problem is that, in the absence of additional revenue raising measures these results can only be obtained by holding back on investments in the social sectors and infrastructure development. That is not an outcome which we can support with a SAL that focussed on the need for greater investments in precisely these areas. The obvious solution would be for the Government to obtain parliamentary approval for additional revenue raising measures in a supplementary budget. But given the current political climate, the Government believes that the debate on the budget would provide the opposition with an opportunity to criticize the official position on the Gulf and that a rejection of the economic package could likely be organized as a surrogate for voicing political dissent. Moreover, to the extent that revenue raising measures are passed, they may well come as trade related taxes around which the opposition may be able to rally the remaining protectionist lobbies. For all these reasons, the Government has indicated a strong preference for pushing back any supplementary budget or other measures requiring parliamentary approval until later into the year.

8. In his discussions with the Moroccan authorities, Mr. Dervis reviewed three options. The first option assumes that the Government, notwithstanding the political opposition, adopts a supplementary budget which leads to a speedy agreement with the IMF. Under this scenario--which Mr. Dervis indicated clearly to the authorities as our preferred one--the SAL II would be prepared as planned. As indicated earlier, however, this may not be a realistic one, given the nature of the current political debate.

9. The second option is to put the SAL on hold and to come back when the necessary budget revisions have been made later in the year. There are two disadvantages to this. First, in terms of substance such an approach would imply that the package of financial sector reforms, which the Moroccans are able to carry out without specific parliamentary approval, would likely get delayed because of the lack of momentum and because some parts of the Moroccan bureaucracy will want to delay action so as to link it to the SAL Board presentation. This would mean that the credit line for the Morocco private sector which we are now preparing jointly with IFC and to include an IFC-led non government guaranteed commercial bank syndication, would likely also be delayed with a consequent impact on the supply of much needed term finance for the private sector. In addition we would lose the basis on which assistance in response to the Gulf crisis impact could be provided.

10. Secondly, the Moroccan authorities have indicated a strong desire for some kind of limited Bank adjustment operation in the interim until conditions are ripe for revisiting the public expenditures question. Holding back altogether would be seen by them as the Bank not being there when they most need it.

11. Under these circumstances, we propose for your approval the third option, which would involve the following:

- (i) Add the financial sector reform program which was to have been supported by the SAL to the private sector credit line and convert the latter to a hybrid operation. This operation would have a \$100-125 million quick disbursing component and an equally sized investment package. Subject to quick agreement with the Moroccans on the outstanding financial sector issues, this operation could be ready for Board presentation by June.
- (ii) The preparation of the SAL would continue on a parallel but slower track with the important proviso that its focus would now shift much more explicitly to the coverage of the social infrastructure issues. Board presentation could be envisaged for end 1991/early 1992. The Loan amount of the SAL would be reduced accordingly to take account of the overall exposure constraint, though the portion representing the Gulf crisis response should be accepted as additional.

12. The feasibility of this approach depends partly on the Fund. Our discussions with Fund staff suggest that a new standby agreement is not likely without the supplementary budget being approved, i.e. the new program will not be in place until fall 1991. We had agreed not to proceed with the presentation of the SAL in the absence of a Fund program and we would still like to maintain that position. However, we also believe that the macro situation for 1991 is sufficiently satisfactory for us to proceed with the smaller hybrid operation proposed above even before an agreement on a new standby has been reached with the Fund. We are in the process of verifying with the Fund area department staff whether they envisage any serious difficulties with such an approach and will come back to you for further guidance should that prove to be the case. In the meantime, the purpose of this memo is to seek your approval of the concept of the proposed hybrid operation so that the matter can be further pursued with the Moroccan authorities.

cc. Messrs. Grilli (EAS), Hasan (EMNVP), Dervis, Coudol (EM2DR), Ayub (EM2CO), Ahmed (EM2IE)

MAhmed/MAYub:cg

February 28, 1991

Mr. Mohamed Benhocine

Mohamed:

Since the subject is likely to come up in your discussions with Messrs. Hidouci and Brachemi in Algiers, I would like to reiterate the urgency of moving on the following three points so that the Board presentation of the Industrial/Financial Sector Adjustment Operation can proceed according to the schedule. These points are:

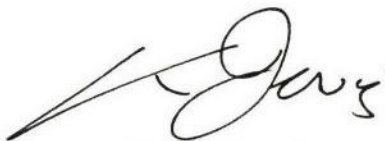
- 1) The remaining undisbursed balance of about \$100 million on the first Prêt de soutien à la réforme be fully drawn down;
- 2) the Technical Assistance project be effective and a significant portion of the funds be disbursed; and
- 3) the Pilot Industry project be effective and at least some disbursements from the loan have taken place.

Without these actions we really will not be in a position to justify another adjustment operation to the Board.

I have asked Masood to see with his team and with the Legal Department as to what could be done to speed-up any things at our end. However, I think a concerted action plan is also needed on the Algerian side to overcome any bureaucratic or other obstacles.

It would be extremely useful if you could help on this during your visit.

Thanks and bon voyage.



Kemal Dervis

OFFICE MEMORANDUM

DATE: February 15, 1991

TO: Ms. Alison Tregea, EM2GO

FROM: Masood Ahmed, Division Chief, EM2IE

EXTENSION: 32340

SUBJECT: Mid-Year Review: Gulf Crisis Update

1. Using as a base the Revised FY91 Work Program set out in my Mid-Year Review memo of December 7, 1990, the impact of the Gulf Crisis and associated travel restrictions is as follows:

FY91 Board Presentations: No impact

FY91 Appraisal Departures: No impact; however (i) MOR-PERL II appraisal may be delayed if SAL II appraisal is delayed (given sequencing of SAL before PERL); and (ii) Tunisia-Gas Development project appraisal to be added.

Sector Work: No impact

PCR: No impact

Dollar budget: No impact as all the missions scheduled for January-March will likely take place in April-June.

2. All this assumes that travel will indeed recommence in April and that one-two selected missions will go out in early March. If travel restrictions go beyond April, the principal impact will be on (i) FY91 appraisal departures and on preparation missions for FY92/93 operations; (ii) delays in supervision missions which will begin to affect project implementation.

3. In that event, staff redeployment, over and above what has already been achieved, will become necessary. It will be handled by further delaying recruitment of replacements for 3-4 divisional staff who have either left recently or are scheduled to leave in the coming three months. Associated savings on the dollar budget from both the salary account and from reduced travel of staff/consultants.

N:VENZIE1

EUROPE, MIDDLE EAST AND NORTH AFRICA REGION
COUNTRY DEPARTMENT II/EM2IE
FY91 REVIEW
TABLE 2

	ACT/CMT JULY-JANU	ESTIMATED FEB-JUN	FY91 FULL YEAR ESTIMATE	REVISED FY91 BUDGET As of 02/15	OVER(-) UNDER
--	----------------------	----------------------	-------------------------------	---------------------------------------	------------------

DISCRETIONARY COSTS

REGULAR SALARIES	670.3	428.8	1099.1	1158.3	59.2
TEMPORARY	85.5	20.1	105.6	45.0	-60.6
OVERTIME	1.6	0.6	2.2	5.0	2.8
STAFF TRAVEL	245.9	284.0	529.9	298.5	-231.4
CONSULTANT TRAVEL	57.3	100.2	157.5	83.0	-74.5
REPRESENTATION	2.1	0.0	2.1	0.0	-2.1
HOSPITALITY	0.0	0.0	0.0	0.0	0.0
CONSULTANT FEES	170.4	25.1	195.5	362.1	166.6
CONTRACTUAL SERVICES	3.7	0.0	3.7	2.0	-1.7
DIRECT COMMUNICATIONS	39.4	20.0	59.4	40.0	-19.4
INTERNAL COMPUTING	13.9	6.0	19.9	15.0	-4.9
TRANSLATION	28.4	20.3	48.7	60.0	11.3
EQUIPMENT HQ	0.0	0.0	0.0	0.0	0.0
TOTAL	1318.5	905.1	2223.6	2068.9	-154.7
DIRECT COSTS	0.0	0.0	0.0	0.0	0.0
LOCAL STAFF					
POST ALLOWANCES					
OTHER TRAVEL					
ICE OCCUPANCY					
PMENT					
MISCELLANEOUS	-0.9	0.0	-0.9	0.0	0.9
1	-0.9	0.0	-0.9	0.0	0.9
GRAND TOTAL	1317.6	905.1	2222.7	2068.9	-153.8

(1) EXCLUDING CONSULTANTS PAID FOR FROM CONSULTANT TRUST FUND RESOURCES

10:ET21E2

COUNTRY DEPARTMENT WORK PROGRAMS (MINI-VIK)
EMENA REGION - FY91

TABLE 1

COUNTRY DEPARTMENT II

	FY91		
	REV. CAM	ACTUAL YTD	FULL YEAR ESTIMATE

I. Outputs (Products):

1. Lending

A. Amounts (\$m)	0	114	
i) IBRD		114	114
ii) IDA			
B. No of Projects		1	
i) IBRD		1	1
ii) IDA			
C. Appraisal Missions			
i) Scheduled in FY91		1	300%
ii) FY91 End-year pipeline (%)	100		100
D. Average sw per project			

2. Economic & Sector Work

A. No of Economic Reports		0	
i) Formal Reports			
ii) Informal Reports			
B. No of Sector Reports			
i) Formal Reports	0	0	0
ii) Informal Reports	2	1	2
C. Research Papers			

3. Portfolio Management

A. Supervision			
i) No of Projects	21	21	21
ii) Average sw per project	10.3	4.96	10.3
B. Project Completion Reports			
i) No of PCRs	4	1	4
ii) No of projects involved	4	1	4
iii) Average sw per PCR	8	8	8

4. Other Work

A. Country Strategy Papers			
B. Aid Coordination Meetings			

II. Manpower Applications (syrs):

778.3 435.0

1. Operations Work (CAM)

	778.3	435.0	
A. Lending	477.3	282.4	477.3
B. Economic & Sector Work	58.0	36.3	58
C. Portfolio Management	243.0	116.3	243
D. Other			
E. Support to Other Dept.			

2. Overhead

III. Manpower Sources (syrs):

0.0 0.0

1. HL Staff
2. Consultants
3. Local Staff
4. FAO/CP Staff
5. EMENA TD
6. EMENA other

7. Support from:

A. P.P.R.

B. Other Regions

C. Admin. Complex

D. Other than above

OFFICE MEMORANDUM

DATE: February 13, 1991

TO: EM2 Management Team

FROM: Masood Ahmed 

EXTENSION: 32340

SUBJECT: Visit of Algerian Delegation for
Discussions with the Fund and the Bank

As you know, we have been in telephone contact with the Algerian authorities regarding the next steps in the preparation of the Bank supported Financial/Industrial Sector Adjustment Loan as well as on the progress made in their ongoing discussions with the Fund on a parallel Fund program. Given the restrictions on Bank/Fund staff travel, it has been agreed that, to avoid further delay, as a next step these discussions could be continued in Washington with a small team of officials representing the principal Algerian agencies concerned.

The purpose of this note is to inform you that such a delegation is now scheduled to arrive in Washington on Friday, February 15 for a stay of about ten days. The delegation will comprise Messrs. Hamdi and Elias of the CNP as well as Laksaci (Central Bank) and Babaammi (Ministry of Economy). They will be staying at One Washington Circle Hotel and can also be contacted through Mr. Kjellstrom's or my own office.

Formal discussions between the Algerian delegation and the Fund will begin on Tuesday, February 19. However, we have agreed that preparatory technical discussions on various aspects of the program will be held during the long weekend. To this end, meetings are scheduled at the Bank on Saturday (Financial Sector Reform) and Sunday (Enterprise Restructuring), and at the Fund on Monday (Macro Update). I would like to stress that these are intended to be joint working meetings of the Bank and Fund staff with the Algerian counterparts. Given the close linkages between the coverage of the proposed Fund Program and the Bank's own proposed adjustment operation, this joint and collaborative approach should ensure maximum efficiency and minimize the risk of duplication or unintentional inconsistencies. As you may be aware, we have already set up some joint working teams of Bank/Fund staff to harmonize our analysis and position on various aspects (see attached memo). These teams have met on a number of occasions and are now producing options papers on these various issues. In the same vein, we have also agreed with the Fund that the task manager of the proposed Bank operation, will sit in through all the formal discussions between them and the Algerian delegation.

While formal discussions with the IMF are underway next week, we may be able to hold a couple of meetings in parallel with those members of the delegation most concerned with the financial/ industrial sector reform package. However, the meetings will likely have to be followed by a two to three period of more intensive discussions with the objective of tying down the details of the draft policy matrix and the associated letter of development policy. Technical assistance requirements for program implementation will also need to be discussed at the time.

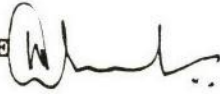
If all goes well (IMF discussions successfully concluded, agreement on financial/industrial sector reform package, implementation weaknesses identified, etc...), our objective is to have, before the Algerian delegation's departure, the essential information required to complete the preparation of an IM. A working level draft of the IM could then be circulated for departmental review in late March. Further processing, which will entail an appraisal mission to Algiers and agreement with the Algerian authorities on any outstanding issues, is obviously subject to considerable uncertainty (including that related to the Gulf). Nevertheless, a late summer Board date is probably not too optimistic as a working target.

cc. Messrs. Wapenhans, Hasan, Blanchi, Grais (EMNVP)
Kohli, Wackman (EMT)
Algeria FISAL Team
MAhmed:cg

OFFICE MEMORANDUM

DATE: February 7, 1991

TO: Distribution

FROM: Masood Ahmed, Chief, EM2IE 

EXTENSION: 32340

SUBJECT: Algeria - Bank FISAL/Fund Program: Co-ordination in Preparation

As you may know, in order to co-ordinate the preparation of our respective operations, we have agreed with the Fund staff to set up several joint working groups covering the principal areas of common interest. As a first step in this, the following meetings have been scheduled in the coming days before the arrival of the Algerian delegation, headed by Mr. Hamdi, on February 15. The meetings are intended not only to exchange information about progress made and issues unresolved, but also to facilitate the adoption of joint, or at least consistent approaches to matters of common interest.

<u>Subject</u>	<u>Date/time/place</u>	<u>Participants</u>
Industrial sector reform	Friday Feb. 8 at 10:30 a.m. Room H-4091	Bank: Kjellstrom, Kumar, Saltoglu
Macroeconomic framework, medium-term outlook	Friday Feb. 11 at 2:30 p.m. Fund Room 8-216	Bank: Kjellstrom, Khadr, Parks, Razmara
Financial sector reform	Tuesday Feb. 12 at 11:00 a.m. Room H-4091	Bank: Kjellstrom, Coudol Parks
Prices (incl. agriculture), subsidies and social aspects	Tuesday Feb. 12 at 2:30 p.m. Room H-4091	Bank: Kjellstrom, Kumar, Khadr, Parks, Krafft, Sederlof

The list of participants is not exhaustive. Please let Sven Kjellstrom know if you propose to attend any of the above meetings. On the IMF side, in addition to Messrs. Dahl and Marciniak, other staff may participate as needed in the meetings.

Distribution: Messrs./Mmes. Coudol (EM2DR), Kjellstrom, Kumar, El-Naggar, Saltoglu, Kebet-Koulibaly (EM2IE), Khadr, Parks, Razmara (EM2CO), Krafft (EM2AG), Sederlöf (EM2PH), Lacour (EM2IN);
IMF: Artus, Dahl, Marciniak (AFR).

cc: Messrs./Mme. Dervis, Ayub, Brizzi, Costa, Rogerson, Al Khafaji, Guerrero

February 13, 1991

René:

Re. Poland: Privatization and Restructuring Project

This is a very (perhaps too?) ambitious project with three components:

- (i) A policy based quick disbursing loan in support (primarily) of the Polish privatization program;
- (ii) a large and complex TA project to six agencies involved in the privatization/restructuring program; and
- (iii) a credit line for loans and equity financing of industry.

The first comment, I would raise, therefore is whether it is feasible to package all this in one operation? The supervision load will be immense, particularly because of the TA component and the need to appraise some participating financial intermediaries during project implementation. Why not split this hybrid operation into two for processing purposes?

The second comment relates to the proposed equity financing under this loan. Equity financing is an unusual activity under Bank loans. Even if a case could be made for it, the fact that: (a) some of the participating agencies for equity financing have not yet even been created let alone appraised; and (b) there are no limits on the percentage of the loan that could be used for this purpose, makes me a little concerned. Are we leaving things too open now which could pose potential problems during implementation?

The final comment relates to the design of the privatization program itself. It is not "wholesale" because we feel the Government is not yet fully ready for such an approach. In that case, should we wait until they are, rather than adopting a more partial approach now?

I would appreciate your feedback of the meeting.

Masood

TRANSMISSION CONFIRMATION REPORT No.=000129

DATE/TIME	FEB 13, 1991 2:43PM
DURATION	1m 24s
TRANSMITTER (FROM)	WB EM2IE 202-477-1998 202 477 1998
RECEIVER (TO)	----- 72492
PAGES XMITTED	02
PAGES ERRORED	
RESULT	OK
COMM. MODE	G3
RESOLUTION	NORMAL

5005508080

The World Bank

1234
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
Address: INDEVSAD

1818 H Street, N.W.

(202) 477-

Washington, D.C. 20433

Cable

TELEFAX TRANSMITTAL SHEET

**Country Department II
Europe, Middle East and North Africa Region**

DATE: February 13, 1991

NUMBER OF PAGES: 2 (including this page)

TO: Mr. Kemal Dervis
World Bank Staff Member
Hyatt Regency
Rabat, Morocco

FAX NUMBER: 212 7 77-24-92

FROM: Masood Ahmed, Division Chief, EM2IE



FAX NUMBER: (202) 477-1998

TELEPHONE: (202) 473-2340

M E S S A G E

Please see attached note.

If you experience problems with this transmission, call us back as soon as possible.
Our central facsimile number is (202) 477-6391.

February 13, 1991

Kemal:

- The Algerians are arriving on February the 15th, [Hamdi, Elias, Babaammi, Laksaci]. They are staying at One Washington Circle as our guests.
- We have agreed with them and the Fund that the weekend should be devoted to joint technical meetings. Hence, we will meet on the Financial Sector (on Saturday) on Enterprise Restructuring (on Sunday) and on the Macro Update/Short-term Prospects (on Monday). The first two meetings will be held at the Bank; the third at the Fund. However, staff from both institutions will be at all of them. I have also agreed with Artus that Sven will sit in on all the formal discussions between the Fund and the Algerians starting next Tuesday.
- If you are not too jet-lagged, I thought that on Sunday we could take out Hamdi and Elias to lunch with Benhocine. It might be useful to prepare them a bit for their meetings with the Fund; particularly on prices where I suspect the initial divergences will be the greatest.
- If I don't hear from you, I'll assume it's OK for Sunday and make the arrangements.
- Trust your discussions in Morocco are going well.



Masood

P.S. After speaking with Jonahri this a.m., I propose to postpone my mission to Morocco by a week to arrive on March 11. Apparently, there will be nobody there the week before because of some meeting in Cairo.



The World Bank

INTERNATIONALBANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONALDEVELOPMENT ASSOCIATION

1818 H Street, N.W.
Washington, D.C. 20433
U.S.A.

(202) 477-1234
Cable Address: INTBAFRAD
Cable Address: INDEVAS

February 8, 1991

Monsieur Mustapha Faris
Président
Banque Nationale pour le
Développement (BNDE)
Place des Alaouites
B.P. 407
Rabat, Maroc

Cher Mustapha,

Je viens de recevoir le beau livre illustré des
maisons de Marrakesh et je t'en remercie bien vivement. C'est un
cadeau encore plus utile surtout que nous sommes en train, en ce
moment, de décorer la nouvelle maison, bien que dans un style
beaucoup plus modeste. J'en profite aussi pour te souhaiter à
nouveau une très bonne et heureuse année et j'espère te revoir
bientôt.

Amicalement.

A handwritten signature in dark ink, appearing to read 'Masood Ahmed', with a long horizontal flourish extending to the right.

Masood Ahmed

MOROCCO

Industry and Energy Division

Work and Mission Plan through March 15

The attached notes summarize the next steps for the FY92/93 projects under preparation. They are written in a format such that they could be handed over to the relevant Moroccan authorities for their information/reactions. In brief, the Division's planned activities entail the following missions:

Industrial Credit Line. Appraisal mission comprising Messrs. Forestier, Doublet, Papandreou and one staff member of IFC from February 25 thru March 10. Agreement on IFC led syndication and on foreign exchange risk coverage scheme by Moroccans would be required before the mission. This timetable would allow negotiations in May/June and Board presentation in first quarter of FY92. Mission would also advance preparation of industrial parks/technology development component (which would be packaged as separate operation).

Telecommunication Project. Identification/preparation (cum supervision) mission comprising Messrs. Barbu, Lécharny, Boutan and Laidlaw (Telecommunications Sector Restructuring Specialist Consultant) from February 25 thru March 8. Mr. Laidlaw has been identified in consultation with Minister Laenser to advise GOM on their sector restructuring proposals. Assuming mission's findings are satisfactory, next step would be preappraisal mission in May which could be converted to appraisal. Board presentation would be in the second quarter of FY92.

Power Distribution Project/Rural Electrification Project. The transfer of task management responsibilities from Ms. Ladhibi-Belk to Mr. Nickel requires a joint supervision mission by both staff for effective handover in the field. Most likely, Zoubeida cannot travel for her new division until after March. This would make a supervision mission to Morocco possible in late February/early March. However, given that a number of agencies in different cities would have to be visited (ONE in Casablanca, the regies of Casablanca, Fes, Meknes, Kenitra and Tetouan), this mission may have to be limited to the cities for which the Moroccan authorities agree that travel is likely to be safe for Bank staff.

PERL. The next step is a mission by the Moroccan officials responsible for the project to Washington to respond to the points raised in the briefing note and to enable us to complete preparation of the IM. This mission could take place at any time once the internal preparation work has been completed on the Moroccan side to take an official position on the listed issues.

Maghreb Energy Seminar. Originally scheduled for February 11-15 in Marrakesh, this seminar has been postponed sine die. The new date is unlikely to be set for before mid April 1991.

N.B. If Industrial Credit and Telecommunications Restructuring missions go forward, I plan to join them in Morocco for the period March 4-9.

A l'attention de M. Kemal Dervis, Directeur

Préparation du PERL 2

La mission qui a séjourné à Rabat au cours de la première quinzaine de décembre a constaté avec satisfaction les progrès réalisés dans la préparation du projet PERL 2 --progrès à la mesure de l'importance que nous attachons à ce programme et à ses objectifs. Certaines questions sont en cours d'examen par les ministères concernés.

Lors de la dernière mission, il avait été envisagé qu'une délégation marocaine se rende à Washington vers la fin janvier 1991 pour finaliser la préparation du PERL 2, avant de soumettre le projet à nos instances respectives habilitées à autoriser l'évaluation de ce projet. Cette mission aurait pour objet de régler, dans la mesure du possible, les points qui restaient en suspens en décembre dernier et de dresser un état détaillé des points qui devront trouver une solution au moment de l'évaluation. La liste des principales questions qui restaient à résoudre lors de la dernière mission, figure en annexe de l'aide-mémoire remis aux autorités marocaines en décembre dernier. Ces points sont repris brièvement dans les paragraphes qui suivent.

1. Restructuration du secteur sucrier

Les éléments préalables suivants sont nécessaires pour procéder à l'évaluation de cette composante:

- (i) méthodologie retenue pour la fixation des prix de référence du sucre brut et du sucre blanc granulé;
- (ii) prix de cession pour la période transitoire;
- (iii) prix du sucre blanc à la consommation pour 1991;
- (iv) désignation de l'organisme de suivi des prix internationaux pour la mise en oeuvre des prix de référence;
- (v) déclaration de l'accord sur la liberté de fixer contractuellement les prix des matières (betterave et canne) entre entreprises sucrières et producteurs agricoles.

La mission qui se rendrait à Washington pour finaliser la préparation du PERL 2 devrait également être en mesure d'indiquer les restructurations envisagées sur cette base pour les entreprises publiques sucrières.

2. Secteurs minier et énergétique

Les éléments préalables suivants sont nécessaires pour procéder à l'évaluation de cette composante:

- (i) désignation par l'administration d'un responsable pour la préparation des contrat-programmes et protocoles

- d'accord du BRPM et de la Cadetaf;
- (ii) grandes orientations retenues pour les projets de contrat-programme et de protocole d'accord;
- (iii) décision sur un calendrier indicatif pour la privatisation des entreprises du secteur minier;
- (iv) décisions sur le mécanisme de gestion des opérations de restructuration du portefeuille du BRPM et sur les principes de reprise de leurs dettes;
- (v) évaluation du coût annuel de la restructuration du secteur minier;
- (vi) accord sur le plan d'action révisé pour les CDM;
- (vii) accord sur la restructuration de l'ONAREP.

3. Volet social

La délégation marocaine qui viendrait à Washington devrait être habilitée à finaliser avec la Banque les termes de référence de l'étude concernant le volet social à mettre en place pour minimiser l'impact des restructurations des secteurs sucrier et surtout minier.

4. Plans d'action pour les grandes entreprises publiques et aspects financiers

Les éléments préalables suivants sont nécessaires pour procéder à l'évaluation de cette composante:

- (i) un avant-projet de décision interministérielle instituant une revue annuelle des programmes d'investissement pour les grandes entreprises publiques;
- (ii) une prise de position des autorités marocaines en ce qui concerne les plans d'action (investissements, transferts budgétaires, financement) de cinq grandes entreprises (ONE, ONEP, ONCF, ONDA, OCP) qui soulevaient des questions importantes encore en discussion lors de la dernière mission, ainsi que les plans d'action des autres grandes entreprises en cours d'examen en décembre dernier, telles que RAM, COMANAV, ONPT, ODEP. La nature des problèmes est précisée de manière succincte dans l'aide-mémoire remis aux autorités marocaines en décembre dernier --on ajoutera, dans le cas de l'oncf, un accord de principe concernant le contenu d'un avant-projet de contrat programme entre l'Etat et l'ONCF
- (iii) des mesures visant à poursuivre et renforcer l'effort en cours pour apurer et éviter à l'avenir les arriérés de l'Etat et des entreprises publiques;

- (iv) des propositions concrètes en matière de politique de dividendes, différenciées selon le type d'entreprise.

5. Suivi et contrôle des entreprises publiques

La délégation marocaine devrait être en mesure de fournir à la banque une version définitive du programme de la DEPP pour 1991-92 en matière de contrôle:

- (i) ce programme définit cinq niveaux de contrôle sur les ep selon leur efficacité et la qualité de leur gestion;
- (ii) il établit pour toutes les EP soumises au contrôle à priori des seuils en-dessous desquels ce contrôle est libéré;
- (iii) il confirme l'accord des EP concernées par la mise en place en 1991-92 d'un audit externe selon des normes agréées et d'un système d'information de gestion selon des critères agréés.

6. DEPP

En ce qui concerne le renforcement de la DEPP, il serait nécessaire de disposer avant l'évaluation des éléments suivants:

- (i) programme de formation et de perfectionnement des cadres de la DEPP pour 1991 et 1992;
- (ii) finalisation du cahier des charges pour appel d'offres destiné à la réalisation d'un système d'information qui constituerait l'état achevé de la banque de données de la DEPP.

7. Privatisation

En ce qui concerne la privatisation, il serait souhaitable de disposer des informations suivantes:

- (i) mise à jour du programme de privatisation pour 1991;
- (ii) revue des structures de soutien au sein du ministère ou sous son égide pour les études, évaluations et mesures d'accompagnement concernant l'exécution du programme de privatisation, ainsi que le financement de ces structures et services.

Afin de pouvoir programmer le travail de la phase finale de préparation de PERL 2, il serait souhaitable que les autorités marocaines nous informent de l'avancement des travaux et réflexions en

cours au sein des divers services concernés, ainsi que des dates envisagées pour la venue à la Banque mondiale d'une délégation marocaine.

Jacques Coudol
30 janvier 1991.

ROYAUME DU MAROC

Prochaine Mission pour le Secteur des Télécommunications

(dates proposées du 25 février au 8 mars 1991)

L'objectif de cette mission, composée de MM. Barbu, Lécharny et Boutan, et qui avait été initialement programmée du 20 janvier au 8 février 1991, est double:

Premièrement, la mission compte entamer la **préparation du Deuxième Projet de Télécommunications**, suite à la demande exprimée par Son Excellence Monsieur le Ministre des Postes et Télécommunications. Cette première mission de préparation se concentrera principalement sur:

- (a) le programme d'investissement à moyen terme de l'ONPT et les besoins de financement correspondants;
- (b) l'identification de composantes finançables par la Banque et les possibilités de cofinancement;
- (c) la stratégie à long terme et l'organisation du secteur et les besoins en assistance technique correspondants.

Concernant ce dernier point, l'ONPT a prévu de faire financer dans le cadre du Premier Projet les services d'un expert international, M. Laidlaw, dont la visite à Rabat coïnciderait avec la première moitié de la période couverte par la mission (semaine du 25 février). Il convient également de préciser que la revue du programme d'investissement et de la stratégie à long terme de l'ONPT s'intègre dans la revue des entreprises publiques actuellement en cours de finalisation dans le cadre du PERL II.

Si les résultats de cette mission sont positifs, l'on pourrait envisager une préévaluation formelle du projet en mai, les négociations du prêt en septembre et une présentation au Conseil d'Administration de la Banque vers novembre 1991.

Deuxièmement, la mission effectuera une **supervision du Premier Projet de Télécommunications** (Prêt No. 2798-MOR). La dernière mission de supervision remonte à juin 1990. Les principaux sujets à couvrir concernent:

- (a) l'actualisation du programme des achats et décaissements;
- (b) les progrès accomplis dans la réalisation du programme d'investissement et dans l'accomplissement des indicateurs de performance;
- (c) la mise en oeuvre des opérations de décentralisation;
- (d) la situation financière et les perspectives à moyen terme de l'ONPT.

PROJET DE FINANCEMENT DE L'INVESTISSEMENT PRIVE

(LIGNE BIRD III)

1. Complémentaire du PAS II, le projet assurerait le financement de l'investissement privé par le système bancaire marocain et ferait suite à la ligne actuelle (BIRD II). Un an après sa signature, cette ligne est engagée à hauteur de 93% et décaissée à hauteur 51%. Un objectif supplémentaire du projet serait de graduellement désengager l'Etat de son obligation de garantie des emprunts extérieurs, de préparer le retour du Maroc aux marchés financiers internationaux et de renforcer l'image internationale des banques marocaines, grâce à une syndication commerciale dirigée par la SFI.

2. Banques participantes - Montant - Plan de Financement. Huit banques commerciales et la BNDE ont confirmé leur intérêt pour la prochaine ligne, au cours de la mission de préparation en décembre dernier. Les banques ont indiqué qu'elles souhaitaient mobiliser auprès de la Banque Mondiale un montant de l'ordre de 350 millions de dollars pour une période d'engagement de deux ans. Le plan de financement de cette demande par le projet serait le suivant. Le groupe de la Banque pourrait mobiliser 315 millions de \$EU, dont une syndication commerciale dirigée par la SFI de 165 millions (y compris 65 millions sous forme de crédits exportation bilatéraux) et un prêt de la BIRD de 150 millions de dollars EU. Bien entendu, seulement la partie BIRD de 150 millions de dollars EU serait garantie par l'Etat.

3. Questions à résoudre. Deux questions ayant des implications pour le projet restent à résoudre dans le cadre de la composante secteur financier de PAS II. Une troisième question a trait au coût des ressources mobilisées par la SFI.

(a) Mécanisme de couverture du risque de change. Le mécanisme retenu par les autorités^{1/}, devrait être maintenant mis en vigueur, de manière à permettre aux banques de finaliser leur demande d'emprunts auprès de la Banque et de la SFI.

(b) Le maintien du crédit moyen terme réescomptable à taux fixe de 12%, pose problème:

- Il est en contradiction avec le principe de libéralisation des taux d'intérêt, effectif depuis le 1er octobre 1990 pour les crédits à moyen et long terme.
- Il va à l'encontre d'une politique monétaire visant à limiter l'accès au réescompte et à privilégier le recours des banques à la Banque Centrale par le biais des avances à

^{1/} Taux de référence revu tous les six mois et égal au taux moyen des adjudications au bons du Trésor à 1 an au cours du semestre précédent majoré d'un premium de 0.75%. Pour les six premier mois de 1991, le taux de référence serait égal sur cette base à $10.76 + 0.75 = 11.51\%$

taux variables.

- Il introduit une distorsion dans la concurrence entre les banques et la BNDE puisque cette dernière n'a pas accès à la facilité d'escompte de 7%, qui laisse une marge généreuse de 5% aux banques.
- Il rendrait difficile la mobilisation de lignes de crédit étrangères, car les entreprises demanderont à bénéficier du crédit MTR, et la marge laissée aux banques serait alors largement insuffisante (à titre d'exemple, pour les six premiers mois de 1991, cette marge serait de $12 - 11.51 = 0.49\%$).
- Pour ces différentes raisons, il serait souhaitable, à terme, que le CMTR soit éliminé. Si pendant une période transitoire, les autorités désirent maintenir une incitation en faveur de l'investissement au niveau des taux d'intérêt, le CMTR pourrait être davantage ciblé sur les entreprises que le Gouvernement entend encourager, par exemple, les PME qui ont souvent une faible base de fonds propres et sont fortement créatrices d'emploi. Cette dernière mesure fait l'objet d'une proposition de la Banque dans le cadre du programme PAS II.

(c) Coût de ressources empruntées. Selon le mécanisme de couverture du risque de change retenu, le risque de devise et de taux est pris par l'Etat, et couvert par le différentiel entre le taux de référence et le taux de la devise empruntée. Dans le cadre du projet, se pose donc la question du choix et du coût des devises empruntées - BIRD, SFI et crédits exportation. En fait, il s'agit de produits différents dont le prix est fixé différemment.

* BIRD

- pas de choix des devises empruntées et remboursées; pool de devises composé d'environ 1/3 \$EU, 1/3 Yen, 1/3 monnaies européennes (DM, Fs principalement);
- taux flottant ajusté tous les 6 mois: coût moyen pondéré des ressources BIRD augmenté d'une marge de 0.50% (7.73 % pour 1er semestre 1991). Méthode de calcul implique une variation relativement faible du taux ;
- maturité longue (20 ans dont 5 de grâce pour le Maroc); et
- commission d'engagement de 0.75% p.a. (actuellement réduite à 0.25%).
- garantie de l'Etat Marocain

* SFI

- Sans garantie de l'Etat;
- choix de devises laissé à l'emprunteur;
- choix d'un taux fixe ou variable laissé à l'emprunteur. Taux flottant calculé sur base de prix marginal; donc des variations de taux généralement plus importantes que les

taux BIRD^{2/};

- maturité laissé au choix de l'emprunteur, mais généralement plus courte que la BIRD;
- commission d'engagement de 1% p.a. et front-end fee de 1%;
- pour l'opération envisagée, la maturité serait de 7 à 12 ans et les taux comme suit:

(i) option taux flottant
\$EU, libor à 6 mois + 1.5% (au 25 janvier $7^{1/16} + 1.5 = 8.5625$)

(ii) option taux fixe (10 ans)	
<u>Devise</u>	<u>Pourcentage</u>
\$EU	10.5000
DM	10.6875
SWF	9.0625
Yen	8.4375
FF	11.8125

* Partie syndiquée du prêt SFI

- taux flottant, même conditions que la SFI (libor à 6 mois + 1.5%); et
- maturité de 4.5 à 7 ans.

* Crédits Exportation

- crédits effectués par des banques commerciales (ou une syndication de banques) de quatre ou cinq pays représentant une part importante des importations de biens d'équipement, et garantis par les agences de crédit à l'exportation des pays concernés.
- taux fixe, convention OCDE (actuellement pour le Maroc, 10.55% ou taux commercial en vigueur si inférieur).
- maturité de 5 à 10 ans.

4.

Calendrier

- Mission d'évaluation: 25 février - 8 mars 1991
- Négociations: début juin 1991
- Conseil d'administration: septembre 1991.

^{2/}

Dans un climat de baisse des taux, les taux de la SFI baissent davantage que ceux de la BIRD et inversement.

TRANSMISSION CONFIRMATION REPORT

No. =000096

DATE/TIME	FEB 7, 1991 4:10PM
DURATION	1m 16s
TRANSMITTER (FROM)	WB EM2IE 202-477-1998 202 477 1998
RECEIVER (TO)	----- 319 398 5228
PAGES XMITTED	02
PAGES ERRORED	
RESULT	OK
COMM. MODE	G3
RESOLUTION	NORMAL

5005508080

The World Bank

INTERNATIONALBANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONALDEVELOPMENT ASSOCIATION

1818 H Street, N.W.
Washington, D.C. 20433
U.S.A.

(202) 477-1234
Cable Address: INTBAFRAD
Cable Address: INDEVAS

TELEFAX TRANSMITTAL SHEET

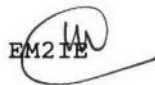
**Country Department II
Europe, Middle East and North Africa Region**

DATE: February 7, 1991

NUMBER OF PAGES: 2 (including this page)

TO: Ms. Monica Magee

FAX NUMBER: (319) 398 5228

FROM: Masood Ahmed, Division Chief, EM2  **TE**

FAX NUMBER: (202) 477 1998

TELEPHONE: (202) 473-2340

M E S S A G E

Please see attached letter.

If you experience problems with this transmission, call us back as soon as possible.

The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street, N.W.
Washington, D.C. 20433
U.S.A.

(202) 477-1234
Cable Address: INTBAFRAD
Cable Address: INDEVAS

January 25, 1991

Ms. Monica Magee
Director
International Trade Bureau
424-1st Ave., N.W.
Cedar Rapids, Iowa 52407

Dear Ms. Magee:

Thank you very much for your kind invitation to speak at your Chamber of Commerce dinner meeting on March 19. I would very much have welcomed the opportunity to visit Cedar Rapids and to exchange views with your distinguished members on a topic which is both of topical interest and of long-term concern to the work of the World Bank Group. Unfortunately, due to prior commitments, I expect to be away during March and will, therefore, be unable to take up your invitation. I hope that another opportunity to visit with you can perhaps materialize at some later date.

Thank you once again for thinking of me and all the best for the New Year.

Yours sincerely,



Masood Ahmed
Division Chief
Industry and Energy Division
Europe, Middle East and North Africa Region

Privatization in the Southern Mediterranean: Experience and Potential

Privatization has become an active component of official policy in virtually all the countries in the Southern Mediterranean. The reasons behind this growing phenomenon are manifold. On the one hand, it stems from a dissatisfaction with the existing performance of public enterprises and a desire to improve efficiency in the industrial sector as a whole. But there is also a shift in ideological perspectives, leading to a redefinition of the role of the state as an agent of economic production. Finally, privatization has been attractive to governments as a way to improve public finances, through divestitures of public enterprises to the private sector.

Much attention has been given recently to the privatization of state enterprises in the formerly centrally planned economies of Eastern Europe. However, privatization is a far more widespread phenomenon. Indeed the process of privatization and the issues involved are quite different in countries which are already mixed market economies. For example, privatization in mixed economies occurs in a more liberalized and competitive environment; the move towards privatization does not have the same overarching political and ideological implications in mixed economies as it does in those moving away from central planning. Nevertheless, experience to date has shown that even in these countries, the conceptualization and successful implementation of a significant privatization program remains a complex and difficult endeavour.

Portugal provides a good case in this regard. In 1989, the Portuguese authorities initiated a major privatization program, whose main objectives were to restructure and improve the public enterprise sector, reduce the role of the state in the economy, reduce public debt and debt service, and develop the capital market. The 1989 privatization proceeds topped \$454 million, and are expected to rise to nearly \$2 billion in 1991. While the first privatizations are considered a success, the privatization program faces several important difficulties: there are fears about the dangers of monopolization of certain sectors that have been recently privatized; there is the political impact of foreign takeovers; and there is the issue of the solvency of the banks being privatized. The Portuguese experience is rich, and is well worth sharing with other countries in the region, many of whom face similar issues in implementing their own privatization programs.

Morocco. Since the mid-1980s, the government has pursued a policy of divesting those public enterprises not considered of strategic importance. Hotels of the Moroccan National Tourist Office were leased to private concerns. Subsidiaries of the National Fishing Office were sold to private groups and boats leased to private concerns. However, a more concerted and substantial program of privatization was launched only in 1989 with the passage of a Privatization Law which designated some 150 firms eligible for privatization over the next six years. A Ministry of Privatization has been set up to supervise the process and work on bringing the first set of companies to the market is underway. As the program proceeds, many of the issues that have surfaced in the Portuguese context can be expected to come up here as well.

Tunisia. A program of reform of the public enterprise sector was begun in the mid 1980s. One of its components was a program of divestiture of the state out of the competitive productive sector. Twenty-eight enterprises have already been privatized, with assets worth \$90 million, three of which with foreign participation. Given the small size of the Tunisian capital market, a successful large scale privatization program will necessarily entail extensive participation by the foreign private sector.

Algeria. The privatization of existing public enterprises is not yet part of state policy towards industry. Nonetheless, a significant move away from central planning and towards more decentralized decision-making was the establishment of holding corporations to supervise public enterprises. This is seen as a means to introduce a significant commercial dimension in corporate behavior. It remains to be seen whether this "surrogate" form of private ownership will work in practice, or whether a more direct approach to privatization will be required to achieve the country's overall objectives of improving industrial performance and competitiveness.

The experience of other countries in the region may also be worth drawing upon. For example, in Greece the government has recently moved in the direction of divesting itself of large concerns, such as the state-owned airline, and state-owned banks. It has inaugurated a far-reaching program of privatization of public utilities in both telecommunications and in power generation. This process is to be financed from the capital available in the rapidly expanding stock market, along with a flotation of bonds to the public. Throughout the 1980s, the government has been engaged in a process of divesting itself of private sector firms that had come under its control by virtue of these firms' large debt to the state-owned banks. They were returned to the private sector, usually under new management, sometimes with the infusion of foreign capital.

The objectives of the proposed conference/workshop on privatization in Portugal would be to:

- (i) allow participants to exchange experiences and to hear from practitioners and consultant experts on the experience of other countries;
- (ii) review the experience in Portugal to date and to see what lessons can be drawn from this for the ongoing process of privatization in all these countries.

The program would include both official representatives and private sector representatives with experience in privatization. This would encourage greater interest in business to become involved in the privatization process and make evident the potential for direct foreign investment in many of these countries.

The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street, N.W.
Washington, D.C. 20433
U.S.A.

(202) 477-1234
Cable Address: INTBAFRAD
Cable Address: INDEVAS

TELEFAX TRANSMITTAL SHEET

**Country Department II
Europe, Middle East and North Africa Region**

DATE: February 1, 1991

NUMBER OF PAGES: 2 (including this page)

TO: Mr. Hadj Nacer
Governor, Central Bank, Algiers

FAX NUMBER: 9-011-213-2-60-37-77

FROM: Masood Ahmed, Maghreb Department

FAX NUMBER: (202) 477-1998 ← Please note our new number

TELEPHONE: (202) 473-2340

M E S S A G E

Please find hereafter a message for Mr. Hadj Nacer

If you experience problems with this transmission, call us back as soon as possible.
Our central facsimile number is (202) 477-6391.

Cher

Abderrahman,

Si on envisage la présentation au Conseil du prêt industrie/finance d'ici juin, cela veut dire que le prêt entrera en vigueur pendant l'été et donc que la moitié de l'argent sera disponible à être décaissé.

Ce qu'il faut dans ce cas là éviter à tout prix, c'est que le déblocage de l'argent soit retardé par le manque de pièces justificatives ou d'autres aspects procéduraux de retraits des fonds. Comme tu sais, il y a toujours un reliquat de quelque \$100 millions à décaisser sur le prêt de soutien aux réformes économiques. Il serait embarrassant pour nous de présenter une deuxième opération type décaissement rapide tant que l'argent de la première reste inutilisée.

A mon sens c'est maintenant qu'il faut prendre en charge cette question et commencer d'identifier des contrats de passation de marchés qui seraient susceptibles d'être couverts par les fonds de cette opération.

Amitiés,



Masood

Le 1er février 1991



Record Removal Notice

File Title Masood Ahmed - Chronological File - January 1990 to June 1991		Barcode No. 30450197		
Document Date January 29, 1991	Document Type Memorandum w/attachment			
Correspondents / Participants To: Mr. Masood Ahmed, Chief, EM2IE From: Cornelius Braunewell, POPRT				
Subject / Title Assessment of Applicant				
Exception(s) Personal Information				
Additional Comments		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td>Withdrawn by Shiri Alon</td><td>Date November 14, 2022</td></tr></table>	Withdrawn by Shiri Alon	Date November 14, 2022
Withdrawn by Shiri Alon	Date November 14, 2022			



Record Removal Notice

File Title Masood Ahmed - Chronological File - January 1990 to June 1991		Barcode No. 30450197
Document Date January 29, 1991	Document Type Letter w/attachments	
Correspondents / Participants To: Mr. Salahuddin Ahmad From: Mr. Masood Ahmed, Chief, EM2IE		
Subject / Title Interest expressed in finding employment at the World Bank		
Exception(s) Personal Information		
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.
		<table border="1"><tr><td>Withdrawn by Shiri Alon</td><td>Date November 14, 2022</td></tr></table>
Withdrawn by Shiri Alon	Date November 14, 2022	



Record Removal Notice

File Title Masood Ahmed - Chronological File - January 1990 to June 1991		Barcode No. 30450197
Document Date January 28, 1991	Document Type Letter w/attachments	
Correspondents / Participants To: Mr. Usha Chidamber From: Mr. Masood Ahmed, Chief, EM2IE		
Subject / Title Interest expressed in finding employment at the World Bank		
Exception(s) Personal Information		
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.
		<table border="1"><tr><td>Withdrawn by Shiri Alon</td><td>Date November 14, 2022</td></tr></table>
Withdrawn by Shiri Alon	Date November 14, 2022	



Record Removal Notice

The World Bank Group
Archives
& Records Management

File Title Masood Ahmed - Chronological File - January 1990 to June 1991		Barcode No. 30450197		
Document Date January 28, 1991	Document Type Letter w/attachments			
Correspondents / Participants To: Mr. Sanjay Kaul From: Mr. Masood Ahmed, Chief, EM2IE				
Subject / Title Interest expressed in finding employment at the World Bank				
Exception(s) Personal Information				
Additional Comments		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td>Withdrawn by Shiri Alon</td><td>Date November 14, 2022</td></tr></table>	Withdrawn by Shiri Alon	Date November 14, 2022
Withdrawn by Shiri Alon	Date November 14, 2022			

OFFICE MEMORANDUM

DATE: January 25, 1991

TO: Distribution

FROM: Masood Ahmed, Division Chief, EM2IE



EXTENSION: 32340

SUBJECT: Compliance with Audit Reporting Requirements

1. In anticipation of the forthcoming annual review of the Division's portfolio, and considering the spare time most of us now have in light of the travel situation, I would like to ask you to focus on a subject to which we (myself included) have not always paid all the proper attention: the issue of compliance by our Borrowers with audit reporting requirements. Two reasons make this review particularly necessary:

First, our Division stands out in the Department for its poor record (compliance ratio of 60% versus 80% for the rest of the Department; see Annex 1); and

Second, new guidelines have just been issued (see Mr. Qureshi's memorandum in Annex 2) whose strict application is likely to adversely affect the implementation of our on-going projects as well as the processing of our future operations, if we do not take appropriate steps: extension of closing dates, second tranche releases for adjustment operations, use of SOEs, negotiations/Board presentation of follow-up loans, are all now conditioned on compliance with audit requirements.

2. I would therefore like each of you to do the following for the project(s) he/she is following:

(a) fill out Audit Report Compliance System (ARCS) forms (model in Annex 3)^{1/} for those projects which are not yet in the system (Noël for ALG-Technical Assistance, and Jean-Michel for MOR-Industrial Finance and TUN-PERL I);

(b) review, and update/correct if necessary, all attached forms (Annex 4) for projects already in the system (please make sure to fill out the "comments" section as appropriate);

(c) assess the situation and propose immediate remedial steps

^{1/} See Brigitte on how to fill out the form.

for cases where non-compliance may require drastic actions in the short term according to the new guidelines. I am thinking in particular of projects where an extension of closing date is likely to be required in the near future or where negotiations/Board presentation of our next operation may be affected (e.g. the Morocco and Tunisia lines of credit, and the Morocco Telecomms. II project).

3. I would appreciate your sending this information directly to Alain Barbu by c.o.b. February 1. We will then meet as a group to review these proposals and agree upon further action.

Attachments

Distribution:

Messrs./Mmes Coudol (EM2DR); Lécharny/Boutan (AFTIE); Convindassamy (AS4TE); Nickel (LA3IE); EM2IE staff.

cc: Messrs. Costa (EM2DR); Dussert (EM2AG).

ABarbu:ys

5 - VP - EUROPE, MIDDLE EAST & NORTH AFRICA
 284 - EMENA - COUNTRY DEPARTMENT II
 28430 - INDUSTRY AND ENERGY OPERATIONS DIVISION
 PFACR104 - Audit Reports Compliance System
 SCHEDULE 3 - Audit Reports Not Received As Of 12/31/90

-----Basic Data (SCHEDULE 1)-----

Project Number	Project Name	Loan/Credit Number	Rpt No	Audit Type	Entity Name	Entity Fiscal Yr-end	Type Of Auditor	Due Date	Due For Bank FY	Mths Since Due Date	Last Actual Receipt
COUNTRY: ALGERIA											
5ALGPA026	TELECOMS I	L23700	1	A	P&T	12/31	G	06/30/88	88	30	10/02/89
5ALGPA033	POWER III	L29810	1	SR	S&N&ELGAT	12/31	G	09/30/90	91	3	
COUNTRY: MOROCCO											
5MYCPA052	SMALL SCALE IND II	L20380	1	RF	BNDE	12/31	P	06/30/89	89	18	
			2	SO	BNDE	12/31	P	06/30/89	89	18	
5MYCPA065	ELEC.MECH.IND	L24870	1	SR	MIN. FINANCE	12/31	GP	06/30/89	89	18	11/30/88
			2	SO	MIN. FINANCE	12/31	GP	06/30/89	89	18	11/30/88
5MYCPA068	JERADA COAL	L25080	1	A	CHARB.MAROC	12/31	P	07/31/88	89	29	12/01/87
5MYCPA072	TELECOMMUNICATIONS I	L27980	1	S	ONPT	12/31	P	12/31/90	91		
5MYCPA080	POWER DISTRIBUTION P	L29100	1	SR		12/31	G	07/31/90	91	5	
			2	SR	ONE	12/31	P	07/31/90	91	5	10/01/89
5MYCPA104	IND.EXP. FINANCE I	L28060	1	A	BNDE	12/31	P	06/30/90	90	6	12/31/89
		L28061	1	SR	BCP	12/31	P	06/30/90	90	6	
		L28062	1	SR	BCM	12/31	P	06/30/90	90	6	12/31/89
		L28063	1	SR	BMCE	12/31	P	06/30/90	90	6	12/31/89
		L28064	1	SR	BMCI	12/31	P	06/30/90	90	6	
		L28065	1	SR	CDM	12/31	P	06/30/90	90	6	12/31/89
		L28066	1	SR	SGMB	12/31	P	06/30/90	90	6	
		L28067	1	SR	WAFABANK	12/31	P	06/30/90	90	6	12/31/89
5MYCPA118	PERL 1	L28200	1	SO	GVT.OF MOROC	12/31	G	06/30/89	89	18	04/15/89
			2	SO	GVT.OF MOROC	12/31	G	06/30/90	90	6	04/15/89
COUNTRY: TUNISIA											
5TUNPA065	MINING TECH. ASST.	L23460	1	A		12/31	G	06/30/90	90	6	
5TUNPA066	POWER IV	L24550	1	SR	STEG	12/31	G	06/30/89	89	18	
5TUNPA110	ENERGY CON.& DEMONST	L27350	1	A		12/31	G	04/30/89	89	20	

Notes:

Audit Type:

A - Annual Financial Statements only without SOE or RF Audits,
 SO - SOE audit only,
 R - Annual Financial Statements with Revolving Fund (Special Account) audit included,

S - Annual Financial Statements with SOE audit included,
 RF - Revolving Fund (Special Account) audit only,
 SR - Annual Financial Statements with SOE and Revolving Fund (Special Account) audits included.

Type Of Auditor:

G - Government,

P - Private,

GP - Private for government

OFFICE MEMORANDUM

DATE: January 10, 1991

Annex 2
Page 1

TO: Messrs. Jaycox (AFRVP), Karaosmanoglu (ASIVP), Wapenhans (EMNVP),
Husain (LACVP)
FROM: Moeen A. Qureshi (OPNSV) *MQ*

EXTENSION: 82006

SUBJECT: Audit Reporting and Control Over Statements of Expenditure

1. Thank you for your reports on the above subject. I appreciate the efforts you and your staff are making to improve compliance with audit covenants, and support the actions being taken such as giving attention to accountability matters earlier in the project cycle, improving borrower institutional capacity, increased use of private sector accounting firms where the government audit function is weak, and the training of borrower and Bank staff. I have noted that while improvement has taken place in certain countries, however, the overall Bankwide audit compliance situation has not shown much change against the situation in 1989 when we all concluded that improvements in this situation were essential. Clearly more needs to be done to achieve a noticeable betterment.

2. Taking into account the actions being introduced in some Regions, I am asking that in cases of audit noncompliance the Regions should, subject to certain exceptions outlined below:

- (a) not extend closing date on a loan to a borrower with outstanding audit reports;
- (b) in case of adjustment operations, not release the next tranche to a borrower with outstanding audit reports;
- (c) systematize the suspension of the use of SOE procedures in case of non-receipt of SOE audits. Where the SOE audit report is not received by the due date, remedial measures should be agreed and notified to the borrower by the Division Chief within thirty days from the due date of the audit report. If compliance is not achieved within a maximum of five months from the date of notifying the borrower, the use of SOE procedure should be suspended;¹

¹/ This supersedes earlier instructions (Memorandum from Mr. S. Shahid Husain "Compliance with Audit Covenants Involving Statements of Expenditure," dated March 11, 1986) which require the suspension of SOE procedures after three months from the due date of the audit report. The new instructions will be described in the OD 10.60 on Accounting, Financial Reporting and Auditing.

- 2 -

- (d) for new operations, in cases of noncompliance with audit covenants under an existing loan to the same borrower, indicate the remedial measures to be taken in the Final Executive Project Summary for Investment Loans and the Initiating Memorandum for Adjustment Operations with a view to focusing attention on auditing and accountability during appraisal and their specific follow-up during negotiations; and
- (e) condition negotiations or Board presentation of a follow-on loan to receipt of an overdue audit report under the existing loan.

Exceptions to the procedures in (a), (b) and (e) should be made only where a time bound action plan has been agreed with the borrower.

3. Proper and full accountability over the use of Bank funds is important and I would urge you to continue to follow up actively on actions to redress the situation. In view of this, I would appreciate brief semi-annual reports (due end March and end September) to me on the status of audit compliance until the situation improves.

4. In response to your earlier suggestions and to improve guidance to staff, the relevant operational directives on Accounting, Financial Reporting and Auditing, Borrower compliance with Audit Covenants, and Statements of Expenditure are expected to be issued by end March 1991. Further, I understand that staff training courses are being scheduled and the design improvements to make ARCS a more user friendly system are expected to be completed during January 1991.

5. I am also attaching for your information a memorandum on the current status of audit compliance prepared for me by COD.

Attachment

cc: Messrs./Mmes. Bock, Robless, Okonjo-Iweala (OPNSV); Rovani (OED); Goldberg, Abbott (LEG); Grilli (EASDR); Jennings (LOADR); Legg (IADDR); Martinez (AFRVP); Abe (ASIVP); Blanche (EMNVP); Aiyer (LACVP); Gillette (AF1); Madavo (AF2); Aguirre-Sacasa (AF3); Lim (AF4); Marshall (AF5); Denning (AF6); Serageldin (AFT); Asanuma (AS1); Kaji (AS2); Burki (AS3); Vergin (AS4); Cheetham (AS5); Ritchie (AST); Wiehen (EM1); Dervis (EM2); Chopra (EM3); Lari (EM4); Bouhaouala (EMT); Choksi (LA1); Steckhan (LA2); Loh (LA3); Bottelier (LA4); Segura (LAT); Moore (OPNIS); Wyss, Harris, Srinivasan, Lallement (COD)

PRashid:gms

PRashid:gms
PC#5/Rashid/AC7

Audit Covenants Input Form

Project ID: _____ Loan/Credit Number: _____ Report No: _____

BASIC DATA:

Project Entity: _____

Audit Type: _____

First Report Due Date: _____

Entity Fiscal Year-end: _____

Type of Auditor: _____

REPORT UPDATE DATA:

Most Recent Report Due Date: _____

Actual Date Received: _____

Next Report Due Date: _____

Bank Staff Assessment: _____

Auditor Name: _____

Auditor's Opinion: _____

Date Comments to Borrower: _____

Action Taken: _____

Date Action Taken: _____

NATURE OF PROBLEM TEXT:

COMMENTS TEXT:

Field Definitions

General Notes

Data entry format for all dates is MMDDYY, preceding zeros are included and the date is typed without slashes (/) or hyphens (-).

REPORT NUMBER

This is the number assigned by the system to differentiate the audit types and entities.

AUDIT TYPE

This is the one or two-character code that identifies the type of audit report which is to be submitted.

- A - Annual financial statements (or Project accounts) only without SOE or RF audits
- RF - Revolving fund (special account) audit only
- SO - SOE audit only
- R - Annual financial statements (or Project accounts) together with revolving funds (special account) audit
- S - Annual financial statements (or Project accounts) together with SOE audit
- SR - Annual financial statements (or Project accounts) together with SOE and RF (special account) audits

FIRST REPORT DUE DATE

This is the date on which the first report of this type is due to the Bank.

ENTITY FISCAL YEAR-END

This is the fiscal year-end date for the Borrower or Implementing Entity, expressed as the month and day, e.g., 1231.

TYPE OF AUDITOR

This is the one or two-character code that identifies the type of auditor

- G - Government or Official audit agency
- P - Private
- GP - Private for government

MOST RECENT REPORT DUE DATE

This is the due date for the current report.

ACTUAL DATE RECEIVED

This is the actual date on which the current report was received.

NEXT REPORT DUE DATE

This is the date on which the next report is due. For example, if this report type is due annually and the current report is due June 30, 1988, then the next report would be due June 30, 1989.

AUDITOR'S OPINION

Up to five characters may be entered to indicate the auditor's evaluation of the overall report. The first character of the code must be one of the following

- C - clean opinion
- Q - qualified opinion
- A - adverse opinion
- D - disclaimer of opinion

Up to four characters may be combined with Q, A, or D in order to further identify the reasons in the report

- 0 - reason not identified
- 1 - misuse or deviation of funds
- 2 - accounting and control deficiencies
- 3 - insufficient or inadequate audit scope
- 4 - non-compliance with legal/disclosure requirements

For example, an adverse opinion may be represented as A2 or disclaimer of opinion as D34.

BANK STAFF ASSESSMENT

Indicates the Bank staff member's evaluation of the overall report by entering

- A - accepted (complete)
- C - conditionally accepted (some information is missing)
- R - rejected (substantially incomplete)

DATE COMMENTS TO BORROWER

This is the date on which the managing division acknowledges receipt of the Borrower's report. Even though this is an optional field, this date should be provided.

AUDITOR NAME

Up to twenty-four characters may be entered for the identification of the auditing firm or official or government audit agency.

PROJECT ENTITY

Up to twelve characters may be provided for the beneficiary of the loan or credit.

ACTION TAKEN

A two-character code is entered to indicate the action taken by Bank staff with regard to the report:

- DB - direct inquiry made to Borrower and/or implementing entity
- DA - inquiry made to auditor concerning delay problems with approval of the Borrower
- ND - new deadline set for compliance
- WI - warning letter on overdue report to implementing entity only
- WB - warning letters to Borrower and implementing entity
- WG - warning letter to government only after communication with implementing entity
- WS - warning of suspension of disbursements issued to Borrower
- SS - suspension of SOE disbursements only
- SR - suspension of RF disbursements only
- SA - suspension of all disbursements
- MW - management waiver of audit covenant approved
- NA - no action

DATE ACTION TAKEN

This is the date on which action was taken with the Borrower concerning their audit. Note: Current date will be assigned by the system if no date is provided.

NATURE OF PROBLEM TEXT

Four lines (of seventy-two characters each) are provided for a description of problems regarding the audit. Additional information can be entered into the Comments Text field if necessary.

COMMENTS TEXT

An unlimited number of lines (of seventy characters each) are provided for general comments about this report.

ANNUAL FINANCIAL STATEMENTS

This refers to the financial statements of the Borrower or the implementing entity, or the Project Accounts.

BORROWER

This is the Government or the entity implementing the project, as applicable.

EFFECTIVENESS DATE

This the actual date of effectiveness in month/day/year format. This date comes from the Portfolio file and is not entered by the user.

IMPLEMENTING ENTITY

This is the economic unit implementing the project (PIU).



Record Removal Notice

File Title Masood Ahmed - Chronological File - January 1990 to June 1991		Barcode No. 30450197		
Document Date January 28, 1991	Document Type Letter w/attachment			
Correspondents / Participants To: Ms. Samrita Bahl From: Masood Ahmed, Chief				
Subject / Title Expressed an interest in finding employment at the World Bank				
Exception(s) Personal Information				
Additional Comments		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td>Withdrawn by Shiri Alon</td><td>Date November 14, 2022</td></tr></table>	Withdrawn by Shiri Alon	Date November 14, 2022
Withdrawn by Shiri Alon	Date November 14, 2022			

The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street, N.W.
Washington, D.C. 20433
U.S.A.

(202) 477-1234
Cable Address: INTBAFRAD
Cable Address: INDEVAS

January 25, 1991

Ms. Monica Magee
Director
International Trade Bureau
424-1st Ave., N.W.
Cedar Rapids, Iowa 52407

Dear Ms. Magee:

Thank you very much for your kind invitation to speak at your Chamber of Commerce dinner meeting on March 19. I would very much have welcomed the opportunity to visit Cedar Rapids and to exchange views with your distinguished members on a topic which is both of topical interest and of long-term concern to the work of the World Bank Group. Unfortunately, due to prior commitments, I expect to be away during March and will, therefore, be unable to take up your invitation. I hope that another opportunity to visit with you can perhaps materialize at some later date.

Thank you once again for thinking of me and all the best for the New Year.

Yours sincerely,



Masood Ahmed
Division Chief
Industry and Energy Division
Europe, Middle East and North Africa Region

INTERNATIONAL TRADE BUREAU

424-1ST AVE. N.E. BOX 74860 • CEDAR RAPIDS, IOWA 52407 U.S.A.

TEL. (319) 398-5317 • FAX (319) 398-5228

CEDAR RAPIDS AREA CHAMBER OF COMMERCE



January 18, 1991

Mr. Masood Ahmed
Division Chief, Industry, Finance & Energy
Country Department II
Europe, Middle East & North Africa
The World Bank
1818 H Street NW
Washington, DC 20433

Dear Mr. Ahmed:

On behalf of the Advisory Committee of the International Trade Bureau of the Cedar Rapids Area Chamber of Commerce I extend you an invitation to speak to our members at a dinner meeting in Cedar Rapids, Iowa, on Tuesday, March 19, 1991.

You were referred to us by Ms. Graziella Figi-Ismail of the MidAmerica-Arab Chamber of Commerce and I understand you gave an excellent luncheon talk in Chicago on December 4.

Naturally, the situation in the Middle East is a vital concern to everyone and your input on how these conditions affect international trade would be most appreciated. Please advise a topic that you would like to speak on relevant to our previously announced topic of "Reassessing Middle East Business Opportunities." In view of world conditions, we would greatly appreciate the flexibility to adjust, to some degree, the announced topic as March 19 draws near.

The International Trade Bureau is comprised of individuals who are involved in international trade on a daily basis. We would hope to have 60 to 75 dinner guests to hear your comments. Again, because of activities in the world, attendance could be much higher. So that you may know more about our organization, I have enclosed a card which describes the Bureau.

We would be most pleased if you would accept our invitation to be our dinner speaker. Unfortunately our budget will only allow us to cover your lodging and meals. We sincerely hope you will be able to arrange your very busy schedule to come to Cedar Rapids on March 19, and we look forward to your early positive response.

Sincerely,

Monica Magee
Director, International Trade

Enclosures

cc: Ms. Graziella Figi-Ismail, MidAmerica-Arab Chamber of Commerce, Inc.
Mr. Bill Aosse, International Trade Bureau Advisory Committee and President, Midamar Corporation, Cedar Rapids, Iowa



INTERNATIONAL TRADE SERVICES

*OFFERED BY THE CEDAR RAPIDS
AREA CHAMBER OF COMMERCE*

THE INTERNATIONAL TRADE BUREAU

The International Trade Bureau (ITB) of the Area Chamber of Commerce, formerly known as the Foreign Trade Bureau, was created in 1947 to provide a forum for discussion among those individuals involved in international trade.

In the last year, the ITB organized, co-sponsored and participated in fifteen events. This included dinner meetings featuring speakers on a variety of trade topics from export controls to international marketing, hosting foreign dignitaries, and sponsoring workshops and seminars. A special feature of ITB's annual programming includes a plant tour of one of its member's facilities.

The ITB's dinner meetings with local and out-of-town guest speakers are designed to provide current information to the international business person. The dinner meetings offer an excellent opportunity for Bureau members to work and make business contacts.

The work of the Bureau is planned and guided by an Advisory Committee comprised of individuals who work in international trade on a daily basis. Their expertise is instrumental in the success of the Bureau.

As an associate office of the U.S. Department of Commerce's U.S. and Foreign Commercial Service (US&FCS), the ITB works closely with the US&FCS in providing up-to-date export-related seminars and workshops.

For a nominal fee, ITB certifies Certificates of Origin for individual and business exporters.

TRADE IOWA, the ITB's monthly publication, informs members of upcoming trade events, publications concerning exporting and importing, economic conditions

in various countries, business opportunities, U.S. Customs directives, and other topics of interest to traders. TRADE IOWA is mailed to over 325 individuals.

The Cedar Rapids Area Chamber of Commerce has a Public Affairs Department. The ITB uses the lobbyist's expertise when it is necessary to initiate and respond to local, state and federal legislation affecting international trade.

Members of the Area Chamber who are involved in international trade are invited to become members of the Bureau at no cost. Many of the Area Chamber's members voluntarily contribute funds which enhance the ITB's programming and services. Associate membership for individuals or businesses residing outside the Chamber's area is available. For those interested in learning more about the International Trade Bureau or who wish to become a member, contact Monica Magee at the Area Chamber, (319) 398-5317.

THE INTERNATIONAL TRADE PROMOTION OFFICE

The International Trade Promotion Office based in the Area Chamber's facilities, was formally opened in January, 1990. The office, the first of its kind in the nation, is a pilot project designed through the cooperative efforts of the U.S. and Foreign Commercial Service (U.S. Department of Commerce) and the Board of Directors of the Area Chamber.

The International Trade Promotion Office provides counseling and various marketing and facilitating services for those businesses that are ready and committed to expand their current foreign sales programs or initiating new foreign sales programs. The Office serves the Cedar Rapids metro area and eastern Iowa, and complements the export-related services performed by the US&FCS/Department of Commerce district office in Des Moines.

**The International Trade Bureau
Cedar Rapids Area Chamber of Commerce
424 First Avenue NE
P.O. Box 74860
Cedar Rapids, Iowa 52407
Telephone: (319) 398-5317
Fax: (319) 398-5228**

The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street, N.W.
Washington, D.C. 20433
U.S.A.

RA chono
(202) 477-1234
Cable Address: INTBAFRAD
Cable Address: INDEVAS

January 25, 1991

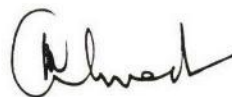
Mr. Mohamed Mestiri
First Secretary
Economic Section
Embassy of Tunisia
1515 Massachusetts Ave., N.W.
Washington, D.C. 20005

Dear Mr. Mestiri:

Thank you very much for your kind wishes and the calendar you sent me for the New Year. They arrived while I was on leave out of the country.

Let me take as well this opportunity to convey to your my best wishes for the New Year.

Sincerely,



Masood Ahmed
Division Chief
Industry and Energy Division
Europe, Middle East and North Africa Region

EMBASSY OF TUNISIA
1515 MASSACHUSETTS AVENUE, N. W.
WASHINGTON, D. C. 20005

Y.S.
PL. buy a thou you
+ new year wishes
letter

N. 12

Washington, January 8, 1991

Thanks.

Dear M. Ahmed,

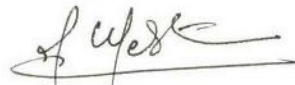


It gives me great pleasure to convey to you herewith a calender as a new year gift offered by Poulina.

I avail myself of this opportunity to extend to you my best wishes.

Sincerely,

Mohamed Mestiri



First Secretary

Economic Section

M. Masood Ahmed
Chief,
Industry & Energy Operations Division
The World Bank

The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street, N.W.
Washington, D.C. 20433
U.S.A.

(202) 477-1234
Cable Address: INTBAFRAD
Cable Address: INDEVAS

January 24, 1991

Ms. Marian Radetzki
SNS Energy
PO Box 5629
114 86 Stockholm
Sweden

Dear Ms. Radetzki:

Thank you for your letter of January 3 and your fax of January 22 outlining your proposed research on Soviet Energy Export Prospects. The topic is certainly an interesting one, and all the more so now that the future of energy production and exports in the Soviet Union is so closely tied up with the overall process of economic and societal transformation that the USSR is now undergoing.

Your research topic is also of interest to the World Bank, in terms of both our current and future work on the region. However, this work is being carried out in units other than my own and it is the managers of those units, who I see are already on your list of addresses, who would be your most logical contact points.

I wish you all the best for your research work.

Yours sincerely,



Masood Ahmed
Chef de division
Industrie et Energie
Département du Maghreb
Bureau régional Europe, Moyen-Orient
et Afrique du Nord



Record Removal Notice

File Title Masood Ahmed - Chronological File - January 1990 to June 1991		Barcode No. 30450197
Document Date January 24, 1991	Document Type Letter w/attachments	
Correspondents / Participants To: Mr. Chen From: Masood Ahmed		
Subject / Title Interest expressed interest in the work of this division		
Exception(s) Personal Information		
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.
		<table border="1"><tr><td>Withdrawn by Shiri Alon</td><td>Date November 14, 2022</td></tr></table>
Withdrawn by Shiri Alon	Date November 14, 2022	

OFFICE MEMORANDUM

DATE: December 11, 1990

TO: Mr. Kemal Derviş, Director EM2

FROM: Masood Ahmed, Chief EM2IE



EXTENSION: 32340

SUBJECT: EM2IE - Attitude Survey Follow-up

Our division met for the afternoon last Wednesday, December 5, to discuss the attitude survey report and its follow-up. Our discussion and the proposed follow-up action plan deliberately focus on the items where action at the division level can bring about an improved work climate and more effective operation. These items and a more general résumé of the discussion are presented in the attached note, prepared by Sven Kjellstrom (who joined the division after the attitude survey).

Your comments/reactions to the note, or to the attitude survey results more generally, would of course be very welcome.

MAhmed:cg

OFFICE MEMORANDUM

DATE: December 7, 1990

TO: Mr. W. A. Wapenhans, EMNVP

THROUGH: Mr. Kemal Derviş, Director, EM2

FROM: Masood Ahmed, Chief, EM2IE

EXTENSION: 32340

SUBJECT: IMF: Inclusion of Oil in the CCFF
Mr. Grilli's Memo of November 30, 1990

The proposal in para. 4 of Mr. Grilli's memo, that the Bank should meet with Fund staff to clarify what exactly is implied by "substantial up front action" on energy prices and by "full action being taken during a limited period" is eminently sensible.

In these discussions, we should attempt to clarify also whether the Fund intends to focus only on oil pricing or energy pricing more generally. The former is easier to monitor but may be inadequate to the extent that oil products are used as inputs in electricity production. In that event, raising domestic oil prices without tackling electricity pricing may simply be transferring the problem without resolving it.

cc. Messrs. Derviş (EM2DR), Blanchi (EMNVP)
MAhmed:cg

Mr. Ahmed - Action

FORM 111-709
11-1-88

THE WORLD BANK TEL

ROUTING SLIP

12/6/90

FROM THE REGIONAL VICE PRESIDENT

NAME

Messrs Hasan, Wiehen, Dervis, Chopra, Lari,
Kohli

APPROPRIATE DISPOSITION	NOTE ADDRESS
APPROVAL	NOTE ADDRESS
COMMENT	PER CUBIC
FOR ACTION	PER ACTION
INFORMATION	PREPARE
INITIAL	IN COMPARISON
DATE AND TIME	SIGNATURE

REMARKS

May I, please, have your views on the
proposal in para. 4 by c.o.b. Friday,
December 7.

W. A. Wapenhans

FROM

THE WORLD BANK/IFC/MIGA

OFFICE MEMORANDUM

DATE : November 30, 1990

TO : Messrs. S. Husain, E. Jaycox, A. Karaosmanoglu, W. Wapenhans

FROM : ^{EC} Enzo Grilli, Director, EAS

EXT. : 81935

SUBJECT: Fund Board Decision on the Introduction of Oil in the CCFF and Statement by Fund Staff on Energy Pricing Policy.

1. The Fund Board decided on November 15, 1990 to introduce until the end of 1991 an oil import element into the Compensatory and Contingency Financing Facility (CCFF). Access will be up to 82% of quota. Prior to drawing, however, members will be required to undertake satisfactory energy policy action. Copy of the paper, which was not shared with the Bank before Board discussion, and of the press release are enclosed for your information.

2. The IMF paper on pg. 5 (1st para) indicates that drawing under the CCFF "will require the member specifically to pursue appropriate domestic energy policies and in addition to the more general requirement of appropriate policies to deal with its balance of payments difficulties.... All requesting member countries would be required to take prior energy policy action." The meaning of this expected conditionality was explained by the Director of ETR at the Board. Mr. J. Boorman's statement is enclosed here.

3. You will note from the statement (pg.3), that the key operative phrase for countries with domestic energy prices below international prices that "a substantial upfront adjustment in the (domestic) prices (will be required) and that a full commitment by the authorities over a limited period of time to achieve international market price equivalence (will be sought)". The definition of what constitutes "substantial" upfront adjustment and "limited" time for achieving parity between domestic and world energy prices is not given to, but it will in practice be crucial in determining whether consistency between our views, country views and IMF views on price adjustment can be achieved.

4. Before taking a position on this issue, I believe it essential to discuss with IMF staff (ETR and regional) their views on what constitutes substantial upfront action and on the timing for achieving parity between domestic and international prices, and thus on the conditions that they plan to apply in case of oil drawings from the CCFF. We could then see if, on the basis of recent experience and of what we know about the determinants of the speed of energy price adjustment in oil

importing developing countries, how grounded Fund staff views are and how they might differ from ours. EAS will be very happy to set-up such a technical meeting. We would then have more information and stronger basis to shape an institutional response to the Fund on every "pricing".

cc: Messrs. M.A. Qureshi, P. Hasan, S. O'Brien, M. Selowsky, O. Yenai,
D. Bock, EAS Advisers.
Ms. Okonjo-Iweala.

DOCUMENT OF INTERNATIONAL MONETARY FUND
AND NOT FOR PUBLIC USE

FOR
AGENDA

DECLASSIFIED

NOV 14 2022

WBG ARCHIVES

EBS/90/179
Supplement 3

CONFIDENTIAL

November 9, 1990

To: Members of the Executive Board

From: The Secretary

Subject: The Response of the Fund to Recent Developments in the
Middle East - Introduction of an Oil Import Element into
the Compensatory and Contingency Financing Facility (CCFF)

Attached for consideration by the Executive Directors is a paper on the possible introduction of an oil import element into the compensatory and contingency financing facility (CCFF). A summary and concluding remarks appear on pages 7 and 8.

It is suggested that Executive Directors have an informal technical meeting on this subject at 3:00 p.m. on Monday, November 12, with a view to facilitating the formulation of a consensus at the Executive Board meeting scheduled for Thursday, November 15, 1990.

Mr. Wickham (ext. 4792) or Ms. Eken (ext. 6734) is available to answer technical or factual questions relating to this paper prior to the Board discussion.

Att: (1)

DECLASSIFIED

NOV 14 2022

WBG ARCHIVES

CONFIDENTIAL

INTERNATIONAL MONETARY FUND

The Response of the Fund to Recent Developments in the Middle East--
Introduction of an Oil Import Element into the CCFF

Prepared by the Research and
Exchange and Trade Relations Departments

(In consultation with other Departments)

Approved by Jacob A. Frenkel and Jack Boorman

November 8, 1990

I. Introduction

At its meeting on November 2, 1990, the Executive Board discussed the Fund's response to recent developments in the Middle East on the basis of background information and staff proposals contained in "The Response of the Fund in the Wake of Recent Developments in the Middle East." ^{1/} At the conclusion of the discussions, Directors requested the staff to prepare a short paper on the modalities of a possible oil import element under the compensatory financing component of the compensatory and contingency financing facility (CCFF). ^{2/}

This paper outlines for the consideration of the Executive Board options for a possible oil import element, including various provisions for the treatment of oil import excesses, access and conditionality, as well as its duration. It is assumed that, except as might be necessary to accommodate an oil import element, other aspects of the CCFF would remain unchanged. Regardless of the modalities of an oil import element, care would need to be taken to avoid double compensation if a member availed itself of both an oil element drawing and augmentation under an existing (or access under a new) arrangement that was determined in part with reference to increased oil import costs. As regards assistance in dealing with higher oil import prices, these mechanisms are clearly alternatives.

A decision to introduce an oil import element into the CCFF would require an 85 percent majority of the total voting power.

^{1/} EBS/90/179, 10/16/90 and "The Response of the Fund in the Wake of Recent Developments in the Middle East - Modification of Access Under ESAF Arrangements," (EBS/90/179, Supplement 1, 10/29/90).

^{2/} See the Managing Director's Concluding Remarks at Executive Board Meeting 90/156, (Buff statement forthcoming).

II. Treatment of Oil Import Excesses

An oil import element could be introduced to cover imports of crude petroleum and petroleum products. 1/ For purposes of such an element, it would not be appropriate to distinguish between these two categories because the distribution of oil imports between crude and refined oil products depends inter alia on relative prices of these products and the domestic refining capacity of the specific member. Of course, it would be possible also to cover imports of other energy items, such as coal, natural gas and electric power, but imports of these items by developing countries are generally small relative to imports of petroleum and petroleum products, and their inclusion may not be warranted given the problems of data collection and assessment.

Procedures to calculate a compensable excess similar to those employed under the cereal element of the CCFF could also be applied to an oil import element. When a member is in a position to request a compensatory drawing that encompasses an export shortfall, a cereal excess, or an oil import excess, the option to request a drawing under an oil import element would be at the discretion of the member. An arithmetic average of five annual observations centered on the excess year would be calculated, and the excess derived would be netted out against a calculated export excess (or added to an export shortfall) to obtain the net compensable amount. The purpose of such netting would be to take directly into account export performance when compensating for excesses in oil imports. It was the staff's understanding from the discussion on November 2, 1990 that the Board would prefer such an approach if an oil import element were to be introduced into the CCFF. As noted in EBS/90/179, the present rule that limits the growth in post-shortfall exports to no more than 20 percent over pre-shortfall exports in the calculation of export shortfalls may reduce an export shortfall (or enlarge an export excess) and therefore lower the compensable oil import excess.

As with the cereal element and with services in the export element, up to 12 months of estimated data could be used in the calculation of an oil import excess. Such a step would permit the calculation to be forward-looking and would accelerate the availability of resources to requesting members. 2/ Use of estimated data would involve a risk of overcompensation, but would be consistent with other provisions and

1/ These goods are covered under the Standard International Trade Classification (SITC) 33.

2/ Limiting estimated data to 6 months in the excess year, say, beginning in August 1990, and given a data lag of about 3 months, a member would not be able to request a drawing until April 1991. Allowing up to 12 months of estimated data would permit a request to be made immediately.

suggestions relating to the use of estimated data in compensatory financing. 1/ As under existing provisions, a determination of overcompensation in the light of actual data for the excess year would give rise to an expectation that the member would make a prompt repurchase in the amount of the overcompensation.

In cases where the oil import excess in the shortfall year is based almost entirely on estimated data, some phasing of drawings might well be justified given the acute uncertainty at present regarding the future path of oil prices. A phasing of purchases would reduce the risk of overcompensation and the consequent need for early repurchase in a large number of cases.

The calculation of an oil import excess would necessarily involve the projection of oil prices for part of the excess year (if an early drawing is requested) and for the two post-excess years. For oil, as in the case of a number of other commodities, the projection procedures used by the staff in connection with the World Economic Outlook exercise and with the establishment of baselines for the contingency element of the CCFF are largely based on observable indicators, such as price quotations in the spot and futures markets.

III. Access

One straightforward approach would be to provide access under an oil import element of up to 40 percent of quota, or 65 percent of quota including the optional tranche, parallel to access under the compensatory and contingency elements of the CCFF. 2/ Such access could either be within the present total limit of 122 percent of quota, an option which appears consonant with the views expressed by a number of Directors, or be incremental to the present limit, thereby raising the total access to 162 percent of quota.

If the current limit were maintained, drawings made under an oil import element would reduce the potential access remaining under the CCFF and the question would arise as to how such a reduction could be distributed. Two options could be considered: access under the oil element could be offset either against access under the export element alone, or against cumulative

1/ It was proposed in EBS/90/179 that the period covered by estimated data for exports in the shortfall year could be increased from up to 6 months to up to 12 months, consistent with present practice with respect to eligible service receipts and cereal imports.

2/ The provision under the compensatory and cereal elements of the CCFF decision that access of 83 percent of quota would be available to members whose balance of payments difficulties consist only of the export shortfall or cereal excess could be extended to apply to the oil import element as well.

access under the export and cereal compensatory elements. ^{1/} The first option would imply maximum access of 65 percent of quota (including the optional tranche) on account of the addition of oil import excesses to export shortfalls, whereas the second option would imply maximum access of 82 percent of quota.

The attached Table illustrates the effect of the various options on member countries' additional access to compensatory financing resulting from the introduction of an oil import element. If an oil element drawing is charged against only the access under the export element plus the optional tranche, 66 members would potentially benefit at an average of 26 percent of quota. Potential additional use of Fund resources would amount to SDR 2.7 billion in the simulation. If an oil element drawing were charged against access under the export and cereal elements, 10 more members would potentially benefit; although the same average in relation to quota would be calculated, the amount of potential financing would rise to SDR 3.5 billion. If an oil element were allocated separate additional access of up to 40 percent of quota plus the optional tranche, the number of eligible members would remain at 76, but the potential average financing in percent of quota would rise slightly and the total potential additional financing would rise to SDR 4.2 billion.

It should be noted that the above simulations probably substantially overstate likely use because some members may be unable to meet the tests of balance of payments need, "beyond the control," and cooperation with the Fund; in addition, many members may choose to deal with increased financing needs in the context of Fund arrangements, including concessional ESAF resources, ^{2/} while others have arrears to the Fund. Moreover, the attached table is provided for illustrative purposes only since the data used for the calculations make no allowance for a response in oil import volumes as a result of adjustment policies. To the extent that a member country has received assistance from other sources specifically to cover

^{1/} To illustrate how the first and second options would work, suppose that a member incurs an oil import excess of 45 percent of quota and an export shortfall of 25 percent of quota for a total net compensable amount of 70 percent of quota. Under the first option, that part of the net compensable amount attributable to the oil import excess would be charged against access under the export element alone. The net compensable amount would exhaust access of 65 percent of quota (including the optional tranche) and would leave 5 percent of the net compensable amount uncompensated. The second option would be to charge the net compensable amount against the existing combined access under the export and cereal elements. Under this option, the net compensable amount of 70 percent of quota would be fully compensated, because access would be charged against the existing combined access limit of 82 percent of quota for exports and cereal imports.

^{2/} Of the potential beneficiaries under an oil import element, about half either currently have Fund arrangements in place or are holding discussions on arrangements with the Fund.

increases in oil costs, this factor would also have to be taken into account.

IV. Conditionality

In determining the conditionality to be associated with drawings under an oil import element, three alternatives could be considered. First, conditionality under an oil import element would follow the provisions of paragraph 12 of the CCFF decision 1/, but require the member specifically to pursue appropriate domestic energy policies in addition to the present more general requirement of appropriate policies to deal with its balance of payments difficulties. 2/ Under the framework of paragraph 12 of the CCFF decision, members falling under paragraph 12(a) (i.e., those having satisfactory records of cooperation) generally are not required to adopt prior actions before making a request. Members falling under paragraph 12(b), in contrast, are required to do so. Under an oil import element, all requesting members would be required to take satisfactory prior energy policy actions. Such an approach would be justified by the quantitative importance of oil imports for many members and the relatively large fiscal consequences of delaying adjustment. Furthermore, an argument for adjustment could be made on the grounds that oil prices are expected to remain significantly above the 1989 level and that the increase therefore has a permanent component.

A second approach, as suggested by some Directors at the Executive Board meeting on November 2, 1990, would be to require that compensatory drawings on account of oil excesses be subjected to stricter conditionality than that envisaged under the provisions of paragraph 12 of the CCFF decision and as modified in the first approach. One possibility would be to require that a member requesting a purchase at any level of access under an oil import element have a Fund arrangement in support of a program, or equivalent policies, that meet the criteria for the use of the Fund's general resources in the upper credit tranches. Such an approach could entail the risk of delaying purchases under an oil import element as negotiations on a program that meets upper credit tranche conditionality, including the specification of performance criteria and benchmarks for the

1/ "Modification of Compensatory and Contingency Financing Facility Decision," SM/90/115, Supplement 1, 7/20/90.

2/ The question of what would constitute appropriate domestic energy policies is a complex one. Members have different oil purchasing arrangements as well as different initial pricing conditions, ranging from state subsidization of prices to uncontrolled private markets. Given these conditions, the term "appropriate domestic energy policies" would be understood in general to mean a substantial movement of domestic energy prices toward international levels. This approach would permit a case-by-case examination of the policies that might be appropriate to a requesting member's circumstances.

program period, may take some time. Furthermore, apart from possible questions of phasing, this approach would seem closely comparable, as regards conditionality, to an approach that focused on augmentation of existing arrangements (or access under new arrangements) as proposed in EBS/90/179.

A third approach would be to follow the conditionality provisions under paragraph 12 (as modified under the first approach) but, when a request under an oil element is not already associated with an upper credit tranche arrangement, the member would present a written statement, to be developed together with the Fund staff. The statement would lay out in detail the member's macroeconomic objectives and policies to be followed, including domestic energy policies, and would permit evaluation of the member's energy policies in the light of the appropriateness of its macroeconomic policies as a whole. The staff considers that the letter of intent that accompanies a member's request for use of Fund resources in the first credit tranche could serve as a useful model in this regard, would ensure the consistency of the proposed purchase with the Fund's policy on financing assurances, and would facilitate assessments of the member's capacity to repay the Fund. As in all cases of use of Fund resources, drawings under an oil import element could be limited by considerations relating to the member's capacity to repay. Under this approach, a member might also be required to adopt prior actions beyond the area of domestic energy policy.

As suggested earlier, an important issue in estimating excess oil imports relates to the length of the period for which estimated data may be used. The adoption of a provision which allows the use of up to 12 months of estimated data may run the risk of overcompensating members, given the volatile nature of the oil market at present. On the other hand, limiting the use of estimated data to 6 months would reduce the Fund's ability to react promptly in providing resources to members. One option would be to provide Fund resources in two equal tranches in those cases in which substantially more than 6 months of estimated data, say, 9 months, are used. The first disbursement would be provided at the time of the request and the second when the actual data covering 6 months of the excess year become available. Under this approach, the disbursement of the second tranche would be subject, at the time of the purchase, to balance of payments need and to the fulfillment of the test of cooperation--that is, in this context, a continuation of the policies and policy understandings underlying the initial purchase. Such phasing would apply only to purchases on account of the oil import excess, and purchases on account of export shortfalls and cereal import excesses would not be phased.

V. Duration of an Oil Import Element

Many Executive Directors have considered that an oil import element, if accepted, should be introduced on a temporary basis and lapse after a given period unless renewed by the Board (by a further decision requiring an

85 percent majority of the total voting power). It could be stipulated that the oil import element would remain in effect through end-1991. This expiration date would encompass the period during which the oil price increase is expected to have the most severe impact. In any event, it is expected that by this date the new quotas would be in effect, and access policies for the use of Fund resources in general would have been reviewed.

VI. Summary and Concluding Remarks

In presenting possible options and characteristics, the staff has been mindful of the view of the Executive Board that a new facility is not intended and that an oil element, if accepted, should be integrated into the existing CCFF. This consideration and the importance of coming to early conclusions on the Fund's response to the Middle East crisis suggest that options for consideration be limited.

As stressed in earlier discussions, many of the countries adversely affected face problems that are broader and most appropriately addressed in the context of comprehensive adjustment programs that could be supported by Fund arrangements. A considerable number of the potential beneficiaries of an oil element already have or are actively considering such arrangements, and requirements specifically related to increased oil import costs could be addressed either directly in those arrangements or through an oil import element of the CFFF. For others that might potentially benefit from an oil import element, the broader nature of their difficulties and the need to safeguard the Fund's resources would suggest that access to such an element should be maintained within the bounds of the existing CCFF and be associated with both satisfactory prior actions and at least a statement, developed with the Fund staff, describing the member's macroeconomic objectives and the policies to be followed.

The following summary presents characteristics and options for an oil import element for the consideration of Executive Directors.

1. Treatment of oil import excesses

An oil import excess would be calculated on the basis of an arithmetic average. The compensable amount would be equal to the excess net of any export shortfall (or excess). The excess year could include up to 12 months of estimated data under the early drawing procedure.

2. Access

a. Access could be up to 65 percent of quota including the optional tranche with the total access limit under the CCFF to be:

- (i) maintained at 122 percent of quota; or

(ii) increased to 162 percent of quota with an incremental access of 40 percent of quota on account of an oil import excess.

b. If the total access limit were maintained at 122 percent of quota, drawings under an oil import element could be chargeable to:

(i) the access limit for the export element alone; or

(ii) the cumulative access limits for the export and cereal elements.

3. Conditionality

a. The member's request for a compensatory purchase under an oil import element:

(i) Would be subject to paragraph 12 of the CCFF decision with a special provision requiring appropriate domestic energy policies, including prior actions in the energy field for all members making requests for compensation under the oil import element; or

(ii) Would be subject to stricter conditionality than that envisaged under paragraph 12 as modified under subsection i. above, that is, for any level of access would be accompanied by a request for, or the existence of, a Fund arrangement in support of a program (or by equivalent policies) that meets the criteria for the use of the Fund's general resources in the upper credit tranches in addition to the pursuit of appropriate domestic energy policies; or

(iii) Would be subject to provisions of paragraph 12 as modified under subsection i. above, but would also require a written statement to be developed jointly by the member and the Fund staff laying out in detail macroeconomic objectives and policies to be followed, and might involve prior actions, including those outside the energy area.

b. The member's request for a compensatory purchase under an oil import element:

(i) Would not be phased; or

(ii) Would be phased in two equal tranches in those cases in which 9 months or more of estimated data are used for the excess year.

4. Duration

The oil import element could be allowed to lapse at the end of 1991.

Table. CCFF: Potential Additional Financing for Selected Members
Under an Oil Import Element: Alternative Assumptions on Access
Where Oil Excesses Are Netted Against Export Shortfalls 1/

	Existing Total Access Limit of 122% of Quota		Total Access Limit Raised to 162% of Quota
	Oil element drawings chargeable to:		Oil element
	One element: Exports only + Optional tranche (40%+25%)	Two elements: Exports+Cereal + Optional tranche (40%+17%+25%)	Has own Access + Optional tranche (40%+25%)
Countries potentially eligible for additional financing	66	76	76
Not SAF/ESAF eligible	31	38	38
AFR	5	7	7
ASD	4	5	5
EUR	6	8	8
MED	1	2	2
WHD	15	16	16
SAF/ESAF eligible	35	38	38
AFR	22	23	23
ASD	6	6	6
MED	1	2	2
WHD	6	7	7
(In percent of quota)			
Average potential additional financing	26	26	29
Not SAF/ESAF eligible	30	30	34
SAF/ESAF eligible	22	22	23
(In billions of SDRs)			
Total potential additional financing	2.7	3.5	4.2
Not SAF/ESAF eligible	2.0	2.7	3.4
SAF/ESAF eligible	0.7	0.8	0.8

1/ IMF staff calculations.

INTERNATIONAL MONETARY FUND

PRESS RELEASE NO. 90/57

FOR IMMEDIATE RELEASE
November 15, 1990

In response to recommendations from the IMF Interim Committee at its September 1990 meeting, the Executive Board of the Fund has unanimously adopted a series of decisions to provide emergency financial relief to member countries seriously affected by the Gulf crisis. Recent developments in the Middle East have increased the vulnerability of the world economy and exacerbated the difficulties facing many of the Fund's members. In accordance with its mandate, the IMF has a central role to play in helping its members to overcome such unexpected shocks. Notwithstanding the difficulties and uncertainties, Executive Directors consider that the overall situation is manageable through the use and adaptation of the existing instruments available to the IMF. Such an approach is considered appropriate since--contrary to earlier times of major oil price increases--a large number of members presently have IMF arrangements in place. Also, the lessons of past experience suggest strongly that the provision of added financing by the IMF be primarily in the context of comprehensive adjustment programs.

In view of this, the core of IMF's support will be provided within the stand-by, extended, structural adjustment facility (SAF)/enhanced structural adjustment facility (ESAF) arrangements, and the compensatory and contingency financing facility (CCFF). Suitable modifications in adjustment measures and IMF financing within the context of IMF arrangements could be introduced relatively quickly, in keeping with the need for a rapid response. Specifically, the IMF's Executive Board decided to:

1. Modify or rephrase the amount of financing available to members, as appropriate, to take into account the effects of developments in the Middle East.

2. Suspend, until the end of 1991, the present lower annual, three-year, and cumulative borrowing limits 1/. The upper limits of 110, 330, and 440 percent of each member's quota and the clause which allows the IMF to provide financing in excess of these limits in exceptional circumstances, remain unchanged.

1/ 90 percent of quota, 270 percent of quota, and 400 percent of quota respectively.

3. Allow the IMF to increase the total ESAF financing 1/ for a member at the time of mid-term reviews of such arrangements.

4. Allow the IMF to add a fourth year of ESAF support for countries that would complete their current ESAF arrangements prior to November 1992. This will enable them to benefit from a further year of concessional financing when undertaking strong programs of structural adjustment.

5. Until now, the IMF has not had the ability specifically to compensate for economic shocks caused by sharp increases in the price of oil imports. Consequently, the Executive Board agreed to introduce, for a temporary period, to the end of 1991, an oil import element into the compensatory and contingency financing facility to cover excess costs of imports of crude petroleum, petroleum products, and natural gas. Prior to such a drawing, a member will be required to undertake satisfactory energy policy actions.

Access under the oil import element will be up to 82 percent of quota. In certain cases, the financing will be disbursed in two amounts: 65 percent of the total will be available on approval by the Executive Board, and the remainder at a later date in conformity with specified requirements.

6. The Executive Board also decided to expand the coverage of IMF's compensatory financing. Whereas previously only workers' remittances and travel receipts could be included in the calculation of export shortfalls under compensatory financing, under the new policy losses resulting from shortfalls in other services, such as receipts from pipelines, canals, shipping, transportation, construction, and insurance, will also be included.

7. In view of the present uncertain global economic situation, the Executive Board agreed that an external contingency mechanism could be attached to IMF arrangements at the time of a review, provided it is done at least six months before the expiration of the underlying arrangement. Such mechanisms allow the member to be protected against external developments that could harm the implementation of their economic program. Previously, such contingency mechanisms could only be attached to an arrangement at the time of approval of the arrangement or at the beginning of any annual program.

1/ ESAF is the IMF's concessional window for assisting its poorest members undertaking macroeconomic and structural programs to strengthen substantially and in a sustainable manner their balance of payments positions.

These significant adaptations of the IMF's instruments leave unchanged, nevertheless, the basic principle governing IMF assistance and, in particular, the criteria of balance of payments need the strength of the adjustment program and capacity to repay, as well as catalytic role of the IMF calling for consideration of the contribution that can reasonably be expected from other institutions and bilateral lenders or donors.

Executive Directors have emphasized that the present situation, and the Fund's responsibilities in managing it, underscore the need for the earliest possible implementation of the quota increase and the associated amendment to the Articles of Agreement. They also stressed the view that while temporary forms of relief are important, the impact of the Middle East crisis, and the broader economic changes sweeping the world, call for bold and comprehensive growth-oriented structural adjustment programs that would reinforce the member countries' capacity to react to such unexpected shocks. The IMF stands ready to assist its members in the design, financing, and implementation of such programs.

Excerpts from Transcript of Board Meeting of
November 15 on the Staff's Remarks
Concerning Energy Policy

1. The Response of the Fund to Recent Developments in the Middle East - Introduction of an Oil Import Element into the Compensatory and Contingency Financing Facility (CCFF) (EBS/90/179, Supplement 3; see also EBS/90/179 and Supplements 1 and 2)

MR. BOORMAN: Thank you, Mr. Chairman.

Two questions: one on oil pricing energy policy and the other on conditionality. The first was raised by Mr. Al-Jasser and some other Directors.

The Fund's advice so far has been pretty clear through various forums: there should be a pass-through to domestic prices of the increase in international market prices of oil that has been occurring. In countries where distribution, production, etc. of energy products is handled by the private sector, the issue essentially takes care of itself. It is in the other cases, the countries where there is administered pricing, in particular, where the issue needs to be discussed. Allocative efficiency would suggest that fully passing through international prices that are expected to be permanent should be the guide in economic programming with countries with which we are holding discussions. If the products are already subsidized, the case is, of course, that much stronger. If taxes form a wedge between international prices and domestic prices, the case, from an allocative efficiency point of view, may not be quite as strong. At the same time, other considerations, environment or conservation considerations, for example, would need to be taken into account.

The difficult question though arises in determining the permanency of the oil price increases which one is seeing and, in a volatile price environment, how often to adjust domestic prices. Here, I think budgetary considerations can give us a guide. If some smoothing of domestic prices is attempted, it can give rise to subsidies which will be temporary and offset later only if the current guess is made about future price developments. In a particularly favorable budgetary environment, some risk might be accepted. But in most cases, if the budget is weak, caution argues for full and immediate pass-through of the price changes that are taking place. Price smoothing in these environments could be effected by forward contracting by the countries concerned, but it is understanding that the possibilities there are probably fairly limited.

Beyond this, one additional point. The more the automaticity that can be built into the system of administered price determination of energy prices, obviously the less the political sensitivity of the issue, and we would favor recommendations to countries to try to make pricing automatic.

In summary, Mr. Chairman, we would recommend full pass-through, but with three caveats. If some forward contracting is possible or if the budgetary position particularly strong, some smoothing could be attempted. Secondly, if energy is already substantially taxed and if the budgetary position is strong, or if expenditure or other revenue offsets are possible, there could be less than immediate pass-through. But in those cases great caution would have to be exercised to assure that other actions could be taken to maintain a sound budgetary

position. Finally, we do recognize that there are cases where prices are far below international market equivalence. We had a discussion in the Board the other day of one such case, and it is recognized that it may not be possible immediately to make the entire adjustment to cover the old subsidy and, in addition, the new enlarged international prices. Under those circumstances, what has been recommended, as was discussed in that case, was substantial up-front adjustment in the prices and a full commitment by the authorities over a limited period of time to achieve that international market price equivalence.

ROUTING SLIP		DATE: Dec. 11, 1990	
NAME		ROOM NO.	
Messrs. Dervis			
Costa			
Ayub			
Graiss			
Brizzi Rahim			
<input type="checkbox"/>	APPROPRIATE DISPOSITION		NOTE AND RETURN
<input type="checkbox"/>	APPROVAL		NOTE AND SEND ON
<input type="checkbox"/>	CLEARANCE		PER OUR CONVERSATION
<input type="checkbox"/>	COMMENT		PER YOUR REQUEST
<input type="checkbox"/>	FOR ACTION		PREPARE REPLY
<input checked="" type="checkbox"/>	INFORMATION		RECOMMENDATION
<input type="checkbox"/>	INITIAL		SIGNATURE
<input type="checkbox"/>	NOTE AND FILE		URGENT
REMARKS:			
FROM: Masood Ahmed		ROOM NO.: H-4061	EXTENSION:

December 11, 1990

TO: EM2IE Staff

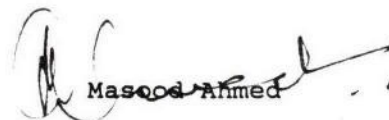
The purpose of this note is to clarify work assignments and responsibilities for the division for the balance of the fiscal year. This is a particularly opportune time to clarify these responsibilities given: (i) the mid-year review of the work program and budget that has just been completed; (ii) the recent or imminent changes in divisional staffing; and (iii) the desire expressed by many of you, during the attitude survey follow-up meeting last week, for a more formal staff responsibilities allocation and communication system in the division.

Individual responsibilities for the various tasks in the work program are set out in the attached table. Also attached is a copy of the divisional CAM as revised for the mid-year review. In addition, I would like to note the following points:

- (a) With Jacques Coudol's transfer to the Front Office as Country Officer for Morocco, the follow-up and coordination of the division's supervision work will be handled by Alain Barbu. Alain's terms of reference for this work will be issued shortly.
- (b) After Zoubeida's departure in January and until a suitable power engineer can be identified and brought on board, the division will need to rely on outside help for procurement and engineering aspects of our power work. As an interim measure, Mr. Arturo Roa has agreed to help us on a part-time basis with this aspect of our work. Mr. Gress in the Front Office will of course continue to be available for support in procurement related work more generally.
- (c) A warm welcome on board to Hartwin Nickel who will join us at the end of January. Hartwin, who is currently a Senior Financial Analyst in LAC, brings to us long and valuable experience in both the petroleum and power sectors as well as in the area of public enterprise financing and restructuring. Hartwin will take over the management of the division's power sector operations in Morocco and Algeria.
- (d) The main message from the region wide mid-year review this year is that overruns on the dollar budget are an absolute nono for FY91. For our division this translates into a very tight mission schedule for the next six months. I want to avoid getting into the review of who takes a stopover where and flies by what airline. But I can only do this if you accept the responsibility for prudent dollar budget management. What I will be looking out for is whether our staffing for each mission is absolutely necessary and how missions can be combined to reduce cost. In smaller matters please exercise your own discretion but think

about the budget. When I see phone bills with calls to Paris, a city for which there is a perfectly good tie-line (580 + 9 + city number), I get a message about the budget consciousness of the user.

- (e) With Dung's imminent departure on maternity leave, Yvaine will cover for her on the budget/CAM and procurement follow up until Carmen is back. Liliane will sit in for Carmen during her absence on leave until January 25. Alain will be acting for me while I am on mission and leave from December 17 - January 11, 1991.
- (f) Best wishes for the New Year to you all.


Masood Ahmed

cc. Mr. Nickel

EM2IE - STAFF ASSIGNMENTS

<u>ALGERIA</u>		<u>Task Manager</u>	<u>Other Staff</u>
Power III	(SPN))	Nickel	Kebet-Koulibaly
Power IV	(PREP))		Gress (Cons. Proc.)
Telecoms. I	(SPN))	Lecharny	Boutan
Telecoms. II	(PREP))		Barbu
T.A. Loan	(SPN)	Carrere	Kjellstrom (Industry)
			El-Naggar (Fin. Sec.)
			Kamel (Debt)
Ind. Res. Demons.	(SPN)	Kebet-Koulibaly	Meunier
			Barbu
FISAL	(PREP)	Kjellstrom	Coudol
			Kumar
			El-Naggar
			Saltoglu
Fin. Sec. Report	(SRA)	El-Naggar	Kjellstrom
Enterp. Develop.	(SRA)	Kumar	Kjellstrom
Cement Restruct.	(PREP)	Kumar	Carrere
			Kebet-Koulibaly
Environ. Project	(PREP)	Kumar	Papandreou
			Halldin
			Ackerman
ESMAP Coord.)	LDV	Ferroukhi	Nickel
Energy Cons.)			
Petroleum Project	(PREP)	Barbu	Saltoglu

<u>MOROCCO</u>		<u>Task Manager</u>	<u>Other Staff</u>
PERL II	(PREP)	Coudol	Barbu Debatisse Covindassamy Ziller Patel
PERL I	(PCR)	Coudol	Mitchell
Ind. Export Fin.)	Doublet	Forestier
Industrial Fin.)		Papandreou
EMI	(SPN)		Lewis/Pham
Priv. Sec. Inv.	(PREP)	Forestier	Doublet Papandreou
UNDP Trade Simp.	(SPN)	Doublet	Forestier
Power Distrib.)	(SPN)	Nickel	Woodruff
2nd Rural Elec.)			Gress (Cons. Proc.) Ferroukhi (Energy Sec.)
Power Project	(PREP)	Nickel	Ferroukhi
Energy Sec. Disc.)		
Maghreb Seminar)		
Gas Study)	Ferroukhi	Nickel
Petrol. Proj. Iden.)			
ONAREP Restruc.)		
ESMAP Coord.)		
Jerada Coal	(SPN)	Covindassamy	Barbu
Telecoms I	(SPN)	Lecharny	Boutan Barbu
Telecoms II	(PREP)	Barbu	Lecharny
Priv. Sec. Dev. Study	(SRA)	Forestier	Papandreou Doublet
Sugar Restr. Study	(SRA)	Patel	Debatisse Saltoglu

<u>TUNISIA</u>		<u>Task Manager</u>	<u>Other Staff</u>
Mining T.A.	(SPN/PCR)	Hendriks	Mitchell Kebet-Koulibaly
PERL	(SPN)	Kjellstrom	Doublet Kebet-Koulibaly
Credit Lines (EMI II, Export, SMI II)	(SPN)	Carrere	El-Naggar/Pham
Industry Finance	(PREP)	Carrere	El-Naggar Patel/Pham
Power IV	(SPN)	Kebet-Koulibaly	Christofides
Power/Gas	(PREP)	Ferroukhi	Kebet-Koulibaly Christofides Shirazi
Petr. Expl. Prom.	(SPN)	Ferroukhi	Ansari
Egy. Cons. Demons.	(SPN)	Ferroukhi	Kebet-Koulibaly

<u>PORTUGAL</u>		<u>Task Manager</u>	<u>Other Staff</u>
BNF III	(SPN)	Coudol	Carrere
BFN II	(PCR)	Aghdaey	Coudol
SMI II	(PCR)	Aghdaey	Coudol

INDUSTRY AND ENERGY OPERATIONS DIVISION(28430)
ALGERIA
FY91 - Sources of Staffing for Divisional Work Program (swks)

----- Revised Plan -----										----- Actual -----						Actual
Task	ID	FY/ ST.	Name	Div Staff	Div Cons.	EMENA Other	COOP	Other	Total	Div Staff	Div Cons.	EMENA Other	COOP	Other	Total	as % of Revised
PROCESS PROJECTS																
=====																
LENP	5ALGPA069	93L	IND. RESTRUC. (CEMEN	20.0	2.0	3.0			25.0	15.6		1.8			17.4	69.7
	5ALGPA072	94L	IND.REST.II (PETROCH	1.0		.2			1.2	.2		.1			.3	28.5
	5ALGPA089	92L	ENV. MGMT.	20.0		15.0		1.0	36.0	4.0		3.7		.1	7.8	21.6
	5ALGPA092	92R	FINANCIAL SECTOR REF	47.0	42.0	12.0		5.0	106.0	21.3	10.8	2.4		.3	34.9	32.9
	Subtotal			88.0	44.0	30.2		6.0	168.2	41.2	10.8	8.0		.4	60.5	35.9
LENN	5ALGPA081	92L*	FIRST PETROLEUM	11.0	1.0	1.1		2.0	15.1	5.5	.6	.7		1.3	8.2	54.3
LDV	5ALG			5.0					5.0	1.2					1.2	23.2
	*TOTAL			104.0	45.0	31.3		8.0	188.3	47.9	11.5	8.7		1.7	69.8	37.1

CESW																
=====																
SRA	5ALGSR037	99A	HYDROCARBONS							5.0					5.0	
	5ALGSR038	91A	FINANCIAL SECTOR RPT	15.0					15.0	12.2					12.2	81.1
	5ALGSR040	92A	ENTERP. DEVELOPMENT	5.0					5.0	.8					.8	15.2
	Subtotal			20.0					20.0	18.0					18.0	89.9
	*TOTAL			20.0					20.0	18.0					18.0	89.9

PORTFOLIO MANAGEMENT																
=====																
SPN	5ALGPA026	84L	TELECOMS I					4.0	4.0						1.5	37.2
	5ALGPA033	88L	POWER III	9.0		4.0			13.0	4.2		.4			4.6	35.3
	5ALGPA054	90L	IND. RESTRUCTURING D	10.0	2.0	2.0			14.0	2.6	1.3	.1			4.1	29.0
	5ALGPA068	90L	TECHNICAL ASSISTANCE	10.0	3.0	5.0			18.0	5.0		3.8			8.7	48.5
	Subtotal			29.0	5.0	11.0		4.0	49.0	11.8	1.3	4.2		1.5	18.9	38.5
	*TOTAL			29.0	5.0	11.0		4.0	49.0	11.8	1.3	4.2		1.5	18.9	38.5

DEVELOP CTRY PLANS																
=====																
CWO	5ALG									1.4					1.4	
OARN	5ALG									.1					.1	
	*TOTAL									1.5					1.5	
	**TOTAL			153.0	50.0	42.3		12.0	257.3	79.2	12.8	12.9		3.2	108.1	42.0

* following FY/STATUS indicates that divisional FY/STATUS disagree with Regional Lending Program.

INDUSTRY AND ENERGY OPERATIONS DIVISION(28430)
MOROCCO
FY91 - Sources of Staffing for Divisional Work Program (swks)

----- Revised Plan -----										----- Actual -----				Actual		
Task	ID	FY/ ST.	Name	Div Staff	Div Cons.	EMENA Other	COOP	Other	Total	Div Staff	Div Cons.	EMENA Other	COOP	Other	Total	as % of Revised
PROCESS PROJECTS																
=====																
LENP	5MYCPA090	93S	TELECOM.II	10.0				4.0	14.0	2.2		.2		.6	3.0	21.1
	5MYCPA119	92L	PERL II	35.0	18.0	32.0		12.0	97.0	24.5	11.4	21.8		8.3	65.9	68.0
	5MYCPA136	94S	PRIVATE SECTOR DEVEL	11.0	15.0				26.0	5.1	12.0				17.2	66.0
	5MYCPA148	92L*	INDUSTRY FINANCE II	27.0	5.0				32.0	3.2	.4				3.6	11.2
	Subtotal			83.0	38.0	32.0		16.0	169.0	35.0	23.8	22.0		8.9	89.6	53.
LENA	5MYCPA119	92L	PERL II	15.0		22.0		7.0	44.0							
	5MYCPA148	92L*	INDUSTRY FINANCE II	12.0	5.0			2.0	19.0							
	Subtotal			27.0	5.0	22.0		9.0	63.0							
LENN	5MYCPA111	91L	SECOND RURAL ELECTRI	6.0					6.0	5.9					5.9	98.6
	*TOTAL			116.0	43.0	54.0		25.0	238.0	40.9	23.8	22.0		8.9	95.6	40.1

CESW																
=====																
SRA	5MYCSR053	91A	ENERGY FINANCING	8.0					8.0	5.7		8.0			13.6	170.6
	5MYCSR054	92A	PRIVATE SECTOR DEV.	15.0	10.0	3.0		2.0	30.0	3.5		.4			3.9	12.9
	Subtotal			23.0	10.0	3.0		2.0	38.0	9.2		8.4			17.5	46.1
	*TOTAL			23.0	10.0	3.0		2.0	38.0	9.2		8.4			17.5	46.1

PORTFOLIO MANAGEMENT																
=====																
SPN	5MYCPA065	85L	ELEC.MECH.IND	8.0					8.0	1.2					1.2	14.4
	5MYCPA068	85L	JERADA COAL	5.0				4.0	9.0	1.0				.5	1.5	16.3
	5MYCPA072	87L	TELECOMMUNICATIONS I	3.0				8.0	11.0	.1				2.5	2.6	23.7
	5MYCPA080	88L	POWER DISTRIBUTION P	8.0		8.0			16.0	5.5		.7			6.2	38.9
	5MYCPA104	87L	IND.EXP. FINANCE I	8.0	5.0				13.0	6.6	3.3				9.9	76.2
	5MYCPA110	90L	INDUSTRIAL FINANCE	5.0	10.0	4.0			19.0	4.3	3.0	1.2			8.5	44.9
	5MYCPA111	91L	SECOND RURAL ELECTRI	9.0		5.0			14.0	2.3					2.3	16.3
	5MYCPA118	87L	PERL 1	1.0					1.0	.4					.4	40.0
	Subtotal			47.0	15.0	17.0		12.0	91.0	21.2	6.4	1.9		3.0	32.6	35.8
PCR	5MYCPA118	87L	PERL 1	2.0	5.0				7.0		4.5				4.5	64.3
	*TOTAL			49.0	20.0	17.0		12.0	98.0	21.2	10.9	1.9		3.0	37.1	37.8

ADVISORY																
=====																
OARN	5MYC									1.3					1.3	
	**TOTAL			188.0	73.0	74.0		39.0	374.0	72.6	34.7	32.2		11.9	151.4	40.5

* following FY/STATUS indicates that divisional FY/STATUS disagree with Regional Lending Program.

INDUSTRY AND ENERGY OPERATIONS DIVISION(28430)
 PORTUGAL
 FY91 - Sources of Staffing for Divisional Work Program (swks)

Task	ID	FY/ ST.	Name	----- Revised Plan -----						----- Actual -----						Actual as % of Revised		
				Div Staff	Div Cons.	EMENA Other	COOP	Other	Total	Div Staff	Div Cons.	EMENA Other	COOP	Other	Total			
PORTFOLIO MANAGEMENT																		
SPN	5PORPA061	88L	IDF-BFN III	3.0		2.0				5.0					.3		.3	5.1
PCR	5PORPA018	81L	BFN II			5.0				5.0					.7		.7	13.1
	5PORPA022	83L	SMI II			1.0				1.0								
	Subtotal					6.0				6.0					.7		.7	10.9
	*TOTAL			3.0		8.0				11.0					.9		.9	8.2
	**TOTAL			3.0		8.0				11.0					.9		.9	8.2

* following FY/STATUS indicates that divisional FY/STATUS disagree with Regional Lending Program.

VPOS/DIVWPGR2

Run on: 11/30/90 at 14.42.31

INDUSTRY AND ENERGY OPERATIONS DIVISION(28430)
TUNISIA
FY91 - Sources of Staffing for Divisional Work Program (swks)

		----- Revised Plan -----								----- Actual -----						
Task	ID	FY/ ST.	Name	Div Staff	Div Cons.	EMENA Other	COOP	Other	Total	Div Staff	Div Cons.	EMENA Other	COOP	Other	Total	Actual as % of Revised
PROCESS PROJECTS																
LENP	5TUNPA120	93L	INDUSTRIAL FINANCE	25.0	6.0	1.0		1.0	33.0	17.8		.4		1.6	19.8	59.9
	5TUNPA145	93L	NATURAL GAS DEVELOPM	10.0		4.0			14.0	.6		3.5			4.1	29.3
	Subtotal			35.0	6.0	5.0		1.0	47.0	18.3		3.9		1.6	23.9	50.8
LDV	5TUN			4.0					4.0							
	*TOTAL			39.0	6.0	5.0		1.0	51.0	18.3		3.9		1.6	23.9	46.8

CESW	====									.2					.2	
SWO	5TUN															

PORTFOLIO MANAGEMENT																
SPN	5TUNPA066	84L	POWER IV	4.0					4.0							
	5TUNPA071	85L	ELEC. & MEC. IND. II	8.0					8.0	1.9					1.9	24.1
	5TUNPA072	85L	EXPORT INDUSTRIES	9.0		2.0			11.0	2.2		1.2			3.4	30.7
	5TUNPA076	88L	SMI - II	10.0					10.0	3.0					3.0	30.2
	5TUNPA110	87L	ENERGY CON. & DEMONST	5.0	3.0	4.0			12.0							
	5TUNPA119	90L	PUB. ENT. I	6.0		8.0			14.0	2.0		1.8			3.8	27.5
	5TUNPA139	89L	PETROLEUM EXPLOR. PR	5.0	3.0	4.0			12.0	1.0		2.6			3.6	30.3
	Subtotal			47.0	6.0	18.0			71.0	10.2		5.6			15.8	22.3
PCR	5TUNPA065	84L	MINING TECH. ASST.		3.0			4.0	7.0		.3			2.1	2.4	34.4
	5TUNPA066	84L	POWER IV	5.0	2.0				7.0							
	Subtotal			5.0	5.0			4.0	14.0		.3			2.1	2.4	17.2
	*TOTAL			52.0	11.0	18.0		4.0	85.0	10.2	.3	5.6		2.1	18.2	21.4
	**TOTAL			91.0	17.0	23.0		5.0	136.0	28.7	.3	9.6		3.7	42.3	31.1

* following FY/STATUS indicates that divisional FY/STATUS disagree with Regional Lending Program.

FY91 - Sources of Staffing for Divisional Work Program (swks)

Task	ID	FY/ ST.	Name	----- Revised Plan -----						----- Actual -----						Actual as % of Revised
				Div Staff	Div Cons.	EMENA Other	COOP	Other	Total	Div Staff	Div Cons.	EMENA Other	COOP	Other	Total	
TOTAL				635.8	140.0	147.3		56.0	979.1	275.5	51.2	56.5		18.8	402.0	41.1

* following FY/STATUS indicates that divisional FY/STATUS disagree with Regional Lending Program.

VP05/DIVWPGR2

Run on: 11/30/90 at 14.42.31



Record Removal Notice

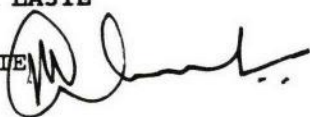
File Title Masood Ahmed - Chronological File - January 1990 to June 1991		Barcode No. 30450197		
Document Date December 11, 1990	Document Type Memorandum			
Correspondents / Participants To: Mr. Chingboon Chen, YP Administrator From: Masood Ahmed, Chief EM2IE				
Subject / Title Kerem Saltoglu				
Exception(s) Personal Information				
Additional Comments		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td>Withdrawn by Shiri Alon</td><td>Date November 14, 2022</td></tr></table>	Withdrawn by Shiri Alon	Date November 14, 2022
Withdrawn by Shiri Alon	Date November 14, 2022			

OFFICE MEMORANDUM

DATE: December 11, 1990

TO: Mr. Graham Smith, Chief LA3IE

FROM: Masood Ahmed, Chief EM2IE



EXTENSION: 32340

SUBJECT: Transfer of Mr. Hartwin Nickel

Further to our conversation yesterday, this memo is to confirm our agreement to the transfer arrangements for Mr. Nickel from LA3IE to this division. We have agreed that Mr. Nickel should officially transfer to EM2IE on February 1, 1991 but if he has some spare time before, he could already begin to familiarize himself with his new assignment. Equally, if there are any pending tasks from his current assignment that extend beyond his official transfer date, we will try to make sure that he can be released back to you for tidying up those loose ends.

cc. Mr. Derviş
Mr. Nickel
Mr. Mehltreter
Mr. Bhandari
Ms. Pham
MAhmed:cg

December 11, 1990

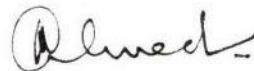
Mr. Ghassan El-Rifai

Dear Ghassan:

As you might imagine, I have been thinking carefully about our discussion, since we met some ten days ago. The prospects that you outlined are certainly very challenging and exciting, particularly, the idea of being able to contribute to the shaping and growth of a new activity. However, having thought about it, my feeling is that at this stage in my professional development, I should focus on a country operations division as my next rotational assignment.

I would like to thank you for having thought of me in considering candidates for this exciting opportunity. And I very much hope that we will have the opportunity to work together sometime in the future.

Sincerely yours,

A handwritten signature in dark ink, appearing to read 'Masood Ahmed', with a stylized flourish at the end.

Masood Ahmed

The World Bank

INTERNATIONALBANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONALDEVELOPMENT ASSOCIATION

1818 H Street, N.W.
Washington, D.C. 20433
U.S.A.

(202) 477-1234
Cable Address: INTBAFRAD
Cable Address: INDEVAS

December 5, 1990

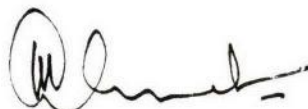
Mr. Ahmed Abdel Aziz
MidAmerica-Arab Chamber of Commerce Inc.
135 S. LaSalle Street, Suite 1020
Chicago
Illinois 60603

Dear Ahmed:

Just a note to thank you for taking so much of your time and effort to make me feel welcome during my short visit to Chicago. I very much appreciated it, particularly given your other engagements.

If you happen to come to Washington at any time, please do give me a call before. I would enjoy getting together for a drink.

Best regards.



Masood Ahmed
Division Chief
Industry and Energy Division
Europe, Middle East and North Africa Region

OFFICE MEMORANDUM

DATE: November 29, 1990

TO: EM2IE Staff

FROM: Masood Ahmed, Chief EM2IE



EXTENSION: 3-2340

SUBJECT: Staff Attitude Survey - EM2IE Follow-up discussion

Attached, please find, for your personal use, a copy of the Attitude Survey report for our division. We will discuss this report and its follow up on Wednesday, December 5 at 2:30 p.m. in H-4-026. The principal objective of that discussion should be the identification of concrete actions which we as a work group can take to address concerns about the substance and administration of our work. We can also set aside some time for discussing our views on institution wide issues, but here the principal follow up will obviously be on a departemental or broader level.

MAhmed:cg



Record Removal Notice

File Title Masood Ahmed - Chronological File - January 1990 to June 1991		Barcode No. 30450197		
Document Date November 6, 1990	Document Type Memorandum			
Correspondents / Participants To: Hartwin Nickel From: Masood Ahmed, EM2IE				
Subject / Title Your candidacy for a financial analyst position in EM2IE				
Exception(s) Personal Information				
Additional Comments		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td>Withdrawn by Shiri Alon</td><td>Date November 14, 2022</td></tr></table>	Withdrawn by Shiri Alon	Date November 14, 2022
Withdrawn by Shiri Alon	Date November 14, 2022			



Record Removal Notice

File Title Masood Ahmed - Chronological File - January 1990 to June 1991		Barcode No. 30450197		
Document Date November 6, 1990	Document Type Memorandum			
Correspondents / Participants To: YP Administrator From: Masood Ahmed, Chief EM2IE				
Subject / Title Mr. Amer Bisat				
Exception(s) Personal Information				
Additional Comments		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td>Withdrawn by Shiri Alon</td><td>Date November 14, 2022</td></tr></table>	Withdrawn by Shiri Alon	Date November 14, 2022
Withdrawn by Shiri Alon	Date November 14, 2022			



Record Removal Notice

File Title Masood Ahmed - Chronological File - January 1990 to June 1991		Barcode No. 30450197
Document Date November 6, 1990	Document Type Memorandum	
Correspondents / Participants To: Mr. Philip Owusu, AF5IN From: Masood Ahmed, Chief, EM2IE		
Subject / Title Financial Analyst/Economist Vacancy		
Exception(s) Personal Information		
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.
		<table border="1"><tr><td>Withdrawn by Shiri Alon</td><td>Date November 14, 2022</td></tr></table>
Withdrawn by Shiri Alon	Date November 14, 2022	



Record Removal Notice

The World Bank Group
Archives
& Records Management

File Title Masood Ahmed - Chronological File - January 1990 to June 1991		Barcode No. 30450197
Document Date November 6, 1990	Document Type Memorandum	
Correspondents / Participants To: Mr. Johanngeorg Renkewitz, AFTIN From: Masood Ahmed, Chief EM2IE		
Subject / Title Financial Analyst/Economist Vacancy		
Exception(s) Personal Information		
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.
		<table border="1"><tr><td>Withdrawn by Shiri Alon</td><td>Date November 14, 2022</td></tr></table>
Withdrawn by Shiri Alon	Date November 14, 2022	

TRANSMISSION REPORT

WORLD BANK - EM2DR

TIME	(TUE) 11.06.'90 16:02
DURATION	43 "
DESTINATION	213 2 603777
MODE	G3
PAGES	1
TRANSMISSION NO.	5
RESULT	O.K.

TRANSMISSION REPORT

WORLD BANK - EM2DR

TIME	(TUE) 11.06.'90 16:00
DURATION	41 "
DESTINATION	2 799472
MODE	G3
PAGES	1
TRANSMISSION NO.	4
RESULT	O.K.

THE WORLD BANK/INTERNATIONAL FINANCE CORPORATION/M.I.G.A.

Washington, D.C. 20433

U.S.A.

FACSIMILE TRANSMITTAL FORM

DATE: *November*
~~October~~ 6, 1990

FROM: Masood Ahmed
Division Chief
Industry and Energy Division
Maghreb Department
EMENA Region

Tel: (202)473-2340

Fax: (202)477-0432

DEPT./DIV.Nos.: 284/30

FACSIMILE/TELEFAX NO.: 213-2 79 94 72 and 213-2 60 37 77

TO: M. Kacim Brachemi
Délégué
Conseil National de la Planification
Alger, Algérie

MESSAGE:

Suite à nos récentes communications, j'ai le plaisir de vous confirmer mon arrivée à Alger le 9 novembre 1990 à 18h00 par vol Air France 2325, en provenance de Paris.

Les autres membres de la mission arriveront à Alger le même jour, ce qui nous permettra de commencer le travail ensemble à partir du samedi le 10 novembre.

Meilleures salutations.



Masood Ahmed

Copie à:

M. Hadj Nacer
Gouverneur
Banque Centrale d'Algérie
Alger, Algérie

Original to be returned to: Masood Ahmed

Room no. H 4-061

If you experience any problems with this transmission, call us as soon as possible. Phone (202) 473-2340 Facsimile (Telefax): (202) 477-0432

TRANSMISSION REPORT

WORLD BANK - EM2DR

TIME	(THU)12.06.'90 17:26
DURATION	2'34"
DESTINATION	2022448069
MODE	G3
PAGES	4
TRANSMISSION NO.	3
RESULT	O.K.

The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street, N.W.
Washington, D.C. 20433
U.S.A.

(202) 477-1234
Cable Address: INTBAFRAD
Cable Address: INDEVAS

TELEFAX TRANSMITTAL SHEET

**Country Department II
Europe, Middle East and North Africa Region**

DATE: December 6, 1990

NUMBER OF PAGES: 4 (including this page)

TO: Mr. Romdani, Tunisian Press Agency

FAX NUMBER: 244-8069

FROM: Masood Ahmed, Chief Industry & Energy Division

FAX NUMBER: (202) 477-0432

TELEPHONE: (202) 473-2340

M E S S A G E

Per your request, please find attached speech made at the MidAmerican Arab Chamber of Commerce on December 4, 1990.

If you experience problems with this transmission, call us back as soon as possible.
Our central facsimile number is (202) 477-6391.

MASOOD AHMED'S SPEECH

MIDAMERICA-ARAB CHAMBER OF COMMERCE, INC.

December 4, 1990

- Thanks.
- Talk Limited to Morocco, Algeria, Tunisia (not Libya, Mauritania)

Structure of presentation: 3 parts

- Review overall economic prospects and development challenge.
- Review briefly the privatization programs of Morocco/Tunisia.
- Few words on World Bank Group activity.

PART I

"Maghreb" convenient term but economic situation varies by country.

MOROCCO

2nd half of 80's period of remarkable success.

- Growth at over 5% - accompanied by wide ranging program of reform - economy more open more competitive more oriented to exports.
- Exports of many manufactured products have grown in response are now greater than phosphates.
- This growth achieved with inflation <5%; budget and current account deficits brought down sharply.
- Has possibility to become a real success story but still faces challenges:
 - 1) Poorest of the three (less than \$1000 per capita); large sections of Moroccan population do not have adequate health/education, illiteracy rate of 60% among highest for countries in that group; must tackle those issues to produce labor force adapted to modern economy.
 - 2) Highly indebted - \$20 bn - source of strain and uncertainty 1%; increase in labor has an impact > \$100 million.
 - 3) Oil importer - Gulf crisis will cost some \$500 million this year.

TUNISIA

- Also seen turnaround in economic performance 1986, prior to 1986 imminent bop: crisis, worsening of inflation and other indicators.
- Over past 4 years, Government put in prog. of economic stability and structural reform; more dynamic, better able to compete internationally.
- Results hampered by drought but now picking up on private investment and economic activity.
- Further adv.
 - 1) Energy self-sufficient.

- 2) Debt burden more manageable (60% of GDP).
- 3) Tourism source of growth.

Challenges:

- 1) Persevere with economic reforms - cover parts of economy still protected.
- 2) Diversify export base - small econ. must be export lead.

ALGERIA

Quite a different case.

As major oil exporter (95% of exports are oil).

- Post 1986 crisis caused by oil price decline.
- Major program to convert centrally planned economy to market based system.
- Growth has been stagnant or negative.
- Debt service big problem (debt service 70% among highest in world) level of debt itself not the main issue.

Challenge:

- Manage the transition to a market economy (similar issues as for East Europe).
- Do so in period of political liberalization.
- Begin the process of making economy less reliant on oil and gas.

All three countries share one big problem. Population growth - around 2.5-3% a year causes major strains. Very young population

- on infrastructure, schools, housing
- on jobs.

Jobs can only come from a rapid growth in private activity.

PART II

- Promotion of private sector is now firmly part of development strategy of all three countries. Barriers being identified and lifted.
- Privatization of public enterprise is part of this effort.

MOROCCO: Privatization program over 100 companies targeted in all sectors - sugar, mining, banks - ministry set up to carry out.

TUNISIA: By June 1990 some 30 privat. operations completed (3 with foreign partners) 16 more well advanced.

ALGERIA: No privatization of existing public enterprise but joint ventures now possible.

- 100% foreign ownership allowed. New law makes possible all kinds of private activity. Limits on investment or credit to private sector now eliminated.
- In sum, in all three countries private sector is being called upon to play prominent role and foreign investors increasingly welcome but as providers of capital but also of technology, managerial expertise and market access.

PART III

Role of World Bank

- World Bank cooperative institutions - owned by 150 countries - very active in all three - lend about \$1 billion per year to them.

How we can help: 3 ways:

- 1) Policy advice on choices macroeconomic investment options; benefit of cross country experience - latest research.
- 2) Financing development of human and physical infrastructure, telecommunications, power supply, vocational training.
- 3) Directly financing private investment in the countries:
 - Lines of credit to banking system.
 - In case of IFC, by taking equity and loan position directly in project generally with foreign partner.
 - Most recently through MIGA - pol. risk guarantee (Morocco and Algeria not yet completed membership).

Our interlocutors are the Government but also the representatives of private sector in these countries. For that reason I am very happy that I have had the opportunity to speak to you today and look forward to continuing these contacts in future. Happy to take any questions.

ROUTING SLIP		DATE: 10/31/90
FROM THE REGIONAL VICE PRESIDENT		
NAME		ROOM NO.
Mr. Masood Ahmed		
① HIF		
② Speeches file		
ce file chron file		
APPROPRIATE DISPOSITION	NOTE AND RETURN	
APPROVAL	NOTE AND SEND ON	
COMMENT	PER OUR CONVERSATION	
FOR ACTION	PER YOUR REQUEST	
INFORMATION	PREPARE REPLY	
INITIAL	RECOMMENDATION	
NOTE AND FILE	SIGNATURE	
REMARKS: For your records. An excellent paper. Thanks, W. A. Wapenhans		
FROM:		

CECIOS EUROPEAN MANAGEMENT CONGRESS

"East Meets West"

Willi A. Wapenhans

Global Economic and Social Developments in the 1990s

Prague, Czechoslovakia, October 22-25, 1990

SECOND EUROPEAN MANAGEMENT CONGRESS
Prague, October 22-25, 1990

GLOBAL ECONOMIC AND SOCIAL DEVELOPMENT IN THE 1990s
(W. A. Wapenhans)

It is a privilege for me to be here this morning and to address such a distinguished gathering of leaders and practitioners in the fields of economics and management. Before turning to my assigned task let me say how much I appreciate the opportunity to address this audience and to do so here in Prague, the capital of one of the most recent members of the World Bank family. We are proud to count Czechoslovakia amongst our members and we look forward to a mutually beneficial and constructive partnership with the country hosting this gathering.

I am daunted by the topic chosen for my speech today, which is: "Global Economic & Social Developments in the 1990's." This is a difficult enough subject at any time. It is particularly so today after the momentous developments of last year, especially here in Eastern and Central Europe, and given the uncertainty introduced by the current troubling situation in the Middle East. We meet in the shadow of the Gulf crisis; we meet as Eastern and Central European nations are attempting to transform themselves into pluralistic, market-oriented societies. We meet when a billion of our fellow human beings continue to live in abject poverty, 15 million children die of neglect and wanton every year, of which 150,000 perish from acts of war.

That then is the canvas against which I should like to review global economic trends. The prospects for the reforming Eastern and Central European economies in the 1990's will be strongly interlinked with what is happening in the rest of the world. A sharply striking reminder of such interlinkage has been provided in recent weeks by the effects of the crisis in the Middle East. No one can predict with certainty just how the price of oil is going to evolve over the next decade. One fact, however, is clear: this is a market which remains subject to considerable instability. No country should base either its economic development strategy or its energy policy on the assumption of low and stable energy prices. Today's energy prices cannot be explained in terms of supply and demand. Today's output is indeed higher than that prevailing prior to the crisis. It is the result of uncertainty magnified by the lack of diversity of energy resources and the fact that the occurrence of fossil fuels is concentrated in geopolitically volatile areas.

The economies of this region are, as you know, all net importers of oil and gas. In the past they have pursued strategies based on cheap energy, and, in consequence, have inherited a highly energy-intensive pattern of industrial production. In 1991 alone these countries will face an incremental import bill of some US\$13-15 billion as a result of the increase in world oil prices and the phasing out of the preferential arrangements under the CMEA regime. This is equivalent to more than 5% of their GDP. None of this, however, begins to measure the human suffering inflicted on millions of innocent workers, professionals and their families, who have lost not only their livelihood but often their future as a consequence of the crisis. These people came from many lands. They came in pursuit of economic and social

goals. They are the victims of regional confrontation that transmits its waves around the globe. Instant communication, global markets, efficient and dependable transportation links make the world highly sensitive to such events. They need an equally global and multilateral response. Economic interdependence across countries and regions underlines the need for cooperative solutions and concerted action. Let me focus today on three such issues which are of particular concern to the economic development mission of the World Bank. These issues are:

- one: the reduction in fiscal and trade imbalances among the industrialized countries which will release capital flows required for economic restructuring and growth in high potential areas of the world;
- two: progress in moving to an improved world trading environment which will enable all countries to benefit from global efficiency gains of more competition, higher specialization and more open trade; and
- three: concerted international action to ease the debt burden of the heavily indebted developing countries so that they can make the productive investments necessary for sustained growth and a return to normal access to international capital markets.

Let me briefly address these issues in turn.

First, in terms of global capital flows.

Over the past few years, the low savings rate in the US and in some other industrialized countries has resulted in large and persistent current account deficits for them. The persistent budget deficit and the prospects of significant additional burdens resulting from such developments as the S & L failure in the US is likely to perpetuate these phenomena. These deficits have been financed by the surpluses generated in other parts of the World, mainly Japan and, increasingly, Germany. The appetite for international savings of the larger deficit countries result in persistent upward pressures on international interest rates. To witness: real interest rates during the 1980s have on average been twice as high as in the 1960s and nearly six times higher than in the second half of the 1970s. High interest rates have a direct impact on those developing countries whose debt is carried on floating terms. They also affect their export prospects because of the associated slower growth in their industrialized country markets. And, in these circumstances the demand for and thus the price of their primary commodity exports is frequently depressed beyond the inherent downward trends occasioned by technological change alone.

In the 1990s, the reunification of Germany and the much needed restructuring of the economies of Eastern and Central Europe and--now-- the very real prospect of the Soviet Union entering a period of adjustment, restructuring and modernization, will result in an increased demand for

adjustment and investment financing. Other developing countries also need urgent investments for realizing their growth potential. If this demand is to be met without further increasing interest rates, indeed if real interest rates are to be brought down to their historical levels of 3 to 4%, it is essential that action be taken urgently to correct the savings imbalance in the US. This in turn requires most of all a lowering of the US budget deficit. We have in recent weeks, witnessed the beginning of a politically traumatic struggle in the political arena of the United States that suggests for the first time an earnest search for durable solutions.

Despite the recent events in the Middle East, it is clear that part of this reduction in budget deficits can only come about through lower defense expenditures in both industrial and developing countries. At the same time, we should not underestimate the difficulty of implementing economic restructuring in any society, and that is what any sizeable reduction of defense-related industries and the demobilization of armies entail! Developing countries alone spend around \$200 billion a year on weapons! The development assistance from NATO countries amounts to less than 5% of their military outlays! The pain of restructuring as the price for global demilitarization(?); there can be no more promising, no more enlightening perspective for the last decade of this century.

The second point I want to raise relates to progress in removing barriers to world trade.

The Uruguay Round of GATT negotiations, which are scheduled for completion in the next few months, offer an opportunity to achieve significant improvements in the world trade regime. In the past, successive GATT rounds have cut industrial country tariffs significantly. But the use of non-tariff barriers or quotas has, unfortunately, been rising recently.

Here in Europe, "Project 1992" will have a major effect on world trade. The European Community will become the largest market in the world; it alone will absorb perhaps more than a third of all developing country exports. The European Community will be a large natural market for increased industrial and agricultural exports from Eastern and Central Europe as well. New links are already being forged between the EC and the transforming countries to the East. The removal of barriers internal to the EC will have a positive impact on trade within the community. But it is important that this united Europe--the largest single market in the World--not grow behind protectionist walls. Ultimately that is in no one's interest!

The removal of trade barriers inevitably results in some short term and localized disruption precisely because of the consequential need for economic or industrial restructuring. As managers, some of you will continue to be faced with these situations. You will be called upon to propose creative and competitive solutions to these difficult problems and if not you may want to volunteer advice. In so doing I would urge, however, a constructive and progressive mind set since short-term preferential tactics are likely to invite retaliatory action.

The third international issue affecting the prospects of the developing countries is the easing of their debt burden.

The goal of the highly indebted countries has not changed; as in the 1980s it is to return to sustained growth and external creditworthiness. That these countries have failed to restore growth and are now more deeply indebted than at the outset, reflects the complexity of the problem. It also reflects the fact that the solutions that have been adopted to date have been more successful at containing the problem than at resolving it. Despite large cutbacks in consumption and investments many of the heavily indebted countries are still not much closer to restoring normal relations with international capital markets. And with the cutback in the international operations of most commercial banks, the very nature of this market has significantly changed. It is simply not realistic to expect countries to service interest payments in perpetuity equivalent to 5% or more of GDP. Clearly action is needed to break this pattern in the 1990's. Amongst the most heavily indebted are some countries in Eastern and Central Europe. This mortgage of the past lingers heavily and oppresses the prospects of the future unless imaginative and creative solutions are found.

In looking at the debt issue internationally it may be useful to distinguish between three groups of heavily indebted developing countries. The first group comprises countries with very low incomes and frequently very limited infrastructure or industrial export potential. These countries, mostly in Sub-Saharan Africa, are also hampered by high population growth and low nutritional and educational standards. Their debt is mostly held by

official creditors, that is Governments of industrialized countries and multilateral agencies like the IMF, the World Bank and Regional Development Banks. Since 1988, the principal creditor Governments have been trying to reduce the debt burden of this group through various means of relief. These mechanisms are helping but, even under the best of circumstances, they will not be enough if these countries are to maintain their already low living standards at a rate of population growth averaging close to 2% p.a., and invest in their development. More money will be needed if we want to avoid massive social marginalization or in many instances risk social disaster and catastrophe. New initiatives such as the proposed Trinidad terms advanced by the U.K. deserve urgent follow-up.

A second group includes a number of middle income indebted countries whose debt is held predominantly by commercial banks. The so-called Brady initiative has provided a basic framework for addressing the needs of these countries. An enlarged menu is available for debt restructuring and debt service, debt reduction in exchange for higher austerity and lesser risk. But again the problem is one of adequate resourcing of such programs. Official financial incentives currently available under the Brady initiative are often not sufficient for commercial banks to support programs for countries that qualify under this initiative. Let me hasten to add that countries availing themselves of this option do take the risk of losing access to voluntary lending. Any debtor would thus be well advised to carefully evaluate the downside risks to credit standing clearly attended in the recourse to such relief. Creditworthiness is a precious attribute which, once lost, is difficult to restore! The lessons of the

eighties are likely to linger way into the nineties. Polonius' advise to Laertes comes to mind. He told his son:

"Neither a borrower nor a lender be,
for loan oft loses both itself and friend,
and borrowing dulls the edge of husbandry."

Finally there is a third group of middle income countries whose debt is primarily held by official creditors. The problems of this group, which also includes some important countries in Eastern Europe, are covered by the established framework of the so-called Paris Club. Recently the group has made recommendations for more generous rescheduling of maturities of the more severely indebted countries as well as opening the possibilities for debt swaps against local assets. This is a very recent though very encouraging move that should provide tangible relief in difficult cases. Its origin predates the recent oil shock and it certainly was not intended to deal with its aftermath.

There is thus some real progress in these three areas of international economic cooperation. More is clearly needed if global economic growth is to resume at acceptable levels and if its benefits are to be shared more evenly across countries and regions in the 1990s than was the case in the 1980s. And international solidarity may already be severely tested at the beginning of the nineties if the Middle East crisis inflicts lasting heavy burdens on the developing countries. Further progress is critical if the decline in living standards that has characterized most countries of Sub-Saharan Africa and Latin America in the 1980s is to be reversed in this

decade. It is necessary to halt the worsening of social indicators that took place in a large number of developing countries in the past decade, as they were forced to cut back on investments in education, health and population programs. It is essential if the developing countries are to invest in measures to reduce environmental pollution and degradation which is an urgent and critical global challenge. And it is necessary if we are to reduce the incidence of unacceptable poverty which still blights the lives of over one billion people and whose continued presence is not only a moral outrage but is also incompatible with any long-term strategy for sustainable economic and social development in the world at large. Over this decade population is likely to increase by close to another 1 billion people; 850 million of which are likely to live in developing countries. Many will be born into absolute poverty. Living standards in Latin America have fallen below those of the '70s. In Africa we face the greatest challenge because the number of poor will increase even if economic growth accelerates due to the high rate of population growth.

Progress on these international issues is therefore an essential dimension of improved economic and social performance. It cannot, however, replace sound economic management and the right developmental priorities at home, i.e. at the national level. Whether we like it or not, the 1990s will be a more competitive world in which each country's policy-makers will need to respond quickly to--and even anticipate--movements in a rapidly changing global market place. Decisions to delay needed structural adjustment or economic restructuring will carry a high cost, not only in terms of lost market share but also in terms of access to scarce international finance.

Moreover, the benefits of economic growth will only be shared by the more vulnerable groups if the right economic and social policies are in place and implemented effectively. Access to education and training; equal access to opportunities, and the individual exercise of choice will become critical determinants of success. This, in turn, will require strengthening of political and administrative systems which foster "good governance", public accountability and a redefinition of the role of the State. For the mystique of the market place to work its wonders--local as well as global--we need a level playing field, consensual rules of the game, and incorruptible umpires!

We at the World Bank, see the 1990s as a decade that holds much promise. Improving the living conditions of people across the globe poses a number of challenges which need to be overcome at both the national and international level. Overcoming these challenges will require concerted actions at the international level, good government, and sound economic management at the international and at the national level. For most countries it will also entail difficult and sometimes painful processes of adjustment and economic restructuring. Nowhere is the challenge of economic and social transformation going to be more evident than in the economies of Eastern Europe. I would now like to turn to this, the second main theme of my speech today.

We are all living through the historic transformation that is sweeping across the countries of this region. The role of the state is itself, of course, the subject of profound change. In the transformation from the command to the contract economy the state must exercise determined leadership in creating the enabling conditions for a free enterprise system to

emerge; it must exercise enlightened constraint in the management of the process of transition; and it must faithfully and credibly remain the owner of last resort. The debate rages on how long the period of transition should or needs to be. I do not want to enter this debate over gradualism. But I do want to stress the importance of the presence of institutions that will make reform work: a conducive legal and regulatory framework that provides for prompt and reliable conflict resolution and fair and objective force of arbitration; and efficient market-driven system of financial intermediation that replaces centrally planned resource allocation, and effective and countervailing surveillance that prevents recartelisation. The worst thing after state monopoly is--after all--private monopoly.

Privatization in Eastern and Central Europe is to occur in conditions incomparable to those we know. Experience generally relates to privatization in the context of existing market economics with the framework conditions in place and in the presence of functioning market mechanism. And even under these conditions privatization has most often been politically contentious, and institutionally complex and, often, a lengthy process. In many instances the success remains in dispute. And there are examples when the relationship of accountability between the state as the owner and the management has closely resembled that present in a shareholding company with credible performance records. It is, however, the presence of a competitive environment, the mobility of labor and management, the imposition of commercial and financial performance criteria, and the accountability to the owner that brings about such results.

All that is still absent in the reforming economies of Eastern and Central Europe. Institutions have been painstakingly built over 40 years to administer the centrally planned economy. Obedience and allegiance to central command were rewarded and the exercise of individual initiative was punished. Administrative fiat took the place of law. Privatization in the face of these constraints is a formidable challenge--a challenge we certainly must meet. It is bound to be a prolonged process. The prospects for entry would appear at first sight to be more promising than those for divestiture. The need for the presence of catalysts in terms of foreign sponsorship is probably as critical as yeast is for the process of fermentation.

It is clear that the process will be long and sometimes painful, with a lot of "learning by doing" because there is literally no precedence for this type of societal transformation in recent history. Moreover, the detailed design and precise phasing of the reform program will need to reflect the particular economic, political and social situation of each country.

What is, nevertheless, clear already is that any successful program of reform must focus not only on the micro or enterprise level restructuring, but also on putting into place the supporting measures which will enable the enterprise to operate more efficiently. These measures fall into two basic groups: those which replace the existing system of administered prices and incentives by a new set of signals which better reflect the true underlying economic factors. Sustained improvement in industrial efficiency and productivity needs some pressure of competition from domestic or

As regards mobility of capital, the key here will be a stronger and more efficient financial sector. Banks must develop the capacity to analyze credit proposals from firms without the security blanket of a Government Guarantee. And they must have the autonomy of decision to refuse credit to borrowers which are no longer viable and to take the benefits or losses of their own risk assessments. The financial sector will also need to diversify the range of products and services that it offers to its clients, whose needs for financial engineering and innovative techniques can only increase in the coming years.

Capital mobility also requires an early resolution of any ambiguities about property ownership. Most of the Eastern and Central European countries are now embarked on various types of programs to privatize a share of the assets that are currently held by the state. I see privatization as an efficiency issue and not as an ideological concern. Without privatization and a better balance between state and private enterprise, essential market signals will remain very distorted. Without privatization, labor and capital will not be released sufficiently fast to help overall restructuring. The discipline of bankruptcy will be much weaker, and there will be fewer competitors with the state in supplying the goods and services people want. An autonomous and efficient financial sector will not only enhance capital mobility, it will also hasten the process of entry and exit. And it is this process that causes a continuous recombination of assets, innovation and labor in response to new opportunities. And it is this process that makes the market economy the more efficient system.

Apart from better factor mobility, the supporting infrastructure for a smooth functioning market economy, also includes the ability of firms to adapt and improve their technology in a timely and efficient manner. I use technology here in a broad sense to cover not only the engineering aspects of production but also the use of modern methods for financial management, marketing, production and product development. The marketplace of the future will be more competitive, less certain and more diversified. Firms will need to respond quickly to changing consumer preferences and to keep up with the flow of improved products and services from the local and foreign competitors. Managers will certainly not have easier lives, although they will have greater rewards to show for their efforts. The challenge to management will not end here. The labor force in socialist economies is perhaps the most demotivated we have ever seen anywhere. Low productivity and poor quality testify amply to this profound deficiency of the marxist-socialist system. Complex industrial processes and even more the service sector do require a highly committed and motivated labor force. Empowering employees and enabling participative decision-making is as necessary here as it is in industry and services in industrial nations.

One important source of managerial and technological innovation is direct foreign investment and joint ventures. Foreign investment can help to modernize production not so much by its financial contribution, but because it brings with it the vital ingredients of up-to-date technology, management methods and access to international markets. More generally, innovation, promotion and technology development will require action by a partnership between the state and the enterprise. It will also need action to improve the

relevance and focus of scientific and vocational training so as to make it more directly suited to the evolving needs of local industry. We hope that we will see the reemergence of foreign overseas private investments on a significant scale. The presence of MIGA should encourage such developments.

Finally, all market economies need a rapid, equitable and easily accessible system for the resolution of conflicts. The very essence of a "contract economy" is equality between the various parties to the contract. When one of the parties fails to perform, the others must have the means to seek redress. Arbitration procedures must be available to resolve disputes promptly between management and labor, supplier and client, bank and enterprise. This arbitration will frequently entail a primary role for the Government but it can also be organized through professional associations or the Chambers of Commerce.

In either event, for this arbitration to be effective, the rules of the game need to be clearly specified and understood and the proceedings accepted by both parties as being unbiased.

In many cases, individuals and firms will prefer to cover themselves against the unforeseen through insurance rather than by resort to arbitration. For historical reasons, the insurance industry in most Eastern European countries is today limited to certain areas. This industry, too, will need to strengthen and diversify rapidly to meet the new demands that are likely to be placed upon it.

Let me conclude this second part of my speech by saying that the efficient functioning of a market economy entails a much higher demand for "services" than currently exists in most Eastern and Central European economies. The needs I have pointed to above, whether they be banking and insurance or technology promotion and marketing, are all examples of services that will be in much greater demand in the future. Indeed one dimension of the economic restructuring that is now underway in those countries is that many more people will be employed in producing "services" rather than material products. Getting these services set up and running will require concerted action by both private and public agencies, although I would expect the role of the state to decline progressively in most of these areas over time. And let me hasten to add that it is the tertiary sector that holds the greatest prospects for labor absorption.

The agenda for reform in Eastern Europe is full and challenging. We welcome this reform process because it aims to transform and improve the lives of the people living in these countries. We also welcome it because of the impetus that it should provide for higher global economic growth through increased specialization and trade with the rest of the world. Beyond that developments in Eastern Europe will have their lessons for many countries around the globe. Freedom and choice are not only political goals, they are economic and social aspirations as well. The role of the State is under scrutiny everywhere and etatism and dirigism have never met with more skepticism than now.

The 1990's are a decade of enormous promise. So many of the barriers to thought and action have been swept away in the last two years, so that we are now confronted with choices that were unthinkable before. We must take advantage of these momentous changes to set ourselves a new set of objectives for improving the economic and social well being of people in all regions of the world.

We now have the means to make significant progress in achieving these objectives. We can only do so, however, if we keep sight of the basic fundamentals and if we recognize that each of us has a role and a responsibility to play as a citizen of the world. That is the goal of development to which we must redouble our efforts. That is the goal to which the World Bank is fully committed.

Thank you.

THE WORLD BANK/INTERNATIONAL FINANCE CORPORATION/M.I.G.A.
Washington, D.C. 20433
U.S.A.
FACSIMILE TRANSMITTAL FORM

DATE: October 26, 1990

90 OCT 27 AM 6:03

FROM: Masood Ahmed
Division Chief
Industry and Energy Division
Maghreb Department
EMENA Region

Tel: (202)473-2340
Fax: (202)477-0432

DEPT./DIV.Nos.: 284/30

TO: Manager
Hotel El-Djazair
Alger, Algeria

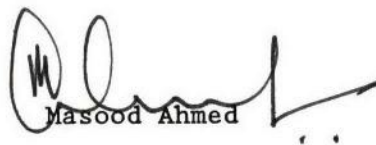
FACSIMILE/TELEFAX NO.: 213-2 60 84 08

MESSAGE:

Monsieur,

Ceci est pour confirmer la réservation faite, par les services de la Banque Mondiale, au nom de Monsieur Masood Ahmed, pour la période du 9 au 24 novembre, 1990, à l'hotel El-Djazair. Je vous prie de réserver la chambre No. 1101.

Avec mes remerciements.


Masood Ahmed

Original to be returned to: Masood Ahmed

Room no. H 4-061

If you experience any problems with this transmission, call us as soon as possible. Phone (202) 473-2340 Facsimile (Telefax): (202) 477-0432

TRANSMISSION REPORT

WORLD BANK - EM2DR

TIME	(WED) 10.24.'90 13:45
DURATION	1' 29"
DESTINATION	72492
MODE	G3
PAGES	2
TRANSMISSION NO.	11
RESULT	O.K.

THE WORLD BANK/INTERNATIONAL FINANCE CORPORATION/M.I.G.A.
Washington, D.C. 20433
U.S.A.
FACSIMILE TRANSMITTAL FORM

DATE: October 24, 1990

FROM: Masood Ahmed
Division Chief
Industry and Energy Division
Maghreb Department
EMENA Region

Tel: (202)473-2340

Fax: (202)477-0432

NUMBER OF

PAGES: 2

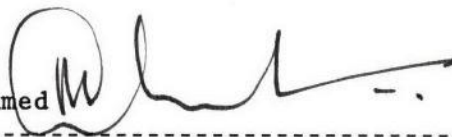
DEPT./DIV.Nos.: 284/30

TO: MR. KEMAL DERSIS
World Bank Staff Member
Hotel Hyatt Regency
Rabat, Maroc

FACSIMILE/TELEFAX NO.: 212-7 772 492

MESSAGE: Please find attached a copy of the GATT - Meeting of the Trade and
Development Committee (12 and 16 of October, 1990). Thanks.

Transmission authorized by: Masood Ahmed



Original to be returned to: Masood Ahmed

Room no. H 4-061

If you experience any problems with this transmission, call us as soon as possible. Phone (202) 473-2340 Facsimile (Telefax): (202) 477-0432

GATT: Meeting of the Trade and Development Committee (12 and 16 of October, 1990)

The most interesting item in the short agenda of the meeting was a report by the GATT on its technical assistance activities linked to the Uruguay Round. It was widely commented by developing country delegations, who thanked the GATT (and UNCTAD) for their assistance to the delegations. Only one delegation thanked the Bank (Morocco) and one other the IMF (Cote d'Ivoire) for their technical assistance with the Uruguay Round.

We informed the Committee on progress with the SMART project and distributed the completion report of the project prepared by Sam Laird of the IECIT.

Kemal -

I trust that you have now arrived in Morocco after your eventful journey !

Just to cheer you up, this page is an extract from the reports of the recent GATT/Uruguay round meetings sent today from the Geneva office.

You might find it useful before your meeting with M. Aboyoub. At least somebody appreciates our technical assistance !


Regards.

Nasood - 10/24

OFFICE MEMORANDUM

DATE: October 24, 1990

TO: Files

FROM: Masood Ahmed, Chief EM2IE 

EXTENSION: 32340

SUBJECT: ALGERIA: Release of 2nd Tranche of Economic Reform Support Loan
Conversation with Mr. Carling, Alternate ED for Australia

1. Mr. Carling called me yesterday afternoon to obtain additional information regarding the October 16 Tranche Release memo that has been circulated to the Board on a no objection basis. Mr. Carling indicated that he would have preferred to see more analysis of the impact of the recent oil price developments on the Algerian economy as well as a fuller explanation of the Government's intentions on how these additional resources were to be used. He asked me to provide some clarification on these points.

2. As regards the impact of the higher prices on the Algerian economy, I explained that the outcome for 1990 and 1991 would obviously be more favorable than envisaged in the numbers included in the memo but that the exact effect depended on the precise assumption made with regard to the short/medium term evolution of oil prices. Our current estimate, based upon scenario 2 of the Board Paper on oil price impact, was that for 1990 Algeria would gain about \$1.2 billion in additional export revenues. For 1991, a \$23 average oil price would translate into additional revenues of about \$3/bn. I stressed that these numbers were preliminary estimates and that we would have more complete data upon the return of a macroeconomic mission that was in the field at this time.

3. As to his second point, the Government's publicly stated intention was to use this money first, to clear up external payment arrears which had built up significantly during this year and were currently estimated at about \$600 million; second, to build up reserves from their precariously low levels and to reduce some of the high cost short-term debt; and third to permit some increase in imports of spare parts and raw materials necessary to improve capacity utilization rates in the productive sector. Modest increases in the imports of basic consumer goods were also likely. The Government had also indicated its intention to use this windfall to accelerate the implementation of the reform program, particularly in the areas of the external trade regime and in enterprise and financial sector restructuring.

4. In response to Mr Carling's question as to why, given the improved balance of payments situation, tranche release could not be postponed until all the conditions were fully met, I explained that:

- (i) The improvement in the bop was a gradual process; given the lag in price revisions in most oil export contracts, the effects would only be felt over time;

- (ii) the extra revenue provided much needed breathing space but did not change the fundamentals noted above, or relieve the very high debt service needs for the next two years; and
- (iii) as regards the conditions not being fully met, the important point was that all the actions that the Government was to take to meet the enterprise autonomy condition had been taken; what was not yet completed (and what constituted a technical waiver) was the remaining administrative steps which some of the enterprises were still in the process of undertaking themselves but which did not entail any further policy decision by the Government.

5. Finally, Mr. Carling asked whether we were proposing to bring any more adjustment operations to the Board for Algeria. I told him that we were working on supporting the reform efforts in a number of areas of which the external trade and pricing system and the financial/enterprise sector were the most advanced. This work could well result in lending operations to support major policy change and could have a quick disbursing component. However, no final decision had been taken on the size or timing of specific operations. In any event, any such operations would have to fall within a macro framework and strategy, that would be reviewed by the Bank in proposing the type and size of lending operation. Mr. Carling indicated that it was the position of his chair that "the Bank should not be rushing in with quick disbursing adjustment loans in countries which were benefitting from the oil price increase". He had made this point in the context of a recent operation in Venezuela. I took note of his comment.

6. Mr. Carling did not indicate whether he would ask for a formal discussion of the Tranche Release proposal at the Board.

cc. Messrs. Wapenhans, Hasan, Dervis, Lari, Graiss, Rogerson, Coudol,
Kjellstrom, Khadr
MAhmed:cg

The World Bank/IFC/MIGA
O F F I C E M E M O R A N D U M

DATE: 24-Oct-1990 05:22pm

TO: See Distribution Below

FROM: Masood Ahmed, EM2IE (MASOOD AHMED)

EXT.: 32340

SUBJECT: Attitude Survey Follow-up.

I am pleased to tell you that I have just received and am now reviewing the report summarizing the results of the attitude survey for our division.

As Mr Alisbah's memo to all staff points out, the next step in this process is for us, as a group, to discuss these findings and to see how they can help us in improving the effectiveness of the division. Obviously, such a discussion would benefit from the participation of as many of us as possible. At the same time, given our travel schedules it is virtually impossible to program something at which all of us would be present. I, myself, will be out of the office from next week until just before thanksgiving.

I propose, therefore, that we set ourselves a date in the week just after thanksgiving, i.e., the morning of Nov 30, when most of us will be in town. I expect that a full discussion of the subject will require a half-day to be set aside for this purpose. Carmen will let you know of the exact time and venue closer to the date. I also intend to circulate to each of you a copy of the complete report for our division before the meeting. Given the nature of this document, I would like to request that you treat it in confidence and not share it with people outside our work group.

DISTRIBUTION:

TO: Abderrezzak Ferroukhi	(ABDERREZZAK FERROUKHI)
TO: Alain Barbu	(ALAIN BARBU)
TO: Anjali Kumar	(ANJALI KUMAR)
TO: Barbara Lewis	(BARBARA LEWIS)
TO: Emmanuel Forestier	(EMMANUEL FORESTIER)
TO: Hisham El-Naggar	(HISHAM EL-NAGGAR)
TO: Jacques Coudol	(JACQUES COUDOL)
TO: Jean-Michel Doublet	(JEAN-MICHEL DOUBLET)
TO: Kerem Saltoglu	(KEREM SALTOGLU)
TO: Nicholas Papandreou	(NICHOLAS PAPANDREOU)
TO: Noel Carrere	(NOEL CARRERE)
TO: Saran Kebet-Koulibaly	(SARAN KEBET-KOULIBALY)
TO: Shilpa Patel	(SHILPA PATEL)
TO: Zoubeida Ladhibi-Belk	(ZOUBEIDA LADHIBI-BELK)
TO: sven kjellstrom	(PAPER MAIL)

TO: Carmen A. Gad
TO: Brigitte Prophete
TO: Thouria Nana-Sinkam
TO: Yvaine Schulz
TO: Liliane Vert
TO: Marie Françoise How Yew Kin
TO: Emmanuel Apeti
TO: Claudine Kader
TO: Dung-Kim Pham
CC: Kemal Dervis

(CARMEN A. GAD)
(BRIGITTE PROPHETE)
(THOURIA NANA-SINKAM)
(YVAINE SCHULZ)
(LILIANE VERT)
(MARIE FRANCOISE HOW YEW KI
(EMMANUEL APETI)
(CLAUDINE KADER)
(DUNG-KIM PHAM)
(KEMAL DERVIS)

The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street, N.W.
Washington, D.C. 20433
U.S.A.

(202) 477-1234
Cable Address: INTBAFRAD
Cable Address: INDEVAS

October 22, 1990

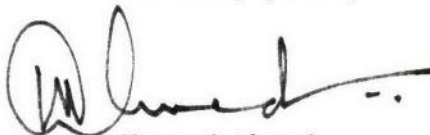
Ms. Nabanita Saha
56, Hamilton Lane South
Plainsboro
NJ, 08536

Dear Ms. Saha:

Thank you for your letter of October 16, 1990 and the enclosed CV expressing an interest in working at the World Bank. I regret to inform you that there is no suitable position available in the department at the present time.

Should anything suitable arise, at a later point, we would certainly get in touch with you.

Sincerely yours,

A handwritten signature in dark ink, appearing to read 'Masood Ahmed', with a long horizontal flourish extending to the right.

Masood Ahmed
Chief
Industry & Energy Division
Maghreb Department
Europe, Middle East and North Africa Region

OFFICE MEMORANDUM

DATE: October 19, 1990

TO: Mr. Arun Mantri, CODMO

FROM: Masood Ahmed, Chief EM2IE



EXTENSION: 32340

SUBJECT: Financial Analyst/Economist Vacancy

I have now received your application for the above position. We have received a number of applications in addition to the candidates who have been identified. Having reviewed these applications, I found that your background and experience do not quite match with the requirements of the position.

I would like to express my appreciation for the time you took to apply for this position and I wish you all the best in your career.

cc. Mr. Mehltrittter
MAhmed:cg

OFFICE MEMORANDUM

DATE: October 19, 1990

TO: Mr. Bahram Mahmoudi, ITFFM

FROM: Masood ahmed, Chief EM2IE



EXTENSION: 32340

SUBJECT: Financial Analyst/Economist Vacancy

I have now received your application for the above position. We have received a number of applications in addition to the candidates who have been identified. Having reviewed these applications, I found that your background and experience do not quite match with the requirements of the position.

I would like to express my appreciation for the time you took to apply for this position and I wish you all the best in your career.

cc. Mr. Mehltrittter
MAhmed:cg

OFFICE MEMORANDUM

DATE: October 19, 1990

TO: Messrs. Dervis, Grais, Brigish

FROM: Masood Ahmed, Chief EM2IE



EXTENSION: 32340

SUBJECT: MOROCCO: Industrial Credit

The attached table summarizes the status of commitments and disbursements on the current industrial credit line. It may be a useful piece for your forthcoming discussions in Morocco.

It implies:

- (i) The loan is now virtually fully committed and disbursements are proceeding well ahead of schedule;
- (ii) delays in putting the next operation in place could lead to a hiatus in the availability of term finance for the private sector; therefore
- (iii) whatever action can be taken to ensure that we meet (or accelerate) the schedule for the next operation (appraisal in February, Board in July) would be very welcome;
- (iv) the main issues in this regard are:
 - Agreement on the financial sector reform package of the SAL.
 - Agreement on a foreign exchange risk coverage system which would lead to affordable but market based borrowing conditions for the private sector.

cc. Mr. Forestier
MAhmed:cg

MOROCCO - INDUSTRIAL FINANCE PROJECT

SUMMARY TABLE

(in \$ 000's) (AS OF SEPTEMBER 30, 1990)

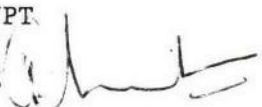
BANK	BNDE	BCP	BCM	BMCE	BMCI	CDM	SGMB	WAFA
TOTAL LOAN AMOUNT	50,000	12,000	25,000	40,000	12,000	5,000	9,000	17,000
TOTAL COMMITTED AS % OF TOTAL	43,110 86%	10,040 84%	24,001 96%	38,678 97%	9,525 79%	5,424 108%	11,587 129%	15,570 92%
TOTAL DISBURSED AS % OF TOTAL	7,713 15%	0 0%	5,005 20%	11,742 29%	2,218 18%	341 7%	2,137 24%	1,085 6%

ALL BANKS	
TOTAL LOAN AMOUNT	170,000
TOTAL COMMITTED AS % OF TOTAL	157,935 93%
TOTAL DISBURSED AS % OF TOTAL	30,241 18%

OFFICE MEMORANDUM

DATE: October 17, 1990

TO: Mr. Hans Mehltrittter, EMNPT

FROM: Masood Ahmed, Chief EM2IE 

EXTENSION: 32340

SUBJECT: Financial Analyst/Economist Vacancy - VIS #910110

Thank you for sending me the applications received for the above position.

Of the six applicants;

Mr. Bahram Mahmoudi and
Mr. Arun Mantri

do not have the relevant sectoral experience and can therefore be set aside at this stage. I propose to send them a note, thanking them for their interest, unless you believe it should be handled centrally.

The remaining 4 candidates;

Mrs. Joelle Chassard-Manibog
Mr. Hartwin Nickel
Mr. Philip Owusu
Mr. Johanngeorg Renkewitz

are all interesting. I am already familiar with Mrs. Chassard-Manibog's file, but would like to review the files of the other candidates before proceeding to interviewing them. If your secretary could arrange for these files to be brought in, I will come up and review them in your office.

Many thanks.

MAhmed:cg

TRANSMISSION REPORT

WORLD BANK - EM2DR

TIME	(WED) 10.17.'90 12:48
DURATION	5' 46 "
DESTINATION	213 2 618746
MODE	G3
PAGES	11
TRANSMISSION NO.	5
RESULT	O.K.

THE WORLD BANK/INTERNATIONAL FINANCE CORPORATION/M.I.G.A.

Washington, D.C. 20433

U.S.A.

FACSIMILE TRANSMITTAL FORM

DATE: October 17, 1990

NUMBER OF
PAGES: 11

FROM: Masood Ahmed
Division Chief
Industry and Energy Division
Maghreb Department
EMENA Region

Tel: (202)473-2340

Fax: (202)477-0432

DEPT./DIV.Nos.: 284/30

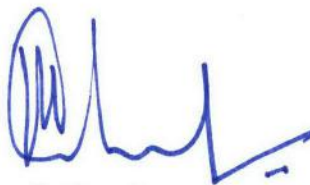
TO: Mr. Hadj Nacer
Gouverneur
Banque Centrale d'Algérie
Alger, Algérie

FACSIMILE/TELEFAX NO.: 213-2 61 87 46

MESSAGE: ALGERIE - FSRL

Suite à notre conversation de ce jour, veuillez trouver ci-joint le document qui a pour objet le projet de soutien aux réformes financières et industrielles.

Amicalement.



Transmission authorized by: Masood Ahmed

Original to be returned to: Masood Ahmed

Room no. H 4-061

If you experience any problems with this transmission, call us as soon as possible. Phone (202) 473-2340 Facsimile (Telefax): (202) 477-0432

A l'attention de: M. Brachemi, Délégué au Conseil National de Planification

De la part de: Masood Ahmed, Chef de Division Industrie et Energie, Bureau Régional Europe, Moyen-Orient et Afrique du Nord

Sujet: Mission Banque Mondiale pour préparer le projet de soutien aux réformes financières et industrielles.

Suite a notre récente conversation téléphonique, j'ai l'honneur de vous préciser ci-dessous les objectifs et l'approche de la mission prévue pour une durée d'environ deux semaines a partir du 10 novembre pour la préparation du projet indique ci-dessus.

La mission s'insère dans le contexte de la collaboration continue entre les autorités algériennes et la Banque Mondiale en matière de reformes des secteurs financiers et industriels, secteurs étroitement liés. Elle s'insère aussi dans le contexte du dialogue macro-économique que nous poursuivons ensemble depuis quelques années, ainsi que dans le contexte de la préparation d'un programme macro-économique de stabilisation et de redressement pour 1991 soutenu par le FMI.

Le projet de soutien aux réformes financières et industrielles aura deux composantes: une financière, l'autre industrielle, ainsi que récemment convenu. L'objectif de la mission en novembre sera d'avancer la préparation de la composante industrielle. A cette fin, elle dressera la première version d'une matrice de réformes et restructurations industrielles. Cette matrice contiendra des mesures tant pour le secteur dans son ensemble, que pour des entreprises importantes individuelles. En complément de ce travail, et si le gouvernement le souhaite, la mission pourrait se pencher sur les besoins d'assistance technique pour la mise en oeuvre des mesures envisagées.

La matrice de réformes devrait également suggérer comment, et par qui, les diverses réformes pourraient être exécutées. Dans ce sens, différentes dispositions institutionnelles pour l'élaboration et l'exécution de réformes des secteurs financiers et industriels, notamment le rôle et les moyens des fonds de participation vis-à-vis les banques et les entreprises, seront explorées.

La mission de novembre se concentrera sur la restructuration industrielle. Elle ne s'occupera qu'accessoirement de la politique industrielle, des sous-secteurs ou de la promotion des petites et moyennes entreprises. Au fur et à mesure que des renseignements supplémentaires deviennent disponibles, la portée des travaux sera élargie. L'étude sur la promotion des PME constitue une action à cette fin. Des études sous-sectorielles,

comme pour les biens d'équipement en constitue une autre. L'ensemble de ces actions approfondira nos connaissances du secteur industriel, ses problèmes et potentiels, et jettera la base pour des prêts ultérieurs de la Banque Mondiale en faveur du secteur industriel.

Composante industrielle

Poursuite et élargissement du travail de restructuration industriel, sur la base de l'expérience accumulée, mais avec une optique plus vaste englobant le secteur dans son ensemble, complétée par un examen d'un échantillon de grandes entreprises. Dans un premier temps, ceci devrait permettre de dégager les estimations des chiffres globaux sur le secteur industriel.

En vue de résoudre les problèmes graves et complexes du secteur industriel, la mission se proposerait en parallèle d'appréhender ces problèmes selon une double approche: un aspect micro-économique au niveau de quelques grandes entreprises, complété par une analyse globale du secteur.

L'aspect micro-économique consisterait dans la sélection des plus grandes entreprises publiques économiques en difficulté, parmi les entreprises qui ne sont pas encore autonomisées; l'objectif étant d'analyser le potentiel de restructuration industrielle de ces entreprises. Ce travail nécessitera une analyse approfondie des résultats financiers de chaque entreprise choisie, y compris des estimations pour 1990 et des prévisions pour 1991. Un examen de l'état physique des entreprises s'avérera en toute probabilité nécessaire dans un nombre de cas. Si le temps le permet, de telles visites pourraient être organisées lors de la mission au mois de novembre, si non, lors d'une mission ultérieure au mois de décembre. Vu les connaissances accumulées par les autorités et par les dirigeants d'entreprises, une collaboration particulièrement étroite s'impose dans ce domaine.

Sous l'approche micro-économique, une vingtaine d'entreprises peut-être pourront bénéficier de l'élaboration de stratégies de restructuration individuelle. Ces stratégies toucheront à leur gestion, leurs relations avec le système bancaire, leur relations avec le Trésor Public etc. C'est un travail qui devrait s'étaler sur un an ou deux, peut-être même plus selon la complexité de certains cas. Sa mise en place pourrait faire l'objet d'un plan d'action divisé en plusieurs phases. Le concours d'équipes d'experts internationaux s'avérera indispensable. Puisqu'il est nécessaire de procéder par échantillon, il faudrait sélectionner les EPEs retenues pour le premier tour des restructurations. Des termes de référence pour des études de diagnostic devraient être envisagées. La mission de novembre élaborera des estimations de flux financiers pour l'ensemble de ces entreprises, mais puisque le problème dépasse de loin le cadre financier, les termes de référence des études diagnostiques devraient envisager des

restructurations réelles et compréhensives. Certains termes de référence devraient être arrêtés avant la présentation du projet au Conseil d'Administration de la Banque Mondiale, d'autres après. Pour les EPEs non retenues pour le premier tour, il faudrait élaborer des mesures d'endiguement, afin de limiter des pertes continues avant que leur restructuration ne puisse commencer.

Au niveau sectoriel dans son ensemble, le travail consisterait dans l'élaboration d'une structure générale de politique économique, et d'éléments institutionnels, permettant de procéder à la restructuration de la majorité d'autres entreprises pour lesquelles une approche individualisée à ce stade ne s'avérerait pas pratique. Des objectifs, instrument et processus, seront à esquisser dans un premier temps. Pour les entreprises autonomisées, des instruments indirects seront à définir, y compris les rôles relatifs des fonds de participation et des banques dans l'incitation et l'imposition d'une gestion plus rigoureuse et d'une discipline financière (visant, entre autres, à limiter dès maintenant des pertes futures). Ces actions se développeront aussi dans le cadre de l'assainissement du portefeuille des banques et des mesures d'accompagnement qui seront engagées à cet effet par le secteur financier. Ces actions se développeront enfin dans un environnement économique caractérisé par une politique élargie de vérité de prix (y compris taux de change et taux d'intérêt) et une libéralisation du commerce extérieur. Des incitations aux EPEs à initier leur propre restructuration seront également à rechercher.

Sous l'approche sectorielle, les intentions du gouvernement concernant le rôle des fonds de participation (y compris des audits, l'évaluation de leur portefeuille, et leurs relations avec les banques et le Trésor) seront à éclaircir. Il sera souhaitable d'esquisser les conditions dans lesquelles les subventions ponctuelles du Trésor, et d'un éventuel fonds de restructuration des entreprises, pourront être versées, sans pour autant diminuer les incitations à procéder avec des restructurations véritables. Il sera donc utile de réfléchir ensemble sur les critères et le processus qui pourrait gouverner le recours à un tel fonds (qui risque de devenir fort sollicité).

Dans les deux approches, il faudra tenir compte des fluctuations dans des variables exogènes, notamment le taux de change. Bien entendu, un ajustement du taux de change du Dinar pourrait considérablement aggraver le fardeau du service de la dette des entreprises lourdement endettées à l'extérieur. Des remèdes à court terme seront peut être à rechercher en attendant de trouver une solution structurelle à plus long terme.

La mission chercherait à connaître les objectifs, priorités et options considérés par les autorités algériennes concernant les sujets évoqués ci-dessus. Quels sont les problèmes les plus

brûlants auxquels elles ont à faire face et quelles pourraient être les solutions à envisager et par quels moyens? Quelles sont les entreprises qu'il faudrait redresser en priorité à l'aide d'un programme de restructuration individualisé? Dans quelle mesure serait-il souhaitable de procéder d'abord à un audit (surtout financier) des ces entreprises, ou peut-être même un nombre élargi d'entreprises?

Mesures concrètes de préparation

Un certain nombre de données recueillies avant l'arrivée de la mission facilitera grandement les travaux à effectuer:

- 1) La liste des entreprises (une vingtaine) à soumettre à un traitement individualisé.
- 2) La collecte des renseignements financiers pour chacune des entreprises retenue sous 1) selon le format des tableaux ci-joint.
- 3) Une indication sur celles de ces entreprises, qui ont déjà commencé à préparer des plans de restructuration, et qui par ce biais pourraient être incluses dans le premier tour de restructurations (ENIP par exemple).
- 4) Pour les autres entreprises (en majorité déjà passées au statut autonome), et qui sont à traiter collectivement, il s'avérerait utile d'estimer dans un premier temps leurs dettes extérieures, ainsi que celles des banques, dans le but de cerner la répartition du fardeau de service de la dette extérieure et des mécanismes compensatoires, là où l'augmentation du service de la dette, suite à une dévaluation, ne pourrait être répercutée sur les prix, pour des raisons stratégiques, du marché ou d'autres. Il serait également utile de se pencher sur la question de savoir comment les entreprises pourront être incitées à régler ce problème par leurs propres moyens.

La mission de novembre se penchera surtout sur l'arrêt de la liste des entreprises retenues pour un traitement individuel et la collecte des données les concernant. Avec ces renseignements, la mission pourra préparer, au cours du mois de décembre, la documentation interne nécessaire pour procéder à l'évaluation du projet en janvier 1991. A ce moment-là, les données recueillies seront cernées avec plus de précision, l'élaboration d'un calendrier de lancement de plans de restructuration, et les termes de références pour les premières études de diagnostic arrêtés.

Composante financière.

La préparation de cette composante est déjà avancée. Nous avons eu l'occasion de faire le point à ce sujet lors des

réunions tenues récemment à Washington avec les représentants de la Banque d'Algérie. Un programme de travail par sujets a été consigné dans une matrice des mesures à envisager pour la réforme du secteur financier. Cette matrice a été remise à M. Sekak, Conseiller auprès de M. le Gouverneur. Ce travail de préparation est actuellement en cours sous l'égide de la Banque d'Algérie. Nos discussions semblent indiquer que ce travail devrait être suffisamment avancé dans les prochaines semaines pour envisager une évaluation possible de ce programme au tout début de l'année prochaine. Il est suggéré que les responsables algériens de la préparation de cette composante soient en mesure de compléter cette matrice et nous la fassent parvenir un peu avant l'arrivée de la mission pour nous permettre tout commentaire préalable.

En résumé, cette composante, reposant sur un cadre macro-économique général dont l'examen aura lieu par ailleurs, comprendrait trois aspects principaux:

- (i) Un aspect institutionnel portant sur l'organisation, la modernisation et la réglementation du secteur bancaire (Banque centrale, banques commerciales et banques spécialisées).
- (ii) Un aspect de gestion financière portant principalement sur un programme visant l'assainissement des banques, la restructuration de leur portefeuille, l'adoption de critères de politique prudentielle, la réforme des comptabilités et l'introduction de l'audit, et, de la part de la Banque d'Algérie le renforcement de l'inspection, des études et du crédit.
- (iii) Un aspect de politique monétaire portant sur l'utilisation des taux d'intérêt, des facilités d'escompte auprès de la Banque d'Algérie, les avances de celle-ci au Trésor, le traitement du risque de change et l'adoption des règles et instruments d'une politique monétaire efficace et opérant davantage par les forces du marché; ceci dans le contexte d'une économie en transition vers une économie du marché, ce qui permettrait aussi un élargissement du marché monétaire et graduellement du marché des capitaux.

La mise en oeuvre de ce programme devrait enfin reposer sur un programme d'assistance technique élargi à tous les aspects de modernisation et formation requis par le secteur dans son ensemble et les différentes institutions qu'il englobe. Cette assistance technique pourrait soit faire partie intégrante de cette composante, soit faire l'objet d'un projet complémentaire.

Il est important de souligner que la distinction faite ici entre composante industrielle et composante financière est en partie artificielle. En particulier, la restructuration industrielle passe nécessairement par la restructuration bancaire et réciproquement. Nous prévoyons donc une concertation très étroite entre nos deux équipes industrie et finance et suggérons une même concertation de la part des responsables algériens.

Post-scriptum

Quelques jours après réception de notre fax, je vous téléphonerai pour apprendre votre réaction sur la mission envisagée. A la suite de la conversation qui aura lieu entre nous, je vous adresserai un fax donnant les détails du plan de travail proposé pour la mission.

En plus des tableaux suivants, il serait indispensable d'obtenir des rapports financiers habituels pour chacune des entreprises, c'est-à-dire :

- Compte de résultat, 1988-1989
- Bilan 1988-89
- Bilan de production, 1988-89
- Plan Moyen Terme de l'entreprise

Tableau 1

BASE DE DONNEES SUR LES ENTREPRISES

PUBLIQUES ECONOMIQUES

I - INFORMATION GENERALES

Nom de L'Entreprise :

Nombre d'Usines :

1988

1989

Nombre D'employés :

Chiffre d'Affaire :
(en MDA)

Tableau 2

BASE DE DONNEES SUR LES ENTREPRISES
PUBLIQUES ECONOMIQUES

	1988 Réel	1989 Réel	1990 Act.	1991 Budget
II BESOINS EN DEVICES				
A. Activité Revente en l'Etat				
Valeur en devises (à préciser)				
B. Exploitation (Fonctionnement)				
Valeur en devises (à préciser)				
C. Financements Externes LMT à Rechercher en Devises (à préciser)				
Pour Investissement				
En cours				
Nouveau				
D. Service de la Dette Externe en Devises (à préciser)				
. Principal				
. Intérêts				
E. Valeur Production Exportée en MDA				

Tableau 3

BASE DE DONNEES SUR LES ENTREPRISES
PUBLIQUES ECONOMIQUES

	1989 Réel	1990 Act.	1991 Budget
III - BESOINS DE FINANCEMENT LOCAL			
<u>Crédits court terme</u>			
A. Exploitation			
Découvert			
Autres Financements Bancaires CT			
<u>Crédits LMT</u>			
B. Financement Local			
Pour Investissements			

Tableau 4

DE DONNEES SUR LES ENTREPRISES
PUBLIQUES ECONOMIQUES

	1989	1990	1991	1992
Dettes à L&MT				
Des BAD non Cons.				
De la Dette				
Des				
Des non Cons.				
De la Dette				
Des				
Des Banques/Org. Algériens(1)				
De la Dette				
Des				
Des échues non remb.				
Des				
Des(1)				
De la Dette				
Des				
Échues Non Remb.				
Des				

OFFICE MEMORANDUM

DATE: October 16, 1990

TO: Distribution

FROM: Masood Ahmed, Chief EM2IE



EXTENSION: 32340

SUBJECT: ALGERIA - Energy Pricing

Attached please find some data comparing the domestic price of various energy products in Algeria to their economic cost.

The latter being obviously a function of the shadow exchange rate, is subject to considerable uncertainty. For illustrative purposes, therefore, the attached tables make the comparison at two numbers for the shadow exchange rate which are quite far apart.

Given that this information is based on informal as well as formally provided data by various agencies, I would appreciate it being created with discretion.

Please call Alain Barbu or myself if you have any queries or reactions.

Distribution

Messrs/Mmes. Grais, Ayub, Khadr, Parks, Coudol, Kjellstrom, Kumar,
Ladhibi-Belk, Kebet-Koulibaly

cc. Messrs. Dervis, Barbu, Saltoglu
MAhmed:cg

ALGERIA

Comparison of Domestic Energy Prices with Economic Cost (a)

(at current exchange rate)

	domestic consumption (%)	domestic price (US\$/ton) (a)	economic cost (US\$/ton) (b)	increase required to bring prices up to econ. cost (%)	
PETROLEUM PRODUCTS					
Premium gasoline	10%	548	317	-42%	
Regular	19%	488	283	-42%	
Jet fuel (dom. flights)	5%	98	299	204%	
Gas oil	46%	177	263	48%	
Heavy fuel oil	2%	69	132	92%	
LPG (transportation)	6%	228	267	17%	
LPG (non-transport)					implicit
Butane (13 kg bottle)	6%	154	267	73%	economic
Propane (35 kg bottle)	6%	135	252	86%	subsidy
					(M US\$)
Weighted average	100%	265	271	2%	38

	domestic consumption (%)	domestic price (US\$/MMBTU)	economic cost (US\$/MMBTU)	increase required (%)	
NATURAL GAS					
City gate (b)	56%	0.11	0.57	441%	implicit
High pressure	27%	0.29	0.59	101%	economic
Medium pressure	3%	0.86	1.39	62%	subsidy
Low pressure	15%	0.83	1.39	68%	(M US\$)
Weighted average	100%	0.28	0.72	154%	121

	domestic consumption (%)	domestic price (UScents/kWh)	economic cost (UScents/kWh)	increase required (%)	
ELECTRICITY					
High voltage	30%	2.0	4.7	134%	implicit
Medium voltage	34%	3.2	10.6	226%	economic
Low voltage	36%	4.9			subsidy
Weighted average	100%	3.5	8.8	154%	(M US\$)

exch. rate(DA/US\$) 9.5

(a) see attached notes for definition of economic cost

(b) sales from SONATRACH to SONELGAZ

ALGERIA

Comparison of Domestic Energy Prices with Economic Cost (a)

(at revised exchange rate)

	domestic consumption (%)	domestic price (US\$/ton) (a)	economic cost (US\$/ton) (b)	increase required to bring prices up to econ. cost (%)	

PETROLEUM PRODUCTS					
Premium gasoline	10%	208	280	35%	
Regular	19%	186	246	33%	
Jet fuel (dom. flights)	5%	37	268	618%	
Gas oil	46%	67	233	246%	
Heavy fuel oil	2%	26	125	376%	
LPG (transportation)	6%	86	197	128%	
LPG (non-transport)					implicit
Butane (13 kg bottle)	6%	58	197	237%	economic
Propane (35 kg bottle)	6%	51	182	253%	subsidy
					(M US\$)

Weighted average	100%	101	232	131%	910
	domestic consumption (%)	domestic price (US\$/MMBTU)	economic cost (US\$/MMBTU)	increase required (%)	

NATURAL GAS					
City gate (b)	56%	0.04	0.68	1577%	implicit
High pressure	27%	0.11	0.68	518%	economic
Medium pressure	3%	0.33	1.20	267%	subsidy
Low pressure	15%	0.31	1.20	280%	(M US\$)
	---	---	---	---	-----
Weighted average	100%	0.11	0.77	614%	183
	domestic consumption (%)	domestic price (UScents/kWh)	economic cost (UScents/kWh)	increase required (%)	

ELECTRICITY					
High voltage	30%	0.8	3.6	371%	implicit
Medium voltage	34%	1.2	7.8	534%	economic
Low voltage	36%	1.9	---	---	subsidy
	---	---	---	---	(M US\$)
Weighted average	100%	1.3	6.5	397%	695

exch. rate(DA/US\$) 25

(a) see attached notes for definition of economic cost
(b) sales from SONATRACH to SONELGAZ

ALGERIA

Comparison of Domestic Energy Prices with Economic Cost

Basis for calculation of Economic Costs

PETROLEUM PRODUCTS

Economic cost is calculated as the sum of border prices corresponding to a crude oil price of US\$23 per barrel and the estimated local distribution margins. Border prices in this case are estimated by uniformly increasing prices in effect at the beginning of 1990, when crude oil was selling at about \$18 per barrel, by a factor of 28% (in order to reflect the increase from \$18 to \$23). (Source: Platts' quotations CIF Rotterdam less freight - \$7.81/ton).

NATURAL GAS

Economic cost is calculated as the long-run marginal cost of production, transmission and distribution to which is added a "depletion premium" reflecting the opportunity cost of using the resource today rather than saving it for the future. Given the amount of gas liquids (condensates) extracted from natural gas in Algeria, the value of condensates loss has been used as a proxy for the value of gas at the well-head (excluding depletion premium). Initial calculations made in February 1990 have been adjusted for changes in the exchange rate and oil prices.

ELECTRICITY

Economic cost is calculated as the long-run marginal cost of power generation (capacity and energy), transmission, and distribution, assuming losses of 5% and 10% for transmission and distribution respectively, and a load factor of 60%. Initial calculations made in 1987 have been adjusted for inflation, revised gas cost figures and changes in the exchange rate.

Attach. in Dis. file

THE WORLD BANK/IFC/MIGA

OFFICE MEMORANDUM

DATE: October 9, 1990

TO: Mr. Rene Costa, Project Advisor, EM2DR

FROM: Masood Ahmed, Division Chief, EM2IE



EXTENSION: 32340

SUBJECT: JGF: Grant Agreements

As per your memo of October 5, 1990, please find attached 2 copies of each of the following agreements signed under the JGF program:

ALG - Financial Sector Institutional Strengthening Project
TUN - Public Enterprise Reform Loan.

/cg

TRANSMISSION REPORT

WORLD BANK - EM2DR

TIME	(MON) 10.01.'90 13:22
DURATION	57 "
DESTINATION	90112132645223
MODE	G3
PAGES	2
TRANSMISSION NO.	3
RESULT	O.K.

THE WORLD BANK/INTERNATIONAL FINANCE CORPORATION

Washington, D.C. 20433

U.S.A.

FACSIMILE TRANSMITTAL FORM

(see instructions on reverse)

DATE: October 1, 1990

NUMBER OF

PAGES: 2 (Including this page)

FROM: Masood Ahmed, Chief EM2IE

Extension 32340

Dept./Div. Nos. 284/30

TO: COMPANY/ORGANIZATION: PROSP-ECO Conseil

CITY AND COUNTRY: Hotel El-Aurassi

FOR ATTENTION OF: Alger, Algerie

Mr. A. Chaker

FACSIMILE/

TELEFAX NO.: 213-2 64-52-23

SUBJECT: Symposium National - Octobre 6-7, 1990

TELEX AND CABLE SECTION USE ONLY	
MSG. NO.	
DURATION OF CALL	MINS.

cc:

Transmission authorized by: Masood Ahmed

Original to be returned to:

Room No.

If you experience any problems with this transmission, call us back as soon as possible.

Phone: (202) 477-2805

Facsimile (TELEFAX): (202) 477-6391 (4 lines)

TELEX: RCA - 248423 WORLDBK; ITT - 440098 WORLDBANK;

FTCC - 82987 WORLDBK; TRT - 197688 WORLDBANK; WUI - 64145 WORLDBANK

FACSIMILE TRANSMITTAL FORM

(see instructions on reverse)

PROCEDURES FOR USE OF FACSIMILE

TELEX AND CABLE SECTION USE ONLY

MSG. NO.

DATE: October 1, 1990

NUMBER OF
PAGES: 2

1. Documents sent by fax should generally not exceed 40 pages.
2. Page size must not be less than 8" in width and not more than 16" in length.
3. Documents must be either originals or very clear copies. Onionskin and tissue type paper or pages containing information fastened with adhesive tape cannot be accepted and must be copied and submitted on bond paper.
4. No documents should be reduced to any less than 75% reduction.
5. Only one side of each page can be transmitted. Information on the reverse must be copied and inserted by the originator before the message is passed to the Telex and Cable Section.
6. Send handwritten documents or mark-ups for transmission in original form only.
7. Do not send documents marked "Secret" through fax.
8. All documents sent through the Telex and Cable Section for transmission by fax must be accompanied by the original and one copy of this transmittal form completed as necessary. The "Original to be returned to:" portion must clearly indicate who this document must be sent to after transmission (e.g. originator, Information Center, etc.). Originators must keep a copy of this form. The information requested in the form must meet the following requirements:
 - a. The name and telephone number of the sender to provide a contact for possible further information. The Dept./Div. number provides use and telephone billing information.
 - b. The receiver's fax number will allow the Telex and Cable Section to process the document.
 - c. The instructions for return of original documents will ensure that these documents are not lost or misplaced.
9. The Facsimile Transmittal Form will be sent as page one of the message.
10. Transmission must be authorized by the division chief or an authorized person.
11. Send or hand-carry documents to be transmitted by fax to the Telex and Cable Section in "For Cables Only" envelopes.
12. The Telex and Cable Section does not provide copies of facsimile messages to the Information Centers. This is the responsibility of the sender.

cc:

Transmission authorized by: Masood Ahmed

Room No.

Original to be returned to:

If you experience any problems with this transmission, call us back as soon as possible.

Phone: (202) 477-2802

Facsimile (TELEFAX): (202) 477-6331 (4 lines)

TELEX: RCA - 248423 WORLDBK; ITT - 440098 WORLDBK

FTCC - 82987 WORLDBK; TRT - 197688 WORLDBK; WUI - 64145 WORLDBK

The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street, N.W.
Washington, D.C. 20433
U.S.A.

(202) 477-1234
Cable Address: INTBAFRAD
Cable Address: INDEVAS

October 1, 1990

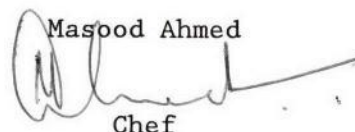
Mr. A. Chaker
Director General
PROSP-ECO Conseil
Hôtel El-Aurassi
2 Avenue Frantz Fanon
Alger, Algérie

Cher Monsieur,

Je vous remercie pour votre lettre du 5 août 1990 et de votre invitation au symposium national sur "le nouveau dispositif de gestion de l'entreprise", qui aura lieu à l'hôtel El-Aurassi du 6-7 octobre.

Comme vous le savez, j'aurai bien souhaité participer à ce symposium et avoir l'occasion de prendre part aux débats concernant les nouvelles règles et politiques de gestion utiles à la réforme économique. Malheureusement, en vue d'un calendrier bien chargé et des travaux à achever suite aux réunions qui ont eu lieu avec le groupe algérien durant les Réunions annuelles de la Banque; je regrette de vous informer qu'il ne me sera pas possible d'y participer. Par conséquent, je ne manquerai pas de vous téléphoner lors de ma prochaine visite à Alger afin de bénéficier de ces fructueuses discussions.

Je vous prie d'agréer, cher monsieur, l'assurance de mes salutations distinguées.

Masood Ahmed


Chef

Division Industrie et Energie
Département du Maghreb
Région Europe, Moyen-Orient et Afrique du Nord



Record Removal Notice

File Title Masood Ahmed - Chronological File - January 1990 to June 1991		Barcode No. 30450197
Document Date September 10, 1990	Document Type Letter	
Correspondents / Participants To: Mr. Ngoc M. Vu From: Masood Ahmed, Chief		
Subject / Title Resume expressing interest in Senior Industrial Economist position		
Exception(s) Personal Information		
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.
		<table border="1"><tr><td>Withdrawn by Shiri Alon</td><td>Date November 14, 2022</td></tr></table>
Withdrawn by Shiri Alon	Date November 14, 2022	

WORLDBANK TMSS

WORLDBANK TMSS

ZCZC M2EC1129 M2ES2288

WDIAL

.EM2IE

0INFO

-SUBJECT: PORTUGAL: LOAN 2903-POR
-DRAFTED BY: MASOOD AHMED, DIVISION CHIEF, EM2IE EXT: 32340
-AUTHORIZED BY: MAHMED;CG
-CC: MESSRS. DERSIS, GRAIS, SOOD, COUDOL

832 64752 =

-MR. JOAO SALGUEIRO

-PRESIDENT

-BANCO DE FOMENTO E EXTERIOR

-LISBON, PORTUGAL

-MR. FERNANDO MANUEL ROQUE DE OLIVEIRA

-ASSISTANT DIRECTOR

-BANCO DE FOMENTO E EXTERIOR

-LISBON, PORTUGAL

BT

WASHINGTON DC - SEPTEMBER 7, 1990

YOU WILL HAVE RECEIVED MR. SOOD'S TELEX OF SEPTEMBER 5 INFORMING YOU OF THE TRANSFER OF OPERATIONAL RESPONSIBILITY FOR LOAN 2903-POR AND OTHER MATTERS PERTAINING TO BFE TO MY DIVISION.

I AM WELL AWARE OF THE EXCELLENT COOPERATION BETWEEN BFE AND THE BANK OVER THE PAST FEW YEARS AND I WOULD LIKE TO ASSURE YOU OF OUR INTENTION TO STRIVE TO MAINTAIN THESE EXCELLENT RELATIONS FOR THE FUTURE.

IN THE FIRST INSTANCE I HAVE ASKED MY COLLEAGUE MR. JACQUES COUDOL, WHO HAS WORKED CLOSELY WITH YOURSELF AND YOUR COLLEAGUES IN THE PAST, TO TAKE RESPONSIBILITY FOR THE MANAGEMENT OF THE IMPLEMENTATION OF THE ONGOING LOAN AT OUR END. HE WILL BE CONTACTING YOU SHORTLY TO REVIEW WITH YOU THE STATUS OF THE PROJECT AND TO AGREE UPON THE SUITABLE TIMING OF A MISSION TO FOLLOW UP WITH YOUR CONCERNED STAFF IN THE FIELD. I, MYSELF ALSO LOOK FORWARD TO VISITING YOUR INSTITUTION FOR AN EXCHANGE OF VIEWS AS SOON AS IS MUTUALLY CONVENIENT.

IN THE MEANTIME EITHER MR. COUDOL OR MYSELF WOULD BE HAPPY TO RESPOND TO ANY QUERIES OR POINTS YOU WOULD LIKE TO RAISE WITH THE BANK AND I VERY MUCH HOPE THAT YOU WILL NOT HESITATE TO CONTACT US AT ANY TIME THAT WE CAN BE OF ASSISTANCE. REGARDS, MASOOD AHMED, DIVISION CHIEF, INDUSTRY AND ENERGY DIVISION, COUNTRY DEPARTMENT II, EMENA, WORLD BANK

#09071332

IN DROPCOPY OF:M2ER

NNNN

WORLDBANK TMSS

DISCONNECTED

WORLDBANK TMSS

WORLDBANK TMSS

ZCZC M2EN2068 OPER3962
RX DELMSG
.SYSCOM

YOUR M2ES2288 OF 09071331
WAS DELIVERED AS TBX68016 AT 09071337

AAB: 64752 FOBANC P

=09071344

NNNN

WORLDBANK TMSS

DISCONNECTED

ROUTING SLIP		DATE: Sept. 10, 1990	
NAME		ROOM NO.	
ssrs. Hasan			
Blanchi			
Rihane			
Sood			
APPROPRIATE DISPOSITION		NOTE AND RETURN	
APPROVAL		NOTE AND SEND ON	
CLEARANCE		PER OUR CONVERSATION	
COMMENT		PER YOUR REQUEST	
FOR ACTION		PREPARE REPLY	
INFORMATION		RECOMMENDATION	
INITIAL		SIGNATURE	
NOTE AND FILE		URGENT	
REMARKS: For information.			
FROM: Masood Ahmed		ROOM NO.: H-4061	EXTENSION: 32340

W.A. WAPENHANS

EDI Seminar on Financial Sector Reform in
Transitional Socialist Economies

Paris, September 10, 1990

Ladies and Gentlemen,

I would like to welcome all the participants to this seminar, and on behalf of the Bank extend a special welcome to the representatives of the Governments of Algeria, Bulgaria, Czechoslovakia, Hungary, Laos, Poland, Romania and Yugoslavia, and other special guests. I am extremely pleased to be here with you today. It is not often that there is an opportunity for such a distinguished group of policy makers to exchange views on the vision and objectives guiding the present reforms, and the pertinent issues involved. Your presence is testimony to the importance of the financial sector in economic development, and to the quality of the adjustment programs that your countries have adopted.

I would also like to thank you, Mr. Trichet and, on behalf of the World Bank, extend our appreciation and gratitude to the Government of France, which has from the outset taken a keen interest in this seminar, and provided substantial support toward the making it happen. We welcome this collaboration and we hope that it can be repeated on other occasions in the future. Before proceeding further with the agenda for this morning, let me pause here and invite you, Mr. Trichet, to address the group and to share with us your thoughts and ideas on the important subject that we are gathered to discuss here.

(MR. TRICHET'S SPEECH)

- Thank you Mr. Trichet.

- Well I recognize that we have a very full agenda for today so I will keep my remarks rather brief at this stage. Let me just take a few minutes to talk about two basic issues which I hope will set the stage for the subsequent discussions.

These issues are, first, how financial sector reform fits into the overall process of economic transformation that is now underway in your countries. And, second, how the process of financial sector reform itself differs in your countries vis à vis those economies which already have a long experience of market based economic systems.

In regard to the first point, the emphasis on the financial sector in economic reform may appear somewhat paradoxical in the context of countries where the banking system has traditionally played only a secondary role in the allocation of resources. Indeed, it is fair to say, that in most centrally planned economies bankers were neither expected nor allowed to make independent credit decisions based on their assessment of the viability of the enterprises or projects they were called upon to finance. Which enterprises were to be expanded, maintained or liquidated was, at least nominally, a decision made at the center although, in practice, the center was frequently only acquiescing to decisions already taken at the enterprises themselves. The banks were then used primarily as channels for providing the finance necessary to keep these enterprises going, regardless of their chances of being

repaid. And frequently they were not repaid. With the result that their portfolios became progressively more impaired. And, in the absence of sound accounting and prudential regulations, the financial statements of the banks became increasingly an exercise in fiction.

Given this background, some would argue that this heavy emphasis on financial sector reform in the design of adjustment programs for socialist economies in transition may be missing the point. That the real problem lies in those very enterprises that have caused the banking sector to accommodate losses and in a macro-economic policy which allowed the fiscal and monetary imbalances resulting from this and other sources to be parked in the balance sheets of the banking system. My own view is that this is a bit of a false debate. It is certainly true that without macroeconomic stabilization and without a program to tackle enterprise sector restructuring at its source, financial sector reform will be neither very useful nor sustainable. It is also the case, however, that financial sector reform cannot be put off until these problems have been taken care of, because these problems cannot be resolved without a fundamental change in banking policies and practices.

Take the case of enterprise restructuring. The fact is that in the move to decentralization, the Government is no longer the primary instigator of financial discipline at the enterprise level. In a market system this discipline is provided by competition and, through its impact on profitability and creditworthiness, by the enterprises' bankers. In

most of your countries, competition - both from domestic producers and from imports - is still limited. Hence, in the short term the onus is going to fall even more heavily on the banking sector to ensure that their clients are not only viable today but likely to remain viable as the economy is progressively opened up to international trade. This will not be an easy task. The degree of restructuring likely to be required in most of your industrial sectors is large and its dislocatory effect should not be minimized. Bankers will be in the front line when they refuse to extend credit to a loss making enterprise, knowing full well that this could result in painful restructuring or liquidation. But if they do not take this position then there is a real risk that no one will. And that would mean that the very objectives of reallocating resources from less to more productive uses in the economy would be thwarted.

There is a similar interdependence between financial sector reform and macroeconomic reform. We are increasingly aware that financial reforms can only succeed if they are accompanied by appropriate macroeconomic policies. We need also to remember that a poorly functioning financial sector can make it much more difficult to achieve this macroeconomic stability. Controlling credit expansion, mobilizing savings and channelling them through the official financial system, and avoiding spiralling inflation all require not only a set of appropriate policies but also the necessary technical and institutional capacity in the Central Bank and other financial institutions. Frequently, this

expertise is not available in adequate numbers in your banking system today. Which brings me to the second point I wanted to raise. And that is how the process of financial sector reform in your countries differs from what is has been going on for many years now in both industrialized and other developing countries. I believe the answer lies in the basic fact that your programs for the financial sector are aimed not so much at strengthening it, as radically changing its very objectives and mode of operation. What you are trying to do is to create from scratch an essential sector of a modern market economy which has so far been largely missing in your economies. What this means in operational terms is that we need to think in terms of systematic solutions to what are systematic problems; it is not a question of which is the weaker bank that needs strengthening the most. All the banks need to change their approach and practices. Indeed it is not a question of weakness or failure. It is a question of the financial sector now being assigned a completely different set of responsibilities and functions and therefore gearing up to meet this new challenge. This means creating new policies and procedures and sometimes new institutions. It means training and reorientation of staff. It means a change in the basic mentality of what banking is about. All this will take time and it will take large quantities of resources. Moreover, it can only come about in a reasonable time, if there is a substantial interchange of staff and management with the outside world. Investing in international technical expertise and current banking skills is going to be essential. This is one area where the World Bank can assist you. So let me spend a minute

or two on what the Bank is doing in the financial sector. The World Bank has been an active participant in the financial sector reform now underway in several of the countries represented here today, and will be in several others, in the future. Issues in the financial sector have been addressed through different types of Bank operations, including structural adjustment loans, sector loans, and technical assistance loans. We have dealt with policy issues, issues of institutional strengthening, restructuring and modernization, and issues of human resource development. Our projects have dealt with issues confronting banks, supervisory bodies, non-bank financial intermediaries, securities markets and stock exchanges, and accounting systems, among others. And, in most countries we have also followed this up with investment loans for industry and other sectors which are channelled through the banking system.

Financial sector reforms are key elements of the Bank's recent Economic Reform Loan to Algeria and Structural Adjustment loans to Hungary, Poland and Yugoslavia. Technical and institutional support has been provided through projects such as the Financial System Modernization Project in Hungary. Discussions with the Governments of Bulgaria, Czechoslovakia, Laos and Romania, are underway to define the priority needs and areas of possible Bank assistance in the financial and enterprise sectors.

This seminar provides us with the opportunity to exchange experience,

take stock of the present and look ahead to the future, and I encourage each of you to make the most of the opportunity. We, in the Bank, would like to share with you our experiences. More importantly, we would like you to review your experiences, and would like to hear from you what you see as the critical issues, constraints and problems facing your countries. This will help us to identify the challenges that lie ahead, and will help to guide our work in this area in the future.

I would like to end with a few words borrowed from the Bank's 1989 World Development Report which addressed the issues of Financial Systems and Development. The report says that the goal in financial sector reform is not perfection but rather a system which monitors resources efficiently, minimizes allocation mistakes, curbs fraud, and stops instability from turning into crisis. Let us continue to work together toward this objective.

Thank you.



Record Removal Notice

File Title Masood Ahmed - Chronological File - January 1990 to June 1991		Barcode No. 30450197
Document Date August 13, 1990	Document Type Memorandum	
Correspondents / Participants To: Mr. Hans Mehlretter, Senior Personnel Officer, EMENA From: Masood Ahmed, Division Chief EM2IE		
Subject / Title Change in terms of temporary Bank appointment		
Exception(s) Personal Information		
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.
		<table border="1"><tr><td>Withdrawn by Shiri Alon</td><td>Date November 14, 2022</td></tr></table>
Withdrawn by Shiri Alon	Date November 14, 2022	



Record Removal Notice

File Title Masood Ahmed - Chronological File - January 1990 to June 1991		Barcode No. 30450197		
Document Date August 17, 1990	Document Type Memorandum			
Correspondents / Participants To: Mrs. Margaret Russo, PERAU From: Masood Ahmed, Division Chief EM2IE				
Subject / Title Nicholas Papandreou				
Exception(s) Personal Information				
Additional Comments		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td>Withdrawn by Shiri Alon</td><td>Date November 14, 2022</td></tr></table>	Withdrawn by Shiri Alon	Date November 14, 2022
Withdrawn by Shiri Alon	Date November 14, 2022			

TRANSMISSION REPORT

WORLD BANK - EM2DR

TIME	(MON)08.13.'90 09:52
DURATION	2'28"
DESTINATION	763566
MODE	G3
PAGES	3
TRANSMISSION NO.	1
RESULT	O.K.

THE WORLD BANK/INTERNATIONAL FINANCE CORPORATION/M.I.G.A.
Washington, D.C. 20433
U.S.A.
FACSIMILE TRANSMITTAL FORM

TELEX & CABLE SECTION USE ONLY
MSG. No.
DURATION OF CALL MINS.

DATE: August 13, 1990

FROM: Masood Ahmed, Chief, EM2IE

EXTENSION: 37077

DEPT./DIV.Nos.: 284/30

TO: ORGANIZATION: UNDP

CITY & COUNTRY: Rabat, Morocco

FOR THE ATTENTION OF: Mr. Mohamed Bouassami

FACSIMILE/TELEFAX NO.: 9-011-212-7-63566

Please onforward attached letter to His Excellency
Mr. D. Alaoui M'Daghri, Minister of Energy and Mines, Rabat, Morocco.

Transmission authorized by: Masood Ahmed, Chief, EM2IE

-
Original to be returned to Liliane Vert Room no. H4-061

If you experience any problems with this transmission, call us as soon as
possible. Phone (202) 473-6035 Facsimile (Telefax): (202) 477-0432

The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street, N.W.
Washington, D.C. 20433
U.S.A.

(202) 477-1234
Cable Address: INTBAFRAD
Cable Address: INDEVAS

August 10, 1990

Son Excellence Monsieur D. Alaoui M'Daghri
Ministre de l'Energie et des Mines
Ministère de l'Energie et des mines
Rabat, Maroc

Monsieur le Ministre,

A mon retour du Maroc, je viens d'apprendre la nouvelle de votre nomination. Je vous adresse mes félicitations et mes voeux les plus chaleureux pour vous-même et votre mission dans deux secteurs d'une très grande importance pour le Maroc, et où la Banque Mondiale est étroitement associée.

J'étais, il y a quelques jours au Maroc, où j'accompagnais notre Directeur pour le département du Maghreb, M. Kemal Dervis, à l'occasion de réunions avec les membres du gouvernement concernés par les activités et le programme de la Banque Mondiale au Maroc. Pour ma part, je suis responsable, dans ce département, de la division traitant des opérations et prêts de la Banque dans les secteurs de l'industrie, de la finance, de l'énergie et des mines et des télécommunications.

Au cours de cette visite, j'ai eu des entretiens très utiles et encourageants avec votre prédécesseur, M. Fettah, ainsi qu'avec ses principaux collaborateurs, concernant nos activités et notre programme. Compte tenu de l'importance particulière que les secteurs des mines et de l'énergie représentent pour la Banque Mondiale, j'ai pensé qu'il vous serait peut-être souhaitable que je vienne faire le point avec vous prochainement. A l'occasion d'un voyage en Europe le mois prochain, je pourrais m'arrêter 24 heures au Maroc et venir vous rencontrer, si cela vous convenait, le vendredi 14 septembre prochain.

Cette visite serait aussi pour moi l'occasion d'avoir le plaisir de faire votre connaissance, de vous écouter et prendre conseil auprès de vous pour mieux harmoniser notre travail avec les objectifs et la stratégie de votre ministère. Je serais accompagné par mon collègue, M. Jacques Coudol, qui est responsable, dans ma division, pour la préparation du projet PERL. Ce projet a pour objectif de soutenir les efforts du gouvernement pour la réforme du secteur des entreprises publiques. Il comporte, entre autres objectifs, une composante importante concernant la restructuration du secteur minier.

J'espère avoir ainsi très bientôt le plaisir de vous rencontrer. Je vous prie de croire, Monsieur le Ministre, à l'expression de ma haute considération.

J'adresse copie de cette lettre à S.E. Moulay Zine-Zahidi, qui, comme vous le savez, coordonne nos activités et notre programme. Je vous saurais gré de lui faire part de votre réponse à cette lettre pour permettre à ses services de mieux coordonner mes rendez-vous au cours de cette brève visite au Maroc, le 14 septembre.



Masood Ahmed
Chef de la Division Industrie et Energie
Département du Maghreb
Région Europe, Moyen Orient et Afrique du Nord

The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street, N.W.
Washington, D.C. 20433
U.S.A.

(202) 477-1234
Cable Address: INTBAFRAD
Cable Address: INDEVAS

August 10, 1990


Monsieur Jean Louis Reiffers
Le Vieux Chateau
Place du Piemont
13400 - Jouques

Cher Jean-Louis,

Anita et moi avons eu grand plaisir à retrouver la Provence en votre compagnie. Courte, mais agréable rencontre qu'il faudra renouveler, nous l'espérons.

Jacques Coudol t'aura parlé du Séminaire sur le secteur financier qui aura lieu à Paris les 10, 11 et 12 septembre. Les réunions se tiendront aux bureaux de la Banque Mondiale, Avenue d'Iéna. J'espère que tu auras la possibilité d'être à Paris à ce moment là et que tu pourras te joindre à nos travaux à titre personnel. Jacques te fera parvenir sous peu le programme et la liste des participants.

En espérant donc avoir bientôt l'heureuse occasion de nous revoir, je te prie de partager avec Anne notre bien amical souvenir.


Masood Ahmed

*Cette fois je t'invite
à dîner à un restaurant
que Jacques va choisir
à Paris ! Donc, ça doit
être bon.*

OK

The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street, N.W.
Washington, D.C. 20433
U.S.A.

(202) 477-1234
Cable Address: INTBAFRAD
Cable Address: INDEVAS

August 9, 1990

Mr. Hugh E. Bieber
177 Moulton Hill Road
Lennoxville, Que.
J1M 2A2
Canada

Dear Mr. Bieber:

Thank you for your letter dated June 21, 1990.

After reviewing its contents, I would like to mention to you that since your expertise is rather specific, consultant assignments in the Bank are not likely to be many. However, we will keep your record on file. I would also like to advise you to contact Mr. Anil Sood, Division Chief, Industry and Energy Division, EM4IE, as similar expertise may be needed in the future in the Eastern European countries during their reform program.

Thank you for your interest in working for the World Bank.

Yours sincerely,



Masood Ahmed
Division Chief
Industry and Energy Division
Europe, Middle East and North Africa Region

LES CONSULTANTS
HUGH BIEBER
CONSULTANTS INC.

June 21, 1990

The World Bank
1818 H Street N.W.
Washington, D.C. USA
20433

To the attention of Mr. Masood Ahmed,
Division Chief
Industry & Energy Operations
Country Department 11
Europe, Middle East & North Africa Region

Dear Mr. Ahmed,

In April of this year I submitted to you my complete personal and employment record for your perusal. My objective is to offer my services to The World Bank Group as a consultant.

I offer expertise in all areas of manufacturing and warehousing distribution, from planning and development of new manufacturing and warehousing facilities and distribution systems to improving the efficiency and profitability of existing facilities and systems.

I believe I could provide an important service to The World Bank Group and would appreciate an opportunity to discuss any possible projects.

Could you kindly advise me if any consulting opportunities are likely to exist in the future and the status of my application to become a part of the consulting group your division would call upon to provide support for your various projects.

Thank you, Mr. Ahmed, for your kind attention and I hope to hear from you in the near future.

Yours sincerely,


Hugh E. Bieber

177 Moulton Hill Road
Lennoxville, Que.
J1M 2A2
(819) 566-0392

Mr. Ahmed
Pls draft a reply saying that this expertise is rather poor & that attorp. cons. assignments in the Bank are not likely to be many. But we will keep his info on file & he should also contact Mr. Soob as similar expertise may be needed in some of the E. & E. projects.
re: program

RECEIVED
JUN 28 1969 2:09 PM
EMENA II - INDUSTRY AND ENERGY (UDNY)

LOG NO: _____ DATE RECEIVED _____

ROUTE TO: _____

COPY TO: _____

ACTION TAKEN BY: LETTER/CABLE/NO REPLY

INITIALS: _____ DATE: _____

The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street, N.W.
Washington, D.C. 20433
U.S.A.

(202) 477-1234
Cable Address: INTBAFRAD
Cable Address: INDEVAS

August 8, 1990

Mrs. Paula Dempsey
Air France
1120 Connecticut Ave. N.W.
Washington D.C. 20036

Re: Claim for Lost/Damaged Luggage

Dear Mrs. Dempsey:

On my recent trip to Europe and North Africa, I took Air France Concorde from New York to Paris on June 21, 1990 and connected on your flight 2045 the following morning to Casablanca. Upon arrival in Casablanca, I discovered to my annoyance that one of the two suitcases which I had checked in at Orly was missing. I filled out a missing luggage report at the airport, a copy of which is attached.

Fortunately, the suitcase was delivered on a later flight the same day and picked up by my chauffeur at the airport that evening. However, when I opened the case in the hotel, I discovered that it had been opened and pilfered and that three items were missing from it. These were:

- i) a set of Waterman pens that I had been given by Air France on the Concorde flight from New York the previous day;
- ii) a bottle of men's cologne that I had in the case; and
- iii) a small box containing two pairs of cuff links.

The value of the latter two items was \$35 and \$65, respectively. I do not know the precise value of the pens received on Concorde, but I am sure you will have it somewhere in your records.

As I was leaving the following morning, I reported the matter to the Air France staff at Casablanca airport, but I was advised by them that it would be handled best by your office in Washington, where my journey had originated and where I am normally resident.

The purpose of this letter is, therefore, to file a claim for the loss of the above items and to request your assistance in the speedy resolution of this matter.

While I am writing to you, let me also take the time to express my appreciation of the help and service provided by one of your staff to my wife and myself during our recent stay in Marseille. For her return voyage to Washington, my wife had a reservation on your flight from Paris to Washington on July 6. This flight was cancelled due to a strike and she was offered a reservation on the Concorde to New York the same day. Unfortunately the connecting flights from Marseille to Paris were either cancelled or fully

booked. However, one of your staff, Mme Maillon at the airport was most helpful to us in getting my wife a seat on a connecting flight. She also went out of her way to help us in making other arrangements to switch from the regular to the Concorde flight. And she did all this graciously and with a smile. I would like to express my appreciation to her and I hope that her contribution to enhancing Air France's good reputation will be recognized in some appropriate way.

I look forward to hearing from you on the matter of my lost items. Please do not hesitate to call me if I can provide any further information.



Masood Ahmed
Division Chief
Industry and Energy Division
Europe, Middle East and North Africa Region

My home address is: 2918 Garfield St. N.W., Washington, D.C. 20008

Tel. (202) 265-8976 (H)
(202) 473-2340 (O)

101 35 7200
Poste 211/212

12407

PROPERTY IRREGULARITY REPORT

DATE 12 JUL 1981

TO: CMNLLAT
FROM: AHL
CARRIER: CMN
CARRIER REFERENCE: CMNAP00582/CMNLLAT
PASSENGER'S NAME: NM MASOOD
INITIALS: IT AM
BAGGAGE TAG NUMBER: TN 0F465158
TYPE AND COLOUR: TC BE225XX
PASSENGER ITINERARY: RT DRY/CMN/ABA
AIRLINE/FLIGHT/DAY: FD AF2045 /22
BRAND NAME: BI DANVAS NMD PN

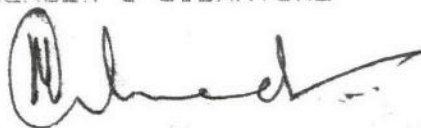
CONTENTS: CN MANDLOTHS/SHOES/PENS

INSTRUCTIONS: FI FWD CMN

NOTES

IF REQUIRED FOR CUSTOMS CLEARANCE-I THE UNDERSIGNED, OWNER OF THE
BAGGAGE FOR WHICH THIS REPORT HAS BEEN MADE ENTRUST R.A.M
WITH CUSTOMS CLEARANCE AND CERTIFY THAT THE SAID BAGGAGE
CONTAINS NO GOODS LIABLE TO DUTY AND TAXES-

PASSENGER'S SIGNATURE



PERMANENT ADDRESS: 2918 GARFIELD STREET
WAS DC

DELIVERY ADDRESS: HTL ROYAL MANSOUR
CASA

UNTIL

PASSENGER'S TICKET NR 057/7207855697

EXCESS BAG. TICKET NR /

BAGGAGE REGISTERED TO CMN

NBR 02 WEIGHT 27 KG

BAGGAGE DELIVERED TO PASSENGER UPON ARRIVAL NBR 01 WEIGHT 13 KG

NAME IF DIFFERENT ON BAG

BAGGAGE INSURED CLASSE CARTE

COMBINATION NBR

KEYS LEFT

CASH ADVANCE /

KIT

COMPLETION OF THIS REPORT DOES NOT INVOLVE THE CARRIER'S LIABILITY

Ref: 63582

NYC, NY 100

TO BE ATTACHED TO PASSENGER'S TICKET.

published in carrier

onli

given
AIR

otel acc

ROYAL AIR MAROC

AT 146802



CMN 23 JUN

AT 914 LHR

ROYAL AIR MAROC

AT 146801



CMN 23 JUN

AT 914 LHR

AIR FRANCE
LAY OVER
CONFIRMATION

This document is subject to all conditions a

null and void.

Should the holder modify his travel arrang

is without value.
holder to identify himself at the airport of

This document does not constitute a you

while en route to

This is to confirm that AIR

to MR. AHMED

at CAC 118

1977

AND PLACE OF ISSUE

LA 00831421

1RMKS TAT AF 7207855699

1500

NT TLD

RCVD FB

1070 H00 T MIN.ECONOMIE

1.AH4D12F 12JUL ALGCMN HK1 1630 1710*

11MAS000/AHMED

3KD H00 0222 110090 0849 R/AHRLH HH

PASSENGER TICKET AND BAGGAGE CHECK - SUBJECT TO CONDITIONS CONTAINED IN THIS TICKET
ISSUED BY AIR FRANCE
ENDORSEMENTS/RESTRICTIONS (CARRON)

CONJUNCTION TICKET(S)

See below for Airline
Form, Serial Number

160/06
PASSENGER NAME AHMED/MASOOD MR

ARC PASSENGER COUPON
DATE OF ISSUE 19 JUN 90
NOT TRANSFERABLE

ORIGIN/DESTINATION WASHINGTON
BOOKING REFERENCE 08 53142 1/ 468696
ISSUED IN EXCHANGE FOR
AMERICAN EXPRESS
CO DSCG CPN

TO	FROM	CARRIER	FLIGHT	CLASS	DATE	TIME	STATUS	FARE BASIS/TKT. DESIGNATOR	NOT VALID BEFORE	NOT VALID AFTER	ALL
WASHINGTON/NATL		PA	4782Y	21JUN	1010	OK	C				
NEW YORK/JFK		AF	OPENF				F				
PARIS/DE GAULLE		VOID	VOID	VOID	VOID		VOID		VOID	VOID	VOID
PARIS/ORY		AF	2045C	22JUN	0915	OK	C				
CASABLANCA											

FARE CALCULATION
SD 2366.00 WAS PA X/NYC AF X/PAR AF CAS 10M/1355.20C D NYCPAR 1011.00 TL
INV. FARE PD. NUC2366.20 ROE 1.00000 *SITI*
SD 6.00US

FORM OF PAYMENT REF ONLY TO AX378244473221008 08/91 92
AL SD 2372.00
AGT. INFO. 011X 76
CONTROL NO. 50898278375
CPN AIRLINE CODE FORM SERIAL NUMBER CK
057 7207855697 0
ORIGINAL ISSUE 0571
A 401 SBWYLC

DO NOT MARK OR WRITE IN THE WHITE AREA ABOVE
© American Express Travel Related Services Company, Inc., 1989. All rights reserved.

ORIGINAL TICKET AND BAGGAGE CHECK SUBJECT TO CONDITIONS CONTAINED IN THIS TICKET
AIR FRANCE
ENDORSEMENTS/RESTRICTIONS (CARBON)

CONJUNCTION TICKET
CNJ2 99/00

See below for Airline
Form, Serial Number

ARC PASSENGER COUPON

ORIGIN/DESTINATION
BOOKING REFERENCE

AMERICAN EXPRESS

SENDER NAME
AHMED/MASOOD MR

SOT0Z
NOT TRANSFERABLE

19 JUN 90

ISSUED IN EXCHANGE FOR

63200
WASHINGTON DC
08 53142 1/ 468702

FROM	TO	CARRIER	FLIGHT	CLASS	DATE	TIME	STATUS	FARE BASIS/TKT	DESIGNATION	NOT ALSO BEFORE	NOT ALSO AFTER	ALLOW
CASABLANCA	AT	914F	23JUN	1050	OK	F						
LON/HEATHROW	AF	1839Y	27JUN	1015	OK	Y						
MARSEILLE	AF	2361C	06JUL	1400	OK	C						
ALGERS	AT	991F	12JUL	1100	OK	F						
CASABLANCA												

FARE CALCULATION
AD 27165CAS AT LON 654.45F AFMRS AFALG 335.41Y AF CAS 179.17F AF X/PAR
SD 3159.00AFWAS 10M 1195.34C D MRSALG 31.56 1013 49 TL/NUC3415.42 ROE 7
95322 *SOT0* *BSR 8.6001*

SDXU 10.00

FORM OF PAYMENT
REF ONLY TO AX378244473221008

08/91 92

TOUR CODE

TOTAL 3169.00

CPN

AIRLINE CODE

ORIGINAL ISSUE

AGT INFO
0111A 76

057 7207855699 2

0571

CONTROL NO
50878284572

A 401 SBWYLC

X/

DO NOT MARK OR WRITE IN THE WHITE AREA ABOVE
© American Express Travel Related Services Company, Inc., 1989. All rights reserved.



Record Removal Notice

File Title Masood Ahmed - Chronological File - January 1990 to June 1991		Barcode No. 30450197		
Document Date August 8, 1990	Document Type Memorandum w/attachments			
Correspondents / Participants To: Mr. Masood Ahmed, Division Chief EM2IE From: L. Breton, POPRT				
Subject / Title Assessment of Candidate - Mr. Jamel E. Zarrouk				
Exception(s) Personal Information				
Additional Comments		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td>Withdrawn by Shiri Alon</td><td>Date November 14, 2022</td></tr></table>	Withdrawn by Shiri Alon	Date November 14, 2022
Withdrawn by Shiri Alon	Date November 14, 2022			



Record Removal Notice

File Title Masood Ahmed - Chronological File - January 1990 to June 1991		Barcode No. 30450197
Document Date August 2, 1990	Document Type Memorandum w/attachments	
Correspondents / Participants To: Mr. Afrouz Assadian From: Masood Ahmed, Division Chief		
Subject / Title Interest in working in my division		
Exception(s) Personal Information		
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.
		<table border="1"><tr><td>Withdrawn by Shiri Alon</td><td>Date November 14, 2022</td></tr></table>
Withdrawn by Shiri Alon	Date November 14, 2022	



Record Removal Notice

File Title Masood Ahmed - Chronological File - January 1990 to June 1991		Barcode No. 30450197
Document Date [undated]	Document Type Form	
Correspondents / Participants Saghir Jamal		
Subject / Title Recruitment Division - Interview Report		
Exception(s) Personal Information		
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.
		<table border="1"><tr><td>Withdrawn by Shiri Alon</td><td>Date November 14, 2022</td></tr></table>
Withdrawn by Shiri Alon	Date November 14, 2022	

OFFICE MEMORANDUM

DATE: July 26, 1990

TO: Messrs. Wiehen, Dervis, Chopra and Lari



FROM: Masood Ahmed, Acting Senior Operations Adviser, EMNVP

EXTENSION: 32672

SUBJECT: Update on Project Closing Dates and Pending Extensions

The attached memo from Mr. Wyss is self-explanatory. I would be grateful if your respective administrative officers could mark up the attached tables to reflect the most recent information and let me have them by Tuesday July 31 if at all possible.

Mr. Wyss' memo also reiterates the importance of informing the concerned disbursement officer about any amendments in loan closing dates (apparently there have been cases where this was not done, although the problem for EMENA is limited to two projects). Rather than issuing a generalized reminder to all TMs, it might be easier if you could simply remind your Departmental Managers of the need to follow this longstanding requirement in one of your forthcoming management meetings.

Many thanks.

cc: Mr. Blanchi (o/r)

OFFICE MEMORANDUM

DATE: July 24, 1990

TO: Regional Senior Operations Advisers

FROM: Hans Weiss, Director, COD

EXTENSION: 78020

SUBJECT: Closing Dates and Deadlines for Final Disbursement

1. We are preparing our semi-annual report to Mr. Qureshi on closing dates and deadlines for final disbursements.

2. I attach the list of projects with closing dates lapsed before March 1, 1990 (Attachment A). Letter "C" besides the current closing date indicates projects which the Regional have already informed us are in the process of closing. I would appreciate your update on the others by August 6 so that we can submit the report by August 10. I would also appreciate it if you could remind task managers that if a project is to be extended a memo informing the appropriate disbursement officer in the Loan Department of the action to be taken is required. There are several cases (indicated by an asterisk besides the current closing date) where in your last update an extension was indicated but the revised closing date has not been changed in the Loan Department database.

3. I also attach for your information the list of projects with closing dates lapsed between March 1, 1990 and August 31, 1990. Under the new OD 13.30 on Closing Dates, these projects should be extended if it is likely that disbursements will continue beyond four months. You may find this list useful in reviewing projects for which extensions are pending. *Pls advise if any of these projects are likely to require extension of closing dates.*

Attachments

cc: Messrs. Harris, Le-Si, Srinivasan (COD)

ATTACHMENT A

Projects with Closing Dates
Lapsed Before March 1, 1990

REPORT: COD200
 RUN DATE 07/23/90
 RUN TIME 09:11 AM

CENTRAL OPERATIONS DEPARTMENT

PAGE 5

ACTIVE LOANS /CREDITS WITH CLOSING DATE LAPSED
 Up To February 28, 1990

REGION : EMENA

CTRY	ORG LN/CR	DESCRIPTION	ORIGINAL CLOSING DATE (A)	CURRENT CLOSING DATE (B)	LATEST DISBURSEMENT (C)	MONTHS C-B	ORIGINAL AMT (US\$ /SDR - *)	UNDISBURSED BALANCE AS OF 07/23/90
CYPRUS								
CY	OO 22790	KHRYSOKHOU IRRIGATION	12/31/89	12/31/89C	03/09/90	03	16,000,000.00	41,122.09
JORDAN								
JO	OO 20680	FOURTH EDUCATION	12/31/87	12/31/89C	06/23/88	-18	25,000,000.00	2,000,152.69
PAKISTAN								
PAK	OO 23240	FIFTH SUI NORTHERN GAS	06/30/87	06/30/89C	04/24/90	10	43,000,000.00	269,593.04
PAK	OO 23510	PETROLEUM EXPLORATION	03/31/87	03/31/89C	11/20/89	08	51,500,000.00	49,607.73
PAK	OO 25520	ENERGY SECTOR	12/31/87	12/31/88C	10/04/89	10	178,000,000.00	1,350,927.10
PAK	26 11570	GRAIN STORAGE	12/31/85	06/30/90*	10/26/88	-14	26,100,000.00 *	3,980,801.58
PAK	26 14800	SECOND TECHNICAL ASSISTANCE	12/31/87	12/31/88C	10/20/89	10	6,600,000.00 *	751,227.56
PORTUGAL								
PO	OO 18530	FORESTRY	09/30/86	09/30/89C	03/27/90	06	50,000,000.00	418,582.48
PO	OO 21750	TRAS-OS-MONTES RURAL DEV	12/31/88	12/31/89C	11/20/89	-01	51,000,000.00	6,682,179.84
TUNISIA								
TUN	OO 19690	SMALL SCALE INDUSTRY DEV	12/31/86	12/31/88C	11/16/89	11	30,000,000.00	2,644,539.48
YUGOSLAVIA								
YU	OO 23390	SEVENTH INDUSTRIAL CREDIT	12/31/88	12/31/89C	03/16/90	03	45,000,000.00	3,084,765.69
YU	OO 23400	SEVENTH INDUSTRIAL CREDIT	12/31/88	12/31/89C	10/06/89	-02	25,000,000.00	3,173,208.06

ATTACHMENT B

Projects with Closing Dates Lapsed
Between March 1 and August 31, 1990

REPORT: COD200
 RUN DATE 07/23/90
 RUN TIME 09:12 AM

CENTRAL OPERATIONS DEPARTMENT

PAGE : 6

ACTIVE LOANS /CREDITS WITH CLOSING DATE LAPSED
 From March 1, 1990 to August 31, 1990

REGION : EMENA

CTRY	ORG LN/CR	DESCRIPTION	ORIGINAL CLOSING DATE (A)	CURRENT CLOSING DATE (B)	LATEST DISBURSEMENT (C)	MONTHS C-B	ORIGINAL AMT (US\$ /SDR - *)	UNDISBURSED BALANCE AS OF 07/23/90
EGYPT								
EGT	00 22430	SECOND AGRO-INDUSTRIES	12/31/87	06/30/90	07/03/90	01	81,200,000.00	748,744.60
EGT	00 23300	ROAD MAINTENANCE	06/30/87	06/30/90	07/17/90	01	24,000,000.00	1,267,415.48
MOROCCO								
MOR	00 16020	FES-KARIA-TISSA AGRICULTURE	06/30/86	06/30/90	07/05/90	01	65,000,000.00	5,507,227.39
MOR	00 21100	FORESTRY	06/30/88	06/30/90	03/19/90	-03	27,500,000.00	324,132.62
MOR	00 28200	PUBLIC ENTERPRISE RATIONALI.	06/30/89	06/30/90	04/11/90	-02	240,000,000.00	4,175,080.59
PAKISTAN								
PAK	25 08770	SALINITY CONTROL & RECLAMATION	06/30/86	06/30/90	07/17/90	01	60,000,000.00	19,540,089.42
TURKEY								
TU	00 17420	GRAIN STORAGE	06/30/85	06/30/90	07/11/90	01	85,000,000.00	2,874,419.23
TU	00 23990	INDUSTRIAL CREDIT	06/30/90	06/30/90	07/11/90	01	36,800,000.00	1,763,338.73
YEMEN ARAB REP.								
YAR	25 10250	FISHERIES DEVELOPMENT	06/30/86	06/30/90	07/18/90	01	17,000,000.00	3,167,573.99
YUGOSLAVIA								
YU	00 23360	SIXTH RAILWAY	06/30/88	06/30/90	07/16/90	01	30,600,000.00	1,158,501.89
YU	00 23362	SIXTH RAILWAY	06/30/88	06/30/90	06/22/90	-00	36,700,000.00	11,736.55
YU	00 23363	SIXTH RAILWAY	06/30/88	06/30/90	05/10/90	-01	18,300,000.00	364,105.44
YU	00 25970	FIRST PETROLEUM SECTOR	06/30/90	06/30/90	06/11/90	-00	2,500,000.00	1,741,028.84



Record Removal Notice

File Title Masood Ahmed - Chronological File - January 1990 to June 1991		Barcode No. 30450197		
Document Date July 24, 1990	Document Type Letter w/attachments			
Correspondents / Participants To: Mr. Masood H. Zaidi From: Masood Ahmed, Division Chief				
Subject / Title Receipt of your letter				
Exception(s) Personal Information				
Additional Comments		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td>Withdrawn by Shiri Alon</td><td>Date November 14, 2022</td></tr></table>	Withdrawn by Shiri Alon	Date November 14, 2022
Withdrawn by Shiri Alon	Date November 14, 2022			



Record Removal Notice

File Title Masood Ahmed - Chronological File - January 1990 to June 1991		Barcode No. 30450197		
Document Date July 23, 1990	Document Type Letter w/attachments			
Correspondents / Participants To: Mr. Kajal Budhwar From: Masood Ahmed, Division Chief				
Subject / Title Receipt of your letter				
Exception(s) Personal Information				
Additional Comments		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td>Withdrawn by Shiri Alon</td><td>Date November 14, 2022</td></tr></table>	Withdrawn by Shiri Alon	Date November 14, 2022
Withdrawn by Shiri Alon	Date November 14, 2022			



Record Removal Notice

File Title Masood Ahmed - Chronological File - January 1990 to June 1991		Barcode No. 30450197
Document Date July 23, 1990	Document Type Letter w/attachments	
Correspondents / Participants To: Mr. Awni Nabulsi war From: Masood Ahmed, Division Chief		
Subject / Title Receipt of your letter		
Exception(s) Personal Information		
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.
		<table border="1"><tr><td>Withdrawn by Shiri Alon</td><td>Date November 14, 2022</td></tr></table>
Withdrawn by Shiri Alon	Date November 14, 2022	



Record Removal Notice

File Title Masood Ahmed - Chronological File - January 1990 to June 1991		Barcode No. 30450197
Document Date June 21, 1990	Document Type Memorandum	
Correspondents / Participants To: Mr. Gerald A.V. Buttex, Princ. Telecom. Engineer, AFTIE From: Masood Ahmed, Chief EM2IE		
Subject / Title Mr. Friedrich Kraemer		
Exception(s) Personal Information		
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.
		<table border="1"><tr><td>Withdrawn by Shiri Alon</td><td>Date November 15, 2022</td></tr></table>
Withdrawn by Shiri Alon	Date November 15, 2022	



Record Removal Notice

File Title Masood Ahmed - Chronological File - January 1990 to June 1991		Barcode No. 30450197		
Document Date June 21, 1990	Document Type Letter			
Correspondents / Participants To: Mr. Makran M. Kubeisy From: Masood Ahmed, Chief				
Subject / Title Enclosed resume expressing interest in working at the World Bank				
Exception(s) Personal Information				
Additional Comments		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td>Withdrawn by Shiri Alon</td><td>Date November 15, 2022</td></tr></table>	Withdrawn by Shiri Alon	Date November 15, 2022
Withdrawn by Shiri Alon	Date November 15, 2022			

OFFICE MEMORANDUM

DATE: June 20, 1990

TO: Mr. Ducksoo Lee, CODDR, Room F-12-035

FROM: Masood Ahmed, Acting Senior Operations Adviser, EMNVP

EXTENSION: 32340

SUBJECT: Currency Abbreviations

With reference to Messrs. Eccles and Kohli memorandum dated June 4, 1990 on the above subject, the following are my comments:

While the adoption of standardized abbreviations is a desirable objective, we should recognize that this would:

- (i) result in the Bank and the IMF using different abbreviations for the same currencies, (incidentally does the IMF have any plans to switch to the new abbreviation?); and
- (ii) some of these abbreviations are very different from those used by the countries themselves and may be unfamiliar to national policymakers; e.g., using DZD instead of DA for Algerian dinars in our project/ESW reports may add to our communication problems in that country. In any case, if the Government of a member country officially states what the abbreviations for its national currency is, does it make sense to use a different abbreviation in our reports on that country simply for the sake of standardization?

cc: Mr. Fox

June 18, 1990

To: Mr. Andrew Rogerson

Re. Outline for Poverty Policy Paper

Andrew:

As I am going to be away on June 21, I would be grateful if you could review the attached paper and represent the EMENA Region at the meeting called to discuss it by Mr. Dubey for that day. Since one of the two country studies proposed is for Pakistan, you might wish to ask someone from CD1 to join you.

Could I please have the draft (and your comments, if any) back after the meeting.

Many thanks.

Masood Ahmed

June 13, 1990

To: Mr. Ralph Harbison

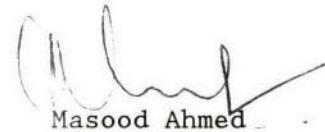
Re. Outline for Poverty Policy Paper

Ralph:

As I am going to be away on June 21, I would be grateful if you could review the attached paper and represent the EMENA Region at the meeting called to discuss it by Mr. Dubey for that day. Since one of the two country studies proposed is for Pakistan, you might wish to ask someone from CD1 to join you.

Could I please have the draft (and your comments, if any) back after the meeting.

Many thanks.


Masood Ahmed

*will not be here to
attend.*

C

June 11, 1990

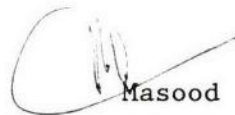
To: Mr. Alain Barbu

Re. ALGERIA: Petroleum Project - Green Cover Package

Alain:

Abdellah El-Maaroufi passed on to me his comments on the above package. Although he praised the "breakthrough" that this operation represents, he also told me that both he and Mr. Wapenhans were surprised by the somewhat sloppy presentation. Many of the tables do not add up and others are not consistent with figures cited elsewhere in the package. His marked up version is attached.

Please go through the package carefully. I trust the next version will have these defects corrected. While I take ultimate responsibility for the quality of all products leaving the division, I hope that I can rely on the TM's to ensure that this sort of problem does not arise.


Masood



Record Removal Notice

File Title Masood Ahmed - Chronological File - January 1990 to June 1991		Barcode No. 30450197
Document Date June 12, 1990	Document Type Form	
Correspondents / Participants To: Mr. Hans Mehltreter From: Masood Ahmed, Chief EM2IE		
Subject / Title Staffing Request		
Exception(s) Corporate Administrative Matters		
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.
		<table border="1"><tr><td>Withdrawn by Shiri Alon</td><td>Date November 14, 2022</td></tr></table>
Withdrawn by Shiri Alon	Date November 14, 2022	

DECLASSIFIED

NOV 14 2022

WBG ARCHIVES

June 8, 1990

CONFIDENTIAL

TO: Mr. Kemal Dervis

Re. Recruitment of Principal Economist for EM2IE

Further to our conversation, I spoke with Hans who suggested that the best way of proceeding (particularly in view of the imminent summer slack) was to put an add in the VIS as soon as possible. A draft vacancy announcement, to be inserted in the June 18 VIS, is attached for comments/clearance.

Obviously, we would only recruit someone if: (i) the results of the elections in Algeria do not result in major uncertainty about the scope of the Bank's program in the next year; and (ii) your review of the work program/slot situation at the departmental level confirms the availability of this vacancy in the division. In regard to the latter, however, as I mentioned to you, the highly probable departure of Dick Hamilton to CDIV gives us an extra measure of flexibility.

Ideally, I would have preferred to issue a VIS after the above uncertainties had been eliminated. However, I agree with Hans that a VIS announcement in July/August risks missing a lot of staff on holiday and I don't think it is feasible to wait until September to initiate the process.

Masood Ahmed



Record Removal Notice

File Title Masood Ahmed - Chronological File - January 1990 to June 1991		Barcode No. 30450197		
Document Date [undated]	Document Type Form			
Correspondents / Participants				
Subject / Title Vacancy Announcement				
Exception(s) Corporate Administrative Matters				
Additional Comments		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td>Withdrawn by Shiri Alon</td><td>Date November 14, 2022</td></tr></table>	Withdrawn by Shiri Alon	Date November 14, 2022
Withdrawn by Shiri Alon	Date November 14, 2022			

DATE: 06-Jun-1990 02:38pm

my chon,

TO: Parvez Hasan

(PARVEZ HASAN)

FROM: Masood Ahmed, EM2IE

(MASOOD AHMED)

EXT.: 32340

SUBJECT: Argentina- PERL. IM.

My comments on the draft IM for the proposed Perl in Argentina can be grouped into two main areas.

1. **Priority of Public Enterprise reform in Argentina's overall adjustment strategy.** The IM rightly points out the central adjustment issue for Argentina is to get a quick and sustainable improvement in the fiscal situation. Indeed, the failure of repeated adjustment programs in the past can be attributed to the absence of a meaningful fiscal component in these programs. Given this background, the IM would benefit from a fuller and more quantitative treatment of the links between the PE sector and the budget, both in terms of causing the problem and in terms of contributing to the solution. Is the choice of these three enterprises consistent with this fiscal emphasis? The answer appears to be yes for the railways but not clear for the other two. Moreover, even for the railway, the fact that the Government will continue to subsidize (part of?) the salary costs (par. 6.05) which account for half of the railway's operating budget makes the outcome unclear. In other words, how will this project help the fiscal situation in the short term and in the long term. Par. 6.08 provides some of the elements of the answer as regards the long term (but not with precise quantification on the net impact). However, it is not very forthcoming about the next two to three years when the fiscal situation is likely to be most strained.

2. Strategy for PE Reform/Commitment to follow through actions.

The essence of the Argentine strategy for improving PE performance (at least for these three sectors) is partial or total privatization. I wouldn't put as much faith in the competitive and efficiency enhancing instincts of the private sector, particularly in a country like Argentina, but that's my personal bias. The operational question is whether all the steps are in place to maximize the likelihood of success of this approach. This is where I see two potential pitfalls. First, in almost all the areas, the development of a regulatory framework and capacity to ensure that these pe's don't just become inefficient private monopolies, is still in its infancy. Moreover, we appear to have skirted around the problem by putting a lot of this work in the parallel TA project, which is OK insofar as easing second tranche release on the adjustment loan

but will require quite a bit of follow up and coordination. Second, it also seems to me that some of the fundamental and most difficult decisions have been left to later. In a country with a demonstrated track record of taking difficult decisions, this approach would be acceptable. In Argentina, it requires a leap of faith. For example, the railway's major problem is overstaffing. Up to now, the action taken is to let 5,000 people go on full salary on early retirement and to decide (but not yet implement) to transfer another 1,500 to the govt. By second tranche release, they are expected to shed a further 30,000 people. Is this credible? In telecoms, there is no agreed plan to reduce overstaffing or to tackle the "extraordinary antiproduktivity features" in the existing contracts. The explanation is that the private operators can absorb the costs because wages are low or will be able to essentially "buy out" the workers' acquired rights. Is this a sensible basis for privatization, especially as the private operators will have a guaranteed minimum rate of return for some years to come?

In general, is the consensus there to make the fundamental changes that are the basis of the proposed project? The railway company's management doesn't appear to me to be fully on board. There has already been some backsliding on the telecoms privatization. Argentina is littered with the remains of adjustment programs that started well but could not cope with the pressure of organized interests. Will this one do better?

The last point is the potential impact of failure on our own credibility. After the cancellations on the previous adjustment operations, people will be looking closely at this and any other accompanying adjustment operations that we put up for Argentina. I would feel much more comfortable if some of the difficult decisions of implementation were already in the bag.

In any event, it should make for an interesting OC discussion. Please call me if you have any further comments or queries. I am sending the draft IM back with a hard copy of this note.



Record Removal Notice

File Title Masood Ahmed - Chronological File - January 1990 to June 1991		Barcode No. 30450197		
Document Date June 5, 1990	Document Type Memorandum w/attachment			
Correspondents / Participants To: Mr. Hans Mehltreter, EMNPT From: Masood Ahmed, Chief, EM2IE				
Subject / Title Mr. Mikael S. Mengesha				
Exception(s) Personal Information				
Additional Comments		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td>Withdrawn by Shiri Alon</td><td>Date November 14, 2022</td></tr></table>	Withdrawn by Shiri Alon	Date November 14, 2022
Withdrawn by Shiri Alon	Date November 14, 2022			

The World Bank/IFC/MIGA
OFFICE MEMORANDUM

DATE: 04-Jun-1990 05:35pm

TO: Wilfried Thalwitz

(WILFRIED P. THALWITZ)

FROM: Masood Ahmed, EM2IE

(MASOOD AHMED)

EXT.: 32340

SUBJECT: Algeria- Industry Project

Wilfried-

I thought you might be interested to know that the first industry project for Algeria (the one that used to be called the Pilot Project), was approved by the Board last thursday. As it turned out this was a bit of a non-event; we were in and out in about 20 minutes. Maybe it was because of the exhaustive discussion on China in the previous session!

There were, however, two questions (as you had predicted) on why we had chosen these particular enterprises and weren't we introducing a potential distortion into the system by supporting these three against the others. Our answers, along the lines we had discussed, appeared satisfactory. Other than that, there was a question on the novel guarantee arrangements that were proposed, whereby it is the holding companies (the Fonds de Participations) who, as the "shareholders", provide the guarantee of punctual performance and additional funding, while the Government, in addition to the necessary World Bank repayment guarantee, provides a pledge of non-interference. The Yugoslav ED was particularly interested in this, I suppose because of its relevance to future Bank projects in Eastern Europe.

Anyway, now onto the real task of supervising the implementation of the project; it will definitely be a challenge.

Best regards,

Masood.

OFFICE MEMORANDUM

DATE: May 29, 1990

TO: Mr. Kemal Derviş, Director EM2

FROM: Masood Ahmed, Chief EM2IE

EXTENSION: 32340

SUBJECT: EM2IE - Staff PPRs

Attached please find, for your review, completed PPRs for all but one EM2IE HL staff. These PPRs have been discussed with the staff members concerned. The one remaining PPR is for Ms. Lewis who, for a variety of reasons has not yet been able to complete her draft. I expect to receive this draft in the coming days and will forward it to you with my own section added as soon as it has been discussed with her.

Also attached is the PPR for Ms. Pham, administrative assistant, who we have agreed to promote to level 17 this year.

The completed PPR for Ms. Gad, administrative secretary, will be submitted to you later this week.

cc. Mr. Mehlretter
MAhmed:cg

The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street, N.W.
Washington, D.C. 20433
U.S.A.

(202) 477-1234
Cable Address: INTBAFRAD
Cable Address: INDEVAS

May 30, 1990

Mr. William Diamond
3315 Garfield Street, N.W.
Washington D.C. 20008

Bill:

Just a note to thank you for agreeing to join us yesterday for the lunch with BNDE and for participating in the subsequent discussion. It is always useful to be able to look at something with the benefit of hindsight; it is particularly helpful when this hindsight is combined (as you did) with constructive comments that are very much applicable to the future. Anyway, thanks a lot and let us stay in touch.



Masood Ahmed

P.S. Your note of April 1985 is attached

WILLIAM DIAMOND
3315 GARFIELD STREET, N.W.
WASHINGTON, D.C. 20008

TELEPHONE
(202) 333-1863

DECLASSIFIED

NOV 14 2022

CONFIDENTIAL

WBG ARCHIVES

April 18, 1985

Monsieur Mustapha Faris
Président-directeur général
Banque nationale pour le
développement économique
B. P. 407
Rabat, Maroc

(OFF) ~~SECRET~~ 34717

(OFF) 34717

Dear Mustapha,

Before I left Rabat, I told you that I would be late in submitting a report because of certain personal affairs. I am glad to say that it is now done and that Mr. Zaidan is sending it to you. In any event, you have already read it, and we have had the opportunity for some discussion of it.

I think the delay has not been important from your point of view because the report contains very little which we had not already discussed at some length in Morocco. In the circumstances, it seems unnecessary to summarize it. I would like to make several points, however. The first is that I have not referred at all to one important matter which we discussed several times. While I stress the need for change in BNDE's Board of Directors (using language like that I used in 1982 and 1983), I have not mentioned your own determination to up-grade the Board and to change its composition; nor have I mentioned the Finance Minister's concurring view. Second, I have not mentioned your determination to weed out some staff members whom you feel do not meet sufficiently high standards. Third, because of the delicacy of the subject, I have not put into the report the views that emerged from our discussion of organization. Those appear, as a reminder, in the Annex to this letter. Despite these safeguards, I have labeled the report "confidential". Of course, I hope the report will be circulated to Board members and other key persons of your choice. The "confidential" classification is to remind you of the need to examine the report for its possible impact on some individuals, before it is circulated.

Let me take the occasion of this letter to mention a few detailed matters on which I promised to take action:

- a. Data processing. I have been in touch with the bank in Portugal that I told you about, and we have discussed the next steps.

- b. Operational manuals. I have contacted one highly qualified person who would be interested, but he is unfortunately not available before September. So far as I am concerned, that seemed late. However, in our discussion, you thought that timing would, for various reasons, be convenient.
- c. Strategic plan. I am sending you herewith the "annual operational plan" of a development bank, and its "strategic plan". The former, which served as the basis for the 1985 budget, is in final shape and has been approved. The latter is a first attempt and will be significantly revised. While they relate to another institution in another country, they serve to illustrate what we meant in our discussion of strategy.
- d. Planning Department. I am also attaching an example of the functions of the "planning department" of two other development finance institutions, again, not as a model, but as illustrations.
- e. Capital Markets. I airmailed to you, and you may already have received, the book I told you about on "Emerging Securities Markets" in developing countries. I hope you find it useful.

Finally, I want to thank you and Farid and your staff for the help you give me in my work, which I hope has proved, and will prove, helpful to you.

I shall write to you separately, and more personally, to express my appreciation of your own many kindnesses to me.

With warm regards.

Sincerely yours,

William Diamond

ANNEX TO CONFIDENTIAL LETTER
OF APRIL 18, 1985

1. It may be useful to summarize the discussions of organizational structure, which is a matter of serious concern to the President.
2. It should be said, first of all, that something more than "fine-tuning" is called for. The President has in the past spoken as though only minor adjustments were necessary, and so did I. But it is clear that that will not be sufficient. It is only fair to say that the President himself probably always thought this, but used the "adjustment" idea in order to allay staff uncertainty and concern about wholesale changes.
3. The most important problem is that the Director General's attention is dispersed in day-to-day direction of about 10 different units. He directly supervises every department and several divisions in BNDE, except for those involved in personnel, administration and "management" of participations. These are the responsibilities of a Central Director. There were once two other Central Directorates, but their authority was a fiction; in any event one Central Director is no longer in BNDE and the other has been reassigned.
4. It is not possible for the Director General to give adequate supervision to so many units; more seriously, trying to do so limits the attention he can give to broader issues, matters of policy and planning, and external relations. Moreover, the reasons originally given for his direct involvement in so many units no longer exist. The Departments should therefore be grouped under, say four Central Directors, who would be directly responsible for their effective operation and who would be responsible to the Director General. Those four should be: (a) personnel and administration, (b) loan and investment operations, (c) portfolio supervision and (d) finance and budget.
5. The first would be devoted to management of human resources, administrative services, data processing, training and general secretariat.
6. The second, loan and investment operations, would cover all project preparation and appraisal, both loans and equity participations, and MTR, PMI, sectoral studies, etc. All staff involved in such activities would be together, except possibly engineers. It is a matter of opinion whether "exports" should be handled by a separate department. My own opinion is that they should not. Everyone involved in loans and investments should be involved in export promotion, the implications of which should permeate all their work. Similarly with "promotion".
7. The third group, portfolio supervision, assumes that collections of bad debts would cease to be linked to follow-up. It would provide that "management" of participations would be brought together with loan follow-up. There remain questions about how this group should be sub-divided; that calls for more reflection and experience. One can visualize, for instance, a division into "normal" follow-up, dealing with projects in difficulty and assistance to BNDE's board representatives.

8. The fourth group would retain all the present operations in finance and accounts, and in addition would have responsibility for resource mobilization and the annual budget. As noted in paragraph 28 d, medium-range programming could also be added or, alternatively, it could be dealt with in the office of the President.

9. In addition to these four groupings, certain services would be attached to the Director General: internal audit, legal services, and perhaps engineering services (unless, that is, engineering is placed in the loans and investments group). With the President would be placed external relations, relations with the Board of Directors and, possibly, medium-term planning.

10. The major problem affecting such a reorganization as emerged in my discussions with BNDE was the human problem: a new period of uncertainty and confusion, reducing the relative standing of some persons, introducing one or more high-level outsiders as group heads. The latter will almost certainly be necessary and desirable, unless the President can find inside BNDE at this time persons of the requisite experience who will be able to command the respect of those who will be under them. (This problem is inseparable from that, already referred to, of up-grading senior staff.) Clearly re-organization requires careful preparation, timing, and presentation.

~~CONFIDENTIAL~~

DECLASSIFIED

NOV 14 2022

WBG ARCHIVES

D R A F T

April 18, 1985

REPORT ON VISIT TO BNDE

March 4 - 17, 1985

I. Introduction

1. This is a report on 13 days spent with Banque nationale pour le développement économique of Morocco, March 4 to 17, 1985. The object of the visit was, generally, to review BNDE's progress since my previous visits in July 1982 and January 1983. More particularly, it was to help define BNDE's role and strategy; to review its general policies; to consider and advise on plans for strengthening organization, procedures and staff and especially portfolio supervision - in short, to discuss the situation and prospect of "l'outil BNDE".
2. Because of the insufficient time available, my work fell short (as does this report) of the comprehensive institutional evaluation and the specificity implicit in the World Bank's wishes. However, a more restricted coverage was already implicit in "The Proposed Agenda" for my visit sent to BNDE on January 25. More importantly, the orientation of the work was necessarily influenced by the President's own agenda, which reflected matters to which he attributed high priority and which weighed heavily on this mind at that time. We were informed of his agenda in late January, and it had not changed much when I arrived in early March.
3. The rest of this report is divided as follows:
 - a. A Brief Overview of Progress Since January 1983
 - b. BNDE's Recent Growth
 - c. Planning and Strategy
 - d. Management of Information
 - e. Management of Staff
 - f. Proposed Fund for Restructuring
 - g. Proposed Holding for Equity Participations
 - h. Some Other Matters

This organization of subject matter reflects, in part the World Bank's expectations, in part the President's interests, and in part my own conception of priorities. No doubt it reflects none of these completely. Nor do these sections follow the order of discussions with the President, for we reverted

from time to time to subjects previously discussed. On the other hand, they do follow the order in which, in my last two days, we had an extensive round-up of the visit. There are no subjects dealt with here which were not part of the round-up, and virtually every aspect of each subject was referred to in the round-up.

II. Brief Overview of Progress Since 1982/83

4. This report is not intended to give a balanced view of BNDE's institutional situation and prospects today. It necessarily focuses on problems and issues. Nevertheless, it would be a distortion not to call attention to significant improvements and developments over the past two and a half years.

5. Among them are the following:

- a. To replace the statement of policies which was more than 20 years old and which no longer reflected either current Moroccan conditions or BNDE's own experience, a new set of policies was adopted.
- b. The damaging middle-management problem, which had, over some years, undermined BNDE's internal capacity to operate and therefore its standing in the community, was decisively eliminated.
- c. A system of annual budgeting was introduced, for the first time, which called for fixing annual objectives, relating these objectives to financial and human resources, and monitoring results on a regular and frequent basis.
- d. A more open and relaxed management style was adopted, vis-à-vis both members of the Board of Directors and staff.
- e. A new spirit is evident in the staff, which is now itself more relaxed, apparently feels it knows what is going on and can make an input into managing the institution. Overall, there appears to have been a significant uplift in morale.
- f. There has been a substantial up-turn in BNDE's volume of business, and an improvement in profitability sufficient to enable it to declare an 8% dividend again, after three years of none at all.
- g. This change in fortune, and BNDE's recovery of its capacity to meet its financial commitments, have produced an improvement in BNDE's standing in the business community.
- h. Management is actively planning measures to diversify BNDE's activity both in mobilizing resources and using them.

All of these developments (and there may be others) respond in effect to comments and suggestions made in my reports of August 1982 and February 1983.

6. There remain other comments and suggests concerning which very little has to be done so far. They remain as relevant today as when they were made. For instance:

- a. clarification of BNDE's medium-term objectives and outlining a strategic plan for their realization;
- b. putting in place, not only a system of annual budgeting, but a system and procedure for medium-term planning;
- c. reducing the number of officials in the Board of Directors and increasing the number of non-officials, so as to broaden the variety of experience available to BNDE and to enable members of the Board to make a greater contribution to policy formulation;
- d. preparation of manuals of operation and procedures;
- e. improving the organizational structure so as to liberate management from slavery to day-to-day matters;
- f. recruitment of staff experienced in the private sector and in industry in particular; and
- g. activating and reinforcing BNDE's staff training program.

BNDE's President is aware of all these, and of other matters that need attention.

III. BNDE's Recent Growth

7. Of all the recent accomplishments, the one which is most obvious to the business community and to the public generally is the up-turn in business volume and in profitability. Almost all the targets of the 1984 Budget were exceeded, some spectacularly. BNDE's is proud of its growth. Borrowers are pleased that more BNDE resources are available, and that BNDE can fulfill its commitments; shareholders are happy with the renewal of dividends; all are pleased to see the recovery. Obviously growth was needed, especially after the recent decline in BNDE's image de marque. Nevertheless, growth in itself is not an unmixed blessing.

8. One must ask some questions about it.

- a. How was this growth achieved? The greatest volume of approvals (and the greatest excess over budget) was in leasing and chemicals; in both cases, volume was based on approval of a few large projects. (IFC and the World Bank will no doubt carry this analysis further.) There is always a temptation to make records with a small number of very large projects. And in the area of leasing BNDE enjoys a lucrative monopoly. My view is that BNDE should concentrate on medium and large projects, and on innovative activity, while leaving small loans to other

institutions. Nevertheless, an adequate distribution is vital, in the interest both of prudent portfolio diversification and of national impact.

- b. What were the objectives of growth? Other than growth itself and the recovery of BNDE's reputation, how did the growth of 1984 contribute towards achievement of BNDE's underlying objectives and strategy? The objectives of 1984 were not clear. And how will the growth forecast for 1985, as reflected in the new budget, contribute towards them? Indeed, other than the achievement of higher forecast targets, what are the objectives for 1985?
- c. Was growth kept in balance with available or realizable resources, both financial and human? If not, there is trouble ahead. On the financial side, as BNDE has already learned from bitter experience, because it may not be able to meet its commitments unless it is assured adequate resources either from recoveries or from fresh borrowings or from Government assistance. On the human side, because the quality of evaluations may decline and/or the quality of follow-up, already inadequate, may become even more so. An excess of approvals and signatures must therefore be, not a reason for automatic congratulations, but rather a matter of concern not only to BNDE but also to government which must, directly or indirectly provide or help to provide additional resources.

9. BNDE deserves credit for introducing a budgetary process; the budget has already proven to be a useful instrument. But it still needs refinement and development by:

- a. relating the annual budget to explicit annual objectives, rather than simply making forecasts;
- b. budgetary monitoring which is concerned with maintaining a balance between resource availabilities and resource use, and not primarily with striving for higher figures for use of resources;
- c. making periodic budget revisions, not simply to reflect unexpected increases in commitments, but only in the light of reasonable prospects for increases in resources; and
- d. relating the annual budget to a longer than one-year strategy.

Indeed, the annual budget, important as it is may be, is more effective in conjunction with a multi-year program.

10. It is now more than two years since Mr. Millette's last visit to Rabat. It would be wise to invite him to return soon, to help to improve the budget process, at least in respect to the foregoing points.

IV. Planning and Strategy

11. "BNDE lacks vital tools of management: a prospective plan for accomplishing the institution's objectives, a strategy for dealing with its human consequences and financial requirements, and an annual budget". This quotation is from my report of July 1982. Its main point is that Plan-and-Strategy are, not papers for the files, but instruments of management, for expanding control of the institution's destiny and facilitating meaningful adjustment to changing environmental circumstances.

12. For many years BNDE has forecast operations for five years ahead. These forecasts were made as realistically as possible, but they related only in the most general way to BNDE's corporate objectives; moreover, there was no critical path to be followed, year by year and step by step, towards achievement of those objectives. The need for Plan-and-Strategy is now more important than ever because resources are, and will continue to be scarce. Moreover, many providers of resources are now insisting on clear objectives and they will be satisfied, not by higher numbers, but by achievement of acceptable objectives.

13. It is commonplace to say that BNDE does not have medium-term operational objectives. It is certainly true that they have not been clearly and explicitly articulated and purposefully linked to a strategy for their achievement.

14. Nevertheless, discussions with the Direction Générale over two weeks and a reading of papers recently prepared (such as those on reforming financing procedures, advanced technologies, the participations portfolio, restructuring enterprises, etc.) suggest that there does in fact exist an implicit body of objectives in the mind of top management. It might be helpful to outline that implicit body of medium-term objectives, as I understand them. That is the purpose of the following paragraphs. Most of their contents have already been explicitly expressed by the President; some I have added, in the belief, however, that they correspond to his views.

15. The objectives are based on the assumption that BNDE cannot long continue to rely on the monopolies and privileged position it has so long held; that it must adapt itself to a competitive environment; that, in order to do so, it must develop a new dynamism and innovativeness; that it must adjust its interventions in the economy to meet the challenges and opportunities confronting the Moroccan economy. Thus the objectives fall into several categories:

- a. focusing BNDE's interventions in the economy on areas of major priority in the middle future;
- b. developing new and stable sources of finance: and

- c. strengthening BNDE's institutional capabilities - l'outil BNDE.

They all presuppose, of course, that the assainissement that has been under way for some time will continue and that it is not a temporary phenomenon, but is intended to lay a sound basis for renewed growth and higher impact.

16. Interventions in the Economy. The directions are more or less obvious, already indicated by generally accepted assessments of the Moroccan economy:

- a. maximum exploitation of Morocco's natural resources, including labor;
- b. stimulation of exports;
- c. modernization and restructuring of enterprises to meet the competition called for at home by liberalization, and to compete abroad;
- d. restructuring of enterprises in difficulty, if they are viable;
- e. active promotion of new enterprises and new entrepreneurs;
- f. development of capital-market related activity;
- g. development of non-financial services, and their establishment in due course in an affiliated, autonomous entity; and
- h. concentration on medium- and large-scale enterprises, leaving the small-scale to commercial banks and specialized government institutions.

17. Mobilization of Resources. It is anomalous that BNDE is a 25-year old institution with an immense store of experience in its people and files and yet is as dependent on and protected by government today as it was at the start, when BNDE was in fact an infant enterprise. Nowhere is this tutelage more evident than in the mobilization of resources for which, directly or indirectly, its dependence is virtually complete. The dependence is the result of the attitudes both of some officials, who seem to want to control BNDE, as though it were a government bureau, and of BNDE's management which may have been more comfortable with dependence (based on monopolies, protection against risks, public funds, etc.) than with exploring and developing other sources of finance which must be based on BNDE's own standing and credit. This is a special position which is not likely to last, and is already endangered. After all, it should be remembered that the ties of dependence were established at a time when exchange rates were stable, when interest rates were both stable and low, and when the Government was not under budgetary and external debt pressures. The times are now different. The medium-term objectives therefore include:

- a. Development of new sources of finance;

- b. At home, starting at once to study the practical prospects for;
 - (i) taking term deposits (and whether it would be more effective or more advantageous to do this directly or through an affiliated commercial bank),
 - (ii) issuing certificates of deposit,
 - (iii) issuing long-term bonds, and
 - (iv) on another level, further developing co-financing.
- c. Abroad (despite Morocco's poor situation at this time), taking advantage of the opportunity offered by IFC to place BNDE in foreign markets, and insisting on the opportunity to participate actively in the process of placement, so as to become better known to, and to know better, foreign financial institutions. The personal experience of BNDE's President should be valuable in this regard;
- d. Recruiting suitable experienced staff to concentrate on mobilization of resources, both at home and abroad, which can no longer depend only on government connections and on relations with the World Bank Group;
- e. Further improvement of Treasury management;
- f. Increased efforts to reduce arrears, which remain an important negative factor in any assessment of BNDE's worth -- even though a principal source of arrears are State enterprises guaranteed by government; and
- g. Increased efforts to upgrade the equity portfolio, which remains a drag on BNDE's financial position.

18. Developing BNDE's Institutional Capacities. BNDE intends to strengthen its institutional capabilities at several different levels.

- a. With respect to operating procedures, BNDE recognizes that neither the number and volume of approvals nor those of signatures (commitments) have any effect on BNDE's financial results or impact on the Moroccan economy or influence in improving BNDE's image de marque. What counts for all three is, rather, disbursements. Hence the need to speed up the process from generation of applications to complete disbursement of approved loans and investments. At the same time, the desirability of progressing rapidly through this process must not be allowed to weaken evaluation and follow-up, which are in any event in need of strengthening. Accordingly, BNDE will:
 - (i) speed up the process of project approval,

- (ii) simplify procedures for dealing with clients,
- (iii) strengthen loan and investment evaluation and follow-up by:
 - (a) relating project evaluation more explicitly to its corporate priorities (e.g. improved assessment of protection and export aspects);
 - (b) strengthening follow-up to provide for systematic oversight of the entire portfolio, including physical and operational progress as well as financial performance, and to provide appropriate feed-back into the appraisal process;
 - (c) further developing sector studies as a basis for both promotion and perspective planning.
- b. With respect to internal organization, BNDE will streamline the present set up. On this, see Section VI.
- c. With respect to staff, it will up-grade personnel by:
 - (a) reduction of less competent staff,
 - (b) more intensive training, both internal and external,
 - (c) increased recruitment of persons who already have experience in the private sector and especially in industry.
 - (d) With respect to information, BNDE will act promptly to install data processing facilities appropriate to its needs. On this, see the following Section V.

19. The foregoing paragraphs 15 - 18 largely reflect, as I have said, views and plans of the Direction Generale and to some extent refer to programs already begun or already under consideration. Still missing, however, is their articulation into an explicit, feasible strategic plan. To this end, the Direction Generale should:

- a. review these paragraphs and revise, refine, elaborate and add to them the elements needed to make the plan explicitly its own;
- b. establish priorities among its diverse aims (which will call for reorienting BNDE by applying at the institutional level the broad national policy objectives on which there already is a consensus);
- c. evaluate the manpower implications;
- d. estimate the financial implications (bringing these latter into balance with the objectives will call for a process of iteration: estimation, feed-back, re-estimation);

- e. set a rough timetable for accomplishment, and install a system for monitoring progress;
- f. present them in a coherent statement to the Board of Directors and to such involved parties as the World Bank Group.

V. Management of Information

20. BNDE depends heavily on the prompt availability of accurate information on its operations and finances. Timely information on accounts, treasury management, budget performance, economic sectors, projects under evaluation and under supervision is vital to professional staff throughout the institution. Much of its is also vital -- in some case on a daily basis, in other cases on a regular though less frequent basis -- to enable management to keep its fingers on the pulse of the company in order to have knowledge of the condition of the company, the flow of work, the status of operations, the achievement of objectives, etc.

21. BNDE's tableaux de bord are developing satisfactorily, so far as financial information is concerned. Still deficient, however, is the information on activity processes - the flow of work from application through evaluation to approval, the flow from that point through construction to completion, the operational records of clients, etc. To some extent, this deficiency stems from the absence of an explicitly recognized critical path for BNDE activities; to some extent, from the inadequacy of follow-up work (indeed, of the prevailing concept of follow-up in BNDE).

22. As for the status of information processing, it is non-existent! In the past four years there has been a considerable expenditure of time and money on studying computerization. With financial assistance from the Kuwait Fund, consultants have produced study after study, and more reports are still coming in. Staff studies have been made of various types of equipment available. Seminars have been held to sensitize BNDE staff to the uses of computers in their work. The various Departments have identified the uses important for them, and have suggested the programs they need. (Only one unit has not done so - Budget - on the grounds that it is a new unit and still doesn't know what its needs!) Yet no piece of equipment has yet been acquired!

23. One reason for this situation, is apparently a feeling that computerization is expensive. There is no conception of the financial loss that has already been incurred because of the absence of data processing capacity. The laborious and slow hand-work needed in discussions of projections with IFC recently, and the absence of quickly ready information on all aspects of budget performance are spectacular examples of the cost. But perhaps the fundamental reason is that BNDE has no confidence in its own ability to evaluate the consultants' work and to lay out the equipment options, and then to reach a decision.

24. The inability to arrive at a conclusion is understandable. BNDE has no experience in the area of computerization. But such experience is readily available. It is available in Morocco, where every substantial commercial bank has data processing capacity. It is available in many development finance institutions like BNDE. For instance, in near-by Portugal 3-year old

BPI and in near-by Turkey 30-year old TSKB have processing facilities; and advice could be sought from them, at least, advice on whom they would recommend to advise BNDE.

25. This is a matter that calls for urgent attention of management. A new study by new consultants is not called for. What is needed is a quick review and evaluation of the studies available and of BNDE's already examined requirements, and a proposal to management on where to begin. Just as important, is management's willingness to make a decision when experience recommends it.

VI. Management of Staff

26. The President is fully conscious of the need to up-grade staff and to make BNDE's organization more effective. These were, indeed, among his top-most priorities.

27. As for up-grading staff, three lines of action are indicated:

- a. BNDE's recruitment in the past has focused on well-educated young people, often fresh from school, sometimes with short civil service experience. Notably missing (except in a handful of cases) have been older people, with experience in their profession, and especially in the private sector. Some staff have worked 5, 10 or 15 years in BNDE and their experience is limited to that of BNDE itself. That experience has been important, but it is limited, especially for certain kinds of BNDE work. Good knowledge of BNDE's own procedures is not a complete substitute for factory and management experience. The result is not only a certain lack of credibility among clients; more importantly, there may often be an insufficient understanding of how things actually happen in an enterprise and in a factory. The recruitment of some experienced people would help correct those faults. It would also exercise a leavening influence on the younger and less experienced staff. Bringing such persons in is not an easy matter: it raises questions of competitive salaries and other compensations, and it may create problems of relative rank. But the price of not recruiting such people is even greater.
- b. BNDE now has a training unit. Two years ago, a person was chosen to formulate an internal training program. He has had considerable exposure in EDI and elsewhere, and is sufficiently well respected to have been chosen as one of three Moroccans to set up the (World Bank financed) program for training certain public sector staff. He has planned and conducted many short seminars and courses inside BNDE. Yet one has the impression that BNDE's internal training has hardly got underway. It is not clear why this should be so, especially since the President himself has attended some seminars and has shown his interest.

Perhaps a turning point took place, by coincidence, during my visit; I attended a meeting of Department Heads on training, in which considerable interest was shown in staff training. That a turning point has been reached should not, however, be taken for granted. It requires continuing reinforcement from management. In this connection, BNDE should take advantage of the fact that it receives many visitors from whom staff could derive benefit. Some members of World Bank and IFC missions could be asked to devote an hour or two to discussing key issues at an inter-departmental or departmental meeting. For instance, Mr. Horton, who knows Morocco well and will be there again soon, on the implications for project appraisal of export orientation; Mr. Truong, who recently spent a few weeks preparing the Bank's public sector information processing project, on computerization; Mr. Thapar, on capital markets and resource mobilization; Mr. Coudol, on a number of subjects; etc.

- c. Manuals of organization and procedures. Such manuals, the subject of so much discussion in the past three years, still do not exist. Their importance was recognized by management when, almost two years ago, work was begun; but the work was abandoned a year ago later. One reason, perhaps, for the lack of pressure on this subject is the feeling that older staff "know what they are supposed to do" and younger staff can "pick it up" from them. Another reason for failure in this regard is that BNDE does not clearly know what is needed and how to go about the job. As was recommended in 1982, external advice is badly needed. (See also my letter of April 14, 1984 to the Director General.)

28. BNDE's suffers from several particularly important staff weaknesses or gaps, which call for priority attention. Among them are:

- a. Follow-up. In this area, not only is BNDE's work inadequate, but it's concept of follow-up is deficient. Follow-up work now is virtually limited to clients in arrears. There is inadequate appreciation of follow-up as (a) a device for getting information about project execution and operation so as to obtain timely warning of problems as, and preferably before, they develop, and (b) a source of information for future project formulation and appraisal, for sector studies, and for corporate planning. Nor is there an understanding that follow-up well done is a means of strengthening the management of client enterprises. BNDE's loan contracts have appropriate covenants regarding follow-up, but they are not enforced. Since follow-up is not seen as preventive medicine by only as curative medicine, it cannot make much of a contribution to the latter, either. It is difficult to avoid the conclusion that (a) a new concept of follow-up must be adopted by BNDE, (b) the present duties assigned to the follow-up department must be revised, and (c) the staff involved must be up-graded, by reassignments and/or re-training and perhaps by recruitment.

- b. Participations Portfolio. "Management" of this portfolio has been concerned primarily with analyzing balance sheets and briefing BNDE nominees on boards of directors. Staff involved in the work have limited experience in enterprise, and are rarely in a position to provide constructive advice to the clients. It is difficult to judge the value of the work they do; and certainly inadequate "management" by BNDE is not the only, nor indeed the main, reason for the poor performance of the equity portfolio. Nevertheless, it is difficult to escape the conclusion that BNDE needs, in this area, a more experienced staff capable not simply of financial analysis, but of providing constructive advice. As for sales from portfolio, this has hardly begun -- partly because of poor performance of the portfolio, partly because of objective conditions in Morocco, and partly (I feel) because of some absence of will in BNDE. In the past year, there have been some sporadic efforts. The new proposal to establish a Holding is an interesting first wholesale effort to deal with the equity portfolio; that proposal is still at a preliminary stage. (See section VIII below.)
- c. Resource Mobilization. As previously noted, there is no resource mobilization experience in BNDE, other than that of the President and the Director General. This will become increasingly important as BNDE diversifies its sources of capital both at home and abroad. Experienced staff are required.
- d. Perspective planning. As already noted, there is now none in BNDE, in a formal sense. The top management certainly thinks about the future of BNDE from time to time, and is concerned about it. But there is no systematic and sustained effort to review overall performance, establish medium-range plans, adjust them in the light of changing circumstances, etc; nor is there a unit responsible for those tasks. This does not require a large unit. The task could be given to the Budget and Finance Department. Or it could be attached directly to the office of the President and could readily be done by one person (even combined with some other duties), calling on other departments for information required. Perhaps, in BNDE's present situation, the latter alternative is the better. But the task calls for a person of experience and stature, and for the continuing attention of the President himself.
- e. Promotion and export orientation. These separate subjects are in fact linked by the fact that export orientation calls for a degree of promotion and also by the fact that BNDE has an inadequate appreciation of them both. As for promotion, that should not be limited to public relations; it should involve aggressive efforts to identify areas with significant export potential, to formulate projects in them and to find

entrepreneurs to participate in them, with BNDE's participation, if that is needed. As for export orientation, such a policy has implications for project appraisal which may not yet be fully understood by all the staff involved.

29. Because of the serious concern of the President, the organizational structure of BNDE was the subject of considerable discussion. It is not necessary to review the discussion. Suffice it to say that the suggestions discussed were designed to deal with the issues referred to earlier. They would seek above all to relieve the Director General of the pressure of day-to-day operations, to strengthen portfolio supervision (both loans and participations) while divorcing it from collections, to strengthen budget making, and to establish a center for perspective planning and corporate strategy.

30. Obviously no organizational structure is completely satisfactory and any such structure calls for considerable collaboration among its parts. BNDE already has several inter-departmental committees involved in coordination, follow-up, internal procedures, training, and economic studies. It would be desirable to review the purpose and make-up of these committees, some of which have been in existence for some time.

31. Finally, it is appropriate to refer again to absence of operational and procedural manuals.

VII. Proposed Fund for Restructuring

32. BNDE's Board of Directors met on March 25, and considered the establishment of this Fund. It may be, therefore, that the views I expressed before that meeting are now academic. Nevertheless, I shall summarize them.

33. There are several aspects of proposal which I found pleasing:

- a. the priority given to restructuring enterprises;
- b. the recognition given to the need for special resources;
- c. BNDE's view that restructuring is needed, not only for enterprises in difficulty, but sometimes also for the modernization of enterprises, so as to enable them to compete in the future both at home and abroad;
- d. recognition of the need for co-financing partnership (BNDE, commercial banks and government);
- e. acceptance by the partners of a leadership role for BNDE; and
- f. BNDE's conviction that a decision to provide finance for restructuring must be preceded by meticulous evaluation of the basic viability of the enterprise and followed by meticulous follow-up.

34. However, some important questions must be raised. For instance:

- a. Should funds on special terms be available for restructuring in the sense of modernization?
 - (i) If special terms are needed, then one can doubt the validity of the proposal.
 - (ii) Modernization (including related restructuring) should be a normal task of BNDE, with such ad hoc co-financiers and partners as may be necessary or desirable.
- b. Is there a meeting of the minds between the commercial banks and the BNDE? This is doubtful, despite statements of agreement. The commercial banks are not likely to agree to restructuring in the sense of modernization, and maybe the government will not either. Also, too many questions have not been thought through to take full mutual understanding for granted.
- c. What should be the size and source of the Fund?
- d. What would be the terms on which the Fund is lent out, and should it not be available for participations (if needed) as well as for loans? The more so, as additional equity is almost always required in a restructuring operation.
- e. What exactly is meant by BNDE "management"? Does it mean only the provision of services for which payment would be made? Why is a committee needed for decision, a committee which would inevitably be dominated by government? Clearly staff work will be needed, and the Fund's own staff may be small or non-existent.
- f. In any event, the quality of staff needed for restructuring proposals (for enterprises in trouble, and for enterprises to be modernized) must be very high - not only good analysts, but also imaginative and experienced operators. BNDE has recognized this fact in its SEMA proposal, which calls for training of BNDE staff by SEMA, through joint missions.
- g. What would be the relationship between the Fund (and its decisions) and the BNDE and the commercial banks (and their decisions)?
- h. What would be the legal status of the Fund? Would it be a body of resources given to BNDE to manage on an agency basis, for a fee? Or would it be a separate legal entity?

35. In the light of these still unanswered questions, it was my view, that the proposal was not yet mature; it required considerable further development. In the circumstances, I recommended (a) that restructuring of

enterprises in difficulty should be separated from "developmental" restructuring; (b) that the Board should be asked on March 25, only for approval in principle of such a fund; and (c) that, if such approval were given, the Director General should be asked to continue to explore such issues as those mentioned above and to prepare an early paper on issues, options and recommendations, using such assistance as he might need inside and outside BNDE. I also suggested that, while these explorations proceeded and even if they did not, BNDE should get started with its SEMA Arrangements. A few concrete cases of collaboration in a restructuring was urgent. The acquisition of on-the-job experience was far more urgent and important, at this stage, than discussion and protocols.

36. Finally, I noted that I assumed a Fund for restructuring was consistent with recent agreements with the World Bank and the IMF, but this should be explicitly checked.

VIII. Proposed Holding for Equity Participations

37. The Holding was also discussed at the Board of Directors meeting of March 25, and my previously expressed views may also therefore be academic. Nevertheless, I summarize them.

38. There is no doubt about the need to deal with BNDE's equity portfolio. It is essential for

- a. BNDE's financial assainissement, since the present return is poor;
- b. adherence to BNDE's policy statement, which calls for the roll-over of equity participations;
- c. achievement of some of BNDE's objectives, which call for active promotion;
- d. liberation of some of BNDE's fonds propres, since equity participations are now almost equal to the limit set by policy.

In the past, roll-over has not occurred. Certainly the major reason has been objective conditions affecting equity generally in Morocco, although it is reasonable to suspect that there has not been a strong will to dis-invest. In any event, in the past year, there has been a modest beginning. The present proposal for a Holding is the first effort to tackle the problem in a systematic way. For that reason, the proposal is welcome.

39. However, the proposal as it stood in mid-March was hastily and incompletely prepared. It raised more questions than it answered, such as the management of the Holding, the pricing of the choice of shares to be transferred, the role of the Holding in the companies in which it would have participations, the feasibility of selling shares in the Holding, its financial prospect and prospective yield to owners of shares, etc. Also, the implied role of BNDE in the management of the Holding raises grave issues of

conflict of interest. Moreover, the report does not relate the proposal to objective conditions in the capital market, concerning which recommendations were made in the World Bank's study of the financial sector in Morocco.

40. In the circumstances, I suggested in mid-March that the Board of Directors should not be asked for a decision on the proposal, but should be asked for reactions to the Holding as one possible device for dealing with BNDE's existing participations. The Director General would then proceed to a more careful examination of the proposal, taking into account the reactions of Board members and the advice of IFC, which had already been requested. Since then, IFC has raised questions not unlike my own and has said it awaits a more detailed study.

IX. Some Other Matters

41. In 1982, I recommended a review of BNDE's Statutes and of its Conventions with Government, but I suggested that these were matters of lesser priority than other issues I then raised. Their priority has risen. The Statutes, for instance, seem to limit BNDE's loans to "prêts d'équipement". Is this consistent with BNDE's plans to expand into lending for working capital and financing purchases of services? Moreover is there justification for banning lending for new structures? As for the Convention and understandings with government, they may no longer reflect reality. Both need examination.

42. The policy statement, although less than two years old, should also be reviewed again. In this connection, one should reconsider certain matters discussed and then apparently rejected in 1983, such as the proposed restriction on exposure in a particular sector and the proposed provisions concerning equity investments. There are others that bear reconsideration.

William Diamond

NOTE

May 11, 1990

Claude Blanchi

Re: Morocco PERL

Claude:

1. The attached memo on the current status of preparation for the sugar component of the Morocco PERL is pretty self explanatory. It is also revealing of the difficulty we now find ourselves in for the preparation of this important component of a major adjustment operation on a tight timetable. I appreciate that Michel Debatisse is a rare commodity and that the nature of the TD's work requires you to meet various competing demands for his time. Nevertheless, given that Michel started out on this project and that the work involved has been clear from the outset, it would seem to me that we have some justification for a priority claim on his time in the coming months. If he is pulled off on other tasks until the fall, this would really impair our ability to meet the schedule agreed with the Moroccans for this operation.
2. Could we talk about this please when you get back. Many thanks.




Masood Ahmed

MAhmed/eka

THE WORLD BANK/INTERNATIONAL FINANCE CORPORATION
OFFICE MEMORANDUM

Date : May 9, 1990

To : Mr. Jacques Coudol

From : S. Patel 

Ext. : 3-3537

Subject: **MOROCCO**: Second Public Enterprise Rationalization Loan (PERL-II)
Preparation of the Sugar Component

1. As you know, we have finally received a copy of the technical report on sugar finalised by Michel Debatisse and the two technical consultants, Messrs. Armaingaud and Tramzal in Paris last week. In its present state, the report has several gaps that need to be filled before we can distribute it officially as a Bank document to the Moroccans. In addition, much work remains to be done before the report can be translated into an action plan for the sugar sector (PERL matrix).
2. In terms of gaps in the analysis, one general remark applies. The report makes recommendations that it does not adequately substantiate. This is partly due to a lack of financial analysis supporting the recommendation. I am in the process of incorporating a basic financial analysis to the report. But even so, there are some conclusions that are just not borne out by the figures: for example, the technical assessment is that SUNAB has the highest energy consumption in the country, whereas the figures do not show this at all. The report says that SUTA should be closed down or at least reduce the scope of its activities; however, the analysis presented does not conclusively show this, even qualitatively. I am convinced that this can be easily remedied by Michel for part of the problem is surely a presentational one. But add to this the lack of a thorough financial analysis and we are in a pretty weak position to defend the report vis-à-vis the Moroccans.
3. We have to realise that the report is a first analysis of the problem. This being so, we have to first decide if we send it out at all at this stage. I would recommend that we send it only to Mossadeq, and that too after it has been toned down since we are not in a position to quantify the recommendations just yet. We then have two options regarding how we proceed.
4. Option 1. Once the basic financial analysis is incorporated and controversial passages watered down, the report is sent to Mossadeq in draft form. We attach several caveats to the analysis and stress to him that we are not yet able to make precise recommendations, especially those concerning factory closures, until we have completed the analysis in terms of tariff assumptions (work that is ongoing under ASAL-2) and financial projections. Between now and the June mission, I would need a financial analyst to assist me here and during my forthcoming mission to become thoroughly acquainted with the sugar analysis. During the June mission, we collect 1989 data and update our analysis. Before the July mission, a more thorough financial analysis is undertaken to substantiate some of the report's

recommendations. During the July mission, one of the consultants accompanies the mission to complete the technical analysis (such as energy savings that can be realised on a mill-by-mill basis, at what cost, etc) The financial analysis is then completed based on this technical input and on the price input that we should receive through the ASAL-2 consultants (also expected to be in the field in June). In the mean time, Mossadeq gives us his feedback on the draft report and on the options that are feasible so that we can package the sugar component back in Washington prior to appraisal in the Fall. We also finalise our technical report based on the above and send it officially to the Moroccans by end-August.

5. Staffing needs for this option are: one financial analyst full time from now until three weeks after the July mission; thereafter, at appraisal and subsequent two-three weeks. Masood had mentioned that Kerem Saltoglu would be available for this task. After speaking to Kerem, however, I find that he appears to be over-committed at the moment and cannot devote this sort of time to PERL-II. Equally urgent, Michel Debatisse should spend a week or two as quickly as possible to fix the report before the July mission, when we would have to show the report to DEPP and others and discuss our preliminary conclusions in the field. Needless to say, Michel would have to work closely with me in July-August to finalise the report, especially since he will have to act for me during the appraisal mission. Under this option, the sugar component would be packaged prior to appraisal.

6. Option 2. Neither Kerem nor Michel is available before the Fall. In this case we can send Mossadeq a copy of the current version with all the requisite caveats as above. I obtain as much information as possible during my June mission. During the July mission, I accompany the consultant around the sugar plants to collect missing information; I work on the numbers upon our return and finalise the report with Michel's technical input just prior to appraisal. Michel Debatisse will have to do all the packaging work in the field during appraisal. This option is likely to put added pressure on the appraisal, since Ron or you will have to spend a fair bit of time with Michel on this component. This also delays the writing of the PR, for the bulk of it will have to be done during or after appraisal by Michel.

7. Obviously, option 1 seems to be the only one which ensures readiness if appraisal is scheduled in September-October. We need to discuss this urgently between the three of us before taking it up with Masood.


cc.Brigish (EM2DR)

spatel:tlf

OFFICE MEMORANDUM

DATE: May 9, 1990

TO: Distribution

FROM: Masood Ahmed 

EXTENSION: 32340

SUBJECT: ALGERIA: Financial Sector

Attached please find a copy of the note given to us by Mr. Hadj Nacer this morning, summarizing the new interest rate and other conditions for the operations of Algerian banks as of March 2, 1990.

A more detailed but as yet unofficial paper on financial sector policies in Algeria is available with Jacques Coudol from whom copies for staff use can be obtained.

Distribution

Messrs./Mmes. Dervis, Ayub, Costa, Molineus, Grais, O'Sullivan, Ludwig, Rogerson, Fornasari, Khadr, Parks, Effron, Brizzi, Coudol, Donovan, Kumar, Carrere, El-Naggar, Doublet, Kebet-Koulibaly

البنك المركزي الجزائري

Banque Centrale d'Algérie

Le Gouverneur

المحافظ

Ref. :

130/ CAB/90

29 AVR. 1990

الجزائر في

I N S T R U C T I O N

RELATIVE A LA CONDUITE DE LA POLITIQUE MONETAIRE ET LA FIXATION DES CONDITIONS DE BANQUES

L'assainissement macro-financier de l'économie nationale, la nécessité et l'urgence de la restructuration du portefeuille des banques ainsi que la perspective de l'efficacité fonctionnelle de l'intermédiation financière, mettent en avant le rôle de la politique monétaire dans la régulation des tensions inflationnistes et la relance.

Le texte, joint en annexe, énumère les principales orientations de la politique monétaire.

C'est ainsi que les banques et les établissements financiers voudront bien noter que le taux directeur est désormais fixé à 10%.

De plus et par référence aux taux d'intérêt "cibles" figurant dans le document sus-visé, il leur est :

a) - demandé d'élaborer leurs grilles internes de taux d'intérêt et de commissions applicables aux opérations traitées avec leur clientèle,

b) - recommandé de veiller à la fixation de leur marge d'intermédiation dans des limite ne conduisant pas à un renchérissement des crédits,

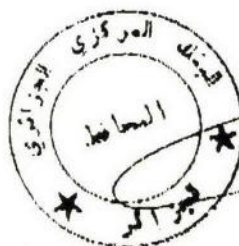
c) - précisé que les nouvelles conditions qu'ils ont à élaborer ne doivent plus intégrer la sélectivité qui est désormais à la charge de l'Etat ; le décret exécutif relatif aux bonifications de taux d'intérêt sera pris très prochainement.

Par ailleurs et afin de favoriser le développement des moyens de paiement scripturaux, les banques sont invitées tout particulièrement à déployer tous les efforts requis en matière d'encaissement de chèques et d'effets en faveur de leurs clients et en veillant particulièrement au respect des délais réglementaires.

*
* *

Les nouvelles conditions de banques entrent en application à compter du deux (02) mai 1990 et les grilles élaborées dans ce cadre (cf.a ci-dessus) doivent être communiquées à la Banque Centrale d'Algérie au plus tard le 15 mai 1990.

Les dispositions de nos circulaires 001 du 24 avril 1989 et 004 du 18 juillet 1989 non contraires à la présente instruction, restent applicables.


المعتمد
محمد الرحمن الحاج طاهري

A N N E X E A
L' I N S T R U C T I O N
RELATIVE A LA CONDUITE DE LA POLITIQUE MONETAIRE
ET A LA FIXATION DES CONDITIONS DE BANQUES

PRINCIPALES ORIENTATIONS DE LA POLITIQUE MONETAIRE

L'assainissement macro-financier de l'économie nationale, notamment par le biais de l'ajustement des coûts, s'opère dans un climat de tensions financières :

- . persistance des besoins en fonds de roulement des entreprises liée à l'écueil de la productivité ;
- . envolée de la monétisation de la dette publique intérieure ;
- . besoins de refinancement des banques ;
- . taux d'intérêt réels fortement négatifs ;
- . faiblesse de l'épargne financière à terme ;
- . forte substitution monétaire (dinars - devises) ;...

Les tensions inflationnistes plaident pour une activation du rôle de la politique monétaire dans la résorption de ces déséquilibres.

A - Objectif de la politique monétaire

1. Modérer l'emballement de l'inflation
2. Faire de la création monétaire un instrument d'assainissement et de relance de la croissance.

B - Instruments de la politique monétaire

1. Taux directeur

- Ajustement progressif du taux directeur vers un objectif de taux réels au terme de l'assainissement (1992).
- Relèvement dans l'immédiat du taux d'intérêt directeur de 7 % à 10 %.
- Ce taux directeur sert de référence pour la fixation :
 - . des taux de réescompte,
 - . des taux du marché monétaire (interbancaire ;...),
 - . des autres taux créditeurs et débiteurs.

2. Taux d'intérêt créditeurs et débiteurs

- Fixation libre des taux créditeurs et débiteurs par les banques et les établissements financiers, dans la limite d'un taux débiteur "plafond".

Les taux cibles sont :

- Taux sur les livrets d'épargne	=	8 %
- Taux sur les dépôts à trois ans	=	15 %
- Taux sur les crédits à court terme	=	14 %
- Taux sur les crédits à moyen et long termes	=	supérieur à 15%
- Taux usuraire	=	" à 20%

3. Encadrement du crédit

- L'encadrement global du crédit vise à atteindre une structure "cible" de l'encours des crédits à l'économie au terme de l'assainissement (1992), qui privilégie le financement à moyen et long terme de l'investissement productif. cette structure "cible" sert de référence pour la distribution des crédits par les banques.
- Cette structure "cible" sert également de base pour la ventilation du plafond global de refinancement entre les crédits d'exploitation et les crédits d'investissement.
- Le refinancement des banques s'effectuera en fonction de l'effort relatif de chacune d'elles dans la collecte des ressources à terme, dans l'assainissement de l'économie et dans le financement de l'investissement productif.
- En matière de refinancement et de crédit, toute sélectivité discrétionnaire serait à la charge de l'Etat.

4. Marché monétaire

- Activer le rôle du marché monétaire dans l'allocation des fonds prêtables, en permettant l'accès au marché à d'autres intervenants et en développant le rôle de la Banque Centrale.
- La Banque Centrale veillera à ce que les taux pratiqués sur ce marché restent inférieurs au taux de réescompte ordinaire.
- Le développement du marché monétaire contribuera au passage, à partir de 1992, à la régulation monétaire indirecte et permettra une intégration entre la politique monétaire et la politique de taux de change, en phase avec la réorganisation du marché de change.

C - Contrôle prudentiel du secteur financier

- Le contrôle prudentiel doit se développer par des exigences relatives à la qualité du portefeuille des banques.
- Un système de protection suivant le principe de la garantie des dépôts est nécessaire.
- Sur la base des plans à moyen terme des banques, la Banque Centrale doit apprécier et contrôler l'efficacité fonctionnelle de chaque banque. Ceci, à fin de consolider sa fonction de prêteur en dernier ressort.

D - Moyens de paiements

- Développer les moyens de paiement scripturaux et garantir leur encaissement rapide, en pénalisant les banques en cas de dépassement du délai réglementaire.
- Introduire et développer la monnaie électronique.

E - Informations monétaires et financières

- Annonce du taux directeur par la B.C.A.
- La B.C.A annonce la notion du taux usuraire.
- La B.C.A assigne aux banques l'obligation de publier leurs conditions (taux, commission, ...débitrices et créditrices.

*Chino
MA*

WDIAL
.EM2IE
OINFO

-SUBJECT: SEJOUR M. SEKKAT, GOUVERNEUR BANQUE AL MAGHRIB
-DRAFTED BY: MAHMED/TNS EXT: 32340
-AUTHORIZED BY: KEMAL DERSVIS, DIRECTOR EM2
-CC: MESSRS. BENACHENHOU (EDS), KABBAJ (IMF), GRAIS (EM2CO)

933 31006 -

-M. SEKKAT
-GOUVERNEUR
-BANQUE AL MAGHRIB
-RABAT, MAROC

BT

WASHINGTON DC - MAY 2, 1990

TELEX ADRESSE A MONSIEUR SEKKAT, GOUVERNEUR, BANQUE AL MAGHRIB,
RABAT, MAROC

AAA JE SUIS HEUREUX D'APPRENDRE QUE VOUS SEREZ A WASHINGTON AU
DEBUT DE LA SEMAINE PROCHAINE POUR DES REUNIONS FMI/BANQUE
MONDIALE. NOUS ESPERONS PROFITER DE VOTRE SEJOUR POUR
AVANCER DANS NOS DISCUSSIONS SUR LE SECTEUR FINANCIER
MAROCAIN AINSI QUE LES QUESTIONS MACROECONOMIQUES Y
ASSOCIEES.

BBB J'AI AUSSI GRAND PLAISIR A VOUS INVITER A UNE RECEPTION LE
SOIR DU MARDI 8 MAI, QUI NOUS DONNERA L'OCCASION DE SE VOIR
EN DEHORS DES ENGAGEMENTS OFFICIELS.

HAUTE CONSIDERATION. KEMAL DERSVIS, DIRECTEUR, DEPARTEMENT DU
MAGHREB. BANQUE MONDIALE.

Seal

Copie pour USA

WDIAL
.EM2IE
OINFO

-SUBJECT: SEJOUR MM. HADJ NACER, HAMZA, TAAS ET MOKRANE
-DRAFTED BY: MAHMED/TNS EXT: 32340
-AUTHORIZED BY: MASOOD AHMED, CHIEF EM2IE
-CC: MESSRS. BENACHENHOU, HAMOUDI

936 67310 -

-M. A. HADJ-NACER
-GOUVERNEUR
-BANQUE CENTRALE D'ALGERIE
-ALGER, ALGERIE

BT

WASHINGTON DC - AVRIL 30, 1990

TELEX ADRESSE A MONSIEUR HADJ-NACER, GOUVERNEUR, BANQUE CENTRALE
D'ALGERIE, ALGER

HEUREUX D'APPRENDRE QUE TU SERA A WASHINGTON AU DEBUT DE LA
SEMAINE PROCHAINE AVEC NOS AMIS HAMZA, TAAS ET MOKRANE. UN
PROGRAMME DE TRAVAIL ET DE RENCONTRES EST EN TRAIN D'ETRE PREPARE
EN COLLABORATION AVEC MM. BENACHENHOU ET HAMOUDI. NOUS
COMMENCERONS ENSEMBLE LE DIMANCHE APRES MIDI AVEC KEMAL POUR UN
TOUR D'HORIZON.

JE VOUS INVITE A UNE RECEPTION CHEZ MOI LE MARDI SOIR, C'EST-A-
DIRE LE 8 MAI, QUI NOUS DONNERA L'OCCASION DE SE VOIR EN DEHORS
DES ENGAGEMENTS OFFICIELS.

AMICALEMENT, MASOOD AHMED, DIVISION INDUSTRIE ET ENERGIE,
DEPARTEMENT DU MAGHREB. BANQUE MONDIALE.

F

To: Peter, Rory, Wafik

Re: New Draft OD on Financial Intermediary Operations

I presume that you also just received the draft OD with requests for comments by May 8. This OD will obviously have a major impact on all future credit line operations. My initial reading of the draft, which is very much influenced by the argumentation of the Levy paper, suggests that we may want to suggest modifications to various aspects of the draft before it is finalized.

It may be a good idea to coordinate departmental comments on this OD given that our agriculture and housing credit operations will also be affected. I have organized a review meeting for our staff on Tuesday May 1. Perhaps some of your staff might want to attend.

Regards.


Masood

April 22, 1990

cc: Kemal, Mahmood




Record Removal Notice

File Title Masood Ahmed - Chronological File - January 1990 to June 1991		Barcode No. 30450197		
Document Date April 11, 1990	Document Type Memorandum			
Correspondents / Participants To: Mr. Mohammed Reza Amin, Chief, EMTIE From: Masood Ahmed				
Subject / Title EM11D Promotion Recommendations				
Exception(s) Personal Information				
Additional Comments		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td>Withdrawn by Shiri Alon</td><td>Date November 14, 2022</td></tr></table>	Withdrawn by Shiri Alon	Date November 14, 2022
Withdrawn by Shiri Alon	Date November 14, 2022			

OFFICE MEMORANDUM

DATE: March 7, 1990

TO: Mr. Wafik Graiss, Division Chief, EM2CO

FROM: Masood Ahmed, Division Chief, EM2IE 

EXTENSION: 3-2340

SUBJECT: MOROCCO: Comments on Morocco CEM

1. Overall, a lot of careful work has gone into this report. In particular, the sections on financial intermediaries, the level of sustainable budget deficits, the recommendations on deficit reduction, the discussion on real effective exchange rates, the analysis of the required changes in the financial sector, all these are strong contributions to the discussion of policy options for Morocco. However, certain sections need to be strengthened.

2. The central hypothesis in the section on investment is that private investment has been falling, partly as a direct result of crowding out by a growing PSBR and partly because the government's growing debt leads to a climate of uncertainty which in turn has a negative impact on private investment. While this is a plausible argument, there are two problems with it as it is presented in the report. First, there is a problem of how private investment has been measured in the report. Second, there is some confusion as to just how the "crowding out" has been taking place in an economy with both price and quantitative restrictions in the credit market.

3. As regards the definitional issue, the main problem stems from the inclusion of investment by public enterprises in the definition of private investment. The problem is significant because (i) public enterprises account for a large share of non-central government investment in Morocco (over 10% of GDP in 1986); (ii) public enterprises in Morocco include public utilities (ONE, ONEP, ONPT, ONCF, ODEP, etc.) whose business is qualitatively different from industrial enterprises and whose investment functions are unlikely to follow the same rules as industry, and (iii) even for industrial commercial PE's, it is difficult to argue that their operating and investment practices mirror those of comparable companies in the private sector. Indeed, the overwhelming evidence from our involvement under the first PERL is that the PE's have not followed commercial practices in the past.

4. To assume away the problem because disaggregated time series data are not available (p. iii, par 8., footnote 1), does not seem to me to be a satisfactory solution. This may be necessary to run the econometric function around which the results are presented, but it would make me more cautious about basing the policy recommendations chiefly on the results of this single equation estimation. I believe that the report would be strengthened if the problem was examined using a variety of tools and if we came to a set of recommendations that were based on this multi-approach analysis.

5. For example, the argument could be shored up by information on the evolution of lending by the banks for investment purposes (which has in fact gone up substantially over at least the last three years); by the number of investment approvals by the Ministry of Industry, (which has also registered a substantial increase, although it is not clear whether the percentage of approved projects that materialize has declined); or by selected/partial information on the investments of major PE's with whom the Bank has a longstanding relationship. In other words, given that historical data in Morocco (as in most developing countries) are not always complete or reliable, the econometric analysis would be augmented by the use of complementary approaches to address this important question.

6. As far as the econometrics itself goes, the authors have been careful to construct appropriate measures and to account for problems of multicollinearity (Appendix A, p.3) If the equation estimation were supported by other evidence, and were not given such prominence, things could be left at that. However, since it is central to the main argument, it requires more careful consideration.

- (i) Is it appropriate to introduce two new equations (App. A, p. 6, eqn's 1.2 & 1.3) as a way to get around the problem of multicollinearity? These new equations have dropped the "collinear" right hand side variables.
- (ii) Has the debt in the debt to gdp ratio been calculated according to the real effective exchange rate? If not, movements in debt could reflect movements in the nominal exchange rate.
- (iii) What is really driving up the user cost of capital? Is it the interest rate or the downwards movement of the deflator of gross fixed investment which was used as a proxy for the price of investment goods? Is the interest rate really responsible for high user cost of capital, as implied?

7. Turning now to a problem at the conceptual level, the story of "crowding out" in a rationed world needs to be made a little more consistent, if possible. On the one hand, liberalization is supposed to lead to lower interest rates in the long run. (p. 20, par 2.20, and elsewhere). Yet there is also a fear that price decontrols and removal of restrictions in the financial sector will push up interest rates, given that demand is rationed: "The risk is that there might be an explosion of demand for credit" following liberalization (Page ix, par. 35, and in main text, p.46, par. 5.17). But this probably won't happen because, as is argued elsewhere, private demand for investment in a liberalized world is not expected to be too high.

8. Perhaps the above can be made more consistent first, by clarifying when we are talking about the short run, and when about the long run. Second, it should be pointed out that the crowding out is taking place in a rationed world where prices are not necessarily at their equilibrium values. Existing interest rates represent a disequilibrium solution. For example, following liberalization of prices and quantities, we could see both higher interest rates and higher quantities of credit demanded, as lifting of restrictions moves market up along the supply curve, towards an equilibrium interest rate. The report seems to draw sometimes on the quantity allocation mechanism to support the hypothesis, and sometimes on the price mechanism. Perhaps both have been at work at different times. But this should be pointed out. Perhaps investment is being reduced through the workings of a price mechanism, as well as through the purely mechanical means of quantity allocation. (In other words, private investment is a residual, after the government has drawn its share.) The hypothesis

of falling investment due to the large PSBR would be strengthened if the fact that the credit market is in disequilibrium is accounted for. This clarification can tie up what appear to be contradictory statements.

9. The question to ask is how best to manage the transition from a restricted world to a more liberal one. Given the crowding out argument, and the increasing burden of the PSBR, it is hard argue that liberalization will lead to lower interest rates in the short run. Liberalization will cause a sudden increase in the government's internal debt service payments and ultimately the budget deficit, since the government will also start borrowing at the higher market rates. This is perhaps the primary reason that full liberalization has been avoided.

10. The report could address this question directly. What would be the impact on the budget deficit if quantity controls were replaced by a freer market? What would the extra cost to the Treasury be? What are our concrete suggestions regarding liberalization? If the financial sector is opened up, will the private sector have more funds? In what way is the government borrowing today, and how should the government conduct its relations so that liberalization becomes feasible?

11. Much of this is dealt with on page viii and ix. Some additional proposals come immediately to mind. As implied, the country should move gradually to a free market system, so that the Treasury does not have to absorb the shock in one go. At the same time, efforts should be made to reduce the real costs of intermediation (as opposed to shifting the costs from one sector to another). This means emphasizing those intermediation costs which can be reduced, so that when the system moves toward a market based allocation, costs have been reduced as much as possible in the meantime.

12. Finally, one specific point regarding the telecommunications sector (p. 54, para. 6.17). This sector's strong performance is in a large part due to the efforts of the Minister of Posts and Telecommunications, who is also the General Director of ONTP. In calling for autonomy for ONPT we should not imply the removal of the person responsible for successfully taking charge of modernizing Morocco's telecommunications sector.

Smaller points:

page viii, par. 30: Which subsidies should continue to be reduced? As I understand it, consumer subsidies today are around 1% of GDP.

page ix, par. 35: What is interest rate on government borrowing? What is the share of the new financial instruments upon which the banks are relying?

page xi, par. 42, line 5: Semantics. Does "This is an important incentive" refer to the Royal Letter or the simplification of the investment procedures?

page 1, par. 1.01: Abolishment should read abolition.

page 2, par. 1.06: Last line of paragraph: Who are the "public" investors?

page 18, footnote #3: Equations 1.6 and 1.5 referred to in the footnote do not seem to appear in Appendix A. Perhaps these should be equations 1.2 and 1.3?

Page 31, par. 4.02: Should we be saying that "we will describe how the commercial banks are in fact like a club?"

page 32, table 4.1: Is the figure provided for Specialized Credit Institutions (484) accurate?

Page 33, footnote 1: Should this read differently, vis a vis "A new set of accounting regulations?"

Page 35, par. 4.11: The last three lines imply that specialized institutions should be abolished. However, the authors mean to say that the privileges enjoyed by specialized institutions should be abolished over time.

Page 44, par. 5.07: Do we really expect high interest rates to lead to a large inflow of foreign capital into Morocco, as implied?

Par. 7.19 : What does the recommendation that nominal wage growth stay below nominal GDP increase actually imply for real wages?

cc. Messrs./Mmes. Guerrero, Dervis, Ayub, Brigish, Forestier, Papandreou

OFFICE MEMORANDUM

DATE: March 6, 1990

TO: Mr. Kemal Dervis, Director, EM2

FROM: W. A. Wapenhans, EMNVP

EXTENSION: 32676

SUBJECT: MOROCCO: Proposed Port Sector Project

The above project is approved for appraisal based on the parameters outlined in the FEPS submitted under cover of Mr. Peter Ludwig's memorandum of February 22, 1990, with the following comments/qualifications:

"Given that this is now a sector investment loan and that the current regulatory/competitive framework for maritime transport has been cited as an impediment to trade expansion by the industrial sector, the appraisal mission should explore how this issue could be adequately addressed under the proposed operation. In this context the relationship between the completion of the National Port Master Plan Study and the timing of Board Presentation of this proposed operation should be carefully reviewed."

cc. Messrs. Bouhaouala, El-Maaroufi, Ahmed
MAhmed:cg

Mr. Ahmed

THE WORLD BANK/INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

DATE: March 6, 1990

TO: Mr. W. A. Wapenhans, EMNVP

FROM: Masood Ahmed, Acting Senior Operations Advisor, EMN

EXTENSION: 32340

SUBJECT: MOROCCO: Proposed Port Sector Project

The FEPS for the above project has been submitted for your approval. The proposed \$69 million loan would finance selected components of the Port Investment Program and provide technical assistance to the Government and the Port Authority for improved operational and management systems and for studies on policy/institutional issues. It would also support the further clarification of Government-Port Authority relationship and the improvement of the Port Authority's financial and efficiency indicators.

This is a sound operation that fits in well with the Department's overall lending strategy for Morocco. My only comment, which I have discussed with Mr. Dervis, is that the project should take a more ambitious stand on improving the regulatory and competitive framework for maritime transport. The appraisal mission will explore this issue.

If you agree, please sign the attached memorandum approving the project for appraisal.

cc. Mr. El-Maaroufi o/r
MAhmed:cg

OFFICE MEMORANDUM


DATE: March 2, 1990

TO: Mr. Kemal Dervis, Acting Vice President, EMN

FROM: Masood Ahmed, Acting Senior Operations Adviser, EMN

EXTENSION: 32340

SUBJECT: PDRY - Tarim Water Supply Project



The negotiations package for the above project has been submitted for your approval. I have reviewed the documents and conveyed my comments to the task manager. I have suggested to him that:

- (i) A specific covenant be included in the loan agreement regarding the implementation of the agreement between the Government and PWC on the reimbursement to the latter of the incremental costs associated with the use of water from the desalination plant; and
- (ii) the project team explores with the legal department whether the inclusion of a dated covenant regarding the recruitment of consultants for technical assistance to PWC, can be done without posing cross conditionality issues.

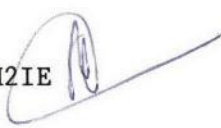
These comments are being acted upon by the Task Manager and will be recorded appropriately. I recommend that you approve the package for negotiations. If you agree, please initial the invitation to negotiate which is attached. I will release the package on Monday after receiving Mr. Goldberg's clearance from Legal.

cc. Mr. El-Maaroufi o/r
MAhmed:cg

OFFICE MEMORANDUM

DATE: March 1, 1990

TO: EM2IE Staff

FROM: Masood Ahmed, Chief EM2IE 

EXTENSION: 32340

SUBJECT: MOROCCO: Industry and Finance Brainstorming

As you know, Diana McNaughton will be giving a presentation of her recent work in the Morocco financial sector on Tuesday, March 6 (see attached memo from Wafik Grais). I urge you to attend this presentation because the work that Diana and Emmanuel have been doing for the CEM, will of course have a critical bearing on our operations in Morocco.

As many of you are also aware, during my last trip to Morocco, we had a series of discussions with the concerned ministers on the priorities for action and associated Bank support in the industry, finance, telecommunications and energy sectors. We now need to translate these discussions into a well defined operational program for the next two to three years. A good opportunity to discuss these concrete proposals with our Moroccan counterparts will be the visit of Messrs. Dervis, Brigish, Grais and myself which is currently scheduled for late march. Many of the divisional staff concerned will also be in Morocco at the same time so that we can all profit from this occasion.

In order to prepare these discussions I would like to use our next divisional meeting on Thursday, March 8 at 2:30 p.m. in Room H-4-195 for a preliminary brainstorming on industry and finance. A similar session on the energy sector will be scheduled at a later date.

In addition to the relevant divisional staff, we would particularly appreciate the participation of the concerned TD, EM2CO and Front Office staff at the meeting. I look forward to a productive and stimulating morning.

cc. Messrs./Mmes. Dervis, Ayub, Costa, Brigish, Grais, Guerrero, Antonini, Amin, Hinds, McNaughton, Frischtak, Lecharny, Horton

MAhmed:cg

ROUTING SLIP

DATE:

Feb. 16, 1990

NAME

ROOM NO.

. Dervis

Mmes. Ng, Pham

APPROPRIATE DISPOSITION

NOTE AND RETURN

APPROVAL

NOTE AND SEND ON

CLEARANCE

PER OUR CONVERSATION

COMMENT

PER YOUR REQUEST

FOR ACTION

PREPARE REPLY

INFORMATION

RECOMMENDATION

INITIAL

SIGNATURE

NOTE AND FILE

URGENT

REMARKS:

For your comments.

FROM:

Masood Ahmed

ROOM NO.:

EXTENSION:

32340

EM2IE - LENDING PROGRAM

<u>COUNTRY</u>	<u>FY90</u>	<u>\$Million</u>	<u>COUNTRY</u>	<u>FY91</u>	<u>\$Million</u>
ALG	Pilot Ind.	95.0	ALG	First Petroleum	100.0
ALG	T.A. Project	26.0	ALG	Financial Sector	200.0
ALG	ERSL	300.0	MOR	Rural Electrif.	114.0
MOR	Ind. Finance	170.0	MOR	PERL II	225.0
TUN	PERL	<u>130.0</u>	TUN	STEG	<u>50.0</u>
	TOTAL (5)	<u>721.0</u>		TOTAL (5)	<u>689.0</u>

<u>COUNTRY</u>	<u>FY92</u>	<u>\$Million</u>	<u>COUNTRY</u>	<u>FY93</u>	<u>\$Million</u>
ALG	Ind. Rest. I	200.0	ALG (S)	Ind. Rest. II	200.0
MOR (S)	Ind. Finance	200.0	ALG	Petroleum Serv.	100.0
MOR	Telecoms	100.0	ALG (S)	Telecoms	100.0
MOR	Energy Cons.	50.0	MOR	Private Sec. Dev.	200.0
TUN (S)	Ind. Finance	<u>50.0</u>	MOR	Gas Development	<u>100.0</u>
	TOTAL (5)	<u>600.0</u>		TOTAL (5)	<u>700.0</u>

<u>COUNTRY</u>	<u>FY94</u>	<u>\$Million</u>
ALG (S)	Power IV	150.0
ALG	Ind. Restr. III	200.0
MOR	Ind. Finance	200.0
MOR (S)	Power Generation	150.0
TUN	Energy Cons.	<u>60.0</u>
	TOTAL (5)	<u>760.0</u>

February 15, 1990


Chron

THE WORLD BANK/INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

DATE: February 15, 1990

TO: EM2IE Staff

FROM: Masood Ahmed 

EXTENSION: 32340

SUBJECT: 1990 Performance Review

You should all have received Mr. Roan's memo of February 12 setting out the process and timetable for this year's performance review. It is my intention that our division strictly respects the timetable for this process this year.

Consequently, since a number of us are likely to be on mission during the second half of March, I would like to complete the first round of discussion with individual staff members on the basis of their Part I and my draft of Part II before I leave. To this end, I would appreciate it if you could all let me have your completed Part I by March 4, i.e. one week before the date specified in Mr. Roan's memo. This would enable us to focus intensively on the PPR discussions in the subsequent two weeks before I leave. Carmen will be distributing the Performance Review Forms to each of you by Tuesday, February 20, a week before the official deadline.

Thank you for your cooperation.

MAhmed:cg

THE WORLD BANK/INTERNATIONAL FINANCE CORPORATION

Washington, D.C. 20433

U.S.A.

FACSIMILE TRANSMITTAL FORM

(see instructions on reverse)

TELEX AND CABLE SECTION USE ONLY	
MSG. NO.	
DURATION OF CALL	MINS.

DATE: February 14, 1990

NUMBER OF
PAGES: 2 (including this page)

FROM: Masood Ahmed

Extension 32340 Dept./Div. Nos. 284/30

TO: COMPANY/ORGANIZATION: BANQUE CENTRALE D'ALGERIE
CITY AND COUNTRY: ALGER, ALGERIE
FOR ATTENTION OF: M. Hadj Nacer
Gouverneur

FACSIMILE/
TELEFAX NO.: 213 - 2 - 61 87 46SUBJECT: Monsieur Abdallah El-Maaroufi

cc:

Transmission authorized by: Masood Ahmed

Original to be returned to: _____ Room No. _____

If you experience any problems with this transmission, call us back as soon as possible.
Phone: (202) 477-2805

Facsimile (TELEFAX): (202) 477-6391 (4 lines)

TELEX: RCA - 248423 WORLDDBK; ITT - 440098 WORLDDBANK;
WU - 64145 WORLDDBANK

Le 14 février 1990

Monsieur Hadj Nacer
Gouverneur
Banque Centrale d'Algérie
Alger
Algérie

Objet: Réunion de l'Assemblée de Banques Islamiques de Développement

Abdellah El-Maaroufi, le conseiller principal auprès de notre vice président et un ami personnel, représentera la Banque Mondiale à la réunion sus-mentionnée. Ce sera aussi sa première visite en Algérie. Tu me rendras un grand service si tes cadres pourraient prendre les mesures nécessaires afin de faciliter son séjour à Alger. Il arrivera le 26 février à 17h15 par vol Air Algérie 1005 et quittera Alger le 2 mars. Il a demandé une réservation à l'hôtel Aurassi mais on attend toujours une confirmation de leur part.

A propos du secteur financier, je te téléphonerai la semaine prochaine pour discuter des prochaines étapes ainsi que du plan de ta prochaine visite à Washington.

Amicalement.



Masood Ahmed



Record Removal Notice

File Title Masood Ahmed - Chronological File - January 1990 to June 1991		Barcode No. 30450197		
Document Date February 9, 1990	Document Type Memorandum			
Correspondents / Participants To: Ms. Adela Garcia-Reyes, PPRPE From: Masood Ahmed, Chief EM2IE				
Subject / Title Mr. Charles McPherson				
Exception(s) Personal Information				
Additional Comments		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td>Withdrawn by Shiri Alon</td><td>Date November 14, 2022</td></tr></table>	Withdrawn by Shiri Alon	Date November 14, 2022
Withdrawn by Shiri Alon	Date November 14, 2022			



Record Removal Notice

File Title Masood Ahmed - Chronological File - January 1990 to June 1991		Barcode No. 30450197		
Document Date February 5, 1990	Document Type Memorandum			
Correspondents / Participants To: Mr. Gubby R. Umashankar From: Masood Ahmed, Chief				
Subject / Title Letter and enclosed resume expressing interest in working at th World Bank				
Exception(s) Personal Information				
Additional Comments		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td>Withdrawn by Shiri Alon</td><td>Date November 14, 2022</td></tr></table>	Withdrawn by Shiri Alon	Date November 14, 2022
Withdrawn by Shiri Alon	Date November 14, 2022			